Parker Russell-A. J. S.
CHARTERED ACCOUNTANTS

901, Q. M. House,
Elander Road, Karachi - Pakistan.
Tel: + 92-21-32621701-03
E-mail: khi@parkerrussellajs.com.pk
Offices also at Faisalabad, Lahore & Islamabad

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF NATIONAL INSURANCE COMPANY LIMITED ON THE STATEMENT OF COMPLIANCE CONTAINED IN THE CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016

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

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

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

The Code requires the Corporation to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required to and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the following paragraphs where these are stated in the Statement of Compliance:

S. No.	Regulation Reference	Description
1	iii(c)	It is mandatory for the Board to include at least one independent female director. However, no female director was appointed during the year.
2	xiii	The Board of Directors must establish a system of sound internal control, which is effectively implemented at all levels within the insurer. However, the insurer has not been able to adopt and comply with all the necessary aspects of internal controls given in the Code.
3	xviii	In order to strengthen and formalize corporate decision-making process, significant issues shall be placed for the information, consideration and decision of the Board of Directors of insurer. However, budgets, forecasts, cashflow projection and quarterly operating results were not presented to the Board during the period.

Grass

4	(xx), (xxi) & (xxii)	The appointment, remuneration and terms and conditions of employment of the Chief Financial Officer, the Company Secretary & Head of Internal Audit shall be approved by the board. However, such compliance has not been made for appointment of Head of Internal Audit and the position is vacant.
5	xxv	The quarterly unaudited financial statements of insurer shall be prepared and circulated along with Directors' Review Report on the affairs of the insurer for the quarter. However, the quarterly financial statement along with the Directors' Review Report has not been prepared and circulated.
6	xxvi	The insurer shall ensure that half-yearly financial statements are subjected to a limited scope review by the statutory auditors in such manner and according to such terms and conditions as may be determined by the ICAP and approved by the SECP. However, the half-yearly financial statements subject to limited scope review by statutory auditors has not been complied.
7	(xxix) & (xxix)	The insurer is required to establish a comprehensive compliance program and appoint a suitably qualified Head of Compliance, responsible for overseeing adherence to applicable legal and reporting requirements, with a functional reporting line to the Board through the Risk Management and Compliance Committee. However, no such compliance program has been established.
8	(xxxvi) & (xxxviii)	The underwriting, reinsurance & co-insurance committee shall formulate the underwriting, reinsurance & co-insurance policy of the insurer. It shall set out the criteria for assessing various types of insurance risks and determine the premium policy of different insurance covers. However, no underwriting, reinsurance and co-insurance policy has been made & approved.
9	(lviii) & (lix)	The insurer shall establish an Internal Audit function. However, the Internal Audit function is not in compliance with the requirements of the Code.
10	(lxx) & (lxxi)	The insurer shall establish a dedicated risk management function / department, which shall implement the relevant Board's strategies and policies. However, no risk management function or department has been established.
11	(lxxii)	As part of the risk management system, an insurer shall get itself rated from a credit rating agency such as PACRA or JCR-VIS, duly licensed by the commission, and such rating shall act as a risk monitoring tool for the risk management function / department. However, no credit rating has been obtained during the period.
12	xxxv(b)	Each of the management committees shall consist of at least three members including one director as chair of the respective committee. However, the underwriting, reinsurance & co-insurance committee has only two members in December, 2025 after the resignation of Mr. Aftab Imam.
13	(lvi)	The Board of Directors of the insurer shall determine the terms of reference of the Audit Committee. However, no terms of reference have been formed by the Board.
14	(lv)	The Audit Committee shall meet the Head of Internal Audit and other members of the internal audit function at least once in a year, without the Chief Financial Officer and the external auditors being present. However, no meetings were held during the period, as the position of Head of Internal Audit remained vacant and the Internal Audit function was not established.

15	(xix)	The insurer shall make appropriate arrangements to carry out orientation courses for its directors to acquaint them with their duties and responsibilities and enable them to manage the affairs of the insurer on behalf of shareholders. However, the insurer has not made any arrangements regarding the orientation courses of directors.
16	xix(a)	By December 31, 2025 all the directors on their Boards have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it. However, 3 (three) directors have obtained the required training certification within the prescribed timeline and remaining 4 (four) director's haves not obtained the required certification.
17	(liv)	The Audit Committee of the insurer shall meet at least once every quarter of the financial year. However, this requirement has not been fulfilled, as the Committee did not convene any meeting during the third quarter of the year, i.e., July to September.
18	(xliii)	All committees (whether management committees or the Board committees) shall meet at least twice in a year. However, Risk Management and Compliance Committee, Claim Settlement Committee, Procurement Committee has not meet twice in a year.
19	(xlviii)	The investment policy as approved by the Board shall be implemented by the Investment Committee, which shall keep the Board informed on a quarterly basis about investing activities and funds' performance. However, this requirement has not been fulfilled by the committee.
20	(xliv)	The Board shall review its investment policy and its implementation on a yearly basis or at such short intervals as it may decide and make such modifications to investment policy as it deems fit, while keeping the interests of the policyholders in view. However, no review was conducted by the Board during the year.
21	(xxiii)	The Chief Financial Officer and the Company Secretary of an insurer shall attend meetings of the Board of Directors. However, CFO has not attended all the meetings of the Board of Directors.
22	xxviii(c)	At least annually the key officers and the directors shall declare to the Board all conflicts of interest. However, no declaration has been made by the officers or directors.

Parker Russell AJS

(Chartered Accountants)

Date: June 10, 2026

Karachi.

UDIN: CR202510192S23dKkAEF

STATEMENT OF COMPLIANCE WITH
THE CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016

Name of Insurer: **NATIONAL INSURANCE COMPANY LIMITED (NICL)**
Year Ended: **December 31, 2025**

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

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

1. The insurer ensures representation of independent non-executive directors and directors representing minority interests on its Board included:

Category	Names	Date of Appointment
Independent Directors	1. Mr. Ali Syed	08-08-2023
	2. Mr. Abid Sattar	08-08-2023
	3. Mr. Shahid Sattar	08-08-2023
	4. Mr. Sahibzada Rafat Raoof Ali	08-08-2023
	5. Mr. Muhammad Jaffer Raza	08-08-2023 till 27-01-2025
Executive Directors / Ex-Officio	1. Mr. Khalid Hamid (CEO)	08-08-2023 till 10-03-2025
Non-Executive Directors / Ex-Officio	1. Mr. Syed Hamid Ali	08-08-2023 till 21-10-2024
	2. Mr. Farman Ullah Zarkoon (CEO)	18-03-2025
	3. Mr. Nasir Hamid	21-10-2024
	4. Dr. Aftab Imam	08-08-2023 till 10-11-2025
	5. Dr. Iftikhar Amjad	08-08-2023
Female Director(s)**	None	N/a

*** No Female Director was appointed by the Appointing Authority.*

All independent directors meet the criteria of independence as laid down under the Code of Corporate Governance for Insurers, 2016. All these directors were appointed nominated by the Government of Pakistan.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this insurer (excluding the listed subsidiaries of listed holding companies in which each one of them is a director).

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

4. One casual vacancy occurred on Board during the year 2025 due to resignation of Mr. Muhammad Jaffer Raza on dated January 27, 2025 from the directorship of the NICL because he was appointed on the position of Justice of Hon'ble Sindh High Court.

5. The insurer has prepared a Code of Conduct, which has been disseminated among all the directors and employees of the insurer.

6. The Board has developed a vision mission statement, overall corporate strategy and significant policies of the insurer. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All powers of the Board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other Executive Directors and the key officers, have been taken by the Board.

8. The meetings of the Board were presided over the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven (7 days before the meeting) except in the case of emergent meetings, where the notices and agenda were circulated at a shorter notice with approval of the Chairman. The minutes of the meeting were appropriately recorded and circulated.

9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the insurer. However, the insurer has not been able to adopt and comply with all the necessary aspects of internal controls given in the Code.

10. The Board did not arrange Orientation Course(s) / training programs for its directors during the year to apprise them of their duties and responsibilities.

11. During the year there has been no change in the position terms and conditions of the employment of the Company Secretary and Chief Financial Officer. The Company's efforts are underway to appoint Head of Internal Audit.

12. The Directors' Report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance for Insurers, 2016 and fully describes the salient matters required to be disclosed.

13. The financial statements of the insurer were duly endorsed by the Chief Executive Officer and Chief Financial Officer before approval of the Board.

14. The directors, Chief Executive Officer and other executives do not hold any interest in the shares of the insurer other than disclosed in the pattern of shareholding.

15. The insurer has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016

16. The board has formed the following Management Committees.

16.1 Risk Management and Compliance Committee

S. No	Board Members	Designated
1	Mr. Ali Syed (Chairman BOD)	Chairman
2	Mr. Nasir Hamid (Member BOD)	Member
3	Mr. Farmanullah Zarkoon (CEO)	Member
4	Mr. Abid Sattar (Member BOD)	Member
5	Mr. Bilal Kully (Company Secretary)	Secretary

16.2 Underwriting, Reinsurance, Co-insurance and Business Development Committee (From July 09, 2025 till November 10, 2025)

S. No	Board Members	Designated
1	Mr. Ali Syed (Chairman BOD)	Chairman
2	Dr. Aftab Imam (Member of BOD)	Member
3	Mr. Farmanullah Zarkoon (CEO)	Member
4	Mr. Usman Ghani (Head of Claims (H.O))	Secretary

16.3 Underwriting, Reinsurance, Co-insurance and Business Development Committee (From November 17, 2025 till date)

S. No	Board Members	Designated
1	Mr. Ali Syed (Chairman BOD)	Chairman
2	Mr. Farmanullah Zarkoon (CEO)	Member
3	Mr. Usman Ghani (Head of Claims (H.O))	Secretary

16.4 Claim Settlement Committee (From July 09, 2025 till date)

S. No	Board Members	Designated
1	Mr. Sahibzada Rafat Raoof Ali (Member BOD)	Chairman
2	Mr. Shahid Sattar (Member BOD)	Member
3	Mr. Farmanullah Zarkoon (CEO)	Member
4	Mr. Usman Ghani (Head of Claims (H.O))	Secretary

17. The Board has formed the following Board Committees.

17.1 Board Ethics, Human Resource & Remuneration, Nomination Committee (From November 13, 2023 till December 05, 2024)

Name of the Person with Designation / Position	Category
Mr. Shahid Sattar (Member BOD)	Chairman
Mr. Syed Hamid Ali (Member BOD)	Member
Mr. Sahibzada Rafat Raoof Ali (Member BOD)	Member
Mr. Khalid Hamid (CEO)	Member
Mr. Bilal Kully (Company Secretary)	Secretary

17.2 Board Ethics, Human Resource & Remuneration, Nomination Committee (From December 06, 2024 till July 08, 2025)

Name of the Person with Designation / Position	Category
Mr. Ali Syed (Chairman BOD)	Chairman
Mr. Nasir Hamid (Member BOD)	Member
Mr. Sahibzada Rafat Raoof Ali (Member BOD)	Member
Dr. Iftikhar Amjad (Member BOD)	Member
Mr. Bilal Kully (Company Secretary)	Secretary

17.3 Board Ethics, Human Resource & Remuneration, Nomination Committee (From July 09, 2025 till date)

Name of the Person with Designation / Position	Category
Mr. Ali Syed (Chairman BOD)	Chairman
Mr. Nasir Hamid (Member BOD)	Member
Mr. Sahibzada Rafat Raoof Ali (Member BOD)	Member
Dr. Iftikhar Amjad (Member BOD)	Member
Mr. Tariq Aziz (Executive Director (CS))	Secretary

17.4 Board Procurement Committee (From November 13, 2023 till February 02, 2025)

Name of the Person with Designation /Position	Category
Mr. Muhammad Jaffer Raza (Member BOD)	Chairman

Mr. Shahid Sattar (Member BOD)	Member
Dr. Iftikhar Amjad (Member BOD)	Member
Mr. Khalid Hamid (CEO)	Member
Mr. Bilal Kully (Company Secretary)	Secretary

17.5 Board Procurement Committee (From February 03, 2025 till April 13, 2025)

S. No	Board Members	Designated
1	Mr. Shahid Sattar (Member BOD)	Chairman
3	Dr. Iftikhar Amjad (Member BOD)	Member
3	Mr. Khalid Hamid (CEO)	Member
4	Mr. Bilal Kully (Company Secretary)	Secretary

17.6 Board Procurement Committee (From April 14, 2025 till July 08, 2025)

S. No	Board Members	Designated
1	Mr. Shahid Sattar (Member BOD)	Chairman
3	Dr. Iftikhar Amjad (Member BOD)	Member
3	Mr. Farmanullah Zarkoon (CEO)	Member
4	Mr. Bilal Kully (Company Secretary)	Secretary

17.7 Board Procurement Committee (From July 09, 2025 till date)

S. No	Board Members	Designated
1	Mr. Shahid Sattar (Member BOD)	Chairman
3	Dr. Iftikhar Amjad (Member BOD)	Member
3	Mr. Farmanullah Zarkoon (CEO)	Member
4	Mr. Dilawer Ali Dehraj (Head of Procurement)	Secretary

17.8 Board Investment Committee (From November 13, 2023 till April 13, 2025)

Name of the Person with Designation /Position	Category
Mr. Abid Sattar (Member BOD)	Chairman
Dr. Aftab Imam (Member BOD)	Member
Mr. Khalid Hamid (Member BOD)	Member
Mr. Bilal Kully (Company Secretary)	Secretary

17.9 Board Investment Committee (From April 14, 2025 till July 08, 2025)

Name of the Person with Designation /Position	Category
Mr. Abid Sattar (Member BOD)	Chairman
Mr. Nasir Hamid (Member BOD)	Member
Dr. Aftab Imam (Member BOD)	Member
Mr. Farmanullah Zarkoon (CEO)	Member
Mr. Bilal Kully (Company Secretary)	Secretary

17.10 Board Investment Committee (From July 09, 2025 till November 10, 2025)

S. No	Board Members	Designated
1	Mr. Abid Sattar (Member BOD)	Chairman
2	Dr. Aftab Imam (Member BOD)	Member (till 10-11-2025)
3	Mr. Nasir Hamid (Member BOD)	Member
4	Mr. Farmanullah Zarkoon (CEO)	Member

5	Mr. Fahad Sultan (Chief Financial Officer till the appointment of Chief Investment Officer)	Secretary

17.11 Board Investment Committee (From November 17, 2025 till date)

S. No	Board Members	Designated
1	Mr. Abid Sattar (Member BOD)	Chairman
2	Mr. Nasir Hamid (Member BOD)	Member
3	Mr. Farmanullah Zarkoon (CEO)	Member
4	Mr. Fahad Sultan (Chief Financial Officer till the appointment of Chief Investment Officer)	Secretary

18. The Board has formed an audit committee, it comprises of five (05) members, of whom three (03) members are independent directors.

18.1 Board Audit Committee (From November 13, 2023 till November 03, 2024)

Name of the Person with Designation /Position	Category
Mr. Sahibzada Rafat Raoof Ali (Member BOD)	Chairman and Independent Director
Mr. Syed Hamid Ali (Member BOD)	Non-Executive Director
Mr. Shahid Sattar (Member BOD)	Independent Director
Dr. Aftab Imam (Member BOD)	Non-Executive Director
Mr. Muhammad Jaffer Raza (Member BOD)	Independent Director
Mr. Bilal Kully (Company Secretary)	Secretary

18.2 Board Audit Committee (From November 04, 2024 till December 05, 2024)

Name of the Person with Designation /Position	Category
Sahibzada Rafat Raoof Ali (Member BOD)	Chairman and Independent Director
Mr. Nasir Hamid (Member BOD)	Non-Executive Director
Mr. Shahid Sattar (Member BOD)	Independent Director
Dr. Aftab Imam (Member BOD)	Non-Executive Director
Mr. Muhammad Jaffer Raza (Member BOD)	Independent Director
Mr. Bilal Kully (Company Secretary)	Secretary

18.3 Board Audit Committee (From December 05, 2024 till January 27, 2025)

Name of the Person with Designation /Position	Category
Mr. Sahibzada Rafat Raoof Ali (Member BOD)	Chairman and Independent Director
Mr. Nasir Hamid (Member BOD)	Non-Executive Director
Mr. Shahid Sattar (Member BOD)	Independent Director
Dr. Aftab Imam (Member BOD)	Non-Executive Director
Dr. Iftikhar Amjad (Member BOD)	Non-Executive Director
Mr. Muhammad Jaffer Raza (Member BOD)	Independent Director
Mr. Bilal Kully (Company Secretary)	Secretary

18.4 Board Audit Committee (From January 28, 2025 till July 08, 2025)

Name of the Person with Designation /Position	Category
Mr. Sahibzada Rafat Raoof Ali (Member BOD)	Chairman and Independent Director
Mr. Nasir Hamid (Member BOD)	Non-Executive Director
Mr. Shahid Sattar (Member BOD)	Independent Director
Dr. Aftab Imam (Member BOD)	Non-Executive Director
Dr. Iftikhar Amjad (Member BOD)	Non-Executive Director
Mr. Bilal Kully (Company Secretary)	Secretary

18.5 Board Audit Committee (From July 09, 2025 till November 10, 2025)

Name of the Person with Designation /Position	Category
Mr. Sahibzada Rafat Raoof Ali (Member BOD)	Chairman and Independent Director
Mr. Nasir Hamid (Member BOD)	Non-Executive Director
Mr. Shahid Sattar (Member BOD)	Independent Director
Dr. Aftab Imam (Member BOD)	Non-Executive Director
Dr. Iftikhar Amjad (Member BOD)	Non-Executive Director
Mr. Bilal Kully (Company Secretary)	Secretary

18.6 Board Audit Committee (From November 17, 2025 till date)

Name of the Person with Designation /Position	Category
Mr. Sahibzada Rafat Raoof Ali (Member BOD)	Chairman and Independent Director
Mr. Nasir Hamid (Member BOD)	Non-Executive Director
Mr. Shahid Sattar (Member BOD)	Independent Director
Dr. Iftikhar Amjad (Member BOD)	Non-Executive Director
Mr. Bilal Kully (Company Secretary)	Secretary

19. The meetings of all Committees except the Audit Committee, shall meet at least twice in a year and were held as required by the Code of Corporate Governance for Insurers, 2016. However, the requirements for the Audit committee to meet every quarter was not compliant in Jul'25-Sep'25 quarter. Moreover, the terms of references of the Committees have been formed and advised to the Committees for compliance except for Audit committee, for which terms of reference are not prepared. However, the same is under process.

20. The Board has not set up an effective internal audit function. However, the same is under process.

21. The Chief Executive Officer and the Chief Financial Officer possess such qualification and experience as is required under the Code of Corporate Governance for Insurers, 2016. Whereas, the positions of the Head of Internal Audit remained vacant during the year. The Appointed Actuary of the insurer also meets the conditions as laid down in the said Code. Moreover, the persons heading the underwriting, claim, reinsurance risk management and grievance functions department possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000).

S#	Name of persons	Designation	Remarks
1	Mr. Khalid Hamid	Chief Executive Officer	Retired on March 10, 2025
2	Mr. Farman Ullah Zarkoon	Chief Executive Officer	Appointed on March 18, 2025
3	Mr. Fahad Sultan	Chief Financial Officer	Assumed charge as Acting CFO from April 12, 2023 whereas his

			regularization was confirmed from April 22, 2024.
4	Mr. Bilal Kully	Company Secretary Head of Compliance	Assumed charge as Company Secretary since 10th August 2023, whereas his regularization was confirmed on August 10, 2023 • **Compliance Officer:** Mr. Bilal Ali Zafar joined NICL as Chief Manager (Compliance) on April, 22, 2021 • Resigned from NICL on 07-03-2023 • Charge Assigned to Company Secretary on 06 April 2023.
5	Mr. Usman Ghani	Head of Claims	Assumed the Charge on Dated 13-10-2025
6	All Zonal Heads will be responsible for underwriting decisions within their zone.	Head of Underwriting	As per the approval of the competent authority dated 05-08-2025.
	Mr. Muhammad Hassan Shahid	Head of Reinsurance (Acting Chief Manager)	Assumed the Charge on dated 07-03-2025
7	Vacant	Head of Grievance department	Grievance Department does not exist with NICL. There is only Grievance Committee exist with NICL
8	Mr. Bilal Ali Zafar	Head of Risk Management	• **Risk Management Officer:** Mr. Bilal Ali Zafar (Head of Compliance) provided additional charge of Risk Management on 1-08-2022. • Resigned from NICL on 07-03-2023 and afterward the position remains vacant as at December 31, 2025
9	Vacant	Chief Internal Auditor	Mr. Fahad Sultan (ex CFO) was re-designated from the position of Chief Internal Auditor to CFO on April 12, 2023. Since the position is currently vacant, the process for appointing a Chief Internal Auditor (CIA) is underway.
10	Mr. Ikramullah Khan	Head of IT	Joined NICL as a General Manager IT on December 15, 2025.
11	Mr. Naveed Ahmed	Head of Legal Affairs	Upon promotion, Mr. Naveed Ahmed has been serving as Chief Manager/Head of Law since December 18, 2023
12	Mr. Fahad Sultan	Chief Investment Officer	The position of Investment Officer did not exist with NICL. Since beginning. Investment portfolio was managed by the CFO of NICL. No office order specifically issued for providing such additional charge. Therefore, the position is still vacant

			as of December 31, 2025. Subsequent to the year end, the Company has appointed

22. The statutory auditors for the year 2025 of the insurer have been appointed from the panel of Auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Insurer and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

23. The statutory auditors or the persons associated with them have not been appointed to provide other services, and the auditors have confirmed that they have observed IFAC guidelines in this regard.

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

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

26. The Board did not ensure that the risk management system of the insurer is in place as per the requirements of the Code of Corporate Governance for the Insurer, 2016.

27. The Insurer has not set up a risk management function / department, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.

28. As a part of risk management system, the Board did not get itself rated from a credit rating agency to be used by its risk management function/ department and the respective Committee as a risk monitoring tool.

29. The Board has set up a Grievance Handling Committee which fully complies with the requirement of the Code of Corporate Governance, 2016. Complaints received from policyholders shall be reported to the Committee and subsequently forwarded to the Claims Settlement Committee.

30. The insurer has obtained exemptions from SECP in respect of the following requirements of COCG 2016.

    - NICL has obtained the exemption from submission of the consolidated financial statements for the year 2025.

31. We confirm that all other material principles contained in the Code of Corporate Governance for Insurers, 2016 have been complied with except for the following, towards which reasonable progress is being made by the insurer to seek compliance by the end of next accounting year.

SCHEDULE OF APPLICABILITY THE CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016

Clause	Brief Description of the Clause	Compliance Status
(iii)(c)	Composition of Board of Directors (Appointment of Female Director)	No Female Director was appointed by the Appointing Authority.
(xi)(b), (c) and (d)	Responsibilities, powers functions of the Board of Directors. (Adoption of mission/vision statement and overall corporate strategy, formulation of significant policies, and establishment of sound internal controls)	Vision and Mission statement of the Company and the **Corporate Strategy** of the Company was developed and approved by the Board in the current year. Moreover, the status of the significant policies by the end of the year 2025 is as under. a. Product development – No new products were developed, as existing products met the needs of the policyholders: b. Underwriting procedures – an independent consultant of the Company has developed the underwriting policy manual which will be presented to the Boards' consideration for approval. c. Policy servicing – will be covered under the underwriting policy / Claim Settlement policy manuals. d. Reinsurance policy – an independent consultant of the Company has developed the reinsurance policy manual for the Company which will be submitted to the current Board for its approval. e. Risk management – an independent consultant of the Company, has developed the Risk Management policy for the Company, which has already been **recommended** by the Risk Management & Compliance committee and shall be submitted to the current Board for approval. f. Marketing – not required for the Company, as it has a **captive clientele.** g. Determination of terms of credit and discount to customers – Approved by the relevant competent authority on a case-by-case basis. h. Premium collection and recovery of receivable premium – shall be covered under the underwriting policy manual, which is developed by the independent consultant of the Company and the same will be presented to the current Board for consideration and approval. i. Write off of bad / doubtful debts, advances and receivables – Doubtful receivables are written off (if required) on a case-to-case basis by the relevant competent authority. j. Agency management – the Company has no agents so far; hence, no requirement for this policy is there. k. Acquisition disposal of fixed assets – Already determined in the delegation of financial and administrative authorities duly approved by the Board. l. Health, safety and environment – Real Estate Department looks after the safety, security and overall working conditions (including sanitization and fumigation etc) across all premises of the Company: however, no formal policy is in place due to the fact that the Company's Core business has no impact on health, safety and environment.

Clause	Brief Description of the Clause	Compliance Status
		Delegation of financial / administrative authorities and other policies determine the level of materiality / thresholds w.r.t. approval and exercise of powers by various officials / competent forums.
(xi)(f)	Responsibilities, Powers and functions of Board of Directors (Comprehensive proxy voting policy for institutional investors).	The Company for practical purposes does not have institutional investors.
(xiii)	Internal Control (Aspects of system of internal control to be implemented at all levels)	Given the Company remained without a full-time board for quite a long period the internal controls are improving / evolving with the passage of time. By the end year 2019, the Company hired a dedicated and qualified person as Chief Internal Auditor who was heading the internal Audit Department and during October 2020 a qualified person also joined the Company as the Chief Financial Officer the incumbent resigned from services during November, 2021. A competent compliance officer was also hired during 2021 who later on resigned from services on 07-03-2023 and the position remains vacant till December 2025. New policies and procedures have been developed, while some are currently under development, which will be approved soon. Compliance issues are being taken up by the board through relevant committees, Company's authorized signatories have been determined and approved by the Board. Insurance committees have been formulated to maintain oversight over the Company's core business activities.
(xviii)	Significant issue to be placed for Decision by Board of Directors	All major significant issues were placed before the Board of Directors for deliberation and decision. In particular, the business plan, statement of corporate intent, financial matters, investments, Vision and Mission of the Company were prepared and approved by the Board, while periodic financial results, including quarterly operating results, will regularly be submitted to the Board after due finalization of accounts for review and appropriate directions.
(xx) (xxi) & (xxii)	Chief Financial Officers, Company Secretary and Head of Internal Audit (Appointment and approval) Qualification of Chief Financial Officer and Head of Internal Audit.	Mr. Farrukh Majeed Qureshi joined the Company as Company Secretary in December 2016 and resigned from services w.e.f. 11-08-2023. Mr. Bilal Kully was given the responsibilities of Company Secretary w.e.f. 11-08-2023. Mr. Fahad Sultan joined the Company in December 2019 as Chief Internal Audit of the Company. The Chief Internal Auditor who joined the Company in December 2019 and has now been given the responsibilities of the Chief Financial Officer in 2024; recently, the Board has initiated the process to hire new Chief Internal Auditor.
(xxv)	Frequency of Financial Reporting (preparation and circulation of quarterly unaudited financial statements and half-yearly reviewed financial statement along with Directors Report)	Quarterly financial statements along with Directors Report shall be prepared and circulated in the future.
(xxvi)	Frequency of Financial reporting (Review of half-yearly financial statements by the statutory auditors)	Half- yearly financial statements shall be prepared and reviewed by the auditors in future.
(xxvii)	Frequency of financial reporting (Circulation of annual audited financial	Pending accounts are being updated.

Clause	Brief Description of the Clause	Compliance Status
	Statements)	
(xxviii)	Annual Reviews and compliance procedures	Strategies on various matters are considered by the Board keeping in view the risks outcomes of the operational performance of the Company on an ongoing basis. No conflicts of interest with reference to officers exist as all keys officers are full-time employees of the Company and no instance of their relationships with vendors or policy holders has so far been reported. However, the Company has one director who is a serving Executive Director of the State Life Insurance Corporation of Pakistan and whose relationship with the Company's client (State life insurance) is known.
(xxix) (xxx) & (xxxiii)	Compliance Officer (Adoption of Compliance program, appointment of and assignment of duties to Compliance officer: reporting line of the Compliance officer and duties & responsibilities of Compliance Officer)	The position of compliance officer was filled in 2021. The Company appointed Mr. Bilal Ali Zafar as compliance officer in April 2021 who resigned from services in March, 2023, afterwards, charge assigned to Company Secretary on 06 April 2023 till date. Furthermore, progress has been on the subject assignments.
(xxix) (xxx) & (xxxiii)	Responsibilities for Financial reporting and Corporate Compliance	The enclosed Financial Statements were signed by the Chief Executive Officer as well as the Chief Financial Officer before the same were placed before the audit committee and the Board. The Board shall authorize the signing of financial statements for issuance and circulation in accordance with Section 51 of the Insurance Ordinance, 2000. Secretarial Compliance certificate is enclosed herewith.
(xxxv), (xxxvi), (xxxvii), (xxxviii), (xxxix) & (xliii)	Management Committees	The Board has duly constituted the management committees in accordance with the requirements of the Code of Corporate Governance, 2016. All the management committees do not meet twice in a year except underwriting, reinsurance & co-insurance committee which has fulfilled the meeting requirement. However, Risk Management and Compliance Committee, Claim Settlement Committee and Procurement Committee could not convene twice a year.
(xliii)	Board Committees	The Board has duly constituted its committees in accordance with the requirements of the Code of Corporate Governance, 2016. All committees met at least twice during the year under review, while the Nomination Committee and the Ethics, Human Resource & Remuneration Committee convened on an as-needed basis. The composition and attendance at meetings of the Investment Committee and the Audit Committee are in accordance with the Code. The terms of reference of the Investment Committee are in place; however, the terms of reference of the Audit Committee had not been formally established as at the year end.
(lviii) & (lix)	Internal Audit	Fulfilling the vacant position of CIA is under process.
(lx) to (lxviii)	External Auditors	External Auditors for the year to which these financial statements related were appointed subsequent to that rotation of external auditors and other provisions relating to external auditors have been observed.
(lxix)	Risk Management System	Underwriting / insurance risk are accounted for through effective underwriting as well as proper reinsurance arrangements. The Company has remained highly solvent and has a good portfolio of investments spread across various categories. Blueprint of the Risk Management policy has been recommended by the Risk Management & Compliance

Clause	Brief Description of the Clause	Compliance Status
		Committee for approval, which will be approved by the Board in upcoming year.
(lxx) & (lxxi)	Risk Management / Function Department	The Board, in its 103rd meeting held on 23-02-2019, approved the blueprint of the Risk Management Policy; however, subsequent to the dissolution of the Board, the policy remained unapproved. Following the reconstitution of the Board, the Risk Management & Compliance Committee has recirculated the blueprint for the Board's approval, which is expected to be obtained in the forthcoming year.
(lxxii)	Rating by a Credit Rating agency	Once the accounts are audited Credit rating shall be obtained.
(lxxiia)	Trading by Employees	Since the Company is not a listed entity and its shares are not available for trading in the market, the requirement to formulate a policy on trading by employees is not applicable. Accordingly, no such policy has been developed.
(lxxiii)	Actuary	The position of the Actuary has been fulfilled during the year.
(lxxiv) & (lxxv)	Grievance Function (Establishment of & procedure for the Grievance Function of an insurer) &Claims Settlement Committee to oversee	Currently, the Company has three zones across Pakistan and each Zonal Head has been designated as focal person to look into the complaints of the policyholders. Complaints received from the policyholders of any are / shall be reported to the claim settlement committee.
(lxxvi) & (lxxvii)	Compliance with the code of Corporate Governance (Preparation & circulation of the reviewed statement of compliance with best Practices of corporate Governance along with annual report)	Once the Compliance Statement is being prepared and circulated after review by the external auditors.

By Order of the Board

Farman Ullah Zarkoon
Chief Executive Officer

Dated: 18th May, 2026

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

In compliance with sub-Section (6) of section 46 of the Insurance Ordinance, 2000, we the Board of Directors of **M/S NATIONAL INSURANCE COMPANY**, being insurance registration no. 183 dated 01st January, 2002 through the Chairman Board, Chief Executive Officer and two Directors nominated by the Board of Directors to sign the financial statements for the year ended December 31, 2025, hereby make out the statement that:

a) In our Opinion the annual statutory accounts of the Company set out in the forms attached to the statement have been drawn up in accordance with the Insurance Ordinance, 2000 and any rules made there under.

b) The company has at all times in the year 2025 complied with the following provisions of the insurance ordinance, 2000, and the rules made there under relating to:

   i. The provision of the ordinance relates to minimum paid-up share capital requirements.
   ii. The provisions of the ordinance relating to minimum solvency requirements.
   iii. The provisions of the ordinance relate to the obtaining of reinsurance arrangements.

c) As at the date of statement, the insurer Statements, the company continues to be in compliance with the following provisions of the insurance ordinance, 2000, and the rules made there under relating to:

   i. The provision of the ordinance relating to minimum paid-up share capital requirements;
   ii. The provisions of the ordinance relating to minimum solvency requirements;
   iii. The provisions of the ordinance relating to the obtaining of reinsurance arrangements.

Chairman | Chief Executive Officer | Director | Director

NATIONAL INSURANCE COMPANY LIMITED

Unconsolidated Financial Statements

For the year ended
December 31, 2025

Parker Russell-A. J. S.
CHARTERED ACCOUNTANTS

Parker Russell-A. J. S.
CHARTERED ACCOUNTANTS

901, Q. M. House,
Elander Road, Karachi - Pakistan.
Tel: + 92-21-32621701-03
E-mail: khi@parkerrussellajs.com.pk
Offices also at Faisalabad, Lahore & Islamabad

INDEPENDENT AUDITOR'S REPORT ON UNCONSOLIDATED FINANCIAL STATEMENTS TO THE MEMBERS OF NATIONAL INSURANCE COMPANY LIMITED

Report on the Audit of Unconsolidated Financial Statements

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

i. We draw attention to Notes 7.2, 12.3, 21.1 and 23.1 to the unconsolidated financial statements, which describe various contingent matters in respect of which the final outcomes are pending determination by the relevant authorities and forums. Accordingly, no provision has been recognized in the unconsolidated financial statements in respect of these matters

ii. We also draw attention to Note 13.1 to the unconsolidated financial statements, which describes the provision recognized against outstanding untraceable and unidentifiable receivables.

iii. In addition, we draw attention to note 2.3 to the unconsolidated financial statements, which describes that the comparative information for the year ended December 31, 2024, has been restated.

Our opinion is not modified in respect of these matters.

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

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the unconsolidated financial statements and our auditor's reports thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 and, Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

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

a) except for the matter disclosed in note 13.1 to the unconsolidated financial statements, proper books of account have been kept by the Company as required by Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XIX of 2017), and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Parker Russell-A. J. S.
CHARTERED ACCOUNTANTS

Other Matter relating to comparative information

The unconsolidated financial statements of the Company as at December 31, 2024, excluding the adjustments stated in Note No. 2.3 to the financial statements, were audited by another auditor who expressed an unmodified opinion on those financial statements on January 08, 2026.

As part of our audit of the unconsolidated financial statements for the year ended December 31, 2025, we audited the adjustments described in Note No. 2.3 to the financial statements that were applied to restate the comparative information presented for the year ended December 31, 2024.

We were not engaged to audit, review, or apply any procedures to the financial statements for the year ended December 31, 2024, other than with respect to the adjustments described in Note No. 2.3. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole. However, in our opinion, the adjustments described in Note No. 2.3 to the financial statements are appropriate and have been properly applied.

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Shabbir Kasbati.

Parker Russell-AJS

(Chartered Accountants)
Date: June 10, 2026
Karachi.

UDIN: AR20251019256UgWChrH

National Insurance Company Limited
Unconsolidated Statement of Financial Position
As at December 31, 2025

	Note	2025	(Restated) 2024	(Restated) 2023
		---Rupees in '000---		
Assets				
Property and equipment	5	281,615	299,294	128,926
Intangible assets	6	3,200	4,800	6,400
Investment property	7	3,048,326	3,071,244	3,106,398
Investments in subsidiary	8	358,560	358,560	358,560
Investments				
Equity securities	9	13,900,006	11,283,516	6,842,555
Debt securities	10	65,540,338	67,848,696	53,674,739
Term deposits	11	2,800,500	-	-
Loans and other receivables	12	3,605,457	2,625,167	2,717,228
Insurance / reinsurance receivables	13	8,552,077	5,774,823	12,025,560
Reinsurance recoveries against outstanding claims	25	67,608,640	80,961,538	40,805,714
Deferred commission expense / acquisition cost	26	383	1,418	3,257
Salvage recoveries accrued		50,282	1,101	183,235
Taxation - payment less provisions	15	2,061,374	817,999	1,573,131
Prepayments	16	9,680,792	5,590,137	11,190,472
Cash and bank	17	11,141,292	5,878,991	10,515,112
Total assets		190,632,842	184,517,284	143,131,287
Equity and liabilities				
Capital and reserves attributable to Company's equity holders				
Authorized share capital				
600,000,000 (2024: 600,000,000) ordinary shares of Rs. 10/- each	18.1	6,000,000	6,000,000	6,000,000
Issued, subscribed and paid-up share capital				
200,000,000 (2024: 200,000,000) ordinary shares of Rs. 10/- each	18.2	2,000,000	2,000,000	2,000,000
Reserves	19	12,600,000	12,600,000	12,600,000
Fair value reserves		4,979,637	3,414,653	1,843,584
Unappropriated profit		55,271,409	47,022,019	41,453,729
Total equity		74,851,046	65,036,672	57,897,313
Liabilities				
Underwriting provisions				
Outstanding claims including IBNR	25	74,871,312	88,419,733	47,499,697
Unearned premium reserves	24	12,325,600	9,156,041	15,516,759
Unearned reinsurance commission	26	342,773	250,143	371,729
Deferred taxation	14	2,754,306	777,496	370,878
Retirement benefit obligations	22	9,758,591	8,811,752	6,853,954
Premium received in advance		2,273,774	2,088,313	1,292,550
Insurance / reinsurance payables	20	7,632,337	3,843,981	9,143,088
Other creditors and accruals	21	5,823,103	6,133,153	4,185,319
Total liabilities		115,781,796	119,480,612	85,233,974
Total equity and liabilities		190,632,842	184,517,284	143,131,287
Contingencies and commitments	23			

The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.

Chief Executive Officer　　Director　　Director　　Chairman

National Insurance Company Limited
Unconsolidated Profit and Loss Account
For the year ended December 31, 2025

	Note	2025	2024
		--------Rupees in '000------	
Net insurance premium	24	7,915,215	7,755,571
Net Insurance claims	25	(1,132,473)	(2,057,627)
Net commission and other acquisition costs	26	740,077	738,143
Insurance claims and acquisition expenses		(392,396)	(1,319,484)
Management expenses	27	(4,238,235)	(3,859,517)
Underwriting results		3,284,584	2,576,571
Investment income	28	10,810,645	11,523,289
Rental income	29	548,841	486,028
Other income	30	987,153	1,577,910
Other expenses	31	(254,731)	(3,321,058)
Results of operating activities		12,091,908	10,266,169
Finance costs		-	-
Profit before tax		15,376,492	12,842,740
Income tax expense	32	(6,488,631)	(4,872,197)
Profit after tax		8,887,861	7,970,543
Earnings (after tax) per share - basic and diluted	33	44.44	39.85

The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.

Chief Executive Officer **Director** **Director** **Chairman**

National Insurance Company Limited
Unconsolidated Statement of Comprehensive Income
For the year ended December 31, 2025

	2025	2024
	--------Rupees in '000-----	
Profit after tax	8,887,861	7,970,543
Other comprehensive income:		
Items that may be subsequently reclassified to profit and loss account		
Unrealized gain on 'available-for-sale' investments - net of tax	1,564,984	1,571,069
	10,452,845	9,541,612
Items that will not be subsequently reclassified to profit and loss account		
Actuarial (loss) / gain on defined benefits plans - net of tax		
Tax credit related to remeasurement loss on defined benefits plans - net of tax	161,529	(502,253)
Deffered tax adjustment- prior year	-	-
	161,529	(502,253)
Total comprehensive income for the year	10,614,374	9,039,360

The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.

Chief Executive Officer | Director | Director | Chairman

National Insurance Company Limited
Unconsolidated Statement of Changes in Equity
For the year ended December 31, 2025

		Share capital	Capital reserves		Revenue reserves		
	Note	Issued, subscribed and paid-up share capital	Reserve for exceptional losses	Unrealised appreciation / (diminution) on revaluation of available-for-sale investments - net of tax	General reserves	Unappropriated profit	Total
		Rupees in '000					
Balance as at December 31, 2023 - Restated		2,000,000	6,100,000	1,843,584	6,500,000	41,453,729	57,897,313
Profit for the year		-	-	-	-	7,970,543	7,970,543
Other comprehensive income		-	-	1,571,069	-	(502,253)	1,068,816
		-	-	1,571,069	-	7,468,290	9,039,359
Dividend relating to							
2021		-	-	-	-	(500,000)	(500,000)
2022		-	-	-	-	(700,000)	(700,000)
2023		-	-	-	-	(700,000)	(700,000)
		-	-	-	-	(1,900,000)	(1,900,000)
Balance as at December 31, 2024		2,000,000	6,100,000	3,414,653	6,500,000	47,022,019	65,036,672
Profit for the year		-	-	-	-	8,887,861	8,887,861
Other comprehensive income		-	-	1,564,984	-	161,529	1,726,513
		-	-	1,564,984	-	9,049,390	10,614,374
Dividend relating to 2024	21.2	-	-	-	-	(800,000)	(800,000)
Balance as at December 31, 2025		2,000,000	6,100,000	4,979,637	6,500,000	55,271,409	74,851,046

The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.

Chief Executive Officer | **Director** | **Director** | **Chairman**

National Insurance Company Limited
Unconsolidated Cash Flow Statement
For the year ended December 31, 2025

	Note	2025	2024
		--------Rupees in '000------	
OPERATING CASH FLOWS			
(a) Underwriting activities			
Insurance premium received		28,020,676	31,393,566
Reinsurance premium paid		(19,822,946)	(19,626,438)
Claims paid	25	(26,836,293)	(4,681,692)
Reinsurance and other recoveries received	25	25,360,150	3,615,878
Commission received / paid		616,720	793,870
Management expenses paid		(4,019,495)	(4,790,094)
Net cash generated from underwriting activities		3,318,812	6,705,090
(b) Other operating activities			
Income tax paid	15	(6,824,958)	(4,867,096)
Other operating receipts		175,921	1,786,080
Loans advanced		44,585	(19,833)
Loan repayments received		(216,319)	(231,773)
Net cash out flow from other operating activities		(6,820,771)	(3,332,623)
Total cash generated from operating activities		(3,501,959)	3,372,467
INVESTMENT ACTIVITIES			
Profit / return received	30	978,670	1,480,135
Dividend received	28	538,444	691,509
Rental received		584,915	505,257
Payment for investments		(26,893,185)	(57,807,690)
Proceeds from investments		25,339,740	78,240,950
Coupon received on PIB		1,923,091	1,336,960
Fixed capital expenditure	5.1	(88,107)	(257,803)
Proceeds from disposal of fixed assets	5.1.2	1,643	5,853
Total cash generated from investing activities		2,385,211	24,195,172
FINANCING ACTIVITIES			
Dividends paid		-	(1,900,000)
Total cash used in financing activities		-	(1,900,000)
Net cash generated from / (used in) all activities		(1,116,748)	25,667,639
Cash and cash equivalents at beginning of year		36,182,751	10,515,112
Cash and cash equivalents at end of year	17	35,066,003	36,182,751

The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.

Chief Executive Officer **Director** **Director** **Chairman**

National Insurance Company Limited
Unconsolidated Cash Flow Statement
For the year ended December 31, 2025

	Note	2025	2024
		--------Rupees in '000------	
Reconciliation to profit and loss account			
Operating cash flows		(3,501,959)	3,372,467
Depreciation and amortisation expense	27	(128,256)	(119,421)
Gain on disposal of fixed assets	30	133	1,406
Profit/(loss) on disposal of investments / investment properties		-	-
Rental income	29	548,841	486,028
Dividend income	28	538,444	691,509
Other investment income		10,272,201	10,831,780
Increase in assets other than cash		210,245	32,404,384
Increase in liabilities other than borrowings		215,790	(37,954,463)
Other income	30	987,153	1,577,910
Other expenses	31	(254,731)	(3,321,058)
Profit after taxation		8,887,861	7,970,543

Cash and cash equivalents for the purpose of unconsolidated cash flow statement are as follows:

	Note	2025	2024
Cash and bank	17	11,141,292	5,878,991
Investments having maturity within 3 months			
Treasury bills		21,124,211	30,303,760
Term deposits - foreign currency	11	2,800,500	-
		35,066,003	36,182,751

The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.

Chief Executive Officer **Director** **Director** **Chairman**

1. STATUS AND NATURE OF BUSINESS

National Insurance Company Limited (the Company) was incorporated in Pakistan on March 31, 2000 as an unquoted public limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company's registered office is situated in NIC Building, Abbasi Shaheed Road, Karachi, Sindh. All shares of the Company are held beneficially by Government of Pakistan, directly through Ministry of Commerce. The Company is principally engaged in non-life insurance business of public property, comprising fire, marine, aviation and transportation, engineering, etc.

With effect from January 01, 2001, the Company took over all the assets and liabilities of former National Insurance Corporation (NIC) at book values under the National Insurance Corporation (Re-organization) Ordinance, 2000. Accordingly, with effect from January 01, 2001, NIC has been dissolved and ceases to exist and the operations and undertakings of NIC are being carried out by the Company.

National Insurance Company Limited has a wholly-owned subsidiary under the name Civic Centres Company (Private) Limited, which is incorporated in Pakistan. The Securities and Exchange Commission of Pakistan (SECP) granted an exemption to the Company from the preparation of consolidated financial statements for the period 2013 to 2025.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, and

- Provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and the State-Owned Enterprises (Governance and Operations) Act, 2023.

Where provision of and directives issued under differ with the requirements of IFRS, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and the SOE Act, 2023 shall prevail.

These financial statements represent separate unconsolidated financial statements of the Company, prepared in accordance with the format of financial statements prescribed under the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except for 'held for trading' investments and 'available for sale' investments that are stated at fair value, 'held to maturity' investments that are stated at amortized cost and 'staff retirement benefits' that are carried at present value. The provision of IBNR and premium deficiency reserve is made on the basis of actuarial valuation.

2.3 During the year, the Company performed a reassessment of the recoverability and presentation of advance tax balances recorded in prior periods. As a result of this review, it was identified that certain amounts of tax paid in previous years had already been adjusted against tax demands raised by the taxation authorities in earlier periods. However, due to an inadvertent omission, the corresponding adjustments were not recorded in the financial statements, resulting in an overstatement of advance tax as at December 31, 2025.

Accordingly, the comparative financial statements have been restated in accordance with the requirements of IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors to retrospectively correct the prior period omission. Comparative figures have been adjusted to reflect the impact of the overstatement identified in prior years. The aforesaid restatement does not have any impact on the profit after taxation, earnings per share, or cash flows of the prior periods.

In accordance with the requirements of IAS 8, the correction has been applied retrospectively through adjustment of the opening balances of the relevant assets and equity for the earliest comparative period presented. The effect of the restatement is summarised below:

	As previously reported	Adjustments Increase/ (Decrease)	As restated
	----------------	Rupees in '000	----------------
Statement of financial position - December 2024			
Taxation - payment less provisions	2,472,102	(1,654,102)	817,999
Unappropriated profit - Revenue reserve	48,676,121	(1,654,102)	47,022,019
Statement of financial position - December 2023			
Taxation - payment less provisions	3,227,233	(1,654,102)	1,573,131
Unappropriated profit - Revenue reserve	43,107,831	(1,654,102)	41,453,729

2.4 Functional and presentation currency

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

2.5 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 Company's operations and therefore, have not been detailed in these unconsolidated financial statements.

2.6 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are not effective yet:

The following new 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:

Standard	Note	Effective from annual period beginning on or after:
IFRS 9 - Financial Instruments	2.6.1	January 1, 2027
IFRS 7 - 'Financial Instruments Disclosures' (amendment:	2.6.2	January 1, 2027
IFRS 17 - 'Insurance contracts'	2.6.3	January 1, 2027
IFRS 18 - 'Presentation and Disclosure in Financial State:	2.6.4	January 1, 2027

2.6.1 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.

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

2.6.3 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 (I)/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 standard requires entities to identify contracts and its terms and to assess whether they meet the definition of an insurance contract or includes components of an insurance contract. Insurance contracts are required to account for under the recognition/derecognition of IFRS 17. Companies subject to the requirement of the above SRO will also be required to adopt requirements of IFRS 9 from the date of transition if the insurance company opted for temporary exemption from the application of IFRS 9 as allowed by IASB.

2.6.4 IFRS 18 'Presentation and Disclosure in Financial Statements', when applicable shall impact the presentation of 'unconsolidated statement of comprehensive income' with certain additional disclosures in the financial statements.

The management is currently in the process of assessing the impact of these standards and amendments on the unconsolidated financial statements of the Company.

2.7 IFRS 17 – Insurance contracts

Pursuant to the requirements of Securities and Exchange Commission of Pakistan SRO 1336 (I)/2025 dated July 23, 2025 IFRS 17 "Insurance Contracts", is applicable to the companies engaged in insurance/takaful and re-insurance/re-takaful business from financial years commencing on or after 01 January 2027.

IFRS 17, replaces IFRS 4 Insurance Contracts. The new standard will apply to all entities that issue insurance and reinsurance contracts, and to all entities that hold reinsurance contracts. This Standard requires entities to identify contracts and its terms and to assess whether they meet the definition of an insurance contract or includes components of an insurance contract. Insurance contracts are required to account for under the recognition/ derecognition of IFRS 17. Companies subject to the requirement of SRO will also be required to adopt requirements of IFRS 9 from the date of transition. On initial application of IFRS 17, comparative information for insurance contracts is restated in accordance with IFRS 17, whereas comparative information for related financial assets might not be restated in accordance with IFRS 9 if the insurer is initially applying IFRS 9 at the same date as IFRS 17.

SECP through its S.R.O.1336(I)/2025 has directed that the applicability period of optional temporary exemption from applying IFRS 9 – "Financial Instrument" as given in para 20A of IFRS 4 – "Insurance Contracts" is extended for annual periods beginning before January 1, 2027, subject to fulfilling the same conditions as are prescribed by para 20B of IFRS 4.

2.8 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

	As at Dec 31, 2025				
	Rupees in '000				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized gain	Carrying value	Cost less impairment	Change in unrealized gain
Cash and bank*	-	-	11,141,292	-	-
Debt securities - Held to maturity (note 10)	-	-	65,540,338	-	-
Investment in equity securities					
- Available for sale (note 9)	150,114	64,783	-	-	-
- Held for Trading (note 9)	3,499,778	2,014,604	-	-	-
Term deposits	-	-	2,800,500	-	-
Investment in subsidiary	358,560	-	-	-	-
Loans and other receivable	3,605,457	-	-	-	-
	9,613,909	2,079,387	79,482,130	-	-

	As at Dec 31, 2024				
	Rupees in '000				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized gain	Carrying value	Cost less impairment	Change in unrealized gain
Cash and bank*	-	-	5,878,991	-	-
Debt securities - Held to maturity (note 10)	-	-	67,848,696	-	-
Investment in equity securities					
- Available for sale (note 9)	85,331	(19,278)	-	-	-
- Held for Trading (note 9)	3,485,172	1,155,221	-	-	-
Investment in subsidiary	358,560	-	-	-	-
Loans and other receivable*	2,625,167	-	-	-	-
	6,554,230	1,135,943	73,727,687	-	-

* The carrying amount of these financial assets measured applying IAS 39 are a reasonable approximation of their fair values.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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

3.1 Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged using the straight-line method in accordance with the rates specified in note 5 to these unconsolidated financial statements and after taking into account residual values, if significant.

Depreciation on additions is charged from the month the assets are available for use, while no depreciation is charged in the month of disposal.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to the unconsolidated statement of profit and loss account as and when incurred. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the unconsolidated statement of profit and loss account in the year the asset is derecognized. Depreciation methods, useful lives and residual values are reviewed, and adjusted if appropriate, at each reporting date.

3.2 Intangible assets

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Costs directly associated with identifiable software that will have probable economic benefits exceeding costs beyond one year, are recognized as an intangible asset.

These are stated at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight-line basis over its estimated useful life as specified in note 6 to these unconsolidated financial statements after taking into account residual values, if significant. Amortization on additions is charged from the month in which the asset is put to use, whereas no amortization is charged in the month the asset is disposed of. The useful lives and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the unconsolidated statement of profit or loss account when the asset is derecognized.

3.3 Investment property

Investment properties are accounted for under the cost model in accordance with the requirements of International Accounting Standard (IAS) 40, "Investment Property".

- Leasehold land is stated at cost.

- Buildings on leasehold land are depreciated to their estimated salvage value on a straight-line basis over their useful lives.

- Lifts, HVAC and other installations forming part of buildings on leasehold land but having separate useful lives are depreciated under the straight-line method.

Depreciation charge, subsequent capital expenditure on existing properties, normal repair & maintenance and gains or losses on disposals are accounted for in similar manner as those applicable to property and equipment (note 3.1).

3.4 Insurance contracts

Insurance contracts are those contracts under which the Company as insurer has accepted insurance risk from the insurance contract holder (insured) by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affects the insured. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its tenure, even if the insurance risk changes significantly during this period, unless all rights and obligations are extinguished or expired. Insurance contracts are classified into the following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed:

Fire and property

Fire and property damage insurance contracts mainly compensate the Company's customers for damage suffered due to fire, earthquake, riots and strike, explosion, atmospheric disturbance, flood, electric fluctuation and impact, burglary, loss of profit followed by the incident of fire, contractor's all risk, erection all risk, machinery breakdown and boiler damage, etc. according to the terms and conditions of the policy, to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities.

Marine cargo

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

Marine hull

Marine hull insurance provides cover for ship of all kinds, barges, tugs, dredgers, fishing trawlers, yacht, pleasure boats, speed boats etc.

Aviation

Aviation covers the aircraft itself for accidental damage or loss from whatsoever cause operating anywhere in the world subject to certain terms and conditions, and damage to/loss of spare parts of the aircraft/engines against all risks.

Motor

Motor insurance provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident. These contracts are generally one year contracts.

Engineering

Engineering insurance offers comprehensive and adequate protection against loss or damage in respect of the contract works, construction plant and equipment and/or construction machinery, as well as against third party claims in respect of property damage and/or bodily injury arising in connection with the execution of construction project. These contracts are normally one year insurance contracts except some engineering insurance contracts that are of more than one year period.

Miscellaneous

All other types of insurance contracts are classified in miscellaneous category which includes mainly terrorism, personal accident, worker compensation, Cash-in-Safe, Cash-in-Transit insurance etc. These contracts are normally one year insurance contracts.

The Company enters into outward reinsurance arrangements only in the normal course of business in order to limit the potential for losses arising from certain exposures and does not engage in inward reinsurance arrangements.

The Company neither issues investment contracts nor does it issue insurance contracts with discretionary participation features (DPF).

3.5 Unearned premium reserve

Provision for unearned premium is calculated by applying 365 days method, except marine cargo insurance for which unearned premium is calculated by applying twenty fourths' method.

3.6 Premium deficiency reserve

The Company is required as per the Insurance Accounting Regulations, 2017, to maintain a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future liability, after reinsurance from claims, and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired policies in that class of business at the reporting date. The movement in the premium deficiency reserve is recorded as an expense in the profit and loss account.

The Company determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired periods of the contracts. For this purpose the prospective loss ratios for each class of business is determined and applies factors of unearned and earned premium and uses assumptions appropriate to arrive at the expected claims settlement cost which when compared with unearned premium reserve (UPR) shows whether UPR is adequate to cover the unexpired risks. If these ratios are adverse, premium deficiency is determined.

3.7 Reinsurance contracts held

Insurance contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued, are reinsurance contracts. These reinsurance contracts include both facultative and treaty arrangement contracts.

Reinsurance assets or liabilities are derecognized when the contractual rights or obligations are extinguished or expired. Furthermore, reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contract are not off set against income or expenses from related insurance assets.

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

The deferred portion of reinsurance premium is recognised as a prepayment. The deferred portion of reinsurance premium ceded is calculated by applying 365 days method.

Prepayment (i.e. premium ceded to reinsurers) is recognised as follows:

(i) for reinsurance contracts operating on a proportional basis, a liability to the reinsurer is recognised on attachment of the underlying policies reinsured, while an asset is recognised for the unexpired period of reinsurance coverage at the reporting date as prepaid reinsurance premium ceded and the same is expensed over the period of underlying policies.

(ii) for reinsurance contracts operating on a non-proportional basis, and for which the term of the reinsurance contract is not directly referable to the term of any underlying policy or policies, on inception of the reinsurance contract.

The Company assesses its reinsurance assets for impairment on the reporting date. If there is an objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the unconsolidated statement of comprehensive income.

3.8 Reinsurance recoveries against claims

Claim recoveries receivable from the reinsurer are recognised as an asset at the same time as the claims which give rise to the right of recovery are recognised as a liability and are measured at the amount expected to be received.

3.9 Receivables and payables related to insurance contracts

3.9.1 Due to / from insurance contract holders

These are initially recognized at cost which is the fair value of consideration received. Provision for impairment on premium receivable is established when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivables. Receivables are also analyzed as per their aging and accordingly provision is maintained on a systematic basis.

3.9.2 Due to / from reinsurer

Amounts due to / from re-insurer are carried at cost less provision for impairment. Cost represents the fair value of the consideration to be received / paid in the future for services rendered / received. Provision for impairment on amount due from reinsurer is established when there is objective evidence that the Company will not be able to collect all amounts due according to original terms.

The Company has reinsurance arrangements with Pakistan Reinsurance Company Limited (PRCL) only.

3.10 Deferred commission expense / acquisition cost

Commission expense / acquisition cost incurred in obtaining policies is deferred and brought to unconsolidated statement of profit & loss as an expense in accordance with the pattern of recognition of the gross premium to which it relates. Commission expense is arrived at after taking the impact of opening and closing deferred commission.

3.11 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' results are reviewed regularly by the Company to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company presents segments reporting of operating results using the classes of business as specified under the Insurance Accounting Regulations, 2017. The reported operating segments are also consistent with the internal reporting process of the Company for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

Based on its classification of insurance contracts issued, the Company has five primary business segments for reporting purposes namely fire and property, marine aviation and transport, motor, engineering and miscellaneous. The nature and business activities of these segments are disclosed in note 3.4.

Assets and liabilities are allocated to particular segments on actual basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities. Further, the management expenses were allocated to each segment on the basis disclosed in note 3.27.

3.12 Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement includes cash at bank, term deposits and market treasury bills with original maturity of less than three months.

3.13 Revenue recognition

3.13.1 Premium

For all the insurance contracts, premiums are recognized as written from the date of issuance of policy (i.e. attachment of the risk to the policy). Where premiums for a policy are payable in installments, full premium for the duration of the policy is recognized as written at the inception of the policy and related assets set up for premiums receivable at a later date. Premiums are stated exclusive of taxes and duties levied on premiums.

Revenue from premium is determined after taking into account the unearned portion of premium. The unearned portion of premium income is recognized as a liability which is calculated as a ratio of the unexpired period of the policy and the total policy period (365 days), both measured to the nearest day except for marine cargo which is calculated by applying 1/24 method as specified in the Insurance Accounting Regulations, 2017.

Reinsurance premium is recognized as an expense after taking into account the proportion of deferred premium expense which is calculated using twenty fourths' method. The deferred portion of premium expense is recognized as a prepayment.

3.13.2 Commission income

Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognized as liability and recognized in the profit and loss account as revenue in accordance with the pattern of recognition of the reinsurance premiums to which it relates.

3.13.3 Investment income

Unrealized gain or (loss) on revaluation of investments classified as available-for-sale is included in the unconsolidated statement of comprehensive income in the period to which it relates.

Gain or loss on remeasurement of investments held-for-trading is recognized in the unconsolidated statement of profit and loss account.

Profit on held-to-maturity instruments is recognized on a time proportion basis taking into account the effective yield on the investments.

Gain or loss on sale of investments is recognized in the unconsolidated statement of profit and loss at the time of sale.

Dividend income is recognized when the Company's right to receive the dividend is established.

Return on bank and other saving deposits is recognized on time proportion basis.

3.13.4 Rental income

Rental income on investment properties is recognized on a time proportion basis.

3.13.5 Other income

Gain or loss on sale of fixed assets, intangible assets and investment properties is recognised when the asset is derecognised.

3.14 Investments

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs except for those classified as held for trading. Subsequently, these are recognized and classified as follows:

At fair value through profit or loss
Held to maturity
Available-for-sale

The classification depends on the purpose for which the financial assets were acquired.

3.14.1 At fair value through profit or loss

Quoted investments which are acquired principally for the purpose of generating profit from short-term fluctuations in price or are comprised in a portfolio of which there is a recent actual pattern of short-term profit taking are classified as held for trading.

Subsequent to initial recognition these are re-measured at fair value by reference to quoted market prices with the resulting gain or loss being included in profit or loss for the period in which it arises.

3.14.2 Held to maturity

Investments with fixed maturity, where management has both the intent and ability to hold to maturity, are classified as held to maturity.

Subsequently, these are measured at amortized cost. Any premium paid or discount availed on acquisition of held to maturity investment is deferred and amortized over the term of the investment using the effective yield method.

These are reviewed for impairment at year end and any losses arising from impairment in value are charged to the profit and loss account.

3.14.3 Available for sale

Investments which are intended to be held for undefined period of time but may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available for sale.

Quoted

Subsequent to initial recognition, these investments are remeasured at fair value. Gains or losses on remeasurement of these investments are recognized in the statement of comprehensive income.

Unquoted

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

3.14.4 Investment in subsidiary company

Investment in subsidiary company is stated at cost.

3.14.5 Fair value measurements

The fair value of investments held for trading is their quoted bid price at the Statement of Financial position date.

3.14.6 Recognition / derecognition of investments

Investments held for trading and available for sale investment are recognized / derecognized by the Company on the day it commits to purchase / sell the investment. Investments held-to-maturity are recognized / derecognized on the day they are transferred to / sold by the Company.

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

3.15 Financial instruments

All the financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of instrument. Any gains or losses on de-recognition of financial assets and liabilities are taken to profit and loss account currently.

3.16 Offsetting of financial assets and liabilities

Financial assets and liabilities are off set and the net amount is reported in these unconsolidated financial statements only when there is a legally enforceable right to set-off the recognized amount and the Company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

3.17 Underwriting provisions

Underwriting provision consist of provision for outstanding claims including claims payable and provision for losses Incurred but Not Reported (IBNR) and provision for deferment of premium (unearned premium) and commission income (unearned commission income). These provisions are determined and recorded based on the percentages suggested by the actuarial valuation report. The actuarial valuation is carried out annually. The methods used for determination of these reserves are stated in note 38 "valuation of insurance reserves".

3.17.1 Provision for outstanding claims (including IBNR)

Provisions for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

3.18 Outstanding claims

This represents the amount of claims that have been reported and are yet unpaid or partially unpaid at the end of reporting year for a given accident year.

A liability for outstanding claims (claim incurred) is recognized for all claims incurred which represents the estimates of the claims intimated or assessed before the end of the reporting period and measured at the undiscounted value of expected future payments. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates while taking into consideration the past claims settlement experience including handling costs and the Company's reserving policy. Where applicable, deductions are made for salvage and their recoveries.

Reinsurance recoveries against outstanding claims and salvage recoveries are recognized as an asset and measured at the amount expected to be received.

Liability for outstanding claims has adjusted for the effects of subsequent development in the provision for outstanding claims in subsequent year. As per IAS 37 and IAS 10, it is required that 'subsequent payment / settlement of claims before any date when the unconsolidated financial statements are authorized for issue' is an 'adjusting event' and the claim expense and reinsurance recovery shall be accounted for at 'actual / settlement amount' in the year in which the loss event occurred.

3.18.1 Incurred but not reported (IBNR Claims)

This represents losses that have incurred or are in the occurrence period at the end of the reporting year and have not been intimated to the Company by the end of the reporting year.

The Company is required, as per the SECP circular no. 9 of 2016 dated March 9, 2016 "Guidelines for Estimation of Incurred But Not Reported (IBNR) Claims Reserve, 2016" to estimate and maintain the provision for claims incurred but not reported for each class of business by using the prescribed method which is "Chain Ladder Method" or any other alternate method as allowed under the provisions of the Guidelines.

The actuarial valuation as at December 31, 2025 has been carried out by an independent firm of actuaries for determination of IBNR for each class of business.

3.19 Taxation

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

3.19.1 Current taxation

Provision for the current taxation is based on taxable income at current rates of taxation after taking into account tax credits and rebates available, if any. The charge for the current taxation also includes adjustments that were considered necessary, relating to prior years which arise from assessments finalized during the year or required by any other reason.

3.19.2 Deferred taxation

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

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

3.20 Staff retirement benefits

3.20.1 Defined benefit plans

The Company operates the following defined benefit plans / scheme for its employees:

Fund pension scheme.
Unfunded gratuity scheme (for employees under Monetized Salary Package Scheme).
Unfunded post-retirement medical benefit scheme.
Unfunded compensated absences.

The employees who have joined the Company on or after January 01, 2001 under Monetized Salary Package Scheme (MSP) are eligible for unfunded gratuity scheme.

The Company accounts for all accumulated compensated absences when the employees render service that increases their entitlement to future compensated absences based on actuarial valuation. The actuarial valuation has been carried out using the projected unit credit method. Actuarial valuation is carried out annually as on December 31.

The Company's obligation under the above schemes is determined by estimating the amount of future benefits that the employees have earned in return of their services in the current and prior years, that benefit is discounted to determine the present value and the fair value of plan assets, if any, is deducted. The calculation is performed by an independent actuary.

All actuarial gains and losses are immediately recognized in the period in which they occur through the unconsolidated statement of comprehensive income.

Assumptions and other findings of post-employment benefits have been briefly disclosed in note 21.

3.21 Impairment of assets

3.21.1 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.

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

3.22 Loans and other receivables

Loans and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Other receivables comprise of rent, balance due from pension fund and interest receivable from PIBs. A provision for impairment of loans, advances and other receivables is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of provision is charged to the unconsolidated statement of profit and loss account. Loans, advances and other receivables are written off when considered irrecoverable.

3.23 Premium received in advance

Premium received in advance is carried at cost which is the fair value of consideration received against services to be provided in the future. It is recognized in advance is recognised as liability till the time of issuance of insurance contract there against.

3.24 Creditors and accruals

3.24.1 Accrued expenses

Accrued expenses are carried at cost which is the fair value of the consideration to be paid in the future for the goods and / or services received, whether or not billed to the Company.

3.24.2 Other liabilities

Other liabilities are carried at cost which is the fair value of the consideration to be paid / received in the future for the goods and / or services received / provided, whether or not billed to / by the Company. Except for liability for government levies including excise duty, sales tax on services, federal insurance fee and stamp duty, as applicable on underwriting activities have been recognized after receipt of such amount from respective clients.

3.25 Foreign currency transactions and translations

Foreign currency transactions are translated into Pakistani Rupees at exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pakistani Rupees at the rates of exchange prevailing at the statement of financial position date, exchange differences, if any, are taken to the unconsolidated statement of profit and loss account.

3.26 Dividend and appropriation to reserves

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

3.27 Allocation of expenses to underwriting business

Expenses of management allocated to the underwriting business represent directly attributable expenses and indirect expenses allocated on the basis of gross premium income under individual business.

3.28 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its shareholders.

3.28.1 Basic EPS

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

3.28.2 Diluted EPS

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

3.29 Provisions, contingent assets and contingent liabilities

Provisions are recognized in the unconsolidated statement of financial position when the Company has a legal or constructive obligation, as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

3.30 Reserve for exceptional losses

The reserve for exceptional losses was set aside prior to 1979 and was charged to income with the provision of Income Tax Act of 1922 (repealed). The Company has ceased to set aside such reserves.

4. Critical accounting estimates and judgements

The preparation of these unconsolidated financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. Significant accounting estimates and areas where judgments were made by the management in the application of accounting policies are as follows:

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

	Notes
Useful lives, residual value and depreciation method of property and equipment and intangible assets	3.1
Investment property	3.3
Premium deficiency reserve (liability adequacy test)	3.6
Receivables related to insurance contracts	3.9
Provision for outstanding claims (including IBNR)	3.17
Provision for taxation and deferred tax	3.19
Defined benefit plan	3.20.2
Impairment of assets	3.21
Provisions, contingencies and commitments	3.29

5. PROPERTY AND EQUIPMENT

5.1 Operating assets

2025

	Cost				Depreciation / impairment				Impairment				Written down value as at December 31	Depreciation rate %
	As at January 01	Additions	(Disposals) / Adjustments	As at December 31	As at January 01	Charge for the year	(Disposals) / Adjustments	As at December 31	As at January 01	Charge for the year	Reversal	As at December 31		
	Rupees in '000													
Land - leasehold	10,583	2,144	-	12,727	-	-	-	-	-	-	-	-	12,727	-
Building on leasehold land	215,313	-	-	215,313	190,488	754	-	191,242	-	-	-	-	24,071	2.5 to 6.7
Furniture and fixtures	173,238	287	-	173,525	84,532	4,935	-	89,467	45,251	-	-	45,251	38,807	10
Office equipment	122,503	14,478	375	136,606	71,261	13,005	192	84,074	23,902	-	-	23,902	28,630	33.3
Computer equipment	111,382	31,389	1,341	141,430	75,623	23,523	972	98,174	2,147	-	-	2,147	41,109	33.3
Vehicles	258,281	30,295	12,033	276,543	98,802	52,007	10,537	140,272	-	-	-	-	136,271	25
Library books	378	-	-	378	353	-	-	353	25	-	-	25	-	10
	891,678	78,593	13,749	956,522	521,059	94,224	11,701	603,582	71,325	-	-	71,325	281,615	

2024

	Cost				Depreciation / impairment				Impairment				Written down value as at December 31	Depreciation rate %
	As at January 01	Additions	(Disposals) /Adjustments	As at December 31	As at January 01	Charge for the year	(Disposals) /Adjustments	As at December 31	As at January 01	Charge for the year	Reversal	As at December 31		
	Rupees in '000													
Land - leasehold	10,583	-	-	10,583	-	-	-	-	-	-	-	-	10,583	-
Building on leasehold land	215,313	-	-	215,313	188,771	1,717	-	190,488	-	-	-	-	24,825	2.5 to 6.7
Furniture and fixtures	146,135	27,103	-	173,238	81,568	2,964	-	84,532	45,251	-	-	45,251	43,455	10
Office equipment	102,063	21,046	606	122,503	62,826	8,720	285	71,261	23,902	-	-	23,902	27,340	33.3
Computer equipment	80,123	31,259	-	111,382	66,022	9,601	-	75,623	2,147	-	-	2,147	33,612	33.3
Vehicles	94,268	178,395	14,382	258,281	49,073	59,663	9,934	98,802	-	-	-	-	159,479	25
Library books	378	-	-	378	353	-	-	353	25	-	-	25	-	10
	648,863	257,803	14,988	891,678	448,613	82,065	10,219	521,059	71,325	-	-	71,325	299,294	

5.1.1 As the itemized details of fixed assets acquired on or before December 31, 2017, are not available, therefore, the provision of impairment has been booked against the remaining carrying value of these fixed assets amounting Rs. 71,324,500/-

5.1.2 Disposal of property and equipment

2025							
Particulars	**Mode of disposal**	**Particulars of buyer**	**Relationship with the Company**	**Cost**	**Net book value**	**Sale proceeds**	**(Gain) / loss on disposal**
				Rs in '000			
Vehicles							
Suzuki Cultus BUQ-566	Buy back	Lutuf Ali Shar	Employee	2,005	201	198	3
Toyota Corolla BCH-672	Buy back	Nasir Hamid	Employee	2,489	249	139	110
Toyota Corolla GA-9085	Buy back	Zahid Qadeer	Employee	1,100	27	3	24
Toyota Corolla BNC-313	Buy back	Tariq Aziz	Employee	1,500	150	613	(463)
Honda Civic GBP-173	Buy back	Khalid Hamid	Employee	4,289	429	590	(161)
Suzuki Cultus GPA-845	Buy back	Ranjhan Ali	Employee	650	440	100	340
2025				12,033	1,496	1,643	(147)
2024				14,382	4,449	5,853	1,405

6. INTANGIBLE ASSETS

	Cost				Amortization				Written down value as at December 31	Amortization rate
	As at January 01	**Additions**	**(Disposals) / Adjustments**	**As at December 31**	**As at January 01**	**Charge for the year**	**(Disposals) / Adjustments**	**As at December 31**		
	Rs in '000									
Computer software-2025	11,325	-	-	11,325	6,525	1,600	-	8,125	3,200	20%
Computer software-2024	11,325	-	-	11,325	4,925	1,600	-	6,525	4,800	20%

6.1 Cost of fully amortised intangible assets still in use at the end of the year amounted to Rs.3.325 million as of December 31, 2025.

7. INVESTMENT PROPERTY

7.1 Carrying amount - (net of depreciation)

		2025										
		Cost			Depreciation			Impairment			Written down value	
	Note	As at January 01	Additions / (Disposals)	As at December 31	As at January 01	For the year / (Disposals)	As at December 31	As at January 01	For the year / (Disposals) / (reversal)	As at December 31	as at December 31	Useful life
		Rupees in '000										
Leasehold land												
- Karachi		7,904	-	7,904	-	-	-	-	-	-	7,904	
- Islamabad		46,193	9,514	55,707	-	-	-	-	-	-	55,707	
- Dehi Karachi	7.2.1	491,001	-	491,001	-	-	-	-	-	-	491,001	
- Lahore	7.2.2	1,170,210	-	1,170,210	-	-	-	-	-	-	1,170,210	
Freehold Land												
- Lahore		389,523	-	389,523	-	-	-	-	-	-	389,523	
Land		2,104,831	9,514	2,114,345	-	-	-	-	-	-	2,114,345	
Building on leasehold land *												40 Years
- Karachi		396,056	-	396,056	354,379	-	354,379	-	-	-	41,677	2.5 to 6.7
- Islamabad		334,007	-	334,007	277,261	3,347	280,608	-	-	-	53,399	2.5 to 6.7
- Dubai	7.2.3	1,698,938	-	1,698,938	831,386	29,069	860,455	-	-	-	838,483	2.5
Building on freehold land												40 Years
- Lahore		1,467	-	1,467	1,029	16	1,045	-	-	-	422	2.5
Buildings		2,430,468	-	2,430,468	1,464,055	32,432	1,496,487	-	-	-	933,981	
		4,535,299	9,514	4,544,813	1,464,055	32,432	1,496,487	-	-	-	3,048,326	

* It includes the cost of lifts, HVAC and other installations forming part of buildings on leasehold land.

	Note	Cost: As at January 01	Cost: Additions / (Disposals)	Cost: As at December 31	Depreciation: As at January 01	Depreciation: For the year / (Disposals)	Depreciation: As at December 31	Impairment: As at January 01	Impairment: For the year / (Disposals) / (reversal)	Impairment: As at December 31	Written down value as at December 31	Useful life
		Rupees in '000										
Leasehold land												
- Karachi		7,904	-	7,904	-	-	-	-	-	-	7,904	
- Islamabad		46,193	-	46,193	-	-	-	-	-	-	46,193	
- Dehi Karachi	7.2.1	491,001	-	491,001	-	-	-	-	-	-	491,001	
- Lahore	7.2.2	1,170,210	-	1,170,210	-	-	-	-	-	-	1,170,210	
Freehold land												
- Lahore		389,523	-	389,523	-	-	-	-	-	-	389,523	
Land		2,104,831	-	2,104,831	-	-	-	-	-	-	2,104,831	
Building on leasehold land												40 Years
- Karachi		396,056	-	396,056	351,656	2,723	354,379	-	-	-	41,677	2.5 to 6.7
- Islamabad		334,007	-	334,007	273,914	3,347	277,261	-	-	-	56,746	2.5 to 6.7
- Dubai	7.2.3	1,698,938	-	1,698,938	802,317	29,069	831,386	-	-	-	867,552	2.5
Building on freehold land												40 Years
- Lahore		1,467	-	1,467	1,013	16	1,029	-	-	-	438	2.5
Buildings		2,430,468	-	2,430,468	1,428,900	35,155	1,464,055	-	-	-	966,413	
		4,535,299	-	4,535,299	1,428,900	35,155	1,464,055	-	-	-	3,071,244	

7.1.1 Measuring investment property at fair value

The market value of the investment properties as per valuation carried out by professional valuers in 2025 is Rs. 25,287 million.

7.1.2 Fair value hierarchy

The fair value hierarchy as at the end of the reporting period is Level 3

Valuation of land and building is required to be carried out on an annual basis under the Insurance Rules, 2017. Following is the result of such valuation (together with the name of the valuers) and attribution of land and building into investment property and fixed asset:

	2025	2024	2025	2024	2025	2024	2025	2024
			Total market value as per the valuer		Market value attributable to investment property		Market value attributable to fixed asset	
			Rupees in '000					
Land								
NIC Building Karachi	HA ENG CON International	Property Valuation Services (Private) Ltd	3,208,800	3,160,668	2,353,013	2,317,718	855,787	842,950
NIC Building Islamabad	HA ENG CON International	Property Valuation Services (Private) Ltd	8,847,360	8,524,800	7,582,188	7,305,754	1,265,172	1,219,046
NIC House DHA Karachi	HA ENG CON International	Property Valuation Services (Private) Ltd	175,000	168,750	128,328	123,744	46,673	45,006
128 Upper Mall Lahore	HA ENG CON International	Property Valuation Services (Private) Ltd	296,444	292,438	296,444	292,438	-	-
Dehi Karachi	HA ENG CON International	Property Valuation Services (Private) Ltd	785,000	785,000	785,000	346,500	-	-
Airport Road Lahore	HA ENG CON International	Property Valuation Services (Private) Ltd	1,929,600	1,809,000	1,929,600	1,809,000	-	-
Shah Din Building Lahore	HA ENG CON International	Property Valuation Services (Private) Ltd	1,549,400	1,524,000	1,549,400	1,524,000	-	-
			16,791,604	16,264,656	14,623,972	13,719,154	2,167,632	2,107,002

	2025	2024	2025	2024	2025	2024	2025	2024
			Total market value as per the valuer		Market value attributable to investment property		Market value attributable to fixed asset	
			Rupees in '000					
Building								
NIC Building Karachi	HA ENG CON International	Property Valuation Services (Private) Ltd	900,164	935,158	647,218	672,378	252,946	262,779
NIC Building Islamabad	HA ENG CON International	Property Valuation Services (Private) Ltd	1,257,428	1,569,427	1,077,616	1,344,999	179,812	224,428
NIC House DHA Karachi	HA ENG CON International	Property Valuation Services (Private) Ltd	12,265	14,378	12,265	14,378	-	-
Shah Din Building Lahore	HA ENG CON International	Property Valuation Services (Private) Ltd	20,148	20,880	20,148	20,880	-	-
Liberty Tower Dubai	International Pvt. Ltd	Cavendish Maxwell	6,305,482	4,591,845	6,305,482	4,591,845	-	-
			8,495,486	7,131,689	8,062,728	6,644,481	432,758	487,207
Total market value			25,287,090	23,396,345	22,686,700	20,363,635	2,600,390	2,594,210

7.1.3 Fair value of building situated at Liberty Towers, Dubai, amounts to AED: 82.684 million (2024: AED : 60.300 million) of foreign currency.

7.2 Status of properties under litigation

7.2.1 10 Acre Plot situated at Korangi Deh Phihai, Karachi (FIR No. 21/2010 dated November 22, 2010)

NICL purchased 10 Acre land situated at Korangi Deh Phihai, Karachi as per the approval of the then Board of Directors from Mr. Khalid Anwar at a cost of Rs. 900 million excluding government levies. Sale agreement in this respect was duly executed on August 19, 2009, possession was handed over to NICL, title was duly transferred in the name of NICL vide conveyance deed August 21, 2009 and mutation was done on November 20, 2009. Prior to purchase of the said land, a Pakistan Bank's Association (PBA) approved valuer namely Consultancy Support Services Limited was commissioned by NICL for carrying out the land pre-purchase valuation which valued this land at Rs. 92.5 million per acre (Rs. 925 million) on June 11, 2009. Further, in response to a letter No. NICL/LD/HO/85 dated June 9, 2009 the Executive District Officer (Revenue), City District Government Karachi in its letter No. EDO/REV/1473/2009 dated June 25, 2009 mentioned that the cost of per acre of this land as informed by the District Officer (Revenue), City District Government Karachi vide its letter No. DO/REV/K/R.B/3478/2008 dated July 30, 2008 is Rs. 90.50 million per acre (Rs. 905 million).

Prior to the registration of FIR, the complainant namely the Ministry of Commerce, Government of Pakistan, got an independent valuation done on the orders of the National Assembly Standing Committee on Commerce by a State Bank of Pakistan approved valuer namely M/s. Eastern Surveyor, who valued the land at Rs. 975 million on April 3, 2010.

After registration of FIR, Federal Investigation Agency (FIA) and NICL got a valuation of the land in question done by another State Bank of Pakistan approved valuer namely M/s. Ahmed Associates who valued the land at Rs. 925 million on December 6, 2010. Later, FIA/NICL got yet another valuation done of the same land by the same valuer at Rs. 700 million as at August 2009 on January 5, 2011. Finally, on March 03, 2011 FIA and the Company got another valuation of the land done by National Engineering Services Pakistan (Private) Limited (NESPAK) which valued the land at Rs. 412.61 million as on July 2009.

Mr. Khalid Anwer, without any admission of guilt or wrong doing or irregularity on his part or on the part of any other person, volunteered to conditionally deposit the differential amount of Rs. 490 million under the believe and impression that the case regarding purchase of aforesaid land is sub judice before the learned Special Judge (Central) – II, Karachi and the matter would be decided qua allegations upon conclusion of a trial wherein Mr. Khalid Anwer has all the opportunity to defend the transaction under reference and challenge the veracity of the valuation done by NESPAK or by another valuer(s). The differential amount was tendered with the sole purpose of saving the applicant's good repute and to avoid any inconvenience and discomfort and is conditionally deposited. The entire amount of Rs. 490 million, recovery based on NESPAK valuation, has already been received from the sellers and credited to NICL bank accounts. No amount is outstanding in this case.

After several letters from the seller, through his legal council showing his reservation on NESPAK valuation, in the final reply dated September 22, 2011 NESPAK concluded the matter writing "The land in question at the time of purchase could justifiably be evaluated on the basis of its commercial value, which could range between Rs. 65 million to Rs. 67 million per acre for this 10 acre piece of land".

All accused persons have been released on bail on the ground of statutory delay in decision of the case and on the basis of important development in the case that the alleged embezzled amount worth Rs. 490 million have fully been realized and paid in the account of NICL.

The case was decided / disposed of on December 8, 2018 whereby Ayyaz Khan Niazi and other accused persons were convicted/sentenced for imprisonment of seven years each. The accused persons have filed appeals against order/judgment dated December 8, 2018 before the High Court of Sindh at Karachi, which is pending.

The above case was disposed of on December 8, 2018 by Accountability Court No. III at Karachi, whereby the accused persons were sentenced. Appeals filed by accused persons were accepted vide judgment dated October 8, 2019 passed by the Sindh High Court and all accused persons were acquitted. Appeals were filed by NAB against the orders/judgment of Sindh High Court before the Supreme Court of Pakistan, but the same was dismissed on December 10, 2019. Accordingly, this instant matter is no more in field and finally all accused persons have been acquitted.

Following is a summary of amounts recoverable out of the property:

	Rupees in '000'
Purchase price	900,000
Less: Value as determined by NESPAK	(412,610)
Add: Other charges	2,610
Difference recoverable	490,000
Less: Recovered in prior years	(490,000)
Balance recoverable	-

As at December 31, 2025, the value of the property assessed by Property Valuation Services (Private) Limited is Rs. 785,000 million (2024:Rs. 785 million).

7.2.2 20 Kanal 2 Marla (FIR No. 29/2010 dated November 13, 2010)

NICL purchased 20 Kanal 2 Marla plot of land in July 2009 as per the approval of the then Board of Directors from Mr. Mohsin Habib Warraich situated at Airport Road, Lahore. NICL paid Rs. 1,067.755 million to the Seller (Mohsin Habib Warraich) as price of land. Sale deeds were executed in July 2009 in favour of NICL and the land was duly mutated / transferred.

NICL arranged valuation of this land from Tristar International who valued it at Rs. 1,326,000,000/- on June 29, 2009. Another valuation arranged by NICL from M/s. Medallion Services resulted in valuation of this land at Rs. 61.500 million per Kanal (Rs. 1,236.150 million) on June 16, 2009.

On a valuation arranged for and conducted on the instructions of Ministry of Commerce, Islamabad in March 2010 the valuer M/s. S. A. Associates determined the value of the land at Rs. 1,266.300 million.

Ministry of Commerce through National Evaluation Company arranged valuation of this land who also valued it at Rs. 1,206.000 million on March 31, 2010.

During the course of investigation after FIR, FIA arranged valuation of the property through M/s. Ahmed Associates in December 2010, who valued the property at Rs. 984.900 million as at July 2009 on December 20, 2010. Mr. Mohsin Habib Warraich, without admission of any guilt or wrong doing or irregularity, conditionally deposited the differential amount of Rs. 80.400 million.

Subsequently, FIA arranged another valuation of the property through NESPAK, who assessed the value at Rs. 562.500 million as at July 2009 in January 2011 with differential recoverable amount of Rs. 505.255 million. By the efforts of FIA, Mr. Mohsin Habib Warraich made a conditional offer to pay back this differential amount.

On March 30, 2011 Mr. Mohsin Habib Warraich through his authorized attorney, in good faith and without admission / confession of any wrong doing / guilt / offence and without prejudice to the trial and defence therein made conditional / without prejudice offer of paying the differential amount of Rs. 505.255 million subject to the decision of the case upon conclusion of the trial and in case of acquittal and discharge the offer shall be deemed to be withdrawn and of no legal effect and NICL will be obligated to refund the alleged differential received under protest along with the cost of funds and such offer is made without prejudicing / affecting right to defend instant transaction in trial court and /or to challenge the valuation done by NESPAK before the court of competent jurisdiction.

The differential amount of Rs. 505.255 million had been conditionally tendered in the following manner:

a The amount of Rs. 80.400 million shall be adjusted towards payment of differential amount of Rs. 505.255 million leaving the balance of Rs. 424.855 million.

b The balance of Rs. 424.855 million along with interest @ SBP discount rate will be paid in five years through ten bi-annual installments of Rs. 42.000 million each except the last installment of Rs. 44.400 million. The payment of the last installment shall become due on November 01, 2016.

NICL also filed application for auction of property of accused person for recovery of valuable amount of the Company, which is pending arguments.

In compliance of Supreme Court Order dated 22.11.2013, passed in Suo moto case NO. 18/2010, this case was transferred on 02.01.2014 from the Court of Special Judge (Anti-Corruption, Lahore to NAB Court No.2 Lahore).

The above case was disposed of on 02-01-2020 by Accountability Court No. IV at Karachi, whereby the all accused persons were acquitted. Accordingly, this instant matter is no more in field. As per information NAB is in process to file appeals before Lahore High Court against judgment dated 02-01-2020 passed by the Accountability Court. However, NICL's ten Execution Applications for recovery/realization of Rs. 422 million are still pending before Civil Court, Lahore. The opinion of Aslam Law Associates related to recovery of Rs.422 million is that Habib Mohsin Warraich is no more under legal obligation to pay this amount to NICL unless judgment of acquittal is challenged and reversed in appeal.

Following is a summary of amounts recoverable out of the above mentioned property:

	Rupees in '000
Purchase price	1,067,755
Less: Value as determined by NESPAK	(562,500)
Difference recoverable	505,255
Less: Recovered up to the balance sheet date	(80,400)
Balance recoverable	424,855
Unrealized cheques (April 2012 – 2016)	
10 Bounced cheques of dates April 2012- November 2016	-
Balance recoverable	424,855

As at December 31, 2025, the value of the property assessed by 'Property Valuation Services (Private) Limited is Rs. 1,929 million (2024: Rs. 1,809 million).

7.2.3 Office space in Liberty Towers, DIFC Area, Dubai (FIR No. 14/2010 dated November 22, 2010)

In July 2009, NICL purchased 6 units / offices measuring 27,429 sq. fts in Liberty Towers, Dubai International Financial Centre (DIFC) Area, Dubai at a cost of Rs. 1,649.647 million (US $ 19.990 million equivalent to AED 73.463 million) excluding levies of Rs. 49.291 million in July 2009 as per the approval of the then Board of Directors. NICL arranged a valuation of this property through M/s. JAJ Consultants, Dubai who valued the property at AED 74.075 million (Rs. 1,741.332 million equivalent to US $ 20.909 million) on June 30, 2009.

On the direction of Supreme Court of Pakistan, the FIA initiated enquiry and got the property valued from M/s. Hayptons International, Dubai who valued the property as at December 31, 2010 at AED 76.800 million (Rs. 1,692.609 million).

In the context of judicial preceding against the procurement of 6 office units in Liberty House, DIFC Area, Dubai, M/s. Hayptons International, Dubai valuation report is considered more reliable. Accordingly, no recovery has been initiated by the FIA.

FIR No. 14 of 2010 was registered under section 409, 420, 109, PPC read with Section 5(2) of PCA-II, 1947, at Police Station FIA Corporate Crime Circle Karachi on November 22, 2010 on written communication sent by Secretary Commerce to Director General FIA. It was requested to probe into matter regarding office Space in Dubai measuring 27,000 sq. ft. had been purchased in July 2009 at the rate of UAE Dirham 2,700 per sq. ft. It was alleged that this was an exorbitant amount and it had caused the loss national exchequers.

The Investigation Officer, concerned Deputy Director and Assistant Director (Legal) have suggested that due to lack of evidence the case is not made out. The Director General FIA has approved the recommendation made by Director FIA Sindh and directed to sent the case to the Ministry of Interior for withdrawal of under section 494 Cr.P.C. matter is pending in Court for final adjudication.

The matter was fixed on December 22, 2014 for arguments on application under section 265-K of Criminal procedure code. The advocates for the accused persons have contended that NICL sustained no loss in this transaction; therefore, no case is made out against the accused persons. After arguments at length on said application from both of the sides, the same was allowed and all accused persons had been acquitted. Accordingly the case was disposed of on December 22, 2014. NAB has filed appeal in the High Court of Sindh against the said order vide CR.ACC.AQC.Appeal No.01 of 2015 dated January 08, 2015.

Reference No. 1/2014 (FIR No. 14/2010), it is submitted that the case is pending before Accountability Court No. III at Karachi. The case was fixed before the said Court on January 07, 2020 for submission of report. However, the sale was adjourned until January 29, 2020 without any progress.

As at December 31, 2025, the value of the property assessed by Property Valuation Services (Private) Limited Rs. 6,305 million (2024:Rs. 4,591 million).

8. INVESTMENTS IN SUBSIDIARY

	2025	2024
	--------Rupees in '000------	
Cost	358,560	358,560

8.1 The Company's interests in its subsidiaries were as follows:

Name	Country of Incorporation	Assets	Liabilities	Revenues	Profit / (loss)	% interest held
		---------Rupees in '000---------				
Civic Centers Company (Private) Limited	Pakistan	1,210,117	63,588	12,756	884,878	100%
Total at the end of 2025		1,210,117	63,588	12,756	884,878	-
Civic Centres Company (Private) Limited	Pakistan	424,618	77,820	11,811	(1,487)	100%
Total at the end of 2024		424,618	77,820	11,811	(1,487)	-

8.2 The post of Chief Executive of Civic Centre Company (Private) Limited was still vacant during the year. The par value per share is Rs.10/- each. The break up value of Civic Centre Company (Private) Limited as per unaudited financial statements as at December 31, 2025 is Rs. 25.58/- (2024: Rs. 7.81/-).

During the financial year ended December 31, 2005, the Company received a memo reference U.O. No. 4 (33) / DS (I-II) / 05, dated October 4, 2005 from Prime Minister Secretariat through Ministry of Commerce (MoC) letter reference No. 7 (5) 98 – Admn.III dated October 11, 2005 regarding sale of Services International Hotel, Lahore a property of Civic Centres Company (Private) Limited (CCCL). The MoC letter required the Company to furnish detailed / updated brief along with comments after thorough examination of proposal of the Governor of Punjab received by MoC and Prime Minister Secretariat.

Punjab Cooperative Board for Liquidation (PCBL) has claimed that it is entitled to get 25% share in the value of the Services International Hotel Building. The CCCL is of the view that PCBL can only claim 6% of the value of hotel building, as the amount payable to PCBL of Rs. 11.9 million represents 6% of the sale proceeds of Rs. 190 million hence the CCCL has declined the claim of PCBL, which in turn has filed a suit against the Company and CCCL. This matter was discussed with the Governor of Punjab, who suggested the following:

a) Both parties withdraw court cases filed against each other; and

b) Building would be transferred to Privatization Commission, the Company and PCBL would ensure that the vacant possession is handed over to the Privatization Commission, and they would dispose off the building through public auction, and the sales proceeds may be apportioned in the ratio of 75:25 between the Company and PCBL respectively.

The Company has responded to MoC through its letter dated October 11, 2005 and clarified its position and suggested that the Privatization Commission should dispose off the CCCL with all its assets and liabilities and not only the hotel building and the sale proceeds be distributed between the Company and the PCBL in the ratio of 94:6 respectively. However, if, Prime Minister Secretariat desires to implement the Governor of Punjab's proposal i.e. distribution of sale proceeds in 75:25 ratio, a directive from the Prime Minister Secretariat will have to be issued as the Board of the Company is not likely to agree to the proposed ratio of the sharing of the sale proceeds.

An order has been issued from the Prime Minister Secretariat for the privatization of the Service International Hotel Lahore and sharing of proceeds in the ratio of 75:25 as proposed by the Governor of Punjab.

As per the un-audited financial statements of the subsidiary for the year ended December 31, 2025, Services International Hotel has been disposed of at a gain of Rs. 778 million. According to the proposed distribution ratio, the Company is expected to recover the carrying value of its investment in subsidiary.

Due to above mentioned details the break up value per share shall increase over its cost in the event of disposal of hotel building and therefore, no impairment has been charged.

9. INVESTMENTS IN EQUITY SECURITIES

	Note	2025	2024
		------- Rupees in '000 -------	
Available for sale	9.1	10,395,065	7,795,296
Held for trading	9.2	5,504,941	3,488,220
		15,900,006	11,283,516

	Note	2025 Carrying value	2025 Accumulated impairment / provision	2025 Unrealized gain / (loss)	2025 Market value	2024 Carrying value	2024 Accumulated impairment / provision	2024 Unrealized gain / (loss)	2024 Market value
		Rupees in'000							
9.1 Available for sale - quoted									
Others									
Listed shares	9.1.1	85,331	-	64,783	150,114	122,817	(18,208)	(19,278)	85,331
Mutual funds	9.1.4	7,744,187	-	2,500,764	10,244,951	4,620,562	-	3,089,404	7,709,966
		7,829,518	-	2,565,547	10,395,065	4,743,379	(18,208)	3,070,126	7,795,296

9.1.1 Available for sale - listed shares

2025	2024	Name of the Company	2025	2024	2025	2024
(Number of shares)			Market value		Cost	
			------- Rupees in '000 -------		------- Rupees in '000 -------	
		Food Producers				
100,000	100,000	Mirza Sugar Limited	-	-	1,000	1,000
		Modaraba				
2,275,232	2,275,232	Wasl Mobility Modaraba	16,222	4,348	14,124	14,124
		Household Goods				
526,000	526,000	Towellers Limited	90,472	80,983	9,994	9,994
		Financial Services				
7,200,657	7,200,657	First Dawood Investment Bank Limited	43,420	-	72,007	72,007
		Total	150,114	85,331	97,125	97,125

9.1.2 Listed shares

	Note	2025	2024
		------- Rupees in '000 -------	
Cost	9.1.1	97,125	97,125
Provision for impairment	9.1.3	(18,208)	(18,208)
		78,917	78,917

9.1.3 Provision for impairment

	2025	2024
Provision at the beginning of the year	18,208	-
Charge / (reversal) for the year	-	18,208
Provision at the end of the year	18,208	18,208

9.1.4 Available for sale - mutual funds

2025	2024	Name of the fund	2025	2024	2025	2024
(Number of units)			Market value		Cost	
			------- Rupees in '000 -------		------- Rupees in '000 -------	
		Open-end fund				
4,199,610	4,183,076	Unit Trust of Pakistan	1,878,738	1,267,723	356,579	351,246
16,188,752	16,080,497	Meezan Islamic Fund	2,722,351	1,992,806	391,806	378,138
2,443,186	2,166,071	Pakistan Income Fund	141,572	131,850	114,898	99,678
17,840,542	17,840,542	National Investment Unit Trust (NIUT)	2,992,751	2,503,028	960,000	960,000
4,324,703	4,324,703	N.I.T Equity Market Opportunity Fund	2,509,539	1,814,559	272,532	272,532
		Total	10,244,951	7,709,966	2,095,815	2,061,594

9.2 HELD FOR TRADING - QUOTED

	Note	2025	2024
		------ Rupees in '000 -------	
Others			
Held for trading			
Investments in ordinary shares of listed companies	9.2.1	5,499,778	3,485,172
Investments in preference shares of listed companies	9.2.2	5,163	3,048
		5,504,941	3,488,220

9.2.1 Investment in ordinary shares -face value of Rs.10/- each

Name of the investee entity	2025			2024		
	Cost	Unrealized gain or (loss) for the year	Carrying value	Cost	Unrealized gain or (loss) for the year	Carrying value
	Rupees in '000			Rupees in '000		
Fertilizer						
Fauji Fertilizer Company Limited	615,858	377,245	993,103	203,787	412,071	615,858
Arif Habib Corporation Limited	181,055	235,211	416,266	92,987	88,068	181,055
Chemical						
Lotte Chemical Pakistan Limited	118,871	47,014	165,885	153,435	(34,564)	118,871

Name of the investee entity	2025			2024		
	Cost	Unrealized gain or (loss) for the year	Carrying value	Cost	Unrealized gain or (loss) for the year	Carrying value
	Rupees in '000			Rupees in '000		
Banks						
National Bank of Pakistan Limited	33,560	87,891	121,450	16,103	17,457	33,560
Power Generation & Distribution						
Hub Power Company Limited	1,133,526	783,656	1,917,182	1,014,016	119,510	1,133,526
Kot Addu Power Company Limited	44,441	(95)	44,347	33,603	10,838	44,441
Nishat Power Limited	135,305	119,769	255,074	118,430	16,875	135,305
Textile Composite						
Azgard Nine Limited	42,061	10,641	52,703	37,474	4,587	42,061
Technology & Communication						
Pakistan Telecommunication Company Limited	71,381	84,285	155,666	32,013	39,368	71,381
Oil & Gas Marketing Companies						
Pakistan State Oil Company Limited	239,236	18,170	257,406	95,930	143,306	239,236
Attock Refinery Limited	135,693	(5,320)	130,372	62,469	73,224	135,693
Sui Northern Gas Company Limited	31,886	2,159	34,045	20,942	10,944	31,886
Sui Southern Gas Company Limited	36,500	(9,721)	26,778	8,447	28,053	36,500
Oil & Gas Exploration Companies						
Pakistan Petroleum Limited	183,539	28,854	212,394	103,722	79,818	183,539
Pakistan Oilfields Limited	272,860	(9,984)	262,876	182,278	90,582	272,860
Cement						
DG Khan Cement Limited	205,303	244,575	449,879	151,453	53,850	205,303
Industrial Metal and Mining						
Aisha Steel Mills Limited	4,098	254	4,352	2,864	1,234	4,098
	3,485,173	2,014,604	5,499,778	2,329,953	1,155,221	3,485,172

9.2.2 Investment in Preference shares of listed companies - face value of Rs. 10/- each

	2025	2024	2025	2024
	(Number of shares)		Market value	
			------- Rupees in '000 -------	
Industrial Metal and Mining				
Aisha Steel Mills Limited	235,338	235,338	5,163	3,048
Total shares & market value of investments at held for trading	36,619,035	36,642,909	5,504,941	3,488,220

10. INVESTMENTS IN DEBT SECURITIES

	Note	2025 Cost	2025 Impairment / provision for the year	2025 Carrying value	2024 Cost	2024 Impairment / provision for the year	2024 Carrying value
		--------------------	--------------------	Rupees in 000	--------------------		
Government securities							
Held to maturity							
Pakistan Investment Bonds	10.1	43,188,696	-	43,931,461	17,089,939	-	17,069,450
Treasury Bills	10.2	19,588,226	-	21,608,877	45,678,690	-	50,779,246
		62,776,922	-	65,540,338	62,768,629	-	67,848,696

10.1 Government securities - Held to maturity

10.1.1 Pakistan Investment Bonds

Face value	Profit rate	Tenure	Maturity date	2025 Cost	2025 Carrying value	2024 Cost	2024 Carrying value
Rupees in '000				Rupees in '000			
2,350,000	13.45%	2 year	September 20, 2026	1,845,757	2,169,273	1,845,757	1,916,807
3,875,000	11.89%	2 year	January 9, 2027	3,880,422	3,887,461	-	-
2,250,000	10.35%	2 year	January 16, 2027	1,814,883	2,023,215	-	-
9,850,000	10.35%	2 year	July 17, 2027	8,164,928	8,552,195	-	-
4,650,000	14.00%	3 year	September 20, 2027	4,934,590	4,760,116	4,934,590	4,814,633
5,250,000	12.00%	3 year	January 16, 2028	5,288,098	5,277,314	-	-
5,900,000	10.50%	3 year	July 17, 2028	5,817,982	5,818,292	-	-
5,775,000	14.00%	5 year	September 20, 2029	6,147,653	5,961,837	6,147,653	6,022,940
500,000	13.34%	5 year	November 14, 2029	483,431	486,258	483,431	483,745
1,251,000	11.00%	5 year	July 17, 2030	1,241,151	1,241,842	-	-
116,000	9.75%	10 year	March 26, 2025	-	-	108,707	115,150
500,000	8.75%	10 year	July 12, 2028	437,736	477,619	437,736	470,297
3,300,000	10.00%	10 year	September 19, 2029	3,008,034	3,152,178	3,008,034	3,121,883
125,000	13.00%	10 year	September 20, 2034	124,031	123,861	124,031	123,995
45,692,000			**Total**	43,188,696	43,931,461	17,089,939	17,069,450

10.1.2 Pakistan Investment Bonds with a face value of Rs. 200 millions (2024: Rs. 200 millions) are placed as statutory deposit with the State Bank of Pakistan in accordance with the requirements of clause (a) of sub section 2 of section 29 of the Insurance Ordinance, 2000.

10.2 Treasury Bills

Face value	Profit rate	Tenure	Maturity date	2025 Cost	2025 Carrying value	2024 Cost	2024 Carrying value
Rupees in '000				Rupees in '000			
6,500,000	19.91%	12 Months	January 9, 2025	-	-	5,898,056	6,474,485
21,125,000	19.73%	12 Months	January 23, 2025	-	-	17,646,339	20,913,432
1,850,000	19.16%	12 Months	February 6, 2025	-	-	1,651,285	1,818,956
750,000	18.89%	12 Months	February 20, 2025	-	-	646,286	732,969
375,000	20.26%	12 Months	March 6, 2025	-	-	311,970	363,918
575,000	20.61%	12 Months	April 3, 2025	-	-	476,529	550,112
500,000	20.85%	12 Months	April 17, 2025	-	-	413,939	474,938
1,500,000	20.67%	12 Months	May 2, 2025	-	-	1,243,661	1,415,022
500,000	20.36%	12 Months	May 15, 2025	-	-	415,609	468,933
250,000	19.97%	12 Months	May 29, 2025	-	-	208,466	233,113
500,000	18.84%	12 Months	June 12, 2025	-	-	420,885	464,789
500,000	18.49%	12 Months	June 26, 2025	-	-	422,157	462,362
250,000	18.42%	12 Months	July 10, 2025	-	-	211,197	229,745
250,000	18.12%	12 Months	July 24, 2025	-	-	211,725	228,549
1,950,000	17.65%	12 Months	August 7, 2025	-	-	1,657,698	1,774,940
250,000	16.86%	12 Months	August 21, 2025	-	-	214,010	227,061
5,500,000	13.16%	12 Months	October 2, 2025	-	-	4,865,294	5,022,226

Face value	Profit rate	Tenure	Maturity date	2025 Cost	2025 Carrying value	2024 Cost	2024 Carrying value
Rupees in '000				----Rupees in '000----			
5,500,000	13.57%	12 Months	October 16, 2025	-	-	4,844,915	4,981,691
500,000	12.93%	12 Months	October 30, 2025	-	-	442,874	452,604
500,000	13.02%	12 Months	November 13, 2025	-	-	442,548	450,124
3,400,000	12.10%	12 Months	December 26, 2025	-	-	3,033,247	3,039,276
1,000,000	11.76%	12 Months	January 8, 2026	895,022	997,981	-	-
11,900,000	11.20%	12 Months	January 22, 2026	10,704,275	11,831,016	-	-
3,500,000	11.20%	12 Months	February 6, 2026	3,147,369	3,465,220	-	-
4,400,000	11.52%	12 Months	February 19, 2026	3,946,368	4,338,934	-	-
500,000	11.55%	12 Months	March 5, 2026	448,349	491,060	-	-
500,000	11.93%	12 Months	April 16, 2026	446,843	484,666	-	-
			Total	19,588,226	21,608,877	45,678,690	50,779,246

11. INVESTMENTS IN TERM DEPOSITS

	2025	2024
	----Rupees in '000----	
Held to maturity		
Foreign currency deposit	2,800,500	-

11.1 These include Term Deposits USD 10 million with National Bank of Pakistan carrying interest rate of 6.00% with maturity date 21-Jan-2026.

	Note	2025	2024
		----------Rupees in '000--------	
12. LOANS AND OTHER RECEIVABLES CONSIDERED GOOD			
Rent receivable		144,097	167,891
Accrued investment income		1,550,799	637,031
Advance to employees		13,728	12,359
Other advances		317,786	179,871
Loans to employees	12.1	129,186	96,736
Less: provision for impairment of loans and receivables	12.2	(66,550)	(24,154)
Commission receivable from reinsurer		320,539	104,122
Other receivable		17,395	57,917
Security deposit		81,657	81,765
Sindh sales tax	12.3	1,096,820	1,311,629
		3,605,457	2,625,167

12.1 This represents loan to employees amounting to Rs. 129 million (2024: Rs. 97 million) and represent mark-up free loan to employees for house rent and automobile loans, and are secured against retirement benefits of respective employees including, where applicable, charge over the assets for which the loans have been given. These loans are recoverable in 36 to 180 equal monthly installments. These have been granted under the terms of the employment and the impact of present value is not material.

	Note	2025	2024
		----------Rupees in '000--------	
12.2 Provision for impairment of loans and receivables:			
Provision at the beginning of the year		24,154	11,795
Charge for the year	31	42,396	12,359
Provision at the end of the year		66,550	24,154

12.3 The Sindh Revenue Board (SRB) has forcibly recovered an amount of Rs. 1,014 million from the bank account of National Insurance Company Limited (NICL) maintained with Habib Bank Limited on June 04, 2018.

This recovery pertains to Sindh Sales Tax on Services, as assessed and adjusted by the Assistant Commissioner, Unit 10, under Order-in-Original No. 583 of 2018 dated June 2, 2018. The SRB exercised its authority under Section 66(1)(b) and (c) of the Sindh Sales Tax on Services Act, 2011, in executing this recovery.

The recovery has been made on the basis of discrepancy of Rs. 4.1 billion has been assessed by the Assistant Commissioner between services provided by NICL and the services received by various entities, including PNSC, OGDCL, CAAP, PTV, and FWBL for the tax periods from 2011 to 2018. The recovered amount includes principal tax, a penalty, and a default surcharge.

	Rupees in '000
Principal tax	648,197
Penalty	32,410
Default surcharge	333,544
Total	1,014,151

On June 20, 2018, NICL has filed the appeal under section 57 of the Sindh Sales Tax on Services Act, 2011 through Tax Consultant (i.e., Grant Thornton Anjum Rehman) against the Order-in-Original No. 583 of 2018 dated June 2, 2018 before the Commissioner Sindh Revenue Board Karachi to Set-aside, cancel or annul the impugned order being illegal, ultra vires and contrary to the law. The grounds of appeal are as follows.

The learned Assistant Commissioner failed to understand that as per article 165 of the Constitution of the Islamic Republic of Pakistan, indirect tax cannot be levied on the Federal Government or Provincial Government owned entities;

Erred to issue the show cause notice related to tax periods prior to April 30, 2013 as it is time barred under section 23 of the Sindh sales Tax on Services Act 2011;

Erred to mutually invoke section 23(1) and 23(1A) of the Act, despite the fact that appellant had already file its Sindh sales tax return for all the tax periods as mentioned in the show cause notice;

Erred to pass order in haste without providing sufficient and proper opportunity of being heard and submission of reconciliation where required as reconciliation pertained to five different companies and includes 84 tax periods;

Erred to not to consider company's reply submitted vide letter reference T-1432/2018 dated June 01, 2018;

Erred to levy Sindh sales tax without appreciating the fact that the company is also providing insurance services from the provinces other than Sindh to aforesaid companies hence, applicability/chargeability of Sindh sales tax does not arise as it is outside jurisdiction of province of Sindh;

Erred to levy Sindh sales tax on amount that department contends that appellant has received from FWBL. However, the appellant has not provided any insurance services to FWBL;

Erred to without appreciating the fact that the company has deposited the correct and complete amount of Sindh sales tax on services provided to PNSC in the government treasury;

Erred to not to restrict levy of tax only on insurance premium in accordance with Rule 31 of the Sindh Sales Tax on Services Rules, 2011; and

Erred to levy penalty without appreciating absence of 'men's rea' on the part of the appellant and without appreciating the fact that appellant has claimed only allowable input tax.

In addition to the appeal under section 57 of the Sindh Sales Tax on Services Act, 2011 before the Commissioner Sindh Revenue Board Karachi, NICL also filed a Constitutional Petition bearing CP No. D-4454 of 2018 against SRB before the High Court of Sindh at Karachi, which was clubbed with other similar petitions against SRB and decided vide order dated January 31, 2020, with direction to appear before the relevant forum to seek remedy.

The appeal against order-in-original No. 583 of 2018 is outstanding before the Commissioner (Appeals), SRB, Karachi, which has been transferred to the Appellate Tribunal, Sindh Revenue Board for adjudication in accordance with the provision of section 59 (7) of the Sindh Sales Tax on Services Act, 2011. The urgent hearing application has been made to the Appellate Tribunal, SRB.

The matter involves the factual reconciliation of the balances as per NICL and its customers primarily including OGDCL and PNSC. The reconciliation exercise has been carried out from time to time before various Commissioner Appeals, SRB and bulk of the data under instruction of the then Commissioner Appeals had already been submitted to the SRB through various letters. Since the Company has the underlying policy wise record duly matched with the amount reflected in its sales tax returns, the management believe that the Company has the strong case and ultimate outcome is expected in the Company's favour.

13. INSURANCE / REINSURANCE RECEIVABLES

	Note	2025	2024
		----------Rupees in '000--------	
Unsecured and considered good			
Due from insurance contract holders		9,743,125	6,965,871
Less: Provision for impairment of receivables from insurance contract holders	13.1	(1,191,048)	(1,191,048)
Due from reinsurers		-	-
Less: Provision for impairment of due from other insurers / reinsurers		-	-
		8,552,077	5,774,823

13.1 This includes provision of Rs. 1.185 billion against unidentifiable / untraceable receivable under the head of "Insurance / Reinsurance receivables" have been made after the approval of the Board in 134th Board Meeting held on February 26, 2025.

14. DEFERRED TAXATION

	2025	2024
	----------Rupees in '000--------	
Deferred tax debits arising in respect of:		
Property and equipment and intangibles	(28,363)	(62,796)
Provisions for impairment of receivables	(464,509)	(464,509)
Provision for impairment of loans and advances	(25,955)	(9,420)
Provision for legal contingencies	(752,781)	(774,707)
Provision for reinsurance payables	(390,000)	(390,000)
	(1,661,608)	(1,701,432)
Deferred tax credits arising in respect of:		
Actuarial loss on defined benefit plan	(226,144)	(329,417)
Investments - AFS	2,823,435	1,856,946
Investments - HFT	1,517,533	731,012
Investment property	301,090	220,387
	4,415,914	2,478,928
	2,754,306	777,496

14.1 Movement in net deferred tax (asset) / liability is as follows:

	2025	2024
Opening deferred (tax asset) / liability	777,496	370,878
(Charge to) / reversal of the profit and loss account		
Investments - HFT	786,521	731,012
Property and equipment and intangibles	34,433	(62,796)
Investment property	80,702	220,387
Provisions for impairments of receivables	-	(464,509)
Provision for impairment of loans and advances	(16,534)	(9,420)
Provision for legal contingencies	21,926	(774,707)
Reinsurance payables	-	(390,000)
	907,048	(750,033)
Charge to / (reversal) of the other comprehensive income		
Actuarial (loss) or gain on defined benefit plan	103,273	(342,406)
Investments - AFS	966,489	1,499,057
	1,069,762	1,156,651
	2,754,306	777,496

15. TAXATION - PAYMENT LESS PROVISIONS

	Note	2025	2024 (Restated)	2023 (Restated)
		Rupees in '000		
Income tax - advance at beginning of the year		817,999	1,573,131	1,344,755
Quarterly installments		4,583,295	3,317,228	2,316,392
Government securities		1,902,546	1,156,633	1,518,715
Bank profit		162,883	228,301	76,927
Rental income		66,861	57,701	60,383
Utility bills		18,288	19,994	12,543
Miscellaneous		91,085	87,241	80,284
Income tax paid during the year		6,824,958	4,867,098	4,065,244
Provision for taxation recognized in unconsolidated statement of profit and loss account	32	(5,581,583)	(5,622,230)	(3,836,868)
Income tax - advance at end of the year		2,061,374	817,999	1,573,131

16. PREPAYMENTS

	Note	2025	2024
		Rupees in '000	
Prepaid reinsurance premium ceded	24	9,636,728	5,553,121
Prepaid miscellaneous expenses		44,064	37,016
		9,680,792	5,590,137

17. CASH AND BANK

	Note	2025	2024
Cash at bank			
Current account	17.1	112,311	114,901
Savings account	17.2 to 17.4	11,028,981	5,764,090
		11,141,292	5,878,991

17.1 These include an amount of Rs. 1.50 million (2024: Rs. 1.50 million) in respect of guarantee against any damage to Sui Southern Gas Company Limited Pipeline. This amount has been deposited with Habib Bank Limited - FTC Branch, Karachi and can not be utilized by the Company, as it must be kept as minimum balance in the respective bank account.

17.2 This includes foreign currency accounts having balance of Rs. 2,838 million (2024 : Rs. 4,000.51 million).

17.3 This includes profit rates for savings accounts 9.50% to 11.50% (2024: 13.50% to 14.37%).

17.4 This profit rate for foreign currency accounts 5% (2024: 4.50%).

17.5 There is no cash in hand at the reporting date (2024: Nil).

18. SHARE CAPITAL AND RESERVES

18.1 AUTHORISED SHARE CAPITAL

2025	2024		2025	2024
Number of shares			----------Rupees in '000--------	
600,000,000	600,000,000	Ordinary shares of Rs. 10/- each	6,000,000	6,000,000

18.2 ISSUED, SUBSCRIBED AND PAID - UP SHARE CAPITAL

2025	2024		2025	2024
Number of shares			----------Rupees in '000--------	
200,000,000	200,000,000	Ordinary shares of Rs.10/- each issued as fully paid in cash	2,000,000	2,000,000

19. RESERVES

	Note	2025	2024
		----------Rupees in '000--------	
Capital reserves			
Reserve for exceptional loss	19.1	6,100,000	6,100,000
Unrealised appreciation / (diminution) on revaluation of available-for-saleinvestments - net of tax		4,979,637	3,414,653
Revenue reserves			
General reserve		6,500,000	6,500,000
		17,579,637	16,014,653

19.1 In accordance with the requirements of the repealed Income Tax Act, 1922 which was applicable on insurance companies, the Company had set aside in prior years amounts up to 10% of premium earnings, net of reinsurances as a reserve for exceptional losses, which was treated as an allowable deduction in arriving at the taxable income. This option was withdrawn by the Income Tax Ordinance, 1979 with retrospective effect up to the accounting year ended December 31, 1978. Accordingly, the Company has ceased to set aside such amounts.

20. INSURANCE / REINSURANCE PAYABLES

	2025	2024
	----------Rupees in '000--------	
Due to other insurers / reinsurers	7,632,337	3,843,981

		Note	2025	2024
			----------Rupees in '000--------	
21.	**OTHER CREDITORS AND ACCRUALS**			
	Accrued expenses		155,767	220,238
	Salaries payable		39,876	84,155
	Bonus payable		289,428	274,843
	Unearned rental income		67,271	54,991
	Security deposits payable	21.1	25,562	24,460
	Federal insurance fee payable		305,622	311,185
	Survey fee payable		2,809	13,773
	Retention money		347	-
	Stamp duty payable		387,160	569,960
	Provision for legal contingencies	21.1	1,930,208	1,986,429
	Sales tax payable		1,612,535	2,371,397
	Dividend payable	21.2	800,000	-
	Others		206,518	221,722
			5,823,103	6,133,153

21.1 Status of provision for legal contingencies

21.1.1 HCA 313/08 - Suit 694/01 & execution no. 87/2009

Suit No. 694 of 2001, filed NLC against NICL for recovery of Rs. 59.695 million was decreed in favour of NLC. HCA No. 313 of 2008, filed by NICL was dismissed vide order dated 8.04.2024.NICL filed JM No. 33 of 2024 under section 12 (2) of Civil Procedure Code to set-aside the amended decree dated 09.02.2009, along with application under Order 39, Rule 1 and 2 of the Civil Procedure Code, to stop the proceeding of Execution No. 87 of 2009, NLC vs. NICL, for realizations of decreed amount of Rs. 59.695 million along with a markup.The amount of provision made for this suit is Rs. 130 million. The matter is pending for arguments. The last date of hearing was 24.02.2025, and adjourned as date in office.

21.1.2 ITRA No. 38 to 41 of 2016 Commissioner Inland Revenue vs. NICL Sindh High Court, Karachi

The return of income for period ending 31-12-2003 was filed by NICL U/S. 114 declaring income of Rs. 1,996.007 million The return of income was treated as assessment u/s. 120 of the Income Tax Ordinance 2001. Thereafter the assessment was amended by the department u/s. 122 (5A) of the Income Tax Ordinance, 2001. NICL preferred appeal before the Commissioner (Appeal) which was allowed vide a consolidated order dated 25-11-2009. The department filed appeal before ITAT which was also decided in favour of NICL vide order dated 26-10-2015. The department has preferred this Income Tax Reference under section 133 of the Income Tax Ordinance, 2001 for the assessment year 2004, against the order dated 26.10.2015 passed by the Appellate Tribunal Inland Revenue, Pakistan, Karachi, in ITA No. 185/KB/2010. The matter is pending for arguments. The last date of hearing was 21.08.2025, and adjourned as date in office.

The return of income for period ending 31-12-2005 was filed by NICL U/S. 114 declaring income of Rs. 2,039.047 million The return of income was treated as assessment u/s. 120 of the Income Tax Ordinance 2001. Thereafter the assessment was amended by the department u/s. 122 (5A) of the Income Tax Ordinance, 2001. NICL preferred appeal before the Commissioner (Appeal) which was allowed vide a consolidated order dated 25-11-2009. The department filed appeal before ITAT which was also decided in favour of NICL vide order dated 26-10-2015. The department has preferred this Income Tax Reference Application under section 133 of the Income Tax Ordinance, 2001 for the assessment year 2006, against the order dated 26.10.2015 passed by the Appellate Tribunal Inland Revenue Pakistan Karachi in ITA No. 648/KB/2011. The matter is pending for arguments. The last date of hearing was 21.08.2025, and adjourned as date in office.

The return of income for period ending 31-12-2006 was filed by NICL U/S. 114 declaring income of Rs. 2,283.216 million The return of income was treated as assessment u/s. 120 of the Income Tax Ordinance 2001. Thereafter the assessment was amended by the department u/s. 122 (5A) of the Income Tax Ordinance, 2001. NICL preferred appeal before the Commissioner (Appeal) which was allowed vide a consolidated order dated 25-11-2009. The department filed appeal before ITAT which was also decided in favour of NICL vide order dated 26-10-2015. The department has preferred this Income Tax Reference Application under section 133 of the Income Tax Ordinance, 2001 for the assessment year 2007, against the order dated 26.10.2015 passed by the Appellate Tribunal Inland Revenue, Pakistan, Karachi, in ITA No. 186/KB/2010. The matter is pending for arguments. The last date of hearing was 21.08.2025, and adjourned as date in office.

The return of income for period ending 31-12-2004 was filed by NICL U/S. 114 declaring income of Rs. 1,562.852 million The return of income was treated as assessment u/s. 120 of the Income Tax Ordinance 2001. Thereafter the assessment was amended by the department u/s. 122 (5A) of the Income Tax Ordinance, 2001. NICL preferred appeal before the Commissioner (Appeal) which was allowed vide a consolidated order dated 31-06-2011. The department filed appeal before ITAT which was also decided in favour of NICL vide order dated 26-10-2015. The department has preferred this Income Tax Reference Application under section 133 of the Income Tax Ordinance, 2001 for the assessment year 2005, against the order dated 26.10.2015 passed by the Appellate Tribunal Inland Revenue, Pakistan, Karachi, in ITA No. 187/KB/2010. The matter is pending for arguments. The last date of hearing was 21.08.2025, and adjourned as date in office.

The amount of provision recorded for ITRA No. 38 to 41 of 2016 is Rs. 50.000 million for each case.

21.1.3 Suit No. 05 of 2022 PPL vs. NICL Insurance Tribunal at Karachi

Pakistan Petroleum Limited (PPL) lodged a claim of Rs. 210.500 million on account of material damage and business interruption/production losses, which was repudiated on the basis of surveyor report. Consequently, the insured has filed a Civil Suit against the NICL for recovery of Rs. 210.500 million on account of insurance claim and damages under section 122 of the Insurance Ordinance, 2000 read with Clause 18 of the Consequential Loss Policy. NICL has filed reply/written statement and contended that the suit is not maintainable and liable to be dismissed. The learned Insurance Tribunal has appointed Commissioner to record evidence. The amount of provision for this case is Rs. 210 million. The matter was fixed for hearing on 09.04.2026. At present the case is at the stage of the plaintiff's evidence and has been adjourned to 30.04.2026.

21.1.4 Suit No. 06 of 2021 PPL vs. NICL Insurance Appellate Tribunal for Sindh at Karachi

Pakistan Petroleum Limited (PPL) lodged an insurance claim on 12.04.2013 under the 'material damage' category of the insurance policy claiming the total amount of Rs. 39.686 million. The claim was repudiated on the basis of survey report. Consequently, the insured filed this suit before the insurance Tribunal for recovery of insurance claim along with mark-up u/s 122 of the Insurance Ordinance, 2000 and liquidated damages under section 118 of the said Ordinance. The legal counsel has filed written statement on behalf of NICL and contended that the suit is not maintainable. The amount of provision for this case is Rs. 331.667 million. The matter was fixed for hearing on 09.04.2026 and has been adjourned to 30.04.2026 for hearing and order on the application filed under Order VII Rule 11 of the Code of Civil Procedure, 1908, seeking rejection of the suit.

21.1.5 CPLA No. 1060-K of 2021 NICL, etc. vs. Province of Sindh, etc. Supreme Court of Pakistan

NICL filed CP No. 1485 of 2020, before Sindh High Court, against the show cause notice issued by SRB for recovery of Rs. 3 billion, which was dismissed vide order dated 02.03.2021. NICL filed this appeal before the Supreme Court of Pakistan, challenged the Order dated 02-03-2021, passed by the Sindh High Court in CP No. 1485 of 2020. The amount of provision for this case is Rs. 50 million. The matter is pending for final arguments. Whereas the last hearing held was on 17.09.2024, and the case was adjourned as date in office.

21.1.6 CP No. D-1743 of 2017 NICL vs. KCB & Others Sindh High Court, Karachi

NICL has filed a constitutional petition under Article 199 of the constitution of Islamic Republic of Pakistan, 1973 against the Karachi Cantonment Board (KCB) in the Sindh High Court at Karachi, whereby NICL has challenged Order dated 23.02.2017 passed by the Directors Military Lands & Cantonment, Karachi Region, Karachi, in a Review Petition No. 15 of 2016 regarding the assessment of Rs. 48.405 million on account of House Tax and Conservancy Charges, etc. The amount of provision for this case is Rs. 69.09 million. The dispute stands settled pursuant to a compromise reached between NICL and KCB. Accordingly, a settlement application under Order XXIII Rule 3 of the Code of Civil Procedure, 1908 has been filed before the Sindh High Court. Next date of hearing is 30.04.2026.

21.1.7 Suit No. 460 of 1997 & execution 27 of 2021

OGDCL required 33 numbers of caravans for use at its various sites. As a result of the tendering process. M/s. Ravi Engineering Limited was assigned the contract. M/s. Ravi Engineering supplied 08 caravans out of 33 and failed to perform their contractual obligations to the extent of remaining caravans. The suit was filed by OGDCL against M/s. Ravi Engineering and NICL, for recovery of PKR 24.638 million which was decreed vide judgment dated 10 Jul 2021. Appeal filed by Ravi Engineering and NICL before the Islamabad High Court were also dismissed. Both M/s. Ravi Engineering Limited and NICL have filed CPLA before the Supreme Court of Pakistan, which are were admitted for regular hearing and notices issued to respondents. The last date of hearing was 03.12.2025, and adjourned as date in office.

21.1.8 Suit No. 09 of 2016 TCP vs. NICL & others Insurance Tribunal at Karachi

TCP has filed suit against NICL before the Insurance Tribunal at Karachi, for recovery of Rs. 345.637 million along with markup at the rate of 15% per annum. It is pertinent to mention here that irrespective of merits of the case, this suit is time-barred, therefore, NICL has filed application under Order 7 Rule 11 for rejection of plaint. The amount of provision for this case is Rs. 345.636 million. The matter was fixed for hearing on 09.04.2026, and adjourned to 14.05.2026.

21.1.9 Civil Suit No. 392 of 2018 AI - M/s. Khan Construction vs. NICL Civil Judge, Lahore.

The plaintiff was awarded the contract of construction in Nawabshah. Plaintiff obtained a Contractor's All Risk Insurance Policy from NICL in the favour of WAPDA. Policy was from 01-01-1990 to 30-09-1991 which was subsequently extended from time to time upto 31.12.1994. Contractor claimed that there was a rain fall in July 1992, which caused floods and severe damage was caused to the work done by the contractor, loss was reported to NICL, surveyors were appointed to assess the loss. Surveyors conducted the survey and assessed the loss as Rs. 5.883 million. Being aggrieved and dissatisfied with the assessment, the contractor filed suit for recovery of Ins. Claim of Rs. 65.737 million, which is pending in before the Court of Law. The legal counsel is of the view that NICL has a very good case, however the final outcome of the case cannot be determined. The matter was fixed for hearing on 25.11.2022, and sine die adjourned.

21.1.10 Civil Suit No. 393 of 2018 Al - Khan Construction vs. M/s. NICL Civil Judge, Lahore.

The plaintiff (contractor) was awarded the contract of construction in Nawabshah. Plaintiff obtained a Contractor's All Risk Insurance Policy from NICL in the favour of WAPDA. Policy was from 01.01.1990 to 30.01.1991 which was subsequently extended from time-to-time upto 31-12-1994. Contractor claimed that there was a rain fall in August 1992, which caused flood and severe damage was caused to the work done by the contractor, loss was reported to NICL, surveyors were appointed to assess the loss. Surveyors conducted the survey and assessed the loss as 2.695 million. Being aggrieved and dissatisfied with the assessment, the contractor filed suit for recovery of Ins. claim of Rs. 48.276 million. The legal counsel is of the view that NICL has a very good case, however the final outcome of the case cannot be determined. The amount of provision for this case is Rs. 48.276 million. The case was fixed for hearing on 25.11.2022 and sine die adjourned.

21.1.11 Case No. C-58 of 2013 LDA vs. NICL/SECP Insurance Tribunal, Lahore.

LDA has filed suit for recovery of Rs. 152.417 million on account of insurance claim. Fire incident took place in LDA Plaza Lahore. Insurance claim of LDA Plaza was repudiated on the ground that at the time of loss, insurance policy was not effective due to non-payment of premium. NICL has field reply in the Tribunal. In view of the legal counsel NICL has a very good case, since the insurance policy was not effective at the time of incident. The matter was disposed of/dismissed and decided in favour of NICL vide order dated 26.02.2026.

21.1.12 The amount of provision for other 99 cases amounting to Rs. 507.000 million.

21.2 This represent the dividend payable for the year ended December 31, 2024 which was approved on January 2026

22. RETIREMENT BENEFIT OBLIGATIONS

22.1 Defined benefit plans

	----------Rupees in '000--------	
Pension fund	5,251,897	4,757,689
Post retirement medical benefits	2,980,481	2,605,118
Gratuity scheme	1,461,813	1,361,486
Compensated absences	64,400	87,459
	9,758,591	8,811,752

22.1.1 General description of defined benefit plans

The benefits under the defined benefit plans are payable to the employees as follows:

	Pension Fund		Post-Retirement medical scheme		Gratuity scheme		Compensated absences		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	Rupees in '000									
22.2 Balance sheet reconciliation										
Present value of defined benefit obligations	7,197,110	7,114,049	2,980,481	2,605,118	1,461,813	1,361,486	64,400	87,459	11,703,804	11,168,112
Fair value of plan assets	(1,945,213)	(2,356,360)	-	-	-	-	-	-	(1,945,213)	(2,356,360)
	5,251,897	4,757,689	2,980,481	2,605,118	1,461,813	1,361,486	64,400	87,459	9,758,591	8,811,752
Unrecognised net actuarial loss / (gain)		-	-	-	-	-	-	-		
Recognised liability	5,251,897	4,757,689	2,980,481	2,605,118	1,461,813	1,361,486	64,400	87,459	9,758,591	8,811,752
22.3 Movement in the defined benefit obligations										
Obligation as at January 1	7,114,049	6,204,456	2,605,118	2,242,084	1,361,486	1,132,654	87,459	63,588	11,168,112	9,642,782
Service cost	39,089	33,695	114,164	101,500	104,558	100,381	2,145	1,801	259,956	237,377
Past service cost			-	-	-	-	-	-	-	-
Interest cost	844,549	879,459	315,285	325,980	166,781	164,091	9,083	7,827	1,335,698	1,377,357
Settlement and curtailment	-	-	-	-	-	-	-	-	-	-
Actuarial losses / (gains)	(307,030)	480,478	8,555	(433)	(131,685)	4,681	(28,567)	24,833	(458,727)	509,559
Benefits paid	(493,547)	(484,039)	(62,641)	(64,013)	(39,327)	(40,321)	(5,720)	(10,590)	(601,235)	(598,963)
Obligation as at December 31	7,197,110	7,114,049	2,980,481	2,605,118	1,461,813	1,361,486	64,400	87,459	11,703,804	11,168,112

	Pension Fund		Post-Retirement medical scheme		Gratuity scheme		Compensated absences		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	Rupees in '000									
22.4 Movement in the fair value of plan assets										
Fair value as at January 1	2,356,360	2,788,828	-	-	-	-	-	-	2,356,360	2,788,828
Expected return on plan assets	271,076	381,470	-	-	-	-	-	-	271,076	381,470
Actuarial gains / (losses)	(193,925)	(335,100)	-	-	-	-	-	-	(193,925)	(335,100)
Employer contributions	5,249	5,201	-	-	-	-	-	-	5,249	5,201
Benefits paid	(493,547)	(484,039)	-	-	-	-	-	-	(493,547)	(484,039)
Fair value as at December 31	1,945,213	2,356,360	-	-	-	-	-	-	1,945,213	2,356,360
22.5 Cost										
Current service cost	39,089	33,695	114,164	101,500	104,558	100,381	2,145	1,801	259,956	237,377
Interest cost	844,549	879,459	315,285	325,980	166,781	164,091	9,083	7,827	1,335,698	1,377,357
Expected return on plan assets	(271,076)	(381,470)	-	-	-	-	-	-	(271,076)	(381,470)
Past service cost	-	-	-	-	-	-	-	-	-	-
Recognition of actuarial loss or (gain)	(113,105)	815,578	8,555	(433)	(131,685)	4,681	-	-	(236,235)	819,826
Re-measurements of other long term benefits	-	-	-	-			(28,567)	24,833	(28,567)	24,833
Expense	499,457	1,347,262	438,004	427,047	139,654	269,153	(17,339)	34,461	1,059,776	2,077,923
22.6 Actual return on plan assets	77,151	46,370	-	-	-	-	-	-	77,151	46,370

22.7 **Principal actuarial assumptions used are as follows:**

	Pension fund		Post-Retirement medical scheme		Gratuity scheme		Compensated absences	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Discount rate & expected return on plan assets	12.25%	12.25%	12.25%	12.3%	12.25%	12.25%	12.25%	12.25%
Future salary increases	12.25%	12.25%	-	-	12.25%	12.25%	12.25%	12.25%
Future pension increases	9.25%	9%	-	-	-	-	-	-
Medical cost trend rates	-	-	14.75%	14.75%	-	-	-	-
Net retirement age	60	60	-	-	-	-	-	-
Mortality rates	SLIC 2001-05	SLIC 2001-05	-	-	-	-	-	-

22.8 **Comparison for five years:**

	Pension Fund				
	2025	2024	2023	2022	2021
	Rupees in '000				
As at December 31,					
Present value of defined benefit obligation	7,197,110	7,114,049	6,204,456	4,993,564	4,360,282
Fair value of plan assets	(1,945,213)	(2,356,360)	(2,788,828)	(2,009,060)	(502,179)
Deficit / (surplus)	5,251,897	4,757,689	3,415,628	2,984,505	3,858,104

	Post Retirement Medical Scheme				
	2025	2024	2023	2022	2021
	Rupees in '000				
As at December 31,					
Present value of defined benefit obligation	2,980,481	2,605,118	2,242,084	2,603,662	2,143,016
Fair value of plan assets	-	-	-	-	-
Deficit / (surplus)	2,980,481	2,605,118	2,242,084	2,603,662	2,143,016

	Gratuity Scheme				
	2025	2024	2023	2022	2021
	Rupees in '000				
As at December 31,					
Present value of defined benefit obligation	1,461,813	1,361,486	1,132,654	695,869	602,311
Fair value of plan assets	-	-	-	-	-
Deficit / (surplus)	1,461,813	1,361,486	1,132,654	695,869	602,311

	Compensated Absences				
	2025	2024	2023	2022	2021
	Rupees in '000				
As at December 31,					
Present value of defined benefit obligation	64,400	87,459	63,588	43,366	63,134
Fair value of plan assets	-	-	-	-	-
Deficit / (surplus)	64,400	87,459	63,588	43,366	63,134

22.9 Experience adjustments

	Pension Fund				
	2025	2024	2023	2022	2021
(Gain) / loss on obligations (as percentage of plan obligations)	-6%	10%	-1%	1%	1%
Gain/(loss) on plan assets (as percentage of plan assets)	-10%	-14%	-6%	3%	5%

	Post Retirement Medical Scheme				
	2025	2024	2023	2022	2021
(Gain) / loss on obligations (as percentage of plan obligations)	0.3%	0.0%	-36.6%	-7.9%	-8.5%
Gain/(loss) on plan assets (as percentage of plan assets)	0%	0%	0%	0%	0%

	Gratuity Scheme				
	2025	2024	2023	2022	2021
(Gain) / loss on obligations (as percentage of plan obligations)	-9%	0%	25%	-6%	9%
Gain/(loss) on plan assets (as percentage of plan assets)	0%	0%	0%	0%	0%

	Compensated Absences				
	2025	2024	2023	2022	2021
(Gain) / loss on obligations (as percentage of plan obligations)	-44%	28%	38%	-10%	-35%
Gain/(loss) on plan assets (as percentage of plan assets)	0%	0%	0%	0%	0%

22.10 Plan assets comprise of the following:

	2025		2024	
	Rupees in '000'	%	Rupees in '000'	%
Equity	-	-	-	-
Debt	1,912,344	98%	2,327,531	99%
Cash at bank	32,869	2%	28,829	1%
Fair value of plan assets	1,945,213	100%	2,356,360	100%

22.11 **Sensitivity analysis, the impact of 1% change in following variables on defined benefit obligation is as follows:**

	2025				
	Pension	Medical benefits	Gratuity	Compensated absences	Total
	Rupees in '000				
+1% Discount rate	6,591,181	2,673,406	1,341,516	45,894	10,651,997
-1% Discount rate	8,034,625	3,343,581	1,691,707	55,859	13,125,772
+1% Salary Increase rate	7,275,514	-	1,691,154	55,784	9,022,452
-1% Salary increase rate	7,227,696	-	1,338,628	45,876	8,612,200
+1% Medical cost increase rate	-	3,347,005	-	-	3,347,005
-1% Medical cost increase rate	-	2,665,284	-	-	2,665,284
+1% Pension increase rate	8,049,736	-	-	-	8,049,736
-1% Pension increase rate	6,567,235	-	-	-	6,567,235
1 Year mortality setback	7,474,722	-	-	-	7,474,722
1 Year mortality set forward	7,028,925	-	-	-	7,028,925
	58,249,634	12,029,276	6,063,005	203,413	76,545,328

	2024				
	Pension	Medical benefits	Gratuity	Compensated absences	Total
	Rupees in '000				
+1% Discount rate	5,673,323	2,006,568	1,013,664	61,942	8,755,497
-1% Discount rate	6,831,490	2,500,824	1,274,841	72,983	10,680,138
+1% Salary Increase rate	6,234,471	-	1,274,524	72,904	7,581,899
-1% Salary increase rate	6,175,665	-	1,011,492	61,925	7,249,082
+1% Medical cost increase rate	-	2,525,686	-	-	2,525,686
-1% Medical cost increase rate	-	2,000,253	-	-	2,000,253
+1% Pension increase rate	6,837,139	-	-	-	6,837,139
-1% Pension increase rate	5,660,319	-	-	-	5,660,319
1 Year mortality setback	6,368,449	-	-	-	6,368,449
1 Year mortality set forward	6,040,589	-	-	-	6,040,589
	49,821,445	9,033,331	4,574,521	269,754	63,699,051

a **Pension scheme**

- In case of retirement at the age of 60, pension is payable to employees who have completed a minimum of 10 years of qualifying service with the NICL. However, gratuity may be granted in the case of an employee who has not completed service of 10 years. The rate of pension is 2% of gross pension of each year extra service beyond 30 years of service subject to maximum of 10%.
- In case of death in service, widow is entitled to 75% of the gross pension. In addition, a lump sum amount of pension in lieu of 75% of gross pension is paid. This family pension entitlement is subject to a minimum service requirement of 10 years. In case of death or remarriage of the widow, the pension amount shall be paid to the family members until they attain the age of 21 years in case of males and till marriage in case of females.
- In case of death of a pensioner, 75% of the net or gross amount of pension, which the deceased pensioner was in receipt of, shall be admissible to the family of deceased pensioner.

b **Post retirement medical benefits**

Post-retirement medical facility to an employee shall be allowed in the following events:

- Retirement
- Death/ disability during or after services
- Early retirement from service
- There is a requirement that the pensioner has to render 25 years of service to be entitled to the facility. However, this is not applied in practice.
- The eligible retiree and their spouse are entitled to the medical facility upto the life of the retiree.
- The eligible retirees and their spouse are entitled to reimbursement of all medical expense, including inpatient and outpatient, from hospitals, clinics, doctors etc. on NICL's panel.

c **Gratuity**

- Gratuity is payable under the scheme to employees on cessation of employment on the grounds of death, retirement and resignation. Normal retirement age is 60 years.
- No benefits under gratuity scheme are available to any employee who is dismissed / terminated from the service of NICL for misconduct, disobedience or violation of any existing rules and regulations of NICL.
- No benefits under gratuity scheme are available to any employee who is dismissed / terminated from the service of NICL for misconduct, disobedience or violation of any existing rules and regulations of NICL.
- One month gross salary for each completed year of service will be awarded if length of service is greater or equal to 1 year.

d Compensated absences

- An employee will be entitled to encash the accumulated earned leave subject to a maximum of 180 days or take Leave Preparatory to Retirement (LPR) subject to a maximum of 360 days at the time of leaving Company service.
- All the regular employees of National Insurance Company Limited are entitled to take the following types of leaves every year:
- Leave on average pay;
- Leave on half average pay;
- Extraordinary leave;
- Examination and study leave;
- Maternity leave;
- Casual leave.
- These leaves (except casual leave) can be accumulated.

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

23.1.1 Matters related to taxation

(i) The Commissioner Inland Revenue CIR(A) has passed the order under section 129 of the Income Tax Ordinance, 2001(the Ordinance) for the tax years 2004, 2005, 2006, 2007 and 2008 in which the additions made by the Taxation Officer were deleted. Aggrieved by the order of the Commissioner Inland Revenue (Appeals) the Inland Revenue department had filed an appeal before the Appellate Tribunal Inland Revenue (ATIR). Appeals were thereafter dismissed on account of non-attendance by Department at ATIR. Subsequently department filed rectification applications which have been accepted. Now Appeals are to be decided on the grounds raised in the Appeals. Appeal for the tax year 2005 is decided in favour of NICL all other appeals are still pending.

(ii) The Commissioner Inland Revenue (Appeals) vide order no. 97 dated September14, 2015 vacated the amended order passed by the ACIR vide DC no. 28/48 dated 20/06/2014 on account of barred by time limitation for the tax year 2008. Department preferred appeal before ATIR and the same is still pending.

(iii) For the tax year 2009 the Commissioner Inland Revenue (Appeals) vide order no. 4 dated March 28, 2016 vacated the treatment accorded by the ACIR for taxing the dividend income at the normal Corporate rate. Department preferred appeal before ATIR.The ATIR vide order dated 02-07-2025 disposed the appeal declaring that all State-Owned Enterprises (SOEs) are now required to resolve tax disputes exclusively through the Alternative Dispute Resolution Committee (ADRC) to be constituted u/s 134A of the Ordinance.

(iv) For the tax year 2010 and 2011, Commissioner Appeals confirmed the treatment of the ADCIR on the issue of provision for IBNR. Against the order of the Commissioner Appeals NICL filed the appeal before the ATIR. The ATIR as per order dated July 02, 2025, disposed the appeal with the direction that the NICL being an SOE approached the FBR for the constitution of the ADRC in accordance with provision of section 134A of the Income Tax Ordinance. The amount of IBNR provision were Rs. 245,875,000 for tax year 2010 and Rs. 207,669,000 for tax year 2011. For the tax year 2011 there was another issue of Reversal of Provision for Impairment amounting to Rs. 52,379,000. On the issue of IBNR there are favourable judgement in the NICL's own case of the ATIR whereas, there are several High Court favourable judgements on this issue. On the issue of Reversal of Provision for impairment Rs. 52,379,000 favourable outcome is expected as NICL always offered the provision for tax. Consequently, at the ADRC forum favourable judgement is expected.

Consequently, at the ADRC forum favourable judgement is expected. This would result in arising of tax benefit of Rs. 86,056,250 and Rs. 91,016,800 respectively for tax year 2010 and 2011. However, considering the time barred limitation, the chances of refundable for both tax years are remote, hence the provision is being made in the unconsolidated financial statements.

(v) For the tax year 2012 against the order passed by the CIR(Appeal) vide order no. 6 dated March 28, 2016 tax department has filed appeal before ATIR for vacating the treatment accorded by the ACIR for taxing the dividend income at the normal Corporate rate. The ATIR vide order dated 02-07-2025 disposed the appeal declaring that all State-Owned Enterprises (SOEs) are now required to resolve tax disputes exclusively through the Alternative Dispute Resolution Committee (ADRC) to be constituted u/s 134A of the Ordinance.

(vi) For the tax year 2013 against the order passed by the CIR(Appeal) tax department has filed before ATIR for vacating the treatment accorded by the ACIR for taxing the dividend income at the normal Corporate rate. The ATIR vide order dated 02-07-2025 disposed the appeal declaring that all State-Owned Enterprises (SOEs) are now required to resolve tax disputes exclusively through the Alternative Dispute Resolution Committee (ADRC) to be constituted u/s 134A of the Ordinance.

(vii) For the issue of provision for IBNR, no provision for taxation has been made in these financial statements as Honourable High Court of Sindh has already decided the issue in the case of another insurance Company in favour of the taxpayer. Considering that at the ATIR level favourable outcome is expected in the case of the Company.

(viii) For the tax year 2014, tax department passed the provisional assessment u/s 122C of the Ordinance as return for the said tax period was not filed by the Company due to non-availability of financial statements. Further, the said provisional assessment shall be treated as final assessment order after the expiry of 45 days from the date of service of order of provisional assessment. Later on the basis of the audited financial statement the department amended the assessment and enhanced the income. Against the tax department treatment Appeal-filed before CIR(A). CIR(A) given favourable order. Against the order of CIR(A) tax department preferred appeal before the ATIR. On the issue of reversal of impairment of investment, reversal in value of investment, tax on dividend income at reduced rate, deletion of addition on account of unrealized exchange gain and amortization of premium. Appeal is pending before ATIR. Considering the history and position of law favourable outcome is expected.

(ix) For the tax year 2015 tax department passed the provisional assessment u/s 122C of the Ordinance as return for the said tax period was not filed by the Company due to non-availability of financial statements. Further, the said provisional assessment shall be treated as final assessment order after the expiry of 45 days from the date of service of order of provisional assessment. Later on the basis of audited financial statement income was lower as compare to the provisional assessment. Application u/s 122A filed before the Commissioner Inland Revenue to cancel the provisional assessment. However, Commissioner Inland Revenue rejected the application. Against the Commissioner rejection of application matter was raised at the High Court level to obtain the desired relief. Later on the basis of audited financial statement income was lower as compare to the provisional assessment. Application u/s 122A filed before the Commissioner Inland Revenue to cancel the provisional assessment. However, Commissioner Inland Revenue rejected the application. Against the Commissioner rejection of application matter was raised at the High Court level to obtain the desired relief.

(x) For the tax year 2016 tax department passed the provisional assessment u/s 122C of the Ordinance as return for the said tax period was not filed by the Company due to non-availability of financial statements. Further, the said provisional assessment shall be treated as final assessment order after the expiry of 45 days from the date of service of order of provisional assessment.

(xi) For the tax year 2017 tax department passed the order u/s 121 of the Ordinance as best judgment as return for the said tax period was not filed by the Company due to non-availability of financial statements by increasing the income thirty percent as compare to the preceding year. Against the order passed appeal filed before CIR(A). CIR(A) remanded the matter back to the DCIR. DCIR repeated the same treatment. Again appeal was filed before CIR(A).

(xii) For the tax year 2019, 2020 and 2022 after the audited financial statements it is transpired that earlier income determined as per best judgment assessment in each respective years is more as compared to the income arising based on audited financial statement relevant to these years. Considering the position NICL filed the rectifications. However, tax department rejected these applications. NICL being aggrieved with the treatment of the department filed the appeals before the Commissioner appeals where appeals are pending. NICL being an SOE ultimately this matter will also be resolved after constitution of the committee as per ADRC forum under section 134A of the Ordinance. Favourable outcome is expected as sound base in view of the audited financial statements is available. This would result in arising of refund in these years amounting to Rs. 197,815,000, Rs. 607,105,000 and Rs. 72,896, 000 respectively. However, for tax year 2019, considering the time barred limitation, the chances of refundable is remote, hence the provision is being made in the unconsolidated financial statements

(xiii) For the tax year 2024 annual tax return was filed based on unaudited financial statements. Department issued notice u/s 120(3) of the Ordinance and required to submit audited accounts. Reasons were furnished for not furnishing the audited financial statements. In the absence of audited financial statements tax department declared the return INVALID. Thereafter, department initiated the proceeding u/s 121(1) of the Ordinance and passed the best judgement assessment order. Later financial statements audited. Based on audited account income arises more as compared to the best judgement order. ADICR(Additional Commissioner Inland Revenue) passed amended order under section 122(4) of the Income Tax Ordinance 2001(the Ordinance) dated November 26, 2025. In the amended order passed the ADCIR disallowed the 'charges of defined benefits plans' Rs.1,083,462,000. These are the ascertained liabilities, therefore, claim made is duly admissible. Further ADIR also disallowed the 'provision for doubtful debts' Rs.1,185,000,000/- whereas claim is duly admissible in accordance with the regulation and accounting methods regularly employed by the taxpayer. Aggrieved with the treatment of the ADCIR preferred to file appeals before the Commissioner Inland Revenue Appeals, the appeal has not been fixed yet. However, being a State Owned Enterprise (SOE), it is now obligatory to take the disputed matter before the ADRC committee. Considering the position matter is to be taken before the ADRC forum. Further, based on the confirmation of the lawyer, no additional liability is expected, therefore, no additional provision has been made in these unconsolidated financial statements.

(xiv) For the tax year 2025 return was filed based on un-audited financial statements for the year ended December 31, 2024 , now audited financial statements are available. As per audited financial statements income arising is less as compared to the income worked out based on un-audited financial statements. Considering the position application for revision of return has been filed. After permission of the Commissioner return will be revised. As per revised return a refund of Rs. 165,959,000 will be arising.

(xv) For the tax year 2018 taxpayer filed the return u/s 114 of the Ordinance. The return was filed on the basis of unaudited financial statements. Tax department declared the return invalid filed on the basis of the unaudited financial statements and passed the order u/s 121(1) of the Ordinance. Against the order passed appeal filed before CIR(A). CIR(A) remanded the matter back. Subsequently, the DCIR passed the non-speaking order of appeal effect order passed u/s 124/129 of the Ordinance without complying direction of the CIR(A). The DCIR based his finding on the income of tax year 2017 whereas, same is not in filed after decision of CIR(A) and cross appeals are pending before the Appellate Tribunal Inland Revenue (ATIR). The DCIR in arbitrary manner placed reliance for enhancement of income on the estimate of advance tax for the tax year 2020 which is against the rational as trend is to be followed on historical pattern. Against the above impugned order an appeal has been filed before CIR(A), however the decision is still pending.

For the tax year 2018. The learned ADICR passed the amended order under section 122(5A) of the Ordinance by treating the reassessment order passed by the DCIR under section 124(4)/129 of the Ordinance as erroneous as well as prejudicial to the interest of revenue. As per ADCIR version increase in income as compared to the preceding year by 20% is not in line with the history and norms of the insurance industry and income should have been increased by 30%. This considered by the ADCIR as erroneous. However, treatment accorded by the ADCIR is arbitrary and against the provisions of law, ratio settled by the superior court and history of the case of the taxpayer.

The ADCIR wrongly determined the taxable income on the basis of order passed for the tax year 2017 whereas, such order is not in field and cross appeals are pending before the ATIR. The ADCIR also failed to appreciate the revenue scheme of the insurance business and resorted to arbitrary treatment. The ADCIR also failed to give credit of refund adjustment and full tax credit of tax paid. Against the above impugned order an appeal has been filed before CIR(A), however the decision is still pending.

(xvi) The Company believes that the above matter where the provision has not been made would be decided favourably. Accordingly, no provision for any tax liability, which may arise in case of adverse decisions, has been made in these unconsolidated financial statements.

23.1.2 Suit No. 2587 of 2016

NICL has filed suit against Karachi Cantonment Board (KCB). It is contended that previously the annual rental value of the property was being increased at the rate of 15% per annum, however, all of sudden for the period w.e.f 01.07.2013 to 30.06.2016 it has been exorbitantly increased @ 350% per annum. The amount for the said increase is approximately 48 million. As per the case details, it was evident that previously, NICL building has been treated as a single unit for the purpose of the House tax and Conservancy tax @ 15% and 2% per annum respectively up to June 30, 2013. However, notice under section 103 of the Cantonment Act, 1924 was served upon the NICL management vide letter No. KCB/189/2/A.S.R/1381 dated November 11, 2012 in which management was asked to disclose details of rented out portions of the NICL. Based on this KCB has assessed arrears of the value of Housing and conservancy tax of Rs.48.4 million for the period from July 2013 to June 2016.The appeal filed by NICL has been dismissed and as per the order dated February 23, 2017 of the Cantonment Board, the said dues have been ordered to be paid to KCB at earliest, NICL has filed Constitutional Petition against KCB in the Sindh High Court at Karachi, whereby NICL has challenged Order dated 23.02.2017 passed by the Directors Military Lands & Cantonment, Karachi Region, Karachi, in a Review Petition No. 15 of 2016.Consequently NIC Building was de-sealed and KCB was restraint from taking coercive action against NICL. During the year the case has been settled through out of court settlement whereby the amount agreed for the payment was Rs. 69.3 million which has been accounted for in these unconsolidated financial statements.

This matter has been transferred to the District Court pursuant to the recently enacted Sindh Civil Courts (Amendment) Act, 2025. Previously, the case was at the stage of final arguments before the Honourable High Court and has now been assigned a new number, i.e., Suit No. 2399 of 2025, and is fixed before the Senior Civil Judge IV, Karachi (Central). The next date of hearing has not yet been scheduled. However, it is pertinent to mention that NICL has amicably resolved this dispute through an out-of-court settlement.

23.1.3 CP No. 4455 of 2018

The present petition has been filed pursuant to Show Cause Notice dated 28-03-2018 issued by SRB against NICL, whereby objection regarding taxability of the NICL was raised, NICL has challenged the assessment of Sindh Sales Tax i.e. Rs. 95.772 million on account of insurance service provided to TCP during the tax period of July-2011 to June-2018. NICL has obtained stay order for the above payment. The petition was disposed of vide order dated 31-01-2020 with direction to the parties to pursue to case before the relevant forum.

23.1.4 Suit No. 224 of 2019

Mengal Brothers Transport (Pvt.) Limited (plaintiff) filed the suit against PSO and NICL for recovery of PKR 3,964.180 million. They contended that during supply of fuel, plaintiff suffered losses due to terrorist attacks, in which not only vehicles were destroyed but drivers and cleaners lost their lives or disabled. Plaintiff claimed that PSO agreed to compensate the victims, their families and to pay the loss of accidental vehicles after seeking survey report from NICL. Plaintiff contended that the loss is still unpaid. NICL denied the contention on the ground that there is no privity of contract between the plaintiff and NICL. NICL has submitted that during the contractual period 2002-2012 between PSO and NICL, 463 vehicles were reported to be damaged. NICL compensated PSO for 177 claims through a payment of Rs. 394.109 million as per the insurance policy dated 29 May 2002. NICL has denied the assertion that the plaintiff has supplied all relevant documents of the remaining 274 claims. NICL has submitted the documents of 159 outstanding claims through PSO and Surveyors, which were sent to the relevant authorities for verification. Out of 1038 documents only 256 documents were confirmed as genuine. This matter is still pending decision by the Court.

23.1.5 Suit No. 14861-C of 2016

M/s Dr. A.Q. Khan Laboratories Kahota filed this suit against NICL and 05 others, for recovery of US $ 235,000/-. The plaintiff is a strategic organization procured under the name and style of M/s. Golden Hands Enterprises due to defence and strategic issues. M/s. Golden Hands Enterprises issued a letter to its approved supplier on 03 Feb 2011 for the purchase of 500-ton Aluminum ingots 99.5 purity. After deliberation the contract was assigned to M/s. Allied Cotton Mills (the Defendant No. 1) for supply of 500 M Ton aluminum ingots at the rate of USD 2350 per M Ton. The defendant No. 1 through a letter dated 28 Mar 2011 informed the plaintiff that material has been shipped as per the contract. The shipment documents were basically forged and that ultimately the plaintiff after wasting a lot of time and making huge payment to the defendants received nothing. The insurance claim was repudiated by NICL on the ground that the assured might have suffered a loss but that should have been supported by appropriate proof, facts and supporting documents. On the "Prima Facie" of the circumstances that case appear to a "Maritime Fraud" which is not a listed peril under institute Cargo Clauses, therefore, the loss does not have any merit and is liable to be repudiated. The case is pending for evidence before Civil Court, Lahore in which NICL being the Defendant No. 6 contesting the case while 05 others have been proceeded ex-parte.

23.1.6 CPLA No. 1060-K of 2021 NICL, etc. vs. Province of Sindh, etc.

NICL challenged Sindh High Court judgment dated 02-03-2021 in CP No. 1485 of 2020. Dispute arose from an SRB Show Cause Notice for recovery of Rs. 3 billion, based on an amendment to Section 23(2) of the Sindh Sales Tax on Services Act, 2011 (via Sindh Finance Act 2016) extending limitation from 5 to 8 years. NICL contends amendment cannot apply retrospectively; Sindh High Court upheld retrospective application.

Commitments

Commitments in respect of capital expenditure as at December 31, 2025 amounted to Rs. Nil (2024: Rs. Nil).

24. NET INSURANCE PREMIUM

	2025	2024
	----------Rupees in '000--------	
Written gross premium	30,612,469	21,331,781
Add : Unearned premium reserve - Opening	9,156,041	15,516,759
Less : Unearned premium reserve - Closing	(12,325,600)	(9,156,041)
premium earned	27,442,910	27,692,499
Reinsurance premium ceded	23,611,302	14,327,331
Add : Prepaid reinsurance premium - Opening	5,553,121	11,162,718
Less : Prepaid reinsurance premium - Closing	(9,636,728)	(5,553,121)
reinsurance expense	19,527,695	19,936,928
	7,915,215	7,755,571

25. NET INSURANCE CLAIMS

	2025	2024
Claim paid	26,836,293	4,681,692
Add : Outstanding claims including IBNR and survey fee - Closing	74,874,121	88,433,506
currency translation effect	(176,079)	(119,568)
Less : Outstanding claims including IBNR - Opening	(88,433,506)	(47,490,353)
claims expense	13,100,829	45,505,277
Less : Reinsurance and other recoveries received	25,360,150	3,615,878
Add : Reinsurance and other recoveries in respect of outstanding claims including salvage recoveries - Closing	67,658,922	80,962,638
Currency translation effect	(88,078)	(141,916)
Less : Reinsurance and other recoveries in respect of outstanding claims - Opening	(80,962,638)	(40,988,949)
Reinsurance and other recoveries revenue	11,968,356	43,447,651
	1,132,473	2,057,627

		Note	2025	2024
			----------Rupees in '000--------	
26.	NET COMMISSION AND OTHER ACQUISITION COSTS			
	Commission paid or payable		431	2,801
	Add: Deferred commission expense - Opening		1,418	3,257
	Less: Deferred commission expense - Closing		(383)	(1,418)
	net commission		1,466	4,640
	Less: Commission received or recoverable		834,173	621,197
	Add: Unearned reinsurance commission - Opening		250,143	371,729
	Less: Unearned reinsurance commission - Closing		(342,773)	(250,143)
	Commission from reinsurers		741,543	742,783
			740,077	738,143
27.	MANAGEMENT EXPENSES			
	Employee benefit cost	27.1	3,369,001	3,037,948
	Directors' fee	34	120,375	124,946
	Traveling expenses		51,114	53,401
	Advertisements & sales promotion		12,882	5,196
	Printing and stationery		30,503	24,446
	Depreciation	5. & 7	126,656	117,821
	Amortization of intangible	6	1,600	1,600
	Rent, rates and taxes		69,850	54,101
	Legal and professional charges		43,408	29,938
	Electricity, gas and water		135,923	151,418
	Entertainment		16,403	16,718
	Vehicle running expenses		75,663	64,283
	Office repairs and maintenance	27.2	119,828	89,639
	Bank charges		1,270	1,031
	Postages, telegrams and telephone		10,243	10,161
	Insurance expense		30,608	30,581
	Annual supervision fee SECP		22,908	46,289
			4,238,235	3,859,517
27.1	Employee benefit cost			
	Salary & other benefits		1,555,609	1,329,949
	Medical expense		202,072	201,229
	Bonus expense		286,742	264,346
	Pension fund expense		612,562	531,684
	Post-Retirement medical expense		429,449	427,480
	Gratuity & other expense		282,567	283,260
			3,369,001	3,037,948
27.2	Office repairs and maintenance			
	Repairs and maintenance		208,429	165,758
	Recovered from tenants		(88,601)	(76,119)
			119,828	89,639

	Note	2025	2024
		----------Rupees in '000--------	
28. INVESTMENT INCOME			
Income from equity securities - Held for trading			
- Dividend income		363,677	297,540
Income from equity securities - Available for sale			
- Dividend income		174,767	393,969
Held to maturity			
Income from government securities			
- Return on PIBs		3,810,299	1,537,070
- Return on T-Bills		4,286,200	8,156,720
Income from term deposits			
- Return on term deposits		158,983	-
		8,793,926	10,385,299
Net unrealized gain on investments			
Held for trading			
- Equity securities		2,014,604	1,155,221
- Preference shares		2,115	978
Total investment income		10,810,645	11,541,497
Add: Reversal of impairment of available for sale securities equity securities		-	-
Less: Impairment in value of available for sale securities equity securities		-	(18,208)
		10,810,645	11,523,289
29. RENTAL INCOME			
Rental income		548,841	486,028
30. OTHER INCOME			
Return on bank balances		978,670	1,480,135
Gain on sale of fixed assets		133	1,406
Foreign currency gain		25,862	-
Commission received from Marsh LLC		-	74,394
Miscellaneous income		(17,512)	21,975
		987,153	1,577,910
31. OTHER EXPENSES			
Provisions related to legal contingencies	21.1	74,740	1,971,267
Provisions against reinsurance receivables		-	1,000,000
Auditors' remuneration	31.1	5,616	8,342
Allowance for doubtful debts		42,395	15,732
Foreign currency loss		-	190,292
Others		131,980	135,425
		254,731	3,321,058

		Note	2025	2024
			----------Rupees in '000--------	
31.1	**Auditors' remuneration**			
	Audit fee		4,536	4,320
	Audit fee - Arrears for 2023	31.1.1	-	1,645
	Code of Corporate Governance		324	621
	Other services & certification		724	621
	Out-of-pocket expenses		32	1,135
			5,616	8,342

31.1.1 This represents overrun cost for the December 31, 2023 audit and was billed by the auditor in the year 2024.

		2025	2024
		----------Rupees in '000--------	
32.	**TAXATION**		
	For the year		
	Current	(5,260,846)	(5,622,230)
	Prior year	(320,737)	-
		(5,581,583)	(5,622,230)
	Deferred tax (expense) / income	(907,048)	750,033
		(6,488,631)	(4,872,197)
32.1	**Relationship between tax expense and accounting profit**		
	Profit before taxation	15,376,492	12,842,740
	Tax charge at enacted tax rate of 29 % (2024 : 29%)	4,459,183	3,724,395
	Prior year charge	320,737	-
	Tax effect of super tax	1,346,481	1,439,162
	Tax effect of change in tax rate	(8,931)	18,361
	Tax effect of loss on revaluation of held for trading	(58,485)	(5,280)
	Tax effect of expenses that are not deductible in determining the taxable profit	29,849	(550,408)
	Tax effect of others	399,796	245,966
		6,488,631	4,872,197
33.	**EARNINGS PER SHARE - BASIC AND DILUTED**		
	Profit after tax for the year	8,887,861	7,970,543
		Number of shares ('000)	
	Weighted average number of ordinary shares	200,000	200,000
		----------Rupees --------	
	Earnings per share	44.44	39.85

33.1 There is no dilutive effect on basic earnings per share, therefore basic EPS equals to diluted EPS.

	2025	2024	2025	2024
	Transactions		Balances	
	------------------Rupees in '000------------------			
National Bank of Pakistan				
Outstanding claims	-	-	303,468	160,688
Claim paid	98,457	30,528	-	-
Premium underwritten	636,206	639,839	-	-
Premium receivable	-	-	37,178	37,178
Advance premium	-	-	86,031	86,031
Pakistan National Shipping Corporation				
Outstanding claims	-	-	155,491	486,644
Claim paid	410,938	345,032	-	-
Premium underwritten	342,425	610,685	-	-
Premium receivable	-	-	292,166	292,166
Advance premium	-	-	180,061	180,061
SUPARCO				
Outstanding claims	-	-	150	-
Claim paid	-	157	-	-
Premium underwritten	1,159,793	602,004	-	-
Premium receivable	-	-	2,237	2,237
Advance premium	-	-	3,772	3,772
Northern Power Generation Company Limited				
Premium underwritten	440,185	567,909	-	-
Premium receivable	-	-	567,909	567,909
Advance premium	-	-	174	174
MOL Pakistan Oil & Gas Company				
Outstanding claims	-	-	20,000	3,650,000
Claim paid	3,195,558	2,383,793	-	-
Premium underwritten	394,434	484,923	-	-
Controller of Military Accounts				
Premium underwritten	218,198	452,018	-	-
Advance premium	-	-	1,011	1,011
The Punjab Mass Transit Authority				
Outstanding claims	-	-	67,565	99,583
Premium underwritten	276,892	384,336	-	-
Premium receivable	-	-	212,370	212,370
Securities Exchange Commission of Pakistan				
Outstanding claims	-	-	10,700	470
Claim paid	4,236	2,527	-	-
Premium underwritten	10,865	14,074	-	-
Advance premium	-	-	257	257
Rent received	185,413	185,413	-	-
Rent receivable	-	-	34,410	34,410

	2025	2024	2025	2024
	Transactions		Balances	
	------------------Rupees in '000------------------			
Sui Southern Gas Company Limited				
Outstanding claims	-	-	81,758	369,032
Claim paid	22,121	7,717	-	-
Premium underwritten	207,786	343,937	-	-
Premium receivable	-	-	28,578	28,578
Advance premium	-	-	28,760	28,760
Sui Northern Gas Pipelines Limited Lahore				
Outstanding claims	-	-	329,362	163,808
Claim paid	8,805	24,211	-	-
Premium underwritten	348,830	232,370	-	-
Premium receivable	-	-	35,593	35,593
Advance premium	-	-	167,587	167,587
National Logistic Cell				
Outstanding claims	-	-	1,677	48,062
Claim paid	35,526	294,101		
Premium underwritten	106,761	216,520		
Premium receivable	-	-	3,166	3,166
Port Mohammad Bin Qasim				
Outstanding claims	-	-	-	311,225
Claim paid	124,494	-	-	-
Premium underwritten	158,940	194,794	-	-
General Headquarters (GHQ)				
Claim paid	-	54	-	-
Premium underwritten	146,749	175,564	-	-
Premium receivable	-	-	85,933	85,933
State Bank of Pakistan				
Outstanding claims	-	-	16,270	7,210
Claim paid	14,872	22,911	-	-
Premium underwritten	123,536	155,931	-	-
Advance premium	-	-	27,396	27,396
The Bank of Punjab				
Outstanding claims	-	-	92,000	132,769
Claim paid	10,857	11,588	-	-
Premium underwritten	121,775	137,942	-	-
Premium receivable	-	-	136,427	136,427
Advance premium	-	-	51,424	51,424
Utility Stores Corporation of Pakistan				
Outstanding claims	-	-	12,357	800
Claim paid	2,502	7,904	-	-
Premium underwritten	-	137,240	-	-
Premium receivable	-	-	64,642	64,642
Advance premium	-	-	66,913	66,913

	2025	2024	2025	2024
	Transactions		Balances	
	------------------Rupees in '000------------------			
Karachi Shipyard & Engineering Works				
Claim paid	-	-	17	-
Premium underwritten	281,351	123,539		
Premium receivable	-	-	1,905	1,905
Advance premium	-	-	122	122
ENAR Petroleum Refining Facility				
Premium underwritten	127,662	120,343	-	-
Directorate General of Technical Procurement				
Outstanding claims	-	-	-	3,500
Claim paid	3,916	5,477	-	-
Premium underwritten	58,071	110,102	-	-
Premium receivable	-	-	84,543	84,543
Advance premium	-	-	2,268	2,268
Heavy Industries Taxila				
Premium underwritten	79,537	107,154	-	-
Advance premium	-	-	4,081	4,081
Frontier Works Organization				
Premium underwritten	23,910	105,029	-	-
Premium receivable	-	-	105,029	105,029
National Radio & Telecommunication Corporation				
Outstanding claims	-	-	90	1,400
Claim paid	2,947	906	-	-
Premium underwritten	25,443	100,612	-	-
Premium receivable	-	-	3,381	3,381
Advance premium	-	-	1,264	1,264
State Life Insurance Corporation of Pakistan				
Outstanding claims	-	-	6,442	2,900
Claim paid	9,434	8,238	-	-
Premium underwritten	444	61,356	-	-
Premium receivable			2,193	2,193
Group insurance expense	30,608	30,581	-	-
Group insurance payable	696	697	-	-
Punjab Power Development Company Limited				
Outstanding claims	-	-	84,411	61,381
Claim paid	10	14,525	-	-
Premium underwritten	72,686	85,044	-	-
Premium receivable	-	-	84,314	84,314
Advance premium	-	-	9,470	9,470
Government of Balochistan Helicopter Flight				
Premium underwritten	8,228	84,462	-	-
Premium receivable	-	-	84,462	84,462
Pakhtunkhawa Energy Development Organization				
Outstanding claims	-	-	1,000	344,256
Claim paid	334,966	-	-	-
Premium underwritten	201	78,306	-	-

	2025	2024	2025	2024
	Transactions		Balances	
	--------------------Rupees in '000--------------------			
Pakistan Civil Aviation Authority				
Outstanding claims	-	-	200	1,250
Claim paid	3	1,664	-	-
Premium underwritten	841	71,849	-	-
Sindh Infrastructure Development Company Limited				
Outstanding claims	-	-	200	17,150
Claim paid	17,597	2,768	-	-
Premium underwritten	627	71,751	-	-
Premium receivable	-	-	188	188
Telephone Industries of Pakistan				
Outstanding claims	-	-	3,108	690
Claim paid	10,486	1,837	-	-
Premium underwritten	34,310	67,815	-	-
Premium receivable	-	-	24,668	24,668
Pakistan Security Printing Corporation (Private) Limited				
Outstanding claims	-	-	3,571	750
Claim paid	1,600	442	-	-
Premium underwritten	75,603	67,325	-	-
Premium receivable	-	-	3,691	3,691
Advance premium	-	-	1,610	1,610
Pakistan Atomic Energy Commission				
Outstanding claims	-	-	476,870	510,117
Claim paid	5,503	170,826	-	-
Premium underwritten	1,929,258	63,872	-	-
Premium receivable	-	-	33,070	33,070
Pakistan Aeronautical Complex Board				
Premium underwritten	25,794	60,262	-	-
Pakistan Railways				
Outstanding claims	-	-	31,000	15,037
Claim paid	13,898	959	-	-
Premium underwritten	37,472	58,577	-	-
National Engineering Services Pakistan				
Outstanding claims	-	-	570	300
Claim paid	1,210	1,009	-	-
Premium underwritten	19,694	19,561	-	-
Rent received	60,377	60,377	-	-
Rent receivable	-	-	38,048	38,048
Balances with related parties				
Pakistan Investment Bonds	-	-	43,931,461	17,069,450
Treasury Bills	-	-	21,608,877	50,779,246
Investments in ordinary shares - market value as at December	-	-	1,114,962	913,403
Others				
Defined benefit plans	-	-	9,758,591	8,811,752

36. SEGMENT INFORMATION

The following segment information prepared in accordance with the requirements of Insurance Ordinance, 2000 and the Insurance Rules, 2017 for class of business wise revenues, results, assets and liabilities.

2025	Fire and property damage	Marine, aviation and transport	Motor	Engineering	Miscellaneous	Total
	Rupees in '000					
Premium receivable (inclusive of federal excise duty, federal insurance fee, and others)	8,448,019	9,728,435	1,175,867	16,020,145	546,064	35,918,530
Less: Federal excise duty / sales tax/ stamp duty	1,102,986	1,492,589	155,706	2,176,584	72,812	5,000,677
federal insurance fee	72,124	81,391	10,116	137,065	4,687	305,383
Gross written premium	7,272,909	8,154,455	1,010,045	13,706,496	468,565	30,612,470
Gross direct premium	7,270,038	8,154,455	1,010,045	13,706,495	468,565	30,609,598
Facultative inward premium	2,871	-	-	-	-	2,871
	7,272,909	8,154,455	1,010,045	13,706,495	468,565	30,612,469
Insurance premium earned	6,890,725	8,037,037	980,801	11,040,552	493,795	27,442,910
Insurance premium ceded to reinsurers	(4,453,109)	(4,581,087)	(38,827)	(10,389,511)	(65,161)	(19,527,695)
Net insurance premium	2,437,616	3,455,950	941,974	651,041	428,634	7,915,215
Commission income	171,046	125,142	895	440,751	3,709	741,543
Commission expense	(803)	(42)	-	(621)	-	(1,466)
Net underwriting income	2,607,859	3,581,050	942,869	1,091,171	432,343	8,655,292
Insurance claims	1,289,574	(165,067)	(88,922)	(2,126,374)	(41,685)	(1,132,473)
Net claims	1,289,574	(165,067)	(88,922)	(2,126,374)	(41,685)	(1,132,473)
Management expenses	(1,305,231)	(1,850,503)	(504,384)	(348,603)	(229,514)	(4,238,235)
Net insurance claims and expenses	(15,657)	(2,015,570)	(593,306)	(2,474,977)	(271,199)	(5,370,708)
Underwriting result	2,592,202	1,565,480	349,563	(1,383,806)	161,144	3,284,584

2025	Fire and property damage	Marine, aviation and transport	Motor	Engineering	Miscellaneous	Total
	Rupees in '000					
Net investment income	-	-	-	-	-	10,810,645
Rental income	-	-	-	-	-	548,841
Other income	-	-	-	-	-	987,153
Other expenses	-	-	-	-	-	(254,731)
(Charge) / reversal of impairment of investment property	-	-	-	-	-	-
Profit before tax	-	-	-	-	-	15,376,492
Segment assets	762,046	4,996,552	181,598	70,044,717	216,598	76,201,512
Unallocated assets	-	-	-	-	-	114,431,330
Total assets	762,046	4,996,552	181,598	70,044,717	216,598	190,632,842
Segment liabilities	1,774,017	4,705,890	221,505	69,847,320	575,327	77,124,059
Unallocated liabilities	-	-	-	-	-	38,657,737
Total liabilities	1,774,017	4,705,890	221,505	69,847,320	575,327	115,781,796

36.1 All segments of the Company are confined in the geographical limits of Pakistan.

Risk region name	Gross direct premium	Premium receivable (inclusive of government levies)
	2025	
	Rupees in '000	
Sindh	14,773,524	18,036,584
Punjab	10,089,088	12,719,624
Islamabad	5,501,228	3,676,093
Balochistan	39,843	3,629
Khyber Pakhtunkhwa (KPK)	202,168	912,095
Azad Jammu Kashmir	3,070	24,998
Gilgit Baltistan	3,548	3,629
	30,612,469	35,376,652

36.2 **SEGMENT INFORMATION**

The following segment information prepared in accordance with the requirements of Insurance Ordinance, 2000 and the Insurance Rules, 2017 for class of business wise revenues, results, assets and liabilities.

2024	Fire and property damage	Marine, aviation and transport	Motor	Engineering	Miscellaneous	Total
	Rupees in '000					
Premium receivable (inclusive of federal excise duty, federal insurance fee, and others)	6,569,836	5,729,772	1,049,444	11,141,856	561,521	25,052,429
Less: federal excise duty / sales tax/ stamp duty	851,406	935,896	135,367	1,505,485	79,636	3,507,790
federal insurance fee	56,532	47,163	9,061	95,331	4,771	212,858
Gross written premium	5,661,898	4,746,713	905,016	9,541,040	477,114	21,331,781
Gross direct premium	5,515,550	4,742,940	905,016	9,520,942	474,718	21,159,166
Facultative inward premium	146,348	3,773	-	20,098	2,396	172,615
Administrative surcharge	-	-	-	-	-	-
	5,661,898	4,746,713	905,016	9,541,040	477,114	21,331,781
Insurance premium earned	6,476,881	9,060,301	880,080	10,748,700	526,537	27,692,499
Insurance premium ceded to reinsurers	(3,751,922)	(7,006,017)	(39,543)	(8,734,637)	(404,811)	(19,936,928)
Net insurance premium	2,724,959	2,054,284	840,537	2,014,063	121,726	7,755,571
Commission income	180,405	209,982	261	345,320	6,816	742,784
Commission expense	(3,682)	(717)	-	(242)	-	(4,640)
Net underwriting income	2,901,682	2,263,549	840,798	2,359,141	128,542	8,493,714
Insurance claims	(688,885)	404,723	(202,995)	(1,482,802)	(87,668)	(2,057,627)
Net claims	(688,885)	404,723	(202,995)	(1,482,802)	(87,668)	(2,057,627)
Management expenses	(991,817)	(852,885)	(162,742)	(1,766,708)	(85,365)	(3,859,517)
Net insurance claims and expenses	(1,680,702)	(448,162)	(365,737)	(3,249,510)	(173,033)	(5,917,144)
Underwriting result	1,220,980	1,815,387	475,061	(890,369)	(44,491)	2,576,570

2024	Fire and property damage	Marine, aviation and transport	Motor	Engineering	Miscellaneous	Total
	-----Rupees in '000-----					
Net investment income	-	-	-	-	-	11,523,289
Rental income	-	-	-	-	-	486,028
Other income	-	-	-	-	-	1,577,910
Other expenses	-	-	-	-	-	(3,321,058)
(Charge) / reversal of impairment of investment property	-	-	-	-	-	-
Profit before tax	-	-	-	-	-	12,842,740
Segment assets	2,849,486	14,346,986	280,849	84,691,483	282,002	102,450,805
Unallocated assets	-	-	-	-	-	82,066,479
Total assets	2,849,486	14,346,986	280,849	84,691,483	282,002	184,517,284
Segment liabilities	4,971,099	16,780,092	694,963	93,215,517	1,038,137	116,699,808
Unallocated liabilities	-	-	-	-	-	67,817,476
Total liabilities	4,971,099	16,780,092	694,963	93,215,517	1,038,137	184,517,284

36.3 All segments of the Company is confined in the geographical limits of Pakistan.

Risk region name	Gross direct premium	Premium receivable (inclusive of government levies)
	2024	
	-----Rupees in '000-----	
Sindh	9,873,435	11,660,834
Punjab	7,836,607	9,174,772
Islamabad	2,392,260	2,792,165
Balochistan	333,766	387,461
KPK	874,094	1,014,201
Azad Jammu Kashmir	13,197	15,348
Gilgit Baltistan	7,573	7,650
	21,330,932	25,052,431

37. MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Fair value through P&L	Total
	----------Rupees in '000----------			
As at January 1, 2024	53,674,737	4,510,533	2,332,021	60,517,292
Additions	64,141,365	232,846	-	64,374,212
Disposals (sale and redemptions)	(49,967,408)	-	-	(49,967,408)
Fair value net gains (excluding net realized gains)	-	3,070,126	1,156,199	4,226,325
Designated at fair value through profit of loss upon initial recognition	-	-	-	-
Classified as held for trading	-	(18,208)	-	(18,208)
Impairment losses	-	-	-	-
Reversal of impairment	-	-	-	-
As at December 31, 2024	67,848,694	7,795,297	3,488,220	79,132,213
Additions	42,058,956	34,221	-	42,093,177
Disposals (sale and redemptions)	(41,566,812)	-	-	(41,566,812)
Fair value net gains (excluding net realized gains)	-	2,565,547	2,016,719	4,582,266
Designated at fair value through profit of loss upon initial recognition	-	-	-	-
Classified as held for trading	-	-	-	-
Impairment losses	-	-	-	-
Reversal of impairment	-	-	-	-
As at December 31, 2025	68,340,838	10,395,065	5,504,939	84,240,844

38. MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

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

38.1 INSURANCE RISK

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

The Company accepts insurance through issuance of general insurance contracts. For these general insurance contracts the most significant risks arise from fire, atmospheric disturbance, earthquake, terrorist activities and other catastrophes.

The Company's risk exposure is mitigated by employing an informal practices to identify, assess, manage and monitor risk. These include implementation of underwriting strategies which aim to ensure that the underwritten risks are well diversified in terms of type and amount of the risk. Adequate reinsurance is arranged to mitigate the effect of the potential loss to the Company from individual to large or catastrophic insured events. Further, the Company adopts claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the insurance risk.

a) Frequency and severity of claims

Risk associated with general insurance contracts includes the reasonable possibility of significant loss as well as the frequent occurrence of the insured events. This has been managed by having in place underwriting strategy, reinsurance arrangements and proactive claim handling procedures.

Concentration of risk

The concentration of risk by type of contracts and major policyholders is summarized below:

	2025				
	Number of policyholders	Gross sum insured	Premium written	Total premium written	Percentage
		Rupees in '000			
Direct and facultative					
Fire and property damage	16	6,399,771,472	6,958,331	7,272,909	96%
Marine cargo	12	971,679,016	1,532,272	1,997,114	77%
Marine hull	4	251,956,419	743,473	743,473	100%
Aviation	3	1,052,915,939	5,299,085	5,413,868	98%
Motor	29	60,794,556	785,848	1,010,044	78%
Engineering	8	7,798,539,175	13,005,191	13,706,495	95%
Liability and others	10	328,971,175	404,998	468,565	86%
		16,864,627,752	28,729,198	30,612,468	

	2024				
	Number of policyholders	Gross sum insured	Premium written	Total premium written	Percentage
		Rupees in '000			
Direct and facultative					
Fire and property damage	9	6,489,564,142	5,050,053	5,661,898	89%
Marine cargo	10	1,162,007,067	1,527,311	2,121,322	72%
Marine hull	2	298,922,592	610,344	683,113	89%
Aviation	3	993,316,920	1,700,548	1,942,278	88%
Motor	10	38,317,896	531,677	905,016	59%
Engineering	8	11,116,795,651	9,154,461	9,541,040	96%
Liability and others	10	423,479,156	425,918	477,114	89%
		20,522,403,424	19,000,312	21,331,781	

The above disclosed figures are ascertained on tentative basis with an object to reflect Company's major risk exposures.

b) Uncertainty in estimation of future claim payments

Claims on general insurance contracts are payable on a claim occurrence basis. The Company is liable for all insured events that occur during the term of the insurance contract including the event reported after the expiry of the insurance contract term.

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. The estimation of provision of claims incurred but not reported (IBNR) is based on analysis of the past claim reporting pattern.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from initial recognized amount. Similarly, the provision for claims incurred but not reported is based on historic reporting pattern of the claims; hence, actual amount of incurred but not reported claims may differ from the amount estimated.

The process for estimation of IBNR and its provisioning mechanism is detailed in key assumptions below:

c) Key assumptions

The process used to determine the assumptions for calculating the outstanding claim reserves is intended to result in neutral estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed in separate, case to case basis, with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and updated as and when new information is available.

The principal assumption underlying the liability estimation of IBNR and Premium Deficiency Reserve is that the Company's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc. The internal factors such as portfolio mix, policy conditions and claim handling procedures are further used in this regard.

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

The Company determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired periods of the contracts. For this purpose average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned premium. The liability of premium deficiency reserve in relation to accident and health insurance is calculated in accordance with the advice of the actuary (note 3.6).

The assumed net of reinsurance loss ratios for each class of business for estimation of premium deficiency reserves are as follows:

	Assumed net loss ratio	
Class	2025	2024
Fire and property damage	18%	18%
Marine, aviation and transport	6%	6%
Motor	10%	10%
Miscellaneous	-4%	-4%
Engineering	14%	14%

d) Changes in assumptions

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

c) Sensitivity analysis

The risks associated with the insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company makes various assumptions and techniques based on past claims development experience. The Company considers that the liability for insurance claims recognized in the balance sheet is adequate. However, actual experience will differ from the expected outcome.

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

	2025		2024	
	Pre tax profit	Shareholder's equity	Pre tax profit	Shareholder's equity
	Rupees in '000			
10% increase in claims liability net:				
Fire and property damage	2,332,982	1,423,119	1,099,729	670,835
Marine, aviation and transport	1,408,932	859,449	769,585	469,447
Motor	314,607	191,910	450,131	274,580
Engineering	(1,245,425)	(759,709)	960,836	586,110
Miscellaneous	145,030	88,468	7,272	4,436
	2,956,126	1,803,237	3,287,553	2,005,408
10% decrease in claims liability net:				
Fire and property damage	2,851,422	1,739,367	1,344,114	819,909
Marine, aviation and transport	1,722,028	1,050,437	940,604	573,768
Motor	384,519	234,557	550,160	335,597
Engineering	(1,522,187)	(928,534)	1,174,355	716,356
Miscellaneous	177,258	108,127	8,888	5,421
	3,613,040	2,203,954	4,018,120	2,451,051

38.1.1 Reinsurance risk

Reinsurance ceded does not relieve the Company from its obligation towards 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.

An analysis of all reinsurance assets recognized by the rating of the entity from which it is due are as follows:

	Amount due to from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	2025	2024
	Rupees in '000				
A or above rating including Pakistan Reinsurance Company Limited	(7,632,337)	67,608,640	9,636,728	69,613,031	86,514,659
Total	(7,632,337)	67,608,640	9,636,728	69,613,031	86,514,659

38.1.2 **Geographical concentration of insurance risk**

The Company does not have a formal mechanism for monitoring and management of concentration of insurance risk, except for timely arrangement of reinsurance. The Company has determined amount/ratio of retention for each significant client and accordingly obtain reinsurance cover for the policies.

38.2 FINANCIAL RISK

Introduction and overview

The Company has exposure to the following risks from financial instruments that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends:

- Market risk; comprising of price risk, interest rate risk and foreign currency risk
- Credit risk
- Liquidity risk

38.2.1 **Financial risk factors and risk management framework**

The Company's overall risk management programmed focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Company's objective in managing risk is the creation and protection of shareholders' value. Risk is inherent in Company's activities but it is managed through monitoring and controlling activities which are based on limits established by the internal controls set on different activities of the Company.

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. There are Board Committees for developing risk management policies and its monitoring.

(a) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer or factors affecting all securities traded in the market.

The Company is exposed to market risk with respect to its investments. As at year end, total market risk exposure of investment amounts to Rs. 15,897 million (2024: Rs. 6,842 million).

The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity and debt securities. In addition, the Company actively monitors the key factor that affect stock exchange.

Sensitivity analysis

The table below summarizes the Company's equity price risk as of December 31, 2025 and 2024 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse in Company's equity investment portfolio because of the nature of equity markets.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in price	Hypothetical increase / (decrease) in shareholder's equity	Hypothetical increase / (decrease) in profit / (loss) before tax
			-----Rupees in '000-----		
December 31, 2025	15,900,006	10% increase	17,490,007	1,590,001	1,065,301
		10% decrease	14,310,005	(1,590,001)	(1,065,301)
December 31, 2024	11,283,516	10% increase	12,411,868	1,128,352	755,996
		10% decrease	10,155,164	(1,128,352)	(755,996)

(b) Interest rate risk

Interest risk is the risk that the value of the financial instrument will fluctuate due to changes in the market yield / mark-up rates. Sensitivity to interest rate risk arises from mismatches of financial assets and liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company is exposed to interest rate risk in respect of the following:

	Interest / mark up bearing			Non-Interest / non-mark up bearing			
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	Total
	Rupees in '000						
Financial assets							
Cash	11,028,981	-	11,028,981	112,311	-	112,311	11,141,292
Investments	26,578,650	41,762,188	68,340,838	15,900,006	-	15,900,006	84,240,844
Loans and other receivables	1,550,799	-	1,550,799	638,518	81,657	720,175	2,270,974
Insurance / reinsurance receivable	-	-	-	8,552,077	-	8,552,077	8,552,077
Reinsurance recoveries against outstanding claims	-	-	-	67,658,922	-	67,658,922	67,658,922
December 31, 2025	39,158,430	41,762,188	80,920,618	92,861,834	81,657	92,943,491	173,864,109
Financial liabilities							
Underwriting provisions for outstanding claims including IBNR	-	-	-	74,874,121	-	74,874,121	74,874,121
Premium received in advance	-	-	-	2,273,774	-	2,273,774	2,273,774
Insurance / reinsurance payable	-	-	-	7,632,337	-	7,632,337	7,632,337
Other creditors and accruals	-	-	-	3,595,009	-	3,595,009	3,595,009
December 31, 2025	-	-	-	88,375,241	-	88,375,241	88,375,241
Interest risk sensivity gap	39,158,430	41,762,188	80,920,618	4,486,593	81,657	4,568,250	85,488,868

	Interest / mark up bearing			Non-Interest / non-mark up bearing			
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	Total
	Rupees in '000						
Financial assets							
Cash	5,764,090	-	5,764,090	114,901	-	114,901	5,878,991
Investments	-	67,848,696	67,848,696	11,283,516	-	11,283,516	79,132,212
Loans and other receivables	-	-	-	2,543,402	81,765	2,625,167	2,625,167
Insurance / reinsurance receivable	-	-	-	5,774,823	-	5,774,823	5,774,823
Reinsurance recoveries against	-	-	-	80,962,638	-	80,962,638	80,962,638
December 31, 2024	5,764,090	67,848,696	73,612,786	100,679,281	81,765	100,761,046	174,373,831

	Interest / mark up bearing			Non-Interest / non-mark up bearing			
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	Total
	-----	-----	-----	-Rupees in '000-	-----	-----	
Financial liabilities							
Underwriting provisions for	-	-	-	88,433,506	-	88,433,506	88,433,506
Premium received in advance	-	-	-	2,088,313	-	2,088,313	2,088,313
Insurance / reinsurance payable	-	-	-	3,843,981	-	3,843,981	3,843,981
Other creditors and accruals	-	-	-	6,133,153	-	6,133,153	6,133,153
December 31, 2024	-	-	-	100,498,953	-	100,498,953	100,498,953
Interest risk sensivity gap	5,764,090	67,848,696	73,612,786	180,327	81,765	262,092	73,874,878

(c) Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company principal transactions are carried out in Pakistani Rupee and its exposure to foreign exchange risk arises primarily with respect to US Dollar and UK Pound. Financial assets and liabilities exposed to foreign exchange risk amounted to Rs. 48.85 billion (2024: Rs. 51.25 billion) and Rs. 48.2 billion (2024: Rs. 48.85 billion) respectively, at the end of the year. The Company has made appropriate policies to manage foreign exchange risk.

38.3 CREDIT RISK

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures and undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

38.3.1 Credit risk and concentration of credit risk

The Company attempts to control credit risk by monitoring credit exposures by undertaking transaction with the large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties. The management monitors exposure to credit risk through regular review of credit exposure and prudent estimates of provisions to doubtful receivables. Further, the major insurance business customers of the Company are government entities, as all government entities are required under the Insurance Ordinance, 2000 to make their insurance arrangements with NICL.

The Company is exposed to the credit risk in respect of the following financial assets:

Financial assets	Note	2025 Carrying amount	2025 Exposed to credit risk	2024 Carrying amount	2024 Exposed to credit risk
		Rupees in '000			
Cash and bank	17	11,141,292	11,141,292	5,878,991	5,878,991
Investments	9, 10 & 11	84,240,844	18,700,506	79,490,772	11,283,516
Loans and other receivables	12	3,605,457	3,605,457	2,625,167	2,625,167
Insurance / reinsurance receivable	13	8,552,077	8,552,077	5,774,823	5,774,823
Reinsurance recoveries against outstanding claims	25	67,608,640	67,608,640	80,961,538	80,961,538
		175,148,310	109,607,972	174,731,291	106,524,035

The financial assets as at the year end included Rs. 65.5 billion (2024: Rs.67.8 billion) which have been invested in risk free government securities. For the remaining financial assets of Rs.109.5 billion (2024: Rs.106.9 billion), the Company attempts to control credit risk by monitoring the credit exposure, limiting transaction with specific customers and continuing assessment of credit worthiness of the customers.

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

	Rating Short term	Rating Long term	Rating Agency	2025	2024
				Rupees in '000	
Habib Bank Limited	A-1+	AAA	VIS	3,826,935	1,291,049
National Bank of Pakistan Limited	A1+	AAA	PACRA	7,314,358	4,522,982
National Savings Account	Unrated	Unrated	-	-	11
				11,141,292	5,814,042

38.4 LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its funding requirements. To guard against this risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure that adequate liquidity is maintained.

The following are the contractual maturities of financial liabilities:

	2025		
Financial liabilities	**Carrying Amount**	**Upto one year**	**Greater than one year**
	---Rupees in '000---		
Outstanding claims including IBNR	74,874,121	74,874,121	-
Insurance / reinsurance payable	7,632,337	7,632,337	-
Other creditors and accruals	3,595,009	3,595,009	-
	86,101,467	86,101,467	-

	2024		
Financial liabilities	**Carrying Amount**	**Upto one year**	**Greater than one year**
	---Rupees in '000---		
outstanding claims including IBNR	88,433,506	88,433,506	-
Insurance / reinsurance payable	3,843,981	3,843,981	-
Other creditors and accruals	6,133,153	6,133,153	-
	98,410,640	98,410,640	-

39. CAPITAL MANAGEMENT

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

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and/or issue new shares.

The Company is financed by internal sources and is compliant with the externally imposed capital requirements as set by the SECP. Minimum paid-up capital requirement for non-life insurers was Rs. 300 million in December 31, 2015. It has been raised to Rs. 500 million in December 31, 2017. The Company's current

There were no changes to Company's approach to capital management during the year.

40. FINANCIAL INSTRUMENTS BY CATEGORY

40.1 Financial assets as per balance sheet

	2025	2024
	-------- Rupees in '000 -------	
Held-to-maturity		
-Investment in Debt securities		
Pakistan Investment Bonds	43,931,461	17,069,450
Treasuary Bills	21,608,877	50,779,246
Term deposit certificates	2,800,500	-
	68,340,838	67,848,696
Held-for-trading		
- Ordinary and preference shares of listed companies	5,504,941	3,488,220
Available-for-sale		
-Investment in equity securities		
Ordinary shares of listed companies	214,897	85,331
Mutual funds	12,745,715	10,799,370
	12,960,612	10,884,701
Loans and receivables at amortized cost		
- Loans and other receivables	2,270,974	2,625,167
-Insurance / reinsurance receivables	8,552,077	5,774,823
-Reinsurance recoveries against outstanding claims	67,658,922	80,962,638
- Cash and bank balances	11,141,292	5,878,991
	89,623,265	95,241,619
	176,429,656	177,463,236

40.2 Financial liabilities as per balance sheet

	2025	2024
Financial liabilities measured at amortized cost		
- Outstanding claims including IBNR	74,871,312	88,419,733
- Premium received in advance	2,273,774	2,088,313
- Insurance / reinsurance payables	7,632,337	3,843,981
- Other creditors and accruals	3,595,009	6,133,153
	88,372,432	12,065,447

41. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

41.1 Fair value hierarchy

International Financial Reporting Standard 13 defines fair value as an exit price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly (i.e. as prices) or indirectly observable (i.e. derived from prices).

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company held the following financial instruments measured at fair value:

	2025		
Financial assets - measured at fair value	**Level 1**	**Level 2**	**Level 3**
	-------- Rupees in '000 -------		
Fair value through profit or loss:			
Listed shares	5,499,778	-	-
Preference shares	5,163	-	-
Available for sale:			
Listed shares	150,114	-	-
Mutual funds	-	10,244,951	-

	2024		
Financial assets - measured at fair value	Level 1	Level 2	Level 3
	-------- Rupees in '000 -------		
Fair value through profit or loss:			
Listed shares	3,485,172	-	-
Preference shares	3,048	-	-
Available for sale:			
Listed shares	85,331	-	-
Mutual funds	-	7,709,966	-

Item	**Valuation approach and input used**
Listed shares	The valuation has been determined through closing rates listed at Pakistan Stock Exchange (PSX).
Government securities	The fair value of Government securities is derived using PKRV and PKFRV rates. PKRV and PKFRV rates are average of the yield-to-maturity on government securities traded in the secondary market and determined at the end of day. The yield-to-maturity on government securities is quoted by the six (06) brokerage houses keeping in view the yield-to-maturity on government securities traded in the secondary market.
Mutual funds	The fair value of mutual funds is derived from using closing rates published on Mutual Funds Association of Pakistan.
Property and equipment (Buildings and leasehold improvements) *	The revaluation by the valuer is carried out on the basis of professional assessment of present market values.
Investment properties *	The revaluation by the valuer is carried out on the basis of professional assessment of present market values.

- Buildings including leasehold improvements and investment properties are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values as disclosed in notes 7.1.2 to these unconsolidated financial statements. The valuation experts used a market based approach to arrive at the fair value of the Company's properties. The approach uses prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a quantitative disclosure of sensitivity has not been presented in these unconsolidated financial statements.

The carrying amounts of all other financial assets and liabilities reflected in these unconsolidated financial statements approximate their fair values.

41.2 The fair value of traded investments is based on quoted market prices, except for tradable securities classified by the Company as 'held to maturity'. Quoted securities classified as held to maturity are carried at cost. Fair value of unquoted equity investments other than investments in subsidiaries is determined on the basis of break up value of these investments as per the latest available audited financial statements.

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

42. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, to align them with the presentation requirements of the Insurance Accounting Regulations,2017. There have been no significant reclassifications or rearrangements in these unconsolidated financial statements during the year.

43. NUMBER OF EMPLOYEES

	2025	2024
	(Number)	
As at December 31,	566	580
Average number of employees during the year	570	581

44. SUBSEQUENT EVENT - NON ADJUSTING

The Board of Directors in its meeting held on May 15, 2026 has proposed a cash dividend in respect of the year ended December 31, 2025 of Rs. 800 million. These unconsolidated financial statements do not include the effect of these appropriations which will be accounted for subsequent

45. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue by the Board of Directors of the Company in its meeting held on 15 MAY 2026

46. GENERAL

The figures in these unconsolidated financial statements may be rounded off to the nearest thousand rupees unless otherwise stated.

Chief Executive Officer | Director | Director | Chairman