

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 43<sup>rd</sup> Annual General Meeting of East West Insurance Co., Ltd will be held on Thursday, April 30, 2026, at 11:30 A.M at the Registered Office of the Company located at 27, Regal Plaza, Jinnah Road, Quetta, to transact the following business:

### ORDINARY BUSINESS:

1. To confirm the minutes of Extraordinary General Meeting of the Company held on March 31, 2026.
2. To receive, consider and adopt the Audited Financial Statements of the Company together with the Directors' and Auditors' report thereon for the year ended December 31, 2025
3. To consider the appointment of Auditors for the year ending December 31, 2026 and fix their remuneration.
4. To approve the interim bonus issue as final distribution for the year ended December 31, 2025 announced on August 29, 2025 already issued to the shareholders in the proportion of one ordinary shares for every ten ordinary shares held i.e., 10%.

### SPECIAL BUSINESS:

5. To alter the Clause 97 of the Article of Association of the company.

**Resolved that**, "The necessary alteration in the Article of Association of the Company (the "AOA") be and is hereby considered and approved. The following sub clause 97(a) be and is hereby inserted after the existing Article 97 of the AOA.

97(a) "Vice Chairman"

The Board of Directors/members may, from amongst its non-executive directors, appoint not more than two (2) Vice Chairmen of the Company on such terms and for such period as the Board may determine.

6. To consider other business with the permission of the chair.

(Attached to this Notice is a statement of material facts pursuant to the provisions of the Companies Act, 2017).

By the order of the board

**Shabbir Ali Kanchwala**

Company Secretary  
Karachi: 3 April, 2026.

**Notes:**

**1. PARTICIPATION IN AGM THROUGH ELECTRONIC MEANS:**

In light of the clarification issued by the Securities and Exchange Commission of Pakistan vide Circular No.4 of 2021 for ensuring participation of member in general meeting through electronic means as a regular feature, the Company has also provided the facility for attending the meeting via a video-link to its shareholders. The members are encouraged to participate in the meeting online by following the below guidelines.

The shareholders who intend to attend and participate in Annual General Meeting through video-link are requested to please provide below information to our Company Secretary at e-mail address: [shabbir.a.kanchwala@ewi.com.pk](mailto:shabbir.a.kanchwala@ewi.com.pk), at least 24 hours before the time of AGM i.e., latest by 11.30 a.m. on Wednesday April 29, 2026.

| <b>Folio /CDC Account No.</b> | <b>Name</b> | <b>CNIC No.</b> | <b>Cell No.</b> | <b>Email Address</b> |
|-------------------------------|-------------|-----------------|-----------------|----------------------|
|                               |             |                 |                 |                      |

Upon receipt of the above information from shareholders the Company will send login details to their email address, which will enable them to join the said AGM through video conference on Thursday April 30, 2026 at 11:30 a.m.

2. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as a proxy to attend and vote in respect of him. Form of proxy must be deposited at the Company's Registered Office not later than 48 hours before the time appointed for the meeting.
3. CDC Account holders are advised to follow the following guidelines of the Securities & Exchange Commission of Pakistan.

**A. For attending the meeting**

- a. In case of individuals, the account holder and/or sub- account holder(s) and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- b. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

**B. For appointing proxies**

- a. In case of individuals, the account holder/and or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.
- b. The proxy form shall be witnessed by two persons whose names, address and CNIC numbers shall be mentioned on the form.
- c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.

- d. The proxy shall produce his original CNIC or original passport at the time of the meeting.
  - e. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
4. The Share Transfer Books of the company will be closed from April 26, 2026 to April 30, 2026, (both days inclusive). Transfers received in order by the Company's Share Registrar, M/s. THK Associates (Private) Limited, Plot no. 32-C, Jami Commercial Street 2, DHA, Phase VII, Karachi, by the close of business on April 25, 2026 will be considered in time to attend and vote at the meeting.
  5. Members are requested to notify/submit the following, in case of book entry securities in CDC to respective CDC participants and in case of physical shares, to the Company's Share Registrar, if not earlier provided / notified:
    - a. Change in their address;
    - b. Valid and legible photocopies of Computerized National Identity Card (CNIC) for Individuals and National Tax Number (NTN) both for individual & corporate entities.

#### **6. ELECTRONIC TRANSMISSION OF FINANCIAL STATEMENTS AND NOTICES**

Pursuant to Notification vide SRO 787(1) 2014 dated September 08, 2014, the Securities & Exchange Commission of Pakistan (SECP) has directed all companies to facilitate their members receiving annual financial statements and notice of annual general meeting through electronic mail system (E-mail). The Company is pleased to offer this facility to our valued members who desire to receive annual financial statements and notices through email in future.

In this regard, those members who wish to avail this facility are hereby requested to convey their consent via email on a standard request form which is available at the Company's website.

Please ensure that your email account has sufficient rights and space available to receive such email which may be greater than 1 MB in size. Further, it is responsibility of member(s) to timely update the share registrar of any change in his (her /its / their) registered email address at the address of Company's Registrar.

#### **7. ELECTRONIC DIVIDEND MANDATE**

Under Section 242 of Companies Act, 2017, it is mandatory for all listed Companies to pay cash dividend to its shareholders only through electronic mode directly in to the bank account designated by the entitled shareholders.

In order to receive dividends directly into their bank account, shareholders are requested (if not already provided) to fill in Bank Mandate Form for Electronic Credit of Cash Dividend available in the Annual Report and also on the Company, website and send it duly signed along with a copy of CNIC to the Share Registrar of the Company, M/s. THK Associates (Private) Limited, Plot no. 32-C, Jami Commercial Street 2, DHA, Phase VII, Karachi in case of physical shares

In case shares are held CDC, electronic, dividend mandate form must be directly submitted shareholder's brokers / participant / CDC account services as the case may be.

In case of non-receipt of information, the Company will be constrained to withhold payment of dividend to shareholders.

## **8. SUBMISSION OF VALID CNIC (MANDATORY)**

As per SECP directives, the dividend warrants of the shareholders whose valid CNICs are not available with the Share Registrar could be withheld. All shareholders having physical shareholding are, therefore advised to submit a photocopy of their valid CNICs immediately, if already not provided, to the Company's Share Registrar at the following address, M/s. THK Associates (Private) Limited, Plot no. 32-C, Jami Commercial Street 2, DHA, Phase VII, Karachi without any further delay.

## **9. ZAKAT DECLARATION (CZ-50)**

Zakat will be deducted from the dividends at source under the Zakat and Usher Laws and will be deposited within the prescribed period with the relevant authority. In case you want to claim exemption, please submit Zakat declaration under Zakat and Usher Ordinance, 1980 and Rule 4 of Zakat (Deduction & Refund) Rules, 1981 CZ-50 Form with our Share Registrar, M/s. THK Associates (Private) Limited, Plot no. 32-C, Jami Commercial Street 2, DHA, Phase VII, Karachi or in case of book entry securities in CDC to respective CDC participants. The shareholders while sending the Zakat Declaration must quote company name and their respective CDS A/C # or Folio No.

## **10. DEDUCTION OF WITHHOLDING TAX ON THE AMOUNT OF DIVIDEND**

Pursuant to SECP directive vide Circular No. 19/2014 dated October 24, 2014, SECP has directed all companies to inform shareholders about changes made in the Section 150 of the Income Tax Ordinance, 2001. We hereby advise shareholders as under;

The Government of Pakistan through Finance Act, 2019 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under;

- |   |      |
|---|------|
| a. For filers of income tax returns:    | 15%. |
| b. For non-filer of income tax returns: | 30%  |

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, all the shareholders whose names are not entered into the Active Tax Payers List (ATL) provided on the website of FBR, despite the fact that they are files, are advised to make sure that their names are entered into ATL before the date for payment of cash dividend otherwise tax on their cash dividend will be deducted @ 30% instead @15%.

## **11. CONSENT FOR VIDEO CONFERENCING FACILITY**

Pursuant to the provision to the Companies Act, 2017 the member can also avail the video conferencing facility in this regard, please fill in the following and submit it at registered address of the Company at least ten days before the holding of the annual general meeting. If the Company receive consent from members holding aggregate 10% or more shareholding residing at the geographical location to participate in the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

I / We, \_\_\_\_\_ of \_\_\_\_\_, being a member of East West Insurance Co., Ltd. holder of \_\_\_\_\_ ordinary share(s) as per registered Folio / CDC Account no. \_\_\_\_\_ hereby opt for video-link facility.

## **12. UNCLAIMED DIVIDEND**

As per the provision of Section 244 of the Companies Act, 2017 any shares issued or dividend declared by the Company which have remained unclaimed / unpaid for a period of three years from the date on which it was due and payable are required to be deposited with the Commission for the credit of Federal Government after issuance of notices to the shareholders to file their claim. The details of the shares issued and dividend declared by the Company which have remained due for more than three years were sent to shareholders, in case, no claim is lodged with the company in the given time, the Company will deposit the unclaimed / unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of Companies Act, 2017.

## **13. DEMAND POLL**

Members can exercise their right to demand a poll subject to meeting requirements of Sections 143 and 144 of the Companies Act, 2017 and applicable clause of the Companies (Postal Ballot) Regulation 2018.

## **14. TRANSMISSION OF THE ANNUAL AUDITED FINANCIAL STATEMENTSTHROUGH CD/ DVD**

The company has circulated financial statements to its members through CD at their registered address, printed copy of above referred statements can be provided to members upon request.

## **15. AVAILABILITY OF AUDITED FINANCIAL STATEMENT ON COMPANY'S WEBSITE**

The audited financial statement of the Company for the year ended December 31, 2024 have been available on the Company's website [www.ewi.com.pk](http://www.ewi.com.pk)

## **16. REGISTRATION DETAILS OF PHYSICAL SHAREHOLDERS**

As per Section 119 of the Companies Act, 2017 and Regulation 19 of the Companies (General Provisions and Forms) Regulations, 2018, all physical shareholders are advised to provide their mandatory information such as CNIC number, address, email address, contact mobile/telephone number, International Bank Account Number (IBAN), etc. to our Share Registrar at their below address immediately to avoid any non-compliance of law or any inconvenience in future:

M/s. THK Associates (Pvt) Limited. Address: Plot No. 32-C, Jami Commercial Street 2, DHA, Phase VII, Karachi. Phone: +92-21-35310191-193, Email: [sfc@thk.com.pk](mailto:sfc@thk.com.pk)

## **17. DEPOSIT OF PHYSICAL SHARES IN TO CDC ACCOUNTS**

As per Section 72 of the Companies Act, 2017 all existing companies are required to replace its physical shares with book-entry form in a manner as may be specified from the date notified by the Commission within a period not exceeding four years from the commencement of companies Act, 2017.

The Securities and Exchange Commission of Pakistan through its circular # CSD/ED/Misc./2016-639-640 dated March 26, 2021 has advised the listed companies to pursue their such members who still hold shares in physical form, to convert their shares into book entry form.

We hereby request all members who are holding shares in physical form to convert their shares into book entry form at the earliest. They are also suggested to contact the Central Depository Company of Pakistan Limited or any member/stock broker of the Pakistan stock Exchange to open an account in the Central Depository Company of Pakistan Limited and to facilitate conversion of physical shares into book-entry form. Members are informed that holding shares in book-entry form has several benefits including but not limited to secure and convenient custody of shares, conveniently tradeable and transferable, no risk of loss, damage or theft, no stamp duty on transfer of shares in book-entry form and hassle-free credit of bonus of right shares. We once again strongly advise members of the Company, in their best interest, to convert their physical shares into book-entry form at the earliest.

**STATEMENT OF MATERIAL FACTS PURSUANT TO THE PROVISIONS OF THE COMPANIESACT 2017**

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on April 30, 2026.

The Vice Chairmen shall:

- (a) perform a **non-executive, advisory and oversight role** and shall not be involved in the day-to-day management of the Company;
- (b) assist the Chairman in discharging his/her responsibilities, including facilitating effective Board functioning and governance oversight;
- (c) provide **strategic input and regional insights**, if so designated by the Board, without exercising executive authority;
- (d) act for the Chairman, only in his/her absence and if specifically authorized by the Board;
- (e) have **no individual authority** to bind the Company, issue instructions to management, or exercise any executive powers, unless expressly delegated by the Board through a resolution;
- (f) operate strictly within the framework of the Companies Act, 2017, the Listed Companies (Code of Corporate Governance) Regulations, and any other applicable laws and regulations. Provided that the designation of Vice Chairmen shall not dilute the authority of the Chairman or the Chief Executive Officer, nor create any parallel management structure.

## **DIRECTORS' REPORT FOR THE YEAR 2025**

All praises to Almighty Allah the most gracious and merciful.

On behalf of the Directors of your company, we have the pleasure of presenting the 43rd Annual Report and audited financial statements for the year ending December 31st, 2025.

Honorable shareholders, respected members of the Board of Directors, and our dependable colleagues:

Assalam Alaikum.

We welcome you all to the 43rd Annual General Meeting of the company and express our humble gratitude to Almighty Allah for granting us the wisdom and strength to successfully steer the affairs of the company through the year 2025 despite the challenging situation prevailing nationally and worldwide. The success of the company is further attributable to the invaluable guidance of our chairman, members of the Board of Directors, shareholders, valued clients, and distinguished patrons. We thank them all and look forward to their continued support in the future.

The Company operates as a general insurance provider across multiple business segments and continues to focus on sustainable growth, prudent risk management, and long-term value creation for its stakeholders. During the year, the Company successfully navigated a challenging economic environment characterized by large natural catastrophic losses, volatile interest rates, and evolving regulatory requirements, while maintaining operational efficiency and strengthening its market position.

In our normal practice the Board of Directors approves the working strategy at the beginning of the year for the management to adopt and disseminate to operational and marketing staff in underwriting and selling the products of the company for our valued clients. The experienced management team follows the strategy in true letter and spirit to strengthen our premium base and position in the industry. Simultaneously, management continues to invest in profitable ventures to augment return on equity for the benefit of our shareholders.

## **Financial Performance**

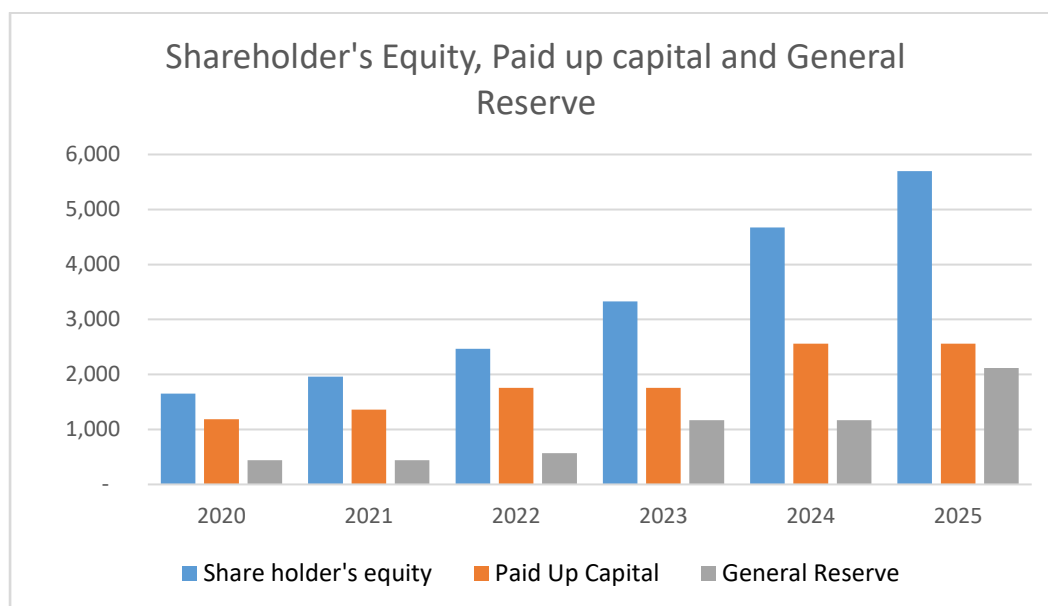
The financial performance of the Company for the year under review reflects significant growth across key indicators, driven by disciplined underwriting, expansion in business volumes, and improved investment returns.

Net insurance premium increased to PKR 7.65 billion, representing a substantial growth compared to PKR 4.59 billion in the previous year. This growth was primarily attributable to expansion in core business segments, improved client retention, and strategic underwriting initiatives.

Underwriting profit increased to PKR 1.12 billion, reflecting enhanced risk selection, shrewd pricing, and portfolio optimization. Despite an increase in claims and acquisition costs due to higher business volumes, the Company successfully maintained profitability margins.

Investment income increased to PKR 1.02 billion, supported by improved yields on fixed income instruments and prudent asset allocation strategies. The Company continues to follow a conservative investment approach aligned with regulatory requirements and liquidity considerations.

Profit before taxation increased to PKR 1.93 billion, while profit after taxation reached PKR 1.44 billion, reflecting a strong overall financial performance. Earnings per share improved to PKR 5.15, demonstrating enhanced shareholder value.



## **Underwriting Performance**

The Company continued to follow a **methodical and risk-based underwriting approach** during the year, with a strategic focus on **corporate and commercial lines of business**. This approach is aligned with the Company's objective of maintaining portfolio quality, optimizing risk-adjusted returns, and ensuring long-term sustainability.

During the year, growth in premium was primarily driven by expansion in **corporate segments**, including Fire, Engineering, Marine, and other commercial classes. These segments offer comparatively stable risk profiles, favorable pricing, and opportunities for structured risk transfer through reinsurance arrangements.

The Company has adopted a **selective underwriting strategy in the retail segment**, particularly in lines characterized by high frequency and severity of claims. Retail business, while important for market presence, is carefully evaluated based on profitability thresholds, claims experience, and operational efficiency considerations. The Company continues to maintain a presence in retail lines such as motor and health; however, underwriting in these areas is conducted with greater scrutiny, stricter pricing controls, and more stringent risk selection criteria.

This strategic shift towards corporate business has enabled the Company to:

- Improve underwriting margins
- Enhance portfolio stability
- Reduce volatility arising from high-frequency claims
- Optimize utilization of reinsurance arrangements

The Company remains committed to maintaining a **balanced portfolio**, while prioritizing segments that offer sustainable profitability and controlled risk exposure.

## **Claims Experience**

Claims experience during the year reflected the impact of increased business volumes and inflationary pressures on claim costs.

Net insurance claims amounted to PKR 3.80 billion, compared to PKR 2.2 billion in the previous year. The increase was primarily driven by higher exposure levels and increases in repair and replacement costs.

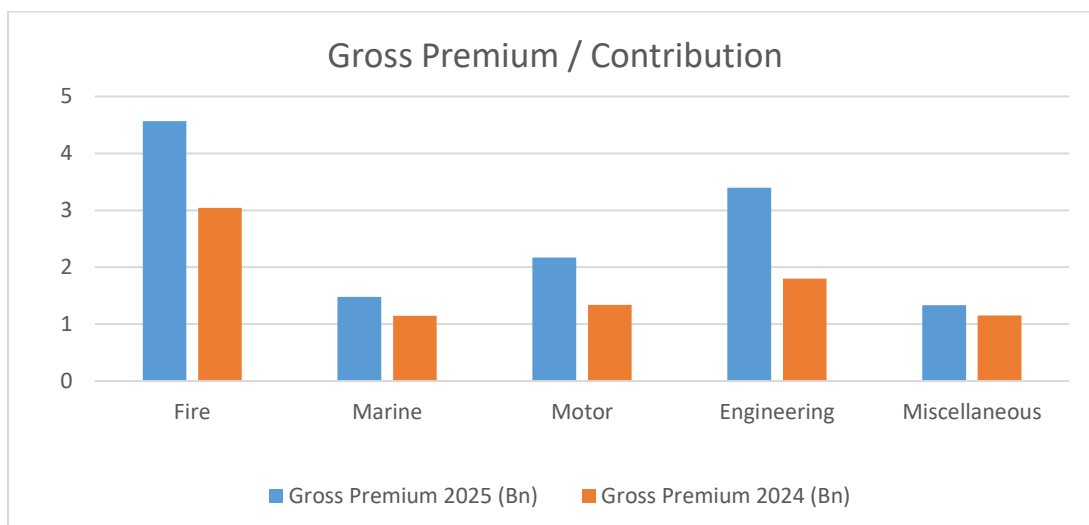
The Company continues to focus on:

- Fast claims processing
- Fraud detection mechanisms
- Customer-centric claims settlement practices

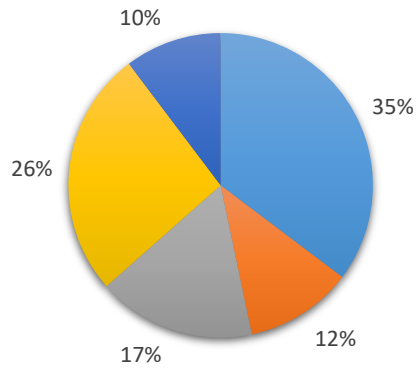
These measures have contributed to maintaining customer trust and improving operational efficiency.

- **Fire:** Gross premium increased to PKR 4.57 billion (2024: PKR 3.04 billion, ↑50%), with underwriting profit of PKR 333.54 million (2024: PKR 319.19 million, ↑4.5%).
- **Marine:** Gross premium rose to PKR 1.48 billion (2024: PKR 1.15 billion, ↑29%), with underwriting profit of PKR 241.48 million (2024: PKR 87.06 million, ↑177%).
- **Motor:** Gross premium grew to PKR 2.17 billion (2024: PKR 1.34 billion, ↑62%), with underwriting profit of PKR 197.88 million (2024: PKR 81 million, ↑144%).
- **Engineering:** Gross premium increased to PKR 3.40 billion (2024: PKR 1.80 billion, ↑89%), with underwriting profit of PKR 326.50 million (2024: PKR 93 million, ↑251%).
- **Miscellaneous:** Gross premium increased to PKR 1.33 billion (2024: PKR 1.15 billion, ↑15%), with underwriting profit of PKR 24.87 million (2024: PKR 16.81 million, ↑48%).

| Segment       | Gross Premium 2025 (Bn) | Gross Premium 2024 (Bn) | Underwriting Profit 2025 (Mn) | Underwriting Profit 2024 (Mn) |
|---------------|-------------------------|-------------------------|-------------------------------|-------------------------------|
| Fire          | 4.569                   | 3.044                   | 333.54                        | 319.19                        |
| Marine        | 1.479                   | 1.146                   | 241.48                        | 87.06                         |
| Motor         | 2.17                    | 1.336                   | 197.88                        | 81                            |
| Engineering   | 3.397                   | 1.802                   | 326.5                         | 93                            |
| Miscellaneous | 1.332                   | 1.154                   | 24.87                         | 16.8                          |

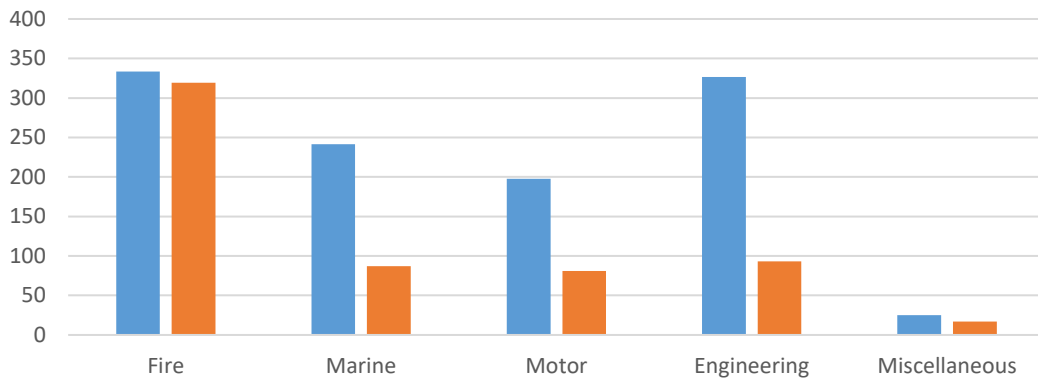


### Gross Premium



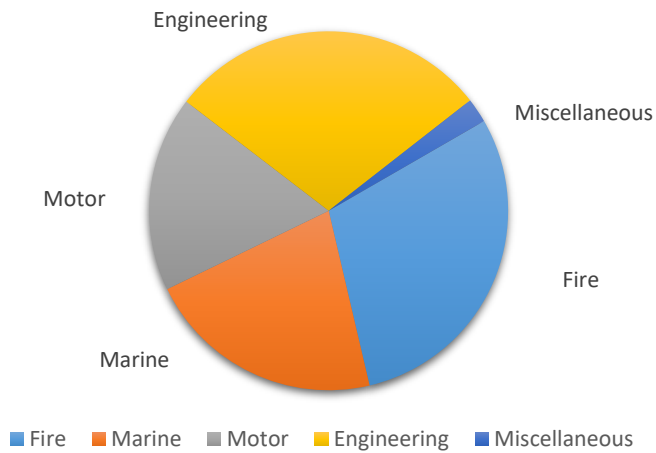
■ Fire ■ Marine ■ Motor ■ Engineering ■ Miscellaneous

### Underwriting Profit



■ Underwriting Profit 2025 (Mn) ■ Underwriting Profit 2024 (Mn)

### Underwriting Profit



■ Fire ■ Marine ■ Motor ■ Engineering ■ Miscellaneous

### **Window Takaful Operation**

The company wrote total takaful contribution of PKR 1.188 Billion as against PKR 805 million in the previous year. The growth over 2024 in takaful operations is 48% with a profit of PKR 21.534 million. Individual contribution of businesses is also appended in business heads as disclosed above.

The Company's Window Takaful Operations continued to demonstrate steady growth and contributed positively to overall profitability.

### **Participants' Takaful Fund (PTF)**

Net underwriting income reached **PKR 398.66 million**. The surplus transferred to accumulated surplus amounted to **PKR 21.72 million**, reflecting stable performance.

### **Operator's Fund**

The Operator's Fund generated wakala fee income of **PKR 378.36 million** and achieved profit after tax of **PKR 94.66 million**. The segment continues to support diversification of revenue streams and expansion into Shariah-compliant business.

### **Industry Overview & Economic Environment**

The insurance industry in Pakistan continues to operate in a challenging environment characterized by low penetration levels, increasing competition, and evolving regulatory requirements.

Despite these challenges, the sector continues to offer growth opportunities driven by increasing awareness, regulatory reforms, and digital transformation initiatives. The Company remains well-positioned to capitalize on these opportunities through its diversified product portfolio and strong operational capabilities.

### **Credit Rating**

We are pleased to inform our stakeholders that on October 10, 2025 Pakistan Credit Rating Agency (PACRA) upgraded our IFS Rating to 'AA+' with stable outlook in their latest annual review. This decision reflects the rating agency's confidence in our stability, reliability, and growth potential.

### **Reinsurance Arrangements**

In keeping with global insurance industry standards, we have maintained robust reinsurance coverage from around the world that includes Europe, the UK, Africa, the Middle East, China, and Southeast Asia. Our credibility and dependability as a reliable financial security are further demonstrated by the variety and strength of our reinsurance partners. This practice has significantly bolstered our operations, giving us the financial strength to underwrite a sizable share in policies for even the largest corporate clients with their complete satisfaction.

### **Capital, Solvency, and Shareholders' Fund**

The Company continues to maintain a strong capital position and remains compliant with all regulatory capital requirements.

The paid-up capital stands at **PKR 2.81 billion**, and the solvency position remains well above the minimum regulatory threshold. The Company's capital management strategy is focused on supporting business growth while maintaining financial stability and resilience.

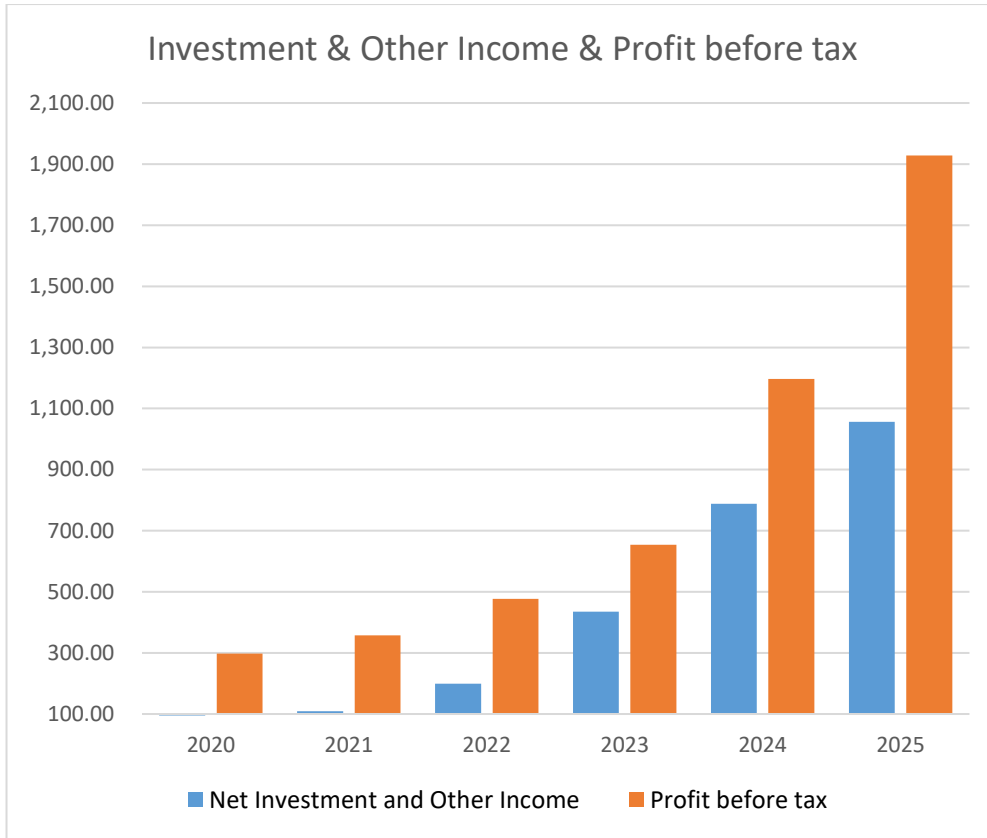
### **Investment Performance**

The Company's investment portfolio is managed in accordance with approved investment policies and regulatory guidelines.

Investment income increased to **PKR 1.04 billion**, reflecting improved market conditions and effective portfolio management. The portfolio is primarily composed of government securities, fixed income instruments, and selected equity investments.

The investment strategy focuses on:

- Capital preservation
- Liquidity management
- Risk-adjusted returns



### **Earnings Per Share**

Profit after tax as compared to last year has significantly increased to **PKR 1,449.45 million**. This resulted in improved EPS of **PKR 5.15** as compared to last year's restated EPS of PKR 3.46.

### **Analysis of Performance Against Prior Forecasts**

By the grace of Almighty Allah your company achieved the financial targets for 2025 maintaining its position in the industry. The Company believes that its strength lies in customer trust and satisfaction. We have been in the industry for the last 43 years and we believe that our existence is based on the quality of service, customer satisfaction and employees' motivation being the key areas where management has always taken necessary measures for improvement. Throughout the years we have provided training to our employees both in-house and through institutions including Pakistan Reinsurance Company United National Development Program to enhance and improve relevant skills. We believe this leads to greater customer satisfaction and increased trust.

## **Prospects in 2026**

Our results indicate strong performance in support of management's objectives of maximizing customer satisfaction, improving underwriting results, and controlling overhead expenses to increase the profitability and shareholders' equity.

Management has devised the strategy for the year 2026 to deliver sustainable and profitable growth under the dynamic and competitive environment. We have earned gross premium of PKR 12.95 Billion in 2025 and we are confident in our ability to maintain a similar growth pattern in 2026.

The company aims to enhance Information Technology resources to get the best possible support from the systems and processes to further improve our services to customers.

## **Board Committees**

Your Company maintains following Board committees:

### **Audit Committee**

The Board of Directors are responsible for effective implementation of sound internal control systems including compliance with control procedures. The Audit Committee is assisted by the Internal Auditor in reviewing the adequacy of operational controls and in monitoring and managing risks so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively in the Company and to add value and improve the Company's operations by providing independent and objective assurance. The principal responsibility of the Internal Auditors is to conduct periodic audits to ensure adequacy in operational controls, consistency in the application of policies and procedures, and compliance with laws and regulations.

### **Investment Committee**

The investment portfolio of your company is actively monitored under the supervision of qualified staff. Keeping in view the duration of liabilities, your company's investment philosophy is based on strong cash generation, backed by prudent investment of surplus funds with due consideration of timely payment of claims as they arise. The Company has a Board-level investment committee that meets on a monthly basis to review the investment portfolio. The committee is also responsible for monitoring the investment policy for the Company.

### **Ethics, Human Resource and Remuneration Committee**

The Board has formed the Ethics, Human Resource and Remuneration Committee, which is responsible for recommending introductions and changes to the human resource management policies of the Company as well as the selection, evaluation and compensation of key officers of the Company.

### **Management Committees**

As part of the Corporate Governance, your Company maintains the following four Management committees which meet at least once every quarter:

#### **Underwriting Committee**

The underwriting committee formulates the underwriting policy of your Company. It sets out the criteria for assessing various types of insurance risks and determines the premium policy of different insurance covers. The committee regularly reviews the underwriting and premium policies of the Company with due regard to accumulation of risk on the basis of region & business sectors and other relevant factors.

#### **Claims Settlement Committee**

This committee devises the claims settling policy of the Company. It oversees the claims position of the Company and ensures that adequate claims reserves are maintained. Particular attention is paid to significant claims cases or events which give rise to a series of claims. The claims settlement committee determines the circumstances under which disputed claims are to be brought to its attention and decides how to deal with such disputes. It also oversees the implementation of the measures for combating fraudulent claims cases. The Committee also oversees the newly established Grievance Functions of the Company.

#### **Reinsurance and Coinsurance Committee**

This committee ensures that adequate reinsurance arrangements are made for the company's underwriting activities. It assesses the proposed reinsurance arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating reinsurers, makes appropriate adjustments to those arrangements in light of market developments. It also assesses the effectiveness of the reinsurance program for future reference.

#### **Risk Management and Compliance Committee**

The risk management and compliance committee shall oversee the activities of the risk management function of the Company and make appropriate recommendations to the Board to mitigate probable risks falling within the purview of the risk management function.

### **Risk Management and Internal Controls**

The Company has implemented a comprehensive enterprise risk management framework designed to identify, assess, and mitigate risks across all areas of operations.

Key risk categories include:

- Insurance risk
- Credit risk
- Liquidity risk
- Market risk
- Operational risk

The principal risks faced by the company are as follows:

### **Economic and Political Risk**

Economic and political stability are critical for successful business operations, and historically, our country could not maintain a stability. However, while some progress toward stability has been achieved during the current year, the prevailing political and economic conditions continue to pose challenges, making it difficult to fully achieve business targets. In response to these uncertainties, your company remains committed to maintaining robust underwriting practices to effectively manage and mitigate associated risks.

### **Insurance Risk**

The risk under an insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. The primary risk control measure in respect of the insurance risk is the transfer of the risks to third parties via reinsurance.

### **Credit Risk**

Credit risk is where the company fails to recover from its debtors. The company manages this risk by careful underwriting, knowing the customer and their financial strength and also through vigilantly monitoring its credit exposure.

### **Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it maintains a predetermined level of cash and cash equivalents to ensure sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

### **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages this risk by maintaining an appropriate level of hedging investments and regularly monitoring change in interest rates where it has exposure.

### **Emerging Risks**

The Company is actively monitoring emerging risks, including:

- Climate change and catastrophic events
- Cybersecurity threats and data protection risks
- Regulatory and compliance developments
- Market competition

The internal control system is robust and ensures reliability of financial reporting and compliance with applicable laws and regulations.

### **Digital Transformation & IT Governance**

The Company continues to invest in digital transformation initiatives to enhance operational efficiency and customer experience.

Key initiatives include:

- Automation of underwriting and claims processes
- Strengthening cybersecurity frameworks
- Upgrading IT infrastructure

The Board provides oversight of IT governance to ensure alignment with strategic objectives and risk management practices.

### **Environmental, Social & Governance (ESG)**

EWI is committed to sustainable business practices and responsible corporate behavior.

#### **Corporate Responsibility**

While the insurance industry may not be able to prevent nature's potential threats, we are in a good position to educate and support clients in managing and adapting to climate risks.

Insurers' risk management skills will be crucial in helping society cope with the increasing frequency and severity of extreme events. Emerging climate risks also offer insurers an opportunity to teach policyholders about loss control and prevention.

As a trusted voice on risk issues, we are able to speak with authority to policymakers and provide an opportunity to develop creative products and services to minimize the causes and effects of climate change. Our sustainability vision is to focus on advocating for climate change adaptation and mitigation, and working with our clients to deal with emerging risks.

#### **Energy Conservation and Environmental Impact**

Every year, we perform an in-house Energy Conservation Audit. In this way, we keep a close watch over our energy conservation. All electrical items used in our offices are energy-friendly. All air conditioning units are inverters and lighting systems are based on LED bulbs which are switched off during Lunch break. Employees are encouraged to communicate through emails instead of physical letters in order to reduce paper consumption through printing and reuse paper where possible in order to reduce the environmental impact.

#### **Relationships with Stakeholders**

We strive to maintain a very positive and practical approach towards relations with various stakeholders particularly with regulatory authorities i.e. Securities and Exchange Commission of Pakistan (SECP), Federal Board of Revenue (FBR), State Bank of Pakistan (SBP), other Insurance Companies, the Reinsurers, and The Insurance Association of Pakistan (IAP).

The Company Secretary is responsible for implementing and adhering to all the applicable laws, regulations and conventions in order to keep the organization at its highest professional standards.

### **Know Your Customers (KYC)**

The Company maintains a comprehensive customer database in compliance with the regulatory requirements prescribed by the Securities and Exchange Commission of Pakistan. To ensure vigilant underwriting and adherence to Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) requirements, the Company screens its customers against proscribed persons lists issued by relevant authorities, including National Counter Terrorism Authority and international sanctions databases such as Office of Foreign Assets Control.

During the year, the Company further strengthened its compliance framework by implementing **automated customer screening services** through an arrangement with First Paramount Modaraba for AML/CFT screening facility services. This automation has enhanced the efficiency, accuracy, and timeliness of screening processes, enabling real-time monitoring and improved risk identification.

These measures enable the Company to maintain robust due diligence standards, strengthen its risk management framework, and ensure full compliance with applicable regulatory requirements.

### **Employment of Special Persons**

The Company is an equal opportunity employer, irrespective of gender and physical disabilities.

### **Occupational Safety and Health**

Fire extinguishers have been installed at various points within the working premises. Further, the Company has first-aid medical facilities in the Head Office & branches. Health insurance covering hospitalization is provided to employees by the company with coverage through reputed hospitals in the country.

### **Sports Activities**

The Company encourages employees to participate in sports and arrange matches of cricket, football and hockey. Besides sports the company also allows employees to arrange picnics at various places in Karachi and other parts of the country.

### **Business Ethics and Anti-Corruption Measures**

The Board has adopted the Statement of Ethics and Business Practices. All employees are informed and are required to observe rules of conduct in relation to business and regulations. Our Statement of Ethics and Business Practices is based on integrity, dignity, culture of excellence and ethical dealing with clients, peers and the public.

### **Relationship with other Stakeholders**

Your Company continues to maintain good relationship with:

- Its employees by providing good working environment;
- Its clients through building trust and providing quality service;
- Its competitors in fair market practices;
- The business community through honest and fair dealing;
- The government through promoting free enterprise along with competitive market system and complying with applicable laws; and
- The society in general through providing safe and healthy workplace and provide employees the opportunity to improve their skills.



e) The system of internal control is sound in design and has been effectively implemented and monitored.

f) There are no significant doubts upon the Company's ability to continue as a going concern.

g) There is no material departure from the best practices of corporate governance, as detailed in the listing regulations; and

h) There are adequate Internal Financial Controls in place in the Company.

i) The key operating and financial data for the last six years is annexed.

j) The value of investments of provident fund based on their un-audited accounts as of December 31, 2025 was approximately PKR 88.55 million.

k) The statement of the pattern of shareholding of the Company as at 31 December, 2025 is included in the Report.

l) The total number of directors in the Board are nine (9) among which one is female director. Out of nine directors there are four independent directors, three non-executive directors and three Executive directors.

m) Non-executive directors and independent directors are paid meeting fee approved by the Board in accordance with the provisions of the articles. All other features of directors' remuneration are approved by the Board and set in the Directors' Remuneration Policy.

**Other Information Under Section 227 of the Companies Act 2017 & Code of Corporate Governance for Insurers, 2016**

The other information required under section 227 of the Companies Act, 2017 is disclosed under Pattern of Shareholding (including trading in the shares of the Company by its Directors and Executives), Internal Controls Framework, Financial Position and Performance, Risk and Opportunities and Sustainability sections of this Report.

| Board / Sub-committee Members / Secretary | Board                 | Audit | Ethics, HR & Remuneration | Investment |
|---|-----------------------|-------|---------------------------|------------|
|   | Committees Attendance |       |                           |            |
|   | 4                     | 4     | 1                         | 12         |
| Mr. Naved Yunus                           | 4                     |       |                           | 12         |
| Mr. Javed Yunus                           | 4                     |       |                           |            |
| Mr. Pervez Yunus                          | 4                     |       |                           |            |
| Mr. Umeed Ansari                          | 4                     | 4     | 1                         | 12         |
| Mr. Ahsan Mehmood Alvi                    | 4                     | 4     | 1                         | 12         |
| Mr. Saad Yunus                            | 4                     | 1     |                           | 12         |
| Mr. Rizwan Ali Dodani                     | 4                     |       |                           |            |
| Mrs. Uruj Yunus Ansari                    | 4                     |       | 1                         |            |
| Mr. Shahzad Farooq Lodhi                  | 4                     | 4     |                           |            |
| Mr. Aman Shah                             | 4                     | 3     |                           |            |
| Mr. Shabbir Ali Kanchwala                 | 4                     | 4     |                           | 12         |

|                    |   |   |   |    |
|--------------------|---|---|---|----|
| Mr. Johry Lal      |   | 4 |   |    |
| Mr. Tanveer Iqbal  | 4 | 4 |   | 12 |
| Mr. Saeed Ahmed    |   |   |   | 12 |
| Mr. Brendan D'Lima |   |   | 1 |    |

### **Insurance Ordinance, 2000**

As required under the Insurance Ordinance, 2000 and rules framed there under, the Directors confirm that:

- In their opinion and to the best of their belief the annual statutory accounts of the Company set out in the form attached with this statement have been drawn up in accordance with the Insurance Ordinance and any rules made thereunder;
- The Company has at all times in the year complied with the provisions of the Ordinance and rules made thereunder relating to the paid-up capital, solvency and reinsurance arrangements; and
- as at the date of the statement, the Company continues to be in compliance with the provisions of the Ordinance and rules framed there under as mentioned above.

### **Auditors**

The existing auditors, **M/s Crowe Hussain Chaudhury & Co., Chartered Accountants**, retire upon completion of their term of five consecutive years and are **not eligible for reappointment** in accordance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Code of Corporate Governance for Insurers, 2016.

The Board of Directors, on the recommendation of the Audit Committee, has proposed the appointment of **M/s BDO Ebrahim & Co., Chartered Accountants**, as statutory auditors of the Company for the financial year ending December 31, 2026, subject to approval by the shareholders at the forthcoming Annual General Meeting.

M/s BDO Ebrahim & Co., Chartered Accountants have conveyed their consent to act as auditors of the Company and meet the eligibility criteria as prescribed under applicable laws and regulations. The proposed auditors hold a satisfactory rating under the Quality Control Review (QCR) program of the Institute of Chartered Accountants of Pakistan.

The Board places on record its appreciation for the professional services rendered by the retiring auditors during their tenure.

## **APPRECIATION AND ACKNOWLEDGEMENT**

We thank our valued clients and shareholders for their continued confidence which enabled us to progressively increase our market penetration in order to generate sizable premium revenue. We also thank our reinsurers and brokers for the valuable support in performing our responsibilities.

We would also like to record our appreciation for the cooperation and professional support by the Insurance Division of the Securities & Exchange Commission of Pakistan. Finally, we also acknowledge the hard work and dedication of our marketing teams, officers, and staff members for achieving the desired goals and objectives of the company and look forward to their continued support in the year 2026.

For and on behalf of the Board of Directors.



Director



Chief Executive Officer

**Karachi Dated: April 3, 2026**

EAST WEST INSURANCE COMPANY  
LIMITED

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2025

**INDEPENDENT AUDITORS' REPORT**  
**To the Members of East West Insurance Company Limited**  
**Report on the Audit of the Financial Statements**

**Opinion**

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit or loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31 2025 and of the profit, the 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

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| S. No | Key Audit Matter   | How the matter was addressed in our audit   |
|-------|--|---|
| 01    | <p><b>Revenue Recognition</b></p> <p>Refer note 5.2 and 26 to the annexed financial statements.</p> <p>The Company revenue primarily based on premiums from insurance policies which comprises 87% of total income.</p> <p>We have identified revenue recognition from premium income as a key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not be recognized in the appropriate period.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding, evaluated the design and tested the controls over the process of policy writing, processing and recording of premium income;</li> <li>• Assessed the appropriateness of the Company's accounting policy for recording of premiums in line with requirements of applicable accounting and reporting standards;</li> <li>• Traced the premium recorded on sample basis from the underlying policies issued to insurance contract holders and applying substantive analytical procedures to corroborate with economic environment and usual policy-writing patterns;</li> <li>• Tested the policies on sample basis where premium was recorded close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate accounting period;</li> <li>• Recalculated the unearned portion of the premium income and ensured that amount has been recorded as provision for unearned premium in liabilities.</li> <li>• Consider the adequacy of disclosures as per 'Insurance Rules 2017'.</li> </ul> |
| S. No | Key Audit Matter   | How the matter was addressed in our audit   |
| 02    | <p><b>Valuation of outstanding claims including claims incurred but not reported (IBNR)</b></p> <p>Refer note 5.3.1 and 27 to the annexed financial statements</p> <p>The Company's claim liabilities represent 27% of its total liabilities. Valuation of these claim liabilities involves significant management judgment regarding uncertainty in the estimation of claims</p>  | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of information related to the claims;</li> <li>• Inspected significant arrangements with reinsurer to obtain an understanding of contracts terms and assessed that</li> </ul>  |

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payments and assessment of frequency and severity of claims. Claim liabilities are recognized on intimation of the insured event based on management judgment and estimation.

We have identified the valuation of claim liabilities as key audit matter because estimation of claim liabilities involves a significant degree of estimation.

recoveries from reinsurance on account of claims reported has been accounted for based on terms and conditions;

- Assessed the appropriateness of the Company's accounting policy for recording of claims in line with requirements of applicable accounting and reporting standards;
- Tested claims transactions on sample basis with underlying documentations to evaluate that whether the claims reported during the year are recorded in accordance with the requirements of the Company's policy and insurance regulations;
- Assessed the sufficiency of reserving of claim liabilities, by testing calculations on the relevant data including recoveries from reinsurers based on their respective arrangements;
- Involved an external actuarial specialist to assist us in evaluation of general principles, actuarial assumptions and methods adopted for actuarial valuations by the actuary of the Company for identification of IBNR;
- Assessed of competence, capability and objectivity of management's expert;
- Assessed the adequacy and completeness of data provided by the Company to its actuary and checked the input used.;
- Tested specific claims transactions on sample basis recorded close to year end and subsequent to year end with underlying documentation to assess whether claims had been recognized in the appropriate accounting period; and
- Considered the adequacy of Company's disclosures about the estimates used and the sensitivity to key assumptions.

| S. No | Key Audit Matter  | How the matter was addressed in our audit   |
|-------|---|---|
| 03    | <p><b>Valuation of Investments</b></p> <p><b>Refer note 5.8, 10, 11 and 12 to the financial statements</b></p> <p>As at December 31, 2025, the Company has investments classified as 'At amortized cost' 'Available for sale' and "At fair value through profit or loss' amounting to Rs 10.380 million which in aggregate represent 58% of the total assets of the Company.</p> <p>We identified the valuation of investments as a key audit matter because their significance in relation to the total assets of the Company and judgement involved in valuation.</p> | <p>Our audit procedures include the following:</p> <ul style="list-style-type: none"> <li>- Assessing the design and tested the operating effectiveness of the key controls in place relating to valuation of investments including approval process.</li> <li>- Checking on a sample basis, the valuation of investments to support documents, externally quoted market prices and break-up values, and</li> <li>- Evaluating the management's assessment related to classification of investments and performed independent assessment on those classification.</li> <li>- Obtained independent confirmations for verifying the existence of the investment portfolio as at December 31, 2025 and reconciled it with the books and record of the Company.</li> <li>- Performing recalculation by using the data and inputs used in the valuation to assess the accuracy of carrying value of investments at the reporting date.</li> <li>- Assessing the appropriateness of the accounting policy adopted by the Company for compliance with the requirements of applicable financial reporting framework.</li> </ul> |

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

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended December 31, 2025 but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

*etc*

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Board of Directors for the Financial Statements**

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

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

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

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

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

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

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

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

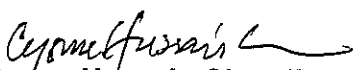
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

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

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

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

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

**Place: Karachi**

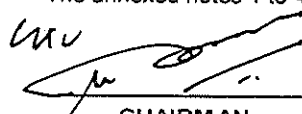
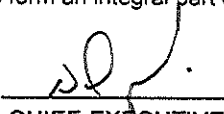
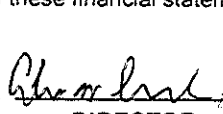
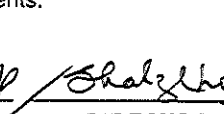
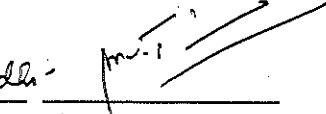
**Date: April 08, 2026**

**UDIN: AR202510207ivFNY1oBg**

**EAST WEST INSURANCE COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2025**  
**(Expressed in Rupees)**

|   | Note | 31 December<br>2025   | 31 December<br>2024<br>(Restated) | 01 January<br>2024<br>(Restated) |
|---|------|-----------------------|-----------------------------------|----------------------------------|
| <b>ASSETS</b>   |      |                       |                                   |                                  |
| Property and equipment  | 6    | 285,087,808           | 204,381,300                       | 168,190,006                      |
| Right of use assets   | 7    | 24,508,504            | 30,714,482                        | 34,600,805                       |
| Intangible assets   | 8    | 762,875               | 787,678                           | 823,112                          |
| Investment properties   | 9    | 41,306,311            | 43,480,327                        | 45,768,765                       |
| Investments   |      |                       |                                   |                                  |
| Equity securities   | 10   | 4,781,893,326         | 3,273,382,047                     | 2,402,112,393                    |
| Debt securities   | 11   | 4,566,610,333         | 2,033,020,296                     | 708,378,427                      |
| Term deposit receipts   | 12   | 1,019,750,552         | 192,822,071                       | 250,908,674                      |
|   |      | 10,368,254,211        | 5,499,224,414                     | 3,361,399,494                    |
| Loans and other receivables   | 13   | 258,443,040           | 89,412,131                        | 119,150,985                      |
| Insurance / reinsurance receivables   | 14   | 917,872,641           | 1,238,391,691                     | 1,124,439,672                    |
| Re-insurance recoveries against<br>outstanding claims                         | 27   | 1,297,496,276         | 1,094,761,982                     | 906,444,387                      |
| Deferred commission expense   | 28   | 494,278,433           | 547,715,472                       | 322,829,742                      |
| Deferred tax assets   |      | -                     | -                                 | 22,024,105                       |
| Prepayments   | 15   | 1,225,022,672         | 584,443,464                       | 904,199,506                      |
| Cash and bank   | 16   | 1,337,414,765         | 102,233,412                       | 88,029,986                       |
|   |      | 16,250,447,536        | 9,435,546,353                     | 7,097,900,565                    |
| Total assets of window general takaful<br>operations (restated)               | 17   | 1,668,288,677         | 1,126,147,271                     | 905,628,865                      |
| <b>TOTAL ASSETS</b>   |      | <b>17,918,736,213</b> | <b>10,561,693,624</b>             | <b>8,003,529,430</b>             |
| <b>EQUITY AND LIABILITIES</b>   |      |                       |                                   |                                  |
| Capital and reserves attributable to<br>Company's equity holders              |      |                       |                                   |                                  |
| Ordinary share capital  | 18   | 2,814,657,940         | 2,558,779,950                     | 1,758,913,880                    |
| Reserves  |      | 2,118,242,657         | 1,130,661,389                     | 1,091,541,933                    |
| Unappropriated profit   |      | 1,225,386,217         | 981,814,058                       | 211,236,086                      |
| Share application money   |      | -                     | -                                 | 263,837,080                      |
| <b>TOTAL EQUITY</b>   |      | <b>6,158,286,814</b>  | <b>4,671,255,397</b>              | <b>3,325,528,979</b>             |
| <b>LIABILITIES</b>  |      |                       |                                   |                                  |
| Underwriting provisions   |      |                       |                                   |                                  |
| Outstanding claims including IBNR   | 27   | 2,801,214,657         | 1,566,267,133                     | 1,281,908,861                    |
| Unearned premium reserves   | 26   | 3,688,893,033         | 2,014,906,473                     | 1,455,648,347                    |
| Unearned reinsurance commission   | 28   | 254,051,177           | 148,806,713                       | 257,690,967                      |
|   |      | 6,744,158,867         | 3,729,980,319                     | 2,995,248,175                    |
| Retirement benefit obligations  |      | 2,906,446             | 2,701,418                         | 1,888,734                        |
| Premium received in advance   |      | 819,365,374           | 388,914                           | 1,095,857                        |
| Deposits and other payable  | 19   | 1,213,714,610         | 417,805,153                       | 567,677,065                      |
| Lease liability against right of use asset                                    | 20   | 32,997,626            | 40,585,104                        | 41,081,855                       |
| Insurance / reinsurance payables  | 21   | 591,919,894           | 252,961,131                       | 79,214,380                       |
| Other creditors and accruals  | 22   | 387,022,826           | 334,556,731                       | 207,788,909                      |
| Deferred tax liabilities  | 23   | 134,280,722           | 38,524,189                        | -                                |
| Taxation - net  | 24   | 454,611,471           | 187,846,229                       | 115,088,486                      |
| <b>TOTAL LIABILITIES</b>  |      | <b>10,380,977,836</b> | <b>5,005,349,188</b>              | <b>4,009,083,461</b>             |
| Total liabilities and fund of window general<br>takaful operations (restated) | 17   | 1,379,471,563         | 885,089,039                       | 668,916,990                      |
| Contingencies and commitments   | 25   | -                     | -                                 | -                                |
| <b>TOTAL EQUITY AND LIABILITIES</b>   |      | <b>17,918,736,213</b> | <b>10,561,693,624</b>             | <b>8,003,529,430</b>             |

The annexed notes 1 to 48 form an integral part of these financial statements.

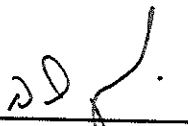
**CHAIRMAN**      **CHIEF EXECUTIVE OFFICER**      **DIRECTOR**      **DIRECTOR**      **CHIEF FINANCIAL OFFICER**

**EAST WEST INSURANCE COMPANY LIMITED**  
**STATEMENT OF PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
**(Expressed in Rupees)**

|   | Note | 2025            | 2024<br>(Restated) |
|---|------|-----------------|--------------------|
| Net insurance premium   | 26   | 7,286,215,184   | 4,304,030,197      |
| Net insurance claims  | 27   | (3,277,504,317) | (1,944,769,311)    |
| Net commission expense  | 28   | (1,598,758,674) | (821,573,635)      |
| Insurance claims and other acquisition expenses                         |      | (4,876,262,991) | (2,766,342,946)    |
| Management expenses   | 29   | (1,307,203,514) | (953,669,608)      |
| Underwriting results  |      | 1,102,748,679   | 584,017,643        |
| Investment income   | 30   | 1,015,557,290   | 752,561,238        |
| Other income  | 31   | 40,633,512      | 35,687,142         |
| Other expenses  | 32   | (356,832,288)   | (276,249,633)      |
| Results of operating activities   |      | 1,802,107,193   | 1,096,016,390      |
| Finance cost  | 33   | (6,393,965)     | (7,250,762)        |
| Profit before taxation from window takaful operations - Operator's Fund |      | 132,668,878     | 108,042,544        |
| Profit before tax   |      | 1,928,382,106   | 1,196,808,172      |
| Income tax expense  | 34   | (478,931,957)   | (223,955,110)      |
| Profit after tax  |      | 1,449,450,149   | 972,853,062        |
| Earnings per share - basic and diluted - (restated)                     | 35   | 5.15            | 3.46               |

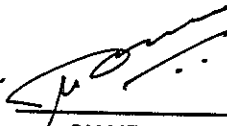
The annexed notes 1 to 48 form an integral part of these financial statements.


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 CHIEF EXECUTIVE  
 OFFICER

  
 DIRECTOR

  
 DIRECTOR

  
 CHAIRMAN






  
 CHIEF FINANCIAL  
 OFFICER

**EAST WEST INSURANCE COMPANY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
**(Expressed in Rupees)**

|   | 2025                 | 2024                 |
|---|----------------------|----------------------|
| Profit after tax  | 1,449,450,149        | 972,853,062          |
| Other comprehensive income / (loss)   |                      |                      |
| Items that may be reclassified subsequently to profit or loss account   |                      |                      |
| Unrealized loss on available for sale investments - net of deferred tax   | -                    | (3,054,117)          |
| Reclassification adjustment for net loss on sale of available-for-sale investments included in the profit and loss account - net of tax | 37,581,268           | 42,173,573           |
|   | <u>37,581,268</u>    | <u>39,119,456</u>    |
| Total comprehensive income for the year   | <u>1,487,031,417</u> | <u>1,011,972,518</u> |

The annexed notes 1 to 48 form an integral part of these financial statements.

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|   |   |   |  |   |
|---|---|---|--|---|
|  |  |  |  |  |
| CHAIRMAN  | CHIEF EXECUTIVE<br>OFFICER  | DIRECTOR  | DIRECTOR   | CHIEF FINANCIAL<br>OFFICER  |

**EAST WEST INSURANCE COMPANY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
 (Expressed in Rupees)

|   | Share capital | Reserves                               |                 |  | Unappropriated profit | Share Application money | Total         |
|---|---------------|--|-----------------|--|-----------------------|-------------------------|---------------|
|   |               | Issued, subscribed and paid-up capital | General reserve | Unrealized loss on revaluation of investments available for sale |                       |                         |               |
| Balance as at January 1, 2024                                       | 1,758,913,880 | 1,170,000,000                          | (78,458,067)    | 1,091,541,933  | 211,236,086           | 263,837,080             | 3,325,528,979 |
| Total comprehensive income for the year                             |               |  |                 |  |                       |                         |               |
| Profit after taxation   | -             | -                                      | 39,119,456      | 39,119,456   | -                     | -                       | 972,853,062   |
| Other comprehensive income  | -             | -                                      | 39,119,456      | 39,119,456   | 972,853,062           | -                       | 1,011,972,518 |
| Issue of other than right shares                                    | 263,837,080   | -                                      | -               | -  | -                     | (263,837,080)           | -             |
| Issue of bonus shares<br>( 1 bonus shares for every 10 shares held) | 202,275,090   | -                                      | -               | -  | -                     | (202,275,090)           | -             |
| Issue of Right shares<br>( 3 right shares for every 20 shares held) | 333,753,900   | -                                      | -               | -  | -                     | -                       | 333,753,900   |
| Balance as at December 31, 2024                                     | 2,558,779,950 | 1,170,000,000                          | (39,338,611)    | 1,130,661,389  | 981,814,058           | -                       | 4,671,255,397 |
| Total comprehensive Income for the year                             |               |  |                 |  |                       |                         |               |
| Profit after taxation   | -             | -                                      | 37,581,268      | 37,581,268   | -                     | -                       | 1,449,450,149 |
| Other comprehensive Income  | -             | -                                      | 37,581,268      | 37,581,268   | 1,449,450,149         | -                       | 1,487,031,417 |
| Issue of bonus shares<br>( 1 bonus shares for every 10 shares held) | 255,877,990   | -                                      | -               | -  | -                     | (255,877,990)           | -             |
| Transfer to general reserve   |               | 950,000,000                            | -               | 950,000,000  | (950,000,000)         | -                       | -             |
| Balance as at December 31, 2025                                     | 2,814,657,940 | 2,120,000,000                          | (1,757,343)     | 2,118,242,657  | 1,225,386,217         | -                       | 6,158,286,814 |

The annexed notes 1 to 48 form an integral part of these financial statements.

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|   |  |   |   |  |
|---|--|---|---|--|
| <br>CHAIRMAN | <br>CHIEF EXECUTIVE OFFICER | <br>DIRECTOR | <br>DIRECTOR | <br>CHIEF FINANCIAL OFFICER |
|---|--|---|---|--|

**EAST WEST INSURANCE COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
**(Expressed in Rupees)**

|   | <b>2025</b>            | <b>2024</b>            |
|---|------------------------|------------------------|
| <b>OPERATING CASH FLOWS</b>                                       |                        |                        |
| <b>a) Underwriting activities</b>                                 |                        |                        |
| Insurance Premium received  | 12,728,741,686         | 7,684,630,654          |
| Reinsurance premium ceded   | (2,929,478,351)        | (2,442,451,995)        |
| Claims paid   | (3,608,302,453)        | (3,521,148,215)        |
| Reinsurance and other recoveries received                         | 1,363,011,366          | 1,672,419,581          |
| Commission paid   | (1,956,059,771)        | (1,705,909,097)        |
| Commission received   | 799,343,590            | 443,876,789            |
| Underwriting payments   | (1,431,021,356)        | (803,743,929)          |
| Net cash flow generated from underwriting activities              | <u>4,966,234,711</u>   | <u>1,327,673,788</u>   |
| <b>b) Other operating activities</b>                              |                        |                        |
| Income tax paid   | (116,410,181)          | (89,401,616)           |
| Management and administrative expenses paid                       | (270,797,525)          | (212,271,657)          |
| Other operating receipts / (payments)                             | 728,372,215            | 1,718,231              |
| Net cash flow generated from / used in other operating activities | <u>341,164,509</u>     | <u>(299,955,042)</u>   |
| Total cash flow generated from all operating activities           | <u>5,307,399,220</u>   | <u>1,027,718,746</u>   |
| <b>INVESTMENT ACTIVITIES</b>                                      |                        |                        |
| Investment income received  | 441,688,184            | 196,633,678            |
| Dividend received   | 24,375,364             | 207,023,983            |
| Other income received   | 30,850,792             | 30,494,322             |
| Payments for investments  | (5,606,301,434)        | (3,219,276,509)        |
| Proceeds from disposal of investment                              | 1,998,417,601          | 1,457,763,704          |
| Fixed capital expenditures  | (128,345,633)          | (76,990,149)           |
| Proceeds from disposal of fixed assets                            | 8,900,000              | 10,160,000             |
| Total cash flow used in investing activities                      | <u>(3,230,415,126)</u> | <u>(1,394,190,971)</u> |
| <b>FINANCING ACTIVITIES</b>                                       |                        |                        |
| Loan received from director                                       | 1,500,000              | 6,100,000              |
| Lease rental paid   | (11,264,275)           | (11,264,275)           |
| Received right subscription money                                 | -                      | 333,753,900            |
| Payment against lease liabilities                                 | (5,109,984)            | (6,000,577)            |
| Total cash flow (used in) / generated from financing activities   | <u>(14,874,259)</u>    | <u>322,589,048</u>     |
| Net cash generated / (used) in from all activities                | <u>2,062,109,835</u>   | <u>(43,883,177)</u>    |
| Cash and cash equivalents at beginning of the year                | 295,055,483            | 338,938,660            |
| Cash and cash equivalents at end of the year                      | <u>2,357,165,318</u>   | <u>295,055,483</u>     |

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 [Signature] [Signature] [Signature]

**EAST WEST INSURANCE COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
**(Expressed in Rupees)**

|  | Note  | 2025                 | 2024               |
|--|-------|----------------------|--------------------|
| <b>Reconciliation to profit and loss account</b> |       |                      |                    |
| Operating cash flows                             |       | 5,307,399,220        | 1,027,718,746      |
| Depreciation expense                             | 6 & 7 | (55,756,715)         | (45,505,057)       |
| Amortization expense                             | 32    | (24,803)             | (35,434)           |
| Profit on disposal of fixed assets               | 31    | 8,480,596            | 3,924,491          |
| Investment income                                | 30    | 462,929,970          | 217,200,995        |
| Dividend income                                  | 30    | 24,375,364           | 207,023,983        |
| Gain on investment securities                    | 30    | 531,723,545          | 330,701,970        |
| Other income                                     | 31    | 32,152,916           | 31,762,651         |
| Profit on takaful operations                     |       | 132,668,878          | 108,042,544        |
| Decrease in assets other than cash               |       | (6,833,717,399)      | (1,908,556,725)    |
| Increase in operating liabilities                |       | 1,839,218,579        | 1,000,574,898      |
| Profit after taxation                            |       | <u>1,449,450,149</u> | <u>972,853,062</u> |

**CASH AND CASH EQUIVALENTS**

Cash for the purpose of statement of cash flows consist of:

|                                    |                      |                    |
|------------------------------------|----------------------|--------------------|
| Cash and other equivalents         | 37,858               | 7,005              |
| Saving accounts                    | 1,337,376,907        | 102,226,407        |
| Deposits maturing within 12 months | 1,019,750,552        | 192,822,071        |
|                                    | <u>2,357,165,317</u> | <u>295,055,483</u> |

The annexed notes 1 to 48 form an integral part of these financial statements.

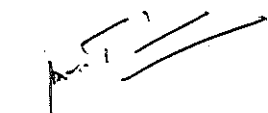
*CM*

  
 CHAIRMAN

  
 CHIEF EXECUTIVE  
 OFFICER

  
 DIRECTOR

  
 DIRECTOR

  
 CHIEF FINANCIAL  
 OFFICER

**1 LEGAL STATUS AND NATURE OF BUSINESS**

East West Insurance Company Limited (the Company) was incorporated as a public limited company in the year 1983 under the repealed Companies Act, 1913 (now Companies Act, 2017). The shares of the Company are quoted on the Pakistan Stock Exchange. The Company is engaged in the general insurance business comprising of fire and property, marine, aviation and transport, motor and miscellaneous etc. The Company was granted authorization on 16 April 2015 under Rule 6 of Takaful Rules, 2012 to undertake Window Takaful Operations (WTO) in respect of general takaful products by the Securities and Exchange Commission of Pakistan (SECP).

The registered office of the Company is situated at 27, Regal Plaza, Jinnah Road, Quetta. The principal place of business is situated at Sarwar Shaheed Road, Lakson Square Building No. 03, 4th, Floor Karachi. The Company operates through 3 (2024: 3) principal offices and 25 (2024: 25) branches in Pakistan.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

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

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

A separate set of financial statements of the Window Takaful Operations has been annexed to these financial statements as per the requirements of the Takaful Rules, 2012.

**2.2** Pursuant to SECP S.R.O. 311(I)/2025, the Company's WTO is below the 25% threshold; hence, consolidation under IFRS 10 and segment reporting under IFRS 8 are not applicable. In compliance with revised Regulation 6, total assets and liabilities of the PTF with OPF are presented as a single line item, with no residual Company interest in PTF surplus. The change has been applied retrospectively under IAS 8, the detailed disclosure is included in note 3.1.4.

**2.2 Functional and presentation currency**

The financial statements are prepared and presented in Pakistani Rupees, which is the Company's functional and presentation currency.

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

**3.1 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are effective in 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 01, 2025 but are considered not to be relevant or do not have any significant effect on the Company's operation and therefore not detailed in these financial statements.

**Standards, amendments or interpretations**

**Effective date  
(period beginning on or after)**

Lack of Exchangeability – The Effects of Changes in Foreign  
Exchange Rates (Amendments to IAS 21)

January 1, 2025

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**EAST WEST INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
**(Expressed in Rupees)**

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2026.

| <b>Standards, amendments or interpretations</b> | <b>Effective date<br/>(period beginning on or after)</b> |
|---|--|
|---|--|

|  |                  |
|--|------------------|
| Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments | January 01, 2026 |
|--|------------------|

|   |                 |
|---|-----------------|
| Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments | January 1, 2027 |
|---|-----------------|

|   |                  |
|---|------------------|
| Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs) | January 01, 2026 |
|---|------------------|

|  |                  |
|--|------------------|
| Amendments to IFRS 9 'Financial Instruments' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs) | January 01, 2027 |
|--|------------------|

|  |                  |
|--|------------------|
| IFRS 16 - Derecognition of lease liabilities | January 01, 2026 |
|--|------------------|

|   |                  |
|---|------------------|
| Amendments to the classification and measurement of financial instruments - Amendments to IFRS 09 financial instruments IFRS 07 | January 01, 2026 |
|---|------------------|

|                               |                 |
|-------------------------------|-----------------|
| IFRS 17 - Insurance Contracts | January 1, 2027 |
|-------------------------------|-----------------|

SECP vide its SRO 1336 dated July 23, 2025 directed the application of IFRS 17 for the period commencing from January 01, 2027.

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

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

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

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**EAST WEST INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
**(Expressed in Rupees)**

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

The amendments relating to "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" (Amendments to IFRS 10 and IAS 28) revise the accounting treatment for transactions involving loss of control of a business or assets and introduce guidance for less frequent transactions that involve neither cost nor a full step-up of certain retained interests in assets that do not constitute a business. The effective date of these amendments has been deferred indefinitely pending completion of a broader review; however, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

**3.1.1 IFRS 9 - Financial Instruments and Amendment to IFRS 4 'Insurance Contracts- Applying IFRS 9 with IFRS 4'**

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan through its S.R.O. 229 (I)/2019 and is effective for accounting period / year ending on or after June 30, 2019.

IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Amendment to IFRS 4 'Insurance Contracts- Applying IFRS 9 'Financial Instruments with IFRS 4 (effective for annual periods beginning on or after July 01, 2018). The amendment address issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'.

The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from July 01, 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

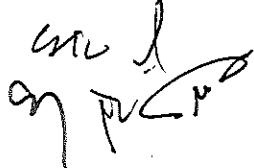
**Temporary Exemption from Application of IFRS 9**

As an insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Additional disclosures, as required by the IASB, for the financial assets with contractual cash flows that meet the 'Solely for Payment of Principal and Interest' (SPPI) criteria excluding those held for trading and for the financial assets that do not meet the SPPI criteria for being eligible to apply the temporary exemption from the application of IFRS 9.

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

The table 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



**EAST WEST INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
**(Expressed in Rupees)**

b) all other financial assets

| December 31, 2025                          |                           |                    |                           |
|--|---------------------------|--------------------|---------------------------|
| Fail the SPPI test                         |                           | Pass the SPPI test |                           |
| Fair value                                 | Change in unrealised gain | Fair value         | Change in unrealised gain |
| <b>Financial assets</b>                    |                           |                    |                           |
| <b>Investments</b>                         |                           |                    |                           |
| Equity securities *                        | 4,781,893,326             | 349,983,870        | -                         |
| Debt securities *                          | -                         | -                  | 4,566,610,333             |
| Term deposit receipts *                    | -                         | -                  | 1,019,750,552             |
| Loans and other receivable *               | -                         | -                  | 104,383,733               |
| Cash at bank *                             | 37,858                    | -                  | 1,337,376,907             |
| Window takaful operations- Operator's fund | -                         | -                  | 151,439                   |
|  | <b>4,781,931,184</b>      | <b>349,983,870</b> | <b>7,028,272,964</b>      |

\* The carrying amounts of these financial assets measured applying IAS 39 are a reasonable approximation of their fair value.

| December 31, 2024                          |                           |                    |                           |
|--|---------------------------|--------------------|---------------------------|
| Fail the SPPI test                         |                           | Pass the SPPI test |                           |
| Fair value                                 | Change in unrealised gain | Fair value         | Change in unrealised gain |
| <b>Financial assets</b>                    |                           |                    |                           |
| <b>Investments</b>                         |                           |                    |                           |
| Equity securities *                        | 3,273,382,047             | 197,998,140        | -                         |
| Debt securities *                          | -                         | -                  | 2,033,020,296             |
| Term deposit receipts *                    | -                         | -                  | 192,822,071               |
| Loans and other receivable *               | -                         | -                  | 71,524,284                |
| Cash at bank *                             | 7,005                     | -                  | 102,226,407               |
| Window takaful operations- Operator's fund | -                         | -                  | 107,799                   |
|  | <b>3,273,389,052</b>      | <b>197,998,140</b> | <b>4,792,141,428</b>      |

\* The carrying amounts of these financial assets measured applying IAS 39 are a reasonable approximation of their fair value.

**3.1.2 Impact of IFRS 3 – Business Combinations**

Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2021). The Board has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test.

**3.1.3** Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2021). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the Board has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

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**EAST WEST INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
**(Expressed in Rupees)**

**3.1.4 Change in accounting policy - Window Takaful Operations (OPF and PTF)**

The SECP, through S.R.O. 311(I)/2025 dated 03 March 2025, amended the General Takaful Accounting Regulations, 2019. The amendments require insurers whose Window Takaful Operations constitute 25% or more of total operations (based on gross contribution) to consolidate takaful and conventional results in the financial statements, with detailed notes and segment disclosures under IFRS 8.

The Company assessed its operations and concluded that its Window Takaful Operations are below the 25% threshold; therefore, these requirements are not applicable.

In line with the revised Regulation 6, all insurance Companies are now required to present both the Operator's Fund (OPF) and the Participants' Takaful Fund (PTF) in their statement of financial position. Previously, only the OPF was included as part of takaful operations. Under the revised requirement, the total assets and total liabilities of the Window Takaful Operations (OPF and PTF) are presented as a single line item in the statement of financial position. As the Company has no residual interest in the PTF, any surplus in the fund remains attributable solely to the participants.

This change in accounting policy has been applied retrospectively in accordance with IAS 8, and the comparative figures as at January 01, 2024 have been restated. The impact of restatement is summarized below:

| Statement of Financial Position                         | As at 31 December 2024 |             |               |
|---|------------------------|-------------|---------------|
|   | As previously reported | Adjustment  | Restated      |
| <b>Assets</b>   |                        |             |               |
| Total assets of window takaful operations               | 371,605,206            | 754,542,065 | 1,126,147,271 |
| <b>Assets</b>   |                        |             |               |
| Total liabilities and fund of window takaful operations | 130,546,974            | 754,542,065 | 885,089,039   |
|   |                        |             |               |
| Statement of Financial Position                         | As at 1 January 2024   |             |               |
|   | As previously reported | Adjustment  | Restated      |
| <b>Assets</b>   |                        |             |               |
| Total assets of window takaful operations               | 332,157,085            | 573,471,780 | 905,628,865   |
| <b>Assets</b>   |                        |             |               |
| Total liabilities and fund of window takaful operations | 95,445,210             | 573,471,780 | 668,916,990   |

There is no impact of this change on profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity.

**4 BASIS OF MEASUREMENT**

These financial statements have been prepared under the historical cost convention except that certain investments are stated at their fair values.

The financial statements have been prepared following the accrual basis of accounting except for the cash flow information.

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#### **4.1 Use of judgments and estimates**

The preparation of financial statements in conformity with the requirements of approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and associated assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The judgments, estimates and associated assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the revision and future periods, if the revision affects both current and future periods.

The areas where assumptions and estimates are significant to the financial statements or judgment was exercised in application of accounting policies, are as follows:

|  | <b>Note</b> |
|--|-------------|
| - Provision for unearned premiums                                  | 5.2.2       |
| - Premium due but unpaid - net                                     | 5.2.3       |
| - Provision for outstanding claims (including IBNR)                | 5.3.1       |
| - Prepaid reinsurance premium ceded                                | 5.4.2       |
| - Reinsurance recoveries against outstanding claims                | 5.5         |
| - Premium deficiency reserve                                       | 5.7         |
| - Deferred commission expense                                      | 5.6.1       |
| - Commission income unearned                                       | 5.6.2       |
| - Classification of insurance contracts                            | 5.10        |
| - Investment property life, residual value and depreciation method | 5.12        |
| - Segment reporting  | 5.14        |
| - Taxation (current and deferred)                                  | 5.18        |
| - Impairment of asset  | 5.22        |

#### **5 MATERIAL ACCOUNTING POLICY INFORMATION**

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

##### **5.1 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 reduces significantly during this period, unless all rights and obligations are extinguished or expire.

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
- Marine, aviation and transport
- Motor
- Engineering
- Miscellaneous

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These contracts are provided to individuals as well as commercial organizations with various tenures according to the nature and terms of the contract and the needs of the insured.

The Company also accepts insurance risk pertaining to insurance contracts of other insurers as reinsurance inward. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insurer.

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

**Fire and property damage**

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

**Marine, aviation and transport**

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.

**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.

**Engineering**

Engineering insurance contracts primarily provide coverage for damages incurred to engineering projects, equipment, or machinery. In addition to compensating customers for property loss or damage, these contracts may also extend coverage to include reimbursement for financial losses resulting from the interruption of business operations due to the inability to use insured engineering assets (business interruption cover).

**Miscellaneous**

Other various types of insurance are classified in miscellaneous which mainly includes engineering, bond, hospitalization, accident and health insurance and travel insurances etc.

**5.2 Premium**

**5.2.1 Premium income earned**

Premium written (direct or facultative) under a policy is recognized as income over the period of insurance from the date of issue of the policy to which it relates to its expiry as follows:

- a) for direct business, evenly over the period of the policy;
- b) for proportional reinsurance business, evenly over the period of underlying reinsurance policies; and
- c) for non-proportional reinsurance business, on inception of the reinsurance contract in accordance with the pattern of reinsurance service.

Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of incidence of risk.

Where premiums for a policy are payable in installments, full premium for the duration of the policy is recognized as income at the inception of the policy and a related asset is set up in respect of the premium receivable, notwithstanding the fact that some installments may not, by agreement between the insurer and the insured, be payable until later.

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Premium written (direct or facultative) under a policy is recognized as income over the period of

**5.2.2 Provision for unearned premiums**

Provision for unearned premiums represents the portion of premium written relating to the unexpired period of coverage, and is recognized as a liability. The liability is calculated as follows:

- a) in the case of marine, aviation and transport business, as a ratio of unexpired period to the total period of the policy applied on the gross premium written.
- b) for the other classes / line of business, by applying the twenty-fourth method as specified in the Insurance Rules, 2017, as majority of the remaining policies are issued for a period of one year.

**5.2.3 Premiums due but unpaid - net**

Premiums due but unpaid is recorded as receivable when it is due, at the fair value of consideration receivable less provision for doubtful debts, if any. If there is objective evidence that receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and recognizes that impairment loss in profit and loss account.

**5.3 Claims expense**

General insurance claims include all claims occurring during the year, whether reported or not, including external claims handling costs that are directly related to the processing and settlement of claims, reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years. Claims are charged to profit and loss account as incurred based on estimated liability for compensation owed under the insurance contracts.

**5.3.1 Provision for outstanding claims (including IBNR)**

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

Provision for IBNR is based on the management's best estimate which takes into account the past trends net of exceptional claims. This estimate is determined in accordance with the 'SECP guidelines for estimation of incurred but not reported (IBNR) claims reserve 2016' issued by the Securities and Exchange Commission of Pakistan (SECP) vide Circular 9 of 2016.

**5.4 Reinsurance contracts**

Contracts (treaty and facultative) entered by the Company under which the Company cedes insurance risks assumed during normal course of its business and according to which the Company is compensated for losses on insurance contracts issued by the Company are classified as reinsurance contracts held.

**5.4.1 Reinsurance expense**

Reinsurance premium ceded (treaty and facultative) is recognised as an expense over the period of reinsurance from inception to which it relates to its expiry as follows:

- a) for proportional reinsurance business, evenly over the period of the underlying policies.
- b) for non-proportional reinsurance business, evenly over the period of indemnity.

Where the pattern of incidence of risk varies over the period of the policy, reinsurance premium is recognized as expense in accordance with the pattern of incidence of risk.

**5.4.2 Prepaid reinsurance premium ceded**

The portion of reinsurance premium ceded not recognised as an expense as at year end is recognised as prepaid reinsurance premium ceded. Unrecognised portion is determined in the same manner as for provision for unearned premiums.

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**5.5 Reinsurance recoveries against outstanding claims**

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

**5.6 Commission**

**5.6.1 Commission expense**

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

**5.6.2 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 premium to which it relates.

**5.7 Premium deficiency reserve - (liability adequacy test)**

At each reporting date, liability adequacy test is performed to ensure the adequacy of unearned premium. Where the cumulative unearned premium reserve for any classes of business is not adequate to meet the expected future liability, after reinsurance from claims and other supplementary expenses, including reinsurance expenses, commissions and other underwriting expenses, expected to be incurred after the balance sheet date in respect of unexpired policies in that class of business in force at balance sheet date, a premium deficiency reserve is recognized as a liability to meet the deficit. The movement in premium deficiency reserve is recorded as an expense / income in the profit and loss account for the year. The Company determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired risk. The loss ratios estimated on these basis for the unexpired portion are as follows:

|                                | 2025 | 2024 |
|--------------------------------|------|------|
| Fire and property damage       | 44%  | 23%  |
| Marine, aviation and transport | 74%  | 55%  |
| Motor                          | 29%  | 26%  |
| Engineering                    | 39%  | 15%  |
| Miscellaneous                  | 33%  | 14%  |

Based on analysis of combined operating ratio for the expired period of each reportable segment, management is of opinion that there is no need to carry premium deficiency reserve in these financial statements.

**5.8 Investments**

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

**5.8.1 Held-to-Maturity**

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

Subsequently, these are measured at amortised cost less provision for impairment, if any.

Any premium paid or discount availed on government securities and term finance certificates is deferred and amortised over the period to maturity of investment using the effective yield.

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**5.8.2 Available-for-sale**

The financial assets that are intended to be held for an indefinite period of time and may be sold in response to the need for liquidity are classified as available-for-sale.

Subsequent to the initial recognition at cost, these are valued at market values and any unrealized gains / (losses) are taken to other comprehensive income.

**5.8.3 Held for trading**

Investments which are acquired with the intention to trade by taking advantage of short term market / interest rate movements are considered as held for trading. After initial recognition, these are measured at fair values with any resulting gains or losses recognised directly in the profit and loss account, for the period in which it arises. Subsequent to initial recognition these are measured at fair value by reference to quoted market prices.

**a) Trade and settlement date accounting**

All 'regular way' purchases and sales of financial assets are recognized on the trade date, i.e. the date on which commitment to purchase / sale is made by the Company. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market place.

**b) Derecognition**

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

**c) Impairment**

**Available-for-sale**

The Company considers that available-for-sale investments is impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance.

**5.9 Employee benefits**

**Defined contribution plan**

The Company operates an approved provident fund scheme for all its permanent employees. Equal monthly contributions are made, both by the Company and its employees, to the fund at the rate of 10% of basic salary of the employees.

**5.10 Property and equipment**

**5.10.1 Owned assets**

Owned fixed assets are stated at cost, signifying historical cost, less accumulated depreciation and any provision for accumulated impairment. Cost of an item of fixed assets consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying asset directly attributable cost of bringing the asset to working condition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit and loss account.

Depreciation is calculated on reducing balance method at the rates specified in note 6 to the financial statements. Depreciation on additions is charged from the month the assets are available for use while on disposals, depreciation is charged up to the month in which the assets are disposed off.

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The carrying value of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that this carrying value may not be recoverable. If any such indications exist and where the carrying value exceed the estimated recoverable amounts, the assets are written down to their recoverable amount. The useful life and depreciation method are reviewed and adjusted, if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing process with the carrying amount of the assets disposed of. There are taken to profit and loss account.

**5.10.2 Right of use asset**

The right-of-use asset is initially measured at cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using straight line method from the date of recognition to the earlier of the end of useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

**5.10.3 Capital work-in-progress**

Capital work-in-progress is stated at cost. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These expenditures are transferred to relevant category of fixed assets or intangibles as and when the assets start operation.

**5.11 Intangible assets**

An intangible asset is recognised 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 recognised as an intangible asset.

**Intangibles having definite useful life**

These are stated at cost less accumulated amortisation and impairment losses, and are amortised on a straight-line basis over their estimated useful lives as specified in note 8 to these financial statements.

Amortisation is charged from when the asset is available for use until its derecognition, with methods and useful lives reviewed at each reporting date. Any gains or losses arising from derecognition are recognised in the profit and loss account.

**5.12 Investment properties**

Property held for the purpose of rental income and long-term capital appreciation is classified as investment property.

**5.12.1 Initial recognition**

Investment property is initially recognized at cost which is equal to the fair value of consideration paid at the time of acquisition or construction of the asset.

**5.12.2 Measurement subsequent to initial recognition**

Subsequent to initial recognition, investment property is carried at historical cost less accumulated depreciation and accumulated impairment losses, if any.

**5.12.3 Depreciation**

Depreciation is charged to profit and loss account in the manner explained in note 5.10.1.

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**5.13 Investment and other income**

~~**5.13.1 Dividend income and bonus shares**~~

Dividend income is recognized when the right to receive the same is established.

Entitlement of bonus shares is recognized when the right to receive the same is established.

**5.13.2 Interest income**

Interest income is recognized on time proportion basis that takes into account effective yield on the assets.

**5.13.3 Rental income**

Rental income on investment properties is recognized as income on accrual basis.

**5.13.4 Administrative surcharge**

Administrative surcharge includes documentation and other holders in respect of insurance policies issued, at a rate of 5% of the gross premium, restricted to a maximum of charges recovered by the Company from insurance contract Rs. 2,000 in case of motor and health, and Rs. 4,000 in case of all other insurance contracts. Administrative surcharge is recognized as revenue at the time of issuance of policy. For the purpose of these financial statements, administrative surcharge is included in gross premiums written during the year.

**5.14 Segment reporting**

The Company's operating business is organized and managed separately according to the nature of the services provided with each segment representing a strategic business unit that serves different markets.

The Company has five major segments namely fire and property damage, marine, aviation and transport, motor, engineering and miscellaneous, as disclosed in note 5.1

The Company accounts for segment reporting are prepared in the format prescribed under the Insurance Ordinance 2000 and the Insurance Rules, 2017 and provide required information at appropriate level of detail.

**5.15 Financial instruments**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the derecognition of the financial assets and liabilities is included in the net profit or loss account for the period in which it arises.

Financial instruments carried in the statement of financial position include investments, loan and other receivables, insurance / reinsurance receivables, reinsurance recoveries against outstanding claims, cash and bank, provision for outstanding claims, insurance / reinsurance payables, other creditors and accruals.

**5.16 Off setting of financial asset and financial liabilities**

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

**5.17 Related party transactions**

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the board of directors, it is in the interest of the Company to do so.

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**5.18 Taxation**

**5.18.1 Current**

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to be applied to the profit for the year, if entered. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessment finalized during the current year for such years.

**5.18.2 Deferred**

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to be applied to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in statement of comprehensive income.

**5.19 Foreign currencies**

Transactions in foreign currency, if any, are converted into Pak rupees at the rate of exchange prevailing on the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into Pak rupees at the rate of exchange prevailing at the reporting date. Exchange difference are taken to profit and loss account.

**5.20 Management expenses**

Management expenses are allocated to all classes of business in proportion to the net premium income of the year. Underwriting expenses have been allocated to various classes of business on a basis deemed equitable by the management. Provision for bad debts is based on review of outstanding amounts as at reporting date. Bad debts are written off to the profit and loss account when identified. Expenses not allowable to the underwriting business are charged to Other expenses.

**5.21 Creditors, accruals and provisions**

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

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

**5.22 Impairment**

The carrying amount of assets is reviewed at each reporting date to determine whether there is any indication of impairment in any asset or group of assets. If such an indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Impairment losses are recognised in the profit and loss account.

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Impairment is assessed based on management's evaluation of objective evidence arising from one or more events that may impact the estimated future cash flows of the investments. A significant or prolonged decline in the fair value of an equity investment classified as available-for-sale below its cost is also considered objective evidence of impairment. Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

**5.23 Earnings per share**

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. 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.

**5.24 Cash and cash equivalents**

For the purpose of cash flow statement, cash and cash equivalents include cash at bank in current and saving accounts, cash and stamps in hand and term deposits.

**5.25 Contingencies and Commitments**

Contingencies represent possible obligations arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognised in the financial statements but are disclosed unless the possibility of an outflow of economic resources is remote.

Commitments represent contractual obligations entered into by the Company that have not yet been recognised as liabilities in the financial statements. These are disclosed to provide information about future obligations and cash outflows.

**5.26 Dividend and bonus shares**

Dividend to shareholders is recognised as liability in the year in which it is approved. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved. Similarly, reserve for issue of bonus shares is recognised in the year in which such issue is approved.

**5.27 Fair value**

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.

**5.28 Share capital**

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

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6 PROPERTY AND EQUIPMENT

| Particulars                      | 2025                   |                    |                    |                         |                        |                           | Written down value as at December 31, 2025 | Depreciation rate (% per annum) |           |
|----------------------------------|------------------------|--------------------|--------------------|-------------------------|------------------------|---------------------------|--|---------------------------------|-----------|
|                                  | Cost                   |                    |                    | Depreciation            |                        |                           |  |                                 |           |
|                                  | As at January 01, 2025 | Additions          | Disposals          | As at December 31, 2025 | As at January 01, 2025 | Depreciation for the year |  |                                 | Disposals |
| <b>Owned</b>                     |                        |                    |                    |                         |                        |                           |  |                                 |           |
| Office premises                  | 62,082,770             | -                  | -                  | 62,082,770              | 24,147,242             | 1,896,776                 | -  | 36,038,752                      | 5%        |
| Furniture and fixtures           | 34,964,205             | 4,218,823          | -                  | 39,183,028              | 25,636,720             | 1,212,236                 | -  | 12,334,072                      | 10%       |
| Electric fittings and equipments | 36,337,876             | 1,470,001          | -                  | 37,807,877              | 22,845,080             | 1,454,613                 | -  | 13,508,184                      | 10%       |
| Office equipments                | 10,407,141             | 167,499            | -                  | 10,574,640              | 7,851,023              | 270,928                   | -  | 2,452,689                       | 10%       |
| Motor vehicles                   | 291,827,197            | 121,764,306        | (7,126,569)        | 406,464,934             | 152,474,340            | 41,814,289                | (6,864,164)                                | 219,040,469                     | 20%       |
| Computers equipments             | 20,287,294             | 725,004            | -                  | 21,012,298              | 18,570,778             | 727,878                   | -  | 1,713,642                       | 33%       |
|                                  | <b>455,906,483</b>     | <b>128,345,633</b> | <b>(7,126,569)</b> | <b>577,125,547</b>      | <b>251,525,183</b>     | <b>47,376,721</b>         | <b>(6,864,164)</b>                         | <b>292,037,739</b>              |           |

| Particulars                      | 2024                   |                   |                    |                         |                        |                           | Written down value as at December 31, 2024 | Depreciation rate (% per annum) |           |
|----------------------------------|------------------------|-------------------|--------------------|-------------------------|------------------------|---------------------------|--|---------------------------------|-----------|
|                                  | Cost                   |                   |                    | Depreciation            |                        |                           |  |                                 |           |
|                                  | As at January 01, 2024 | Additions         | Disposals          | As at December 31, 2024 | As at January 01, 2024 | Depreciation for the year |  |                                 | Disposals |
| <b>Owned</b>                     |                        |                   |                    |                         |                        |                           |  |                                 |           |
| Office premises                  | 62,082,770             | -                 | -                  | 62,082,770              | 22,150,635             | 1,996,607                 | -  | 37,935,528                      | 5%        |
| Furniture and fixtures           | 32,513,272             | 2,450,933         | -                  | 34,964,205              | 24,657,928             | 978,792                   | -  | 9,327,485                       | 10%       |
| Electric fittings and equipments | 33,465,795             | 2,872,081         | -                  | 36,337,876              | 21,426,501             | 1,418,579                 | -  | 13,492,796                      | 10%       |
| Office equipments                | 9,719,141              | 688,000           | -                  | 10,407,141              | 7,610,228              | 240,795                   | -  | 2,556,118                       | 10%       |
| Motor vehicles                   | 231,902,931            | 69,879,514        | (9,955,248)        | 291,827,197             | 126,860,211            | 29,333,869                | (3,719,739)                                | 139,352,857                     | 20%       |
| Computers equipments             | 19,187,673             | 1,099,621         | -                  | 20,287,294              | 17,976,073             | 594,705                   | -  | 1,716,516                       | 33%       |
|                                  | <b>388,871,582</b>     | <b>76,990,149</b> | <b>(9,955,248)</b> | <b>455,906,483</b>      | <b>220,681,576</b>     | <b>34,563,347</b>         | <b>(3,719,739)</b>                         | <b>251,525,183</b>              |           |

6.1 Detail of disposal of fixed assets

| Particular of asset   | Cost             | Accumulated depreciation | Book value       | Sale proceeds     | Profit on disposal | Mode of disposal | Particulars of purchaser | Relationship |
|-----------------------|------------------|--------------------------|------------------|-------------------|--------------------|------------------|--------------------------|--------------|
| <b>Motor Vehicles</b> |                  |                          |                  |                   |                    |                  |                          |              |
| Suzuki                | 205,899          | 198,312                  | 7,587            | 110,000           | 102,413            | Negotiations     | Mr. Munawar Hussein      | Third Party  |
| Suzuki Baleno         | 817,739          | 813,266                  | 4,473            | 875,000           | 870,527            | Negotiations     | Mr. Muhammad Hashim      | Third Party  |
| Toyota Corolla        | 850,000          | 715,348                  | 134,651          | 1,600,000         | 1,465,349          | Negotiations     | Mrs. Azra Jan            | Third Party  |
| Suzuki Cultus         | 629,999          | 622,971                  | 7,028            | 700,000           | 542,972            | Negotiations     | Mr. Muhammad Imran       | Third Party  |
| Toyota Corolla GLI    | 1,089,239        | 1,058,699                | 20,540           | 1,400,000         | 1,379,460          | Negotiations     | Mr. Ghufuran Rauf Uppal  | Third Party  |
| Toyota Corolla        | 1,199,839        | 1,171,507                | 28,332           | 1,400,000         | 1,371,668          | Negotiations     | Mr. Ghufuran Rauf Uppal  | Third Party  |
| Toyota Corolla GLI    | 1,118,975        | 1,093,239                | 25,736           | 1,400,000         | 1,374,264          | Negotiations     | Mr. Ghufuran Rauf Uppal  | Third Party  |
| Toyota Corolla GLI    | 1,178,679        | 1,144,623                | 34,056           | 1,400,000         | 1,365,944          | Negotiations     | Mr. Ghufuran Rauf Uppal  | Third Party  |
| Honda CD-70           | 36,200           | 36,197                   | 3                | 15,000            | 7,997              | Negotiations     | Mr. Rasheed Khan         | Third Party  |
| <b>Year of 2025</b>   | <b>7,126,569</b> | <b>6,864,163</b>         | <b>262,406</b>   | <b>8,900,000</b>  | <b>8,480,594</b>   |                  |                          |              |
| <b>Year of 2024</b>   | <b>9,955,248</b> | <b>3,719,739</b>         | <b>6,235,510</b> | <b>10,160,000</b> | <b>3,924,491</b>   |                  |                          |              |

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**EAST WEST INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
**(Expressed in Rupees)**

|                                 | Note | 2 0 2 5                  | 2 0 2 4                  |
|---------------------------------|------|--------------------------|--------------------------|
| <b>7 RIGHT OF USE OF ASSETS</b> |      |                          |                          |
| <b>Written down value</b>       |      |                          |                          |
| Opening balance                 |      | 30,714,482               | 34,600,805               |
| Modification                    |      |                          | 4,766,948                |
| Depreciation for the year       |      | <u>(6,205,978)</u>       | <u>(8,653,271)</u>       |
| <b>Net book value</b>           |      | <u><u>24,508,504</u></u> | <u><u>30,714,482</u></u> |
| <b>Depreciation rate</b>        |      | 33.33%                   | 33.33%                   |

7.1 Right of use of assets (ROUA) represents the Company's right to use the branch premises of Al-Asghar Plaza - Islamabad, Muhammad Gulistan Khan House - Islamabad, 170-7 - Peshawar, Naqi Arcade - Lahore and Abdul Hakim Market - Gilgit obtained under lease agreement. The principal terms and conditions of these lease arrangements are as follows:

| Al-Asghar Plaza - Islamabad                                    |                                      | Muhammad Gulistan Khan House - Islamabad                       |                     | 170-7 - Peshawar   |                       |
|--|--------------------------------------|--|---------------------|--|-----------------------|
| Lessor's Name  | Mrs. Parveen Asghar                  | Lessor's Name  | Kaiser Ali Khan     | Lessor's Name  | Mr. Syed Humayun Shah |
| Start Date:  | 01-Jan-23                            | Start Date:  | 01-Jan-23           | Start Date:  | 01-Jan-23             |
| End Date:  | 30-Jun-29                            | End Date:  | 31-Dec-28           | End Date:  | 27-Mar-27             |
| Lease Period:  | 7.5 years                            | Lease Period:  | 6 years             | Lease Period:  | 4 Years               |
| No. of years for which the lease extension option is available | Indefinite                           | No. of years for which the lease extension option is available | Indefinite          | No. of years for which the lease extension option is available | Indefinite            |
| Naqi Arcade - Lahore   |                                      | SNC - Islamabad  |                     | Abdul Hakim Market - Gilgit                                    |                       |
| Lessor's Name  | Raziuddin Sheikh / Khalid Moeenuddin | Lessor's Name  | Syed Samran Chishty | Lessor's Name  | Mr. Milad Ul Salman   |
| Start Date:  | 01-Jan-23                            | Start Date:  | 01-Jan-23           | Start Date:  | 01-Jan-23             |
| End Date:  | 31-Dec-25                            | End Date:  | 30-Jun-27           | End Date:  | 31-Dec-28             |
| Lease Period:  | 5 years                              | Lease Period:  | 5 years             | Lease Period:  | 6 years               |
| No. of years for which the lease extension option is available | Indefinite                           | No. of years for which the lease extension option is available | Indefinite          | No. of years for which the lease extension option is available | Indefinite            |

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**EAST WEST INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
**(Expressed in Rupees)**

|                            | Note | 2025           | 2024           |
|----------------------------|------|----------------|----------------|
| <b>8 INTANGIBLE ASSETS</b> |      |                |                |
| Computer software          | 8.1  | 57,875         | 82,678         |
| Capital work in progress   | 8.2  | 705,000        | 705,000        |
|                            |      | <u>762,875</u> | <u>787,678</u> |

8.1

| Particulars       | 2025                  |                         |                         |                       |               |                         |  |                                 |
|-------------------|-----------------------|-------------------------|-------------------------|-----------------------|---------------|-------------------------|--|---------------------------------|
|                   | Cost                  |                         |                         | Amortization          |               |                         | Written down value as at December 31, 2025 | Amortization rate (% per annum) |
|                   | As at January 1, 2025 | Additions / transfer in | As at December 31, 2025 | As at January 1, 2025 | For the year  | As at December 31, 2025 |  |                                 |
| Computer software | 1,736,980             | -                       | 1,736,980               | 1,654,302             | 24,803        | 1,679,105               | 57,875                                     | 30%                             |
|                   | <u>1,736,980</u>      | <u>-</u>                | <u>1,736,980</u>        | <u>1,654,302</u>      | <u>24,803</u> | <u>1,679,105</u>        | <u>57,875</u>                              |                                 |

| Particulars       | 2024                  |                         |                         |                       |               |                         |  |                                 |
|-------------------|-----------------------|-------------------------|-------------------------|-----------------------|---------------|-------------------------|--|---------------------------------|
|                   | Cost                  |                         |                         | Amortization          |               |                         | Written down value as at December 31, 2024 | Amortization rate (% per annum) |
|                   | As at January 1, 2024 | Additions / transfer in | As at December 31, 2024 | As at January 1, 2024 | For the year  | As at December 31, 2024 |  |                                 |
| Computer software | 1,736,980             | -                       | 1,736,980               | 1,618,868             | 35,434        | 1,654,302               | 82,678                                     | 30%                             |
|                   | <u>1,736,980</u>      | <u>-</u>                | <u>1,736,980</u>        | <u>1,618,868</u>      | <u>35,434</u> | <u>1,654,302</u>        | <u>82,678</u>                              |                                 |

|                                     | Note  | 2025    | 2024    |
|-------------------------------------|-------|---------|---------|
| <b>8.2 Capital work in progress</b> |       |         |         |
| Balance as at December 31           | 8.2.1 | 705,000 | 705,000 |

8.2.1 This represents amount paid to vendor for development of computer software.

**9 INVESTMENT PROPERTIES**

| Particulars     | 2025                  |                         |                         |                       |                           |                         |  |                                 |
|-----------------|-----------------------|-------------------------|-------------------------|-----------------------|---------------------------|-------------------------|--|---------------------------------|
|                 | Cost                  |                         |                         | Depreciation          |                           |                         | Written down value as at December 31, 2025 | Depreciation rate (% per annum) |
|                 | As at January 1, 2025 | Additions / transfer in | As at December 31, 2025 | As at January 1, 2025 | Depreciation for the year | As at December 31, 2025 |  |                                 |
| Office premises | 77,797,809            | -                       | 77,797,809              | 34,317,482            | 2,174,016                 | 36,491,498              | 41,306,311                                 | 5%                              |
|                 | <u>77,797,809</u>     | <u>-</u>                | <u>77,797,809</u>       | <u>34,317,482</u>     | <u>2,174,016</u>          | <u>36,491,498</u>       | <u>41,306,311</u>                          |                                 |

| Particulars     | 2024                  |                         |                         |                       |                           |                         |  |                                 |
|-----------------|-----------------------|-------------------------|-------------------------|-----------------------|---------------------------|-------------------------|--|---------------------------------|
|                 | Cost                  |                         |                         | Depreciation          |                           |                         | Written down value as at December 31, 2024 | Depreciation rate (% per annum) |
|                 | As at January 1, 2024 | Additions / transfer in | As at December 31, 2024 | As at January 1, 2024 | Depreciation for the year | As at December 31, 2024 |  |                                 |
| Office premises | 77,797,809            | -                       | 77,797,809              | 32,029,044            | 2,288,438                 | 34,317,482              | 43,480,327                                 | 5%                              |
|                 | <u>77,797,809</u>     | <u>-</u>                | <u>77,797,809</u>       | <u>32,029,044</u>     | <u>2,288,438</u>          | <u>34,317,482</u>       | <u>43,480,327</u>                          |                                 |

9.1 Revaluation was carried out by the Company in February 2026 and March 2026. The valuation exercise was carried out by independent valuers M/s.Intikhab Alam & Company (Pvt.) Ltd. and M/s Tahir Rasheed & C., (Private) Limited and revalued market value is estimated at Rs. 306.5 million (2024: Rs. 306.5 million).

*one loan plan*

EAST WEST INSURANCE COMPANY LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2025  
 (Expressed in Rupees)

10 INVESTMENTS IN EQUITY SECURITIES

10.1 Investments - Held for Trading

|   | 2025          |                         |                | 2024          |                         |                |
|---|---------------|-------------------------|----------------|---------------|-------------------------|----------------|
|   | Cost          | Revaluation gain / loss | Carrying value | Cost          | Revaluation gain / loss | Carrying value |
| <b>Listed securities</b>                |               |                         |                |               |                         |                |
| Oil and Gas Development Company Limited | 217,268,084   | 35,712,916              | 252,981,000    | 41,077,984    | 41,940,093              | 83,018,077     |
| Kot Addu Power Company Limited          | 18,800        | (40)                    | 18,760         | 14,215        | 4,585                   | 18,800         |
| Fauji Fertilizer Company Limited        | 23,810,800    | 14,585,350              | 38,396,150     | 7,357,350     | 16,453,450              | 23,810,800     |
| Fauji Cement Company Limited            | 5,053,087     | 541,913                 | 5,595,000      | 17,898        | 16,707                  | 34,605         |
| Pakistan Stock Exchange Limited         | -             | -                       | -              | 2,087,704     | 3,653,994               | 5,741,698      |
| Habib Bank Limited                      | 22,538,076    | 9,802,924               | 32,341,000     | 5,819,100     | 3,340,050               | 9,159,150      |
| Bank Alfalah Limited                    | 9,772,918     | 1,132,082               | 10,905,000     | 1,455,300     | 1,044,600               | 2,499,900      |
| The Hub Power Limited                   | 7,281,747     | 3,787,253               | 11,069,000     | 4,683,600     | 552,000                 | 5,235,600      |
| United Bank Limited                     | 26,300,286    | 16,158,715              | 42,459,001     | 5,335,199     | 6,131,700               | 11,466,899     |
| Pakistan Oilfield limited               | 20,211,840    | (739,520)               | 19,472,320     | 13,502,080    | 6,709,760               | 20,211,840     |
| Muslim Commercial Bank                  | 33,176,959    | 4,761,041               | 37,938,000     | 4,313,750     | 2,718,750               | 7,032,500      |
| Bata Pakistan Limited                   | 403,770       | (156,884)               | 246,886        | 346,446       | 57,324                  | 403,770        |
| Pakistan Petroleum Limited              | 98,200,183    | 36,063,317              | 134,263,500    | -             | -                       | -              |
| Attock Refinery Limited                 | 29,013,775    | 5,157,725               | 34,171,500     | -             | -                       | -              |
| Bank of Punjab                          | 7,567,000     | 19,425,000              | 26,992,000     | 4,536,000     | 3,031,000               | 7,567,000      |
|   | 500,617,325   | 146,231,792             | 646,849,117    | 90,546,626    | 85,654,013              | 176,200,639    |
| <b>Mutual funds</b>                     |               |                         |                |               |                         |                |
| MCB Cash Management Optimizer Fund      | 274,578,351   | 14,540,985              | 289,119,336    | 274,195,410   | 403,765                 | 274,599,175    |
| ABL Cash Fund                           | 279,000,000   | 13,477,802              | 292,477,802    | 243,413,179   | 21,897,409              | 265,310,588    |
| HBL Cash Fund                           | 271,786,517   | 14,167,506              | 285,954,023    | 244,138,454   | 14,610,876              | 258,749,330    |
| NIT Money Market (Saddar br.)           | 260,467,828   | 14,578,056              | 275,045,884    | 237,923,575   | 22,090,630              | 260,014,205    |
| NIT Money Market (Clifton br.)          | 259,298,922   | 14,512,634              | 273,811,556    | 236,906,502   | 21,996,198              | 258,902,700    |
| NBP Money Market fund                   | 273,752,175   | 14,446,862              | 288,199,037    | 238,433,568   | 21,713,898              | 260,147,466    |
| Alfalah GHP Money Market fund           | 162,057,891   | 8,304,815               | 170,362,706    | 141,570,229   | 12,476,772              | 154,047,001    |
| Atlas Money Market fund                 | 162,657,985   | 8,834,801               | 171,492,786    | 141,955,464   | 12,663,527              | 154,618,991    |
| ABL Special Saving Plan III             | -             | -                       | -              | -             | 70,863                  | 70,863         |
| NBP Govt. Securities Liquid fund        | 271,021,355   | 13,653,820              | 284,675,175    | 236,895,211   | 21,334,305              | 258,229,516    |
| UBL Liquidity plus fund                 | -             | -                       | -              | 250,000,000   | 1,178,472               | 251,178,472    |
| ABL Government Securities fund          | 279,689,499   | 13,376,252              | 293,065,751    | 150,000,000   | 10,370,135              | 160,370,135    |
| ABL Islamic Sovereign Plan I            | -             | -                       | -              | 100,000,000   | 3,157,120               | 103,157,120    |
| Pak Qatar Income Plan                   | 155,485,757   | 8,418,510               | 163,904,267    | 82,000,000    | 269,257                 | 82,269,257     |
| Pak Qatar Cash Plan                     | -             | -                       | -              | 18,000,000    | -                       | 18,000,000     |
| UBL Cash fund                           | 274,942,331   | 976,856                 | 275,919,187    | -             | -                       | -              |
| NBP Financial Sector fund               | 150,000,000   | 21,951,438              | 171,951,438    | -             | -                       | -              |
| UBL Financial Sector fund               | 250,000,000   | 6,911,596               | 256,911,596    | -             | -                       | -              |
| MCB Pakistan Stock fund                 | 150,000,000   | 16,728,099              | 166,728,099    | -             | -                       | -              |
| Al Habib Stock fund                     | 103,901,719   | 4,792,158               | 108,693,877    | -             | -                       | -              |
| Faysal Halal Amdani fund II             | 101,738,054   | 219,021                 | 101,957,075    | -             | -                       | -              |
| MCB Government Securities Plan I        | 250,913,747   | 13,860,867              | 264,774,614    | 250,000,000   | 251,031                 | 250,251,031    |
|   | 3,931,292,131 | 203,752,078             | 4,135,044,209  | 2,845,431,592 | 164,484,258             | 3,009,915,850  |
|   | 4,431,909,456 | 349,983,870             | 4,781,893,326  | 2,935,978,218 | 250,138,271             | 3,186,116,489  |

10.2 Investments - Available for Sale

|                                       | 2025          |                        |                | 2024          |                        |                |
|---------------------------------------|---------------|------------------------|----------------|---------------|------------------------|----------------|
|                                       | Cost          | Impairment / Provision | Carrying value | Cost          | Impairment / Provision | Carrying value |
| <b>Listed Securities</b>              |               |                        |                |               |                        |                |
| Askari Life Assurance Company Limited | -             | -                      | -              | 138,450,380   | (55,080,389)           | 83,369,991     |
| Agritech Limited                      | -             | -                      | -              | 955,309       | 2,940,258              | 3,895,567      |
|                                       | -             | -                      | -              | 139,405,689   | (52,140,131)           | 87,265,558     |
| <b>Total equity securities</b>        | 4,431,909,456 | 349,983,870            | 4,781,893,326  | 3,075,383,907 | 197,998,140            | 3,273,382,047  |

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**EAST WEST INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
**(Expressed in Rupees)**

**11 INVESTMENTS IN DEBT SECURITIES**

|                                       | 2025                 |                        |                        | 2024                 |                      |                        |                        |                      |
|---------------------------------------|----------------------|------------------------|------------------------|----------------------|----------------------|------------------------|------------------------|----------------------|
|                                       | Cost                 | Impairment / provision | Surplus on revaluation | Carrying value       | Cost                 | Impairment / Provision | Surplus on revaluation | Carrying value       |
| <b>Held to maturity (note 11.1)</b>   |                      |                        |                        |                      |                      |                        |                        |                      |
| Government securities                 |                      |                        |                        |                      |                      |                        |                        |                      |
| Pakistan Investment Bonds             | 1,259,069,081        | -                      | -                      | 1,259,069,081        | 1,006,596,985        | -                      | -                      | 1,006,596,985        |
| Treasury Bills                        | 3,030,094,020        | -                      | -                      | 3,030,094,020        | 1,002,195,311        | -                      | -                      | 1,002,195,311        |
| GOP Ijara Sukuk                       | 254,427,232          | -                      | -                      | 254,427,232          | -                    | -                      | -                      | -                    |
|                                       | <b>4,543,590,333</b> | <b>-</b>               | <b>-</b>               | <b>4,543,590,333</b> | <b>2,008,792,296</b> | <b>-</b>               | <b>-</b>               | <b>2,008,792,296</b> |
| <b>Available for sale (note 11.1)</b> |                      |                        |                        |                      |                      |                        |                        |                      |
| Others                                |                      |                        |                        |                      |                      |                        |                        |                      |
| Term Finance Certificate              | 13,020,000           | -                      | -                      | 13,020,000           | 14,228,000           | -                      | -                      | 14,228,000           |
| Corporate Sukuk                       | 10,000,000           | -                      | -                      | 10,000,000           | 10,000,000           | -                      | -                      | 10,000,000           |
|                                       | <b>23,020,000</b>    | <b>-</b>               | <b>-</b>               | <b>23,020,000</b>    | <b>24,228,000</b>    | <b>-</b>               | <b>-</b>               | <b>24,228,000</b>    |
|                                       | <b>4,566,610,333</b> | <b>-</b>               | <b>-</b>               | <b>4,566,610,333</b> | <b>2,033,020,296</b> | <b>-</b>               | <b>-</b>               | <b>2,033,020,296</b> |

**11.1 Investments in debt securities - held to maturity and available for sale**

| Name of investment                    | Maturity year | Effective yield % | Profit Payment | Face Value    | December 31, 2026    |
|---------------------------------------|---------------|-------------------|----------------|---------------|----------------------|
| <b>Investment</b>                     |               |                   |                |               |                      |
| <b>Held to maturity</b>               |               |                   |                |               |                      |
| Government securities                 |               |                   |                |               |                      |
| Pakistan Investment Bonds (Note 11.2) |               |                   |                |               |                      |
| 10 Years Pakistan Investment Bond     | 2028          | 11.00%            | Half yearly    | 20,000,000    | 10,791,650           |
| 10 Years Pakistan Investment Bond     | 2028          | 11.00%            | Half yearly    | 20,000,000    | 10,792,800           |
| 10 Years Pakistan Investment Bond     | 2028          | 11.00%            | Half yearly    | 10,000,000    | 6,000,284            |
| 10 Years Pakistan Investment Bond     | 2028          | 11.00%            | Half yearly    | 10,000,000    | 6,000,564            |
| 10 Years Pakistan Investment Bond     | 2028          | 11.00%            | Half yearly    | 10,000,000    | 6,000,570            |
| 10 Years Pakistan Investment Bond     | 2028          | 0.00%             | Half yearly    | 15,000,000    | 14,980,080           |
| 10 Years Pakistan Investment Bond     | 2028          | 0.00%             | Half yearly    | 15,000,000    | 14,980,102           |
| 10 Years Pakistan Investment Bond     | 2028          | 0.00%             | Half yearly    | 16,000,000    | 14,980,105           |
| 10 Years Pakistan Investment Bond     | 2028          | 6.80%             | Half yearly    | 30,000,000    | 20,985,295           |
| 5 Years Pakistan Investment Bond      | 2027          | 12.08%            | Half yearly    | 20,000,000    | 18,740,501           |
| 5 Years Pakistan Investment Bond      | 2027          | 12.08%            | Half yearly    | 20,000,000    | 18,740,501           |
| 5 Years Pakistan Investment Bond      | 2027          | 13.34%            | Half yearly    | 36,000,000    | 32,070,684           |
| 5 Years Pakistan Investment Bond      | 2027          | 12.07%            | Half yearly    | 10,000,000    | 9,010,287            |
| 5 Years Pakistan Investment Bond      | 2027          | 13.02%            | Half yearly    | 40,000,000    | 36,447,637           |
| 3 Years Pakistan Investment Bond      | 2026          | 9.17%             | Half yearly    | 26,000,000    | 24,253,420           |
| 3 Years Pakistan Investment Bond      | 2026          | 9.30%             | Half yearly    | 26,000,000    | 24,253,013           |
| 3 Years Pakistan Investment Bond      | 2026          | 6.38%             | Half yearly    | 25,000,000    | 24,311,120           |
| 3 Years Pakistan Investment Bond      | 2026          | 7.68%             | Half yearly    | 40,000,000    | 30,302,385           |
| 3 Years Pakistan Investment Bond      | 2026          | 7.06%             | Half yearly    | 50,000,000    | 40,071,664           |
| 5 Years Pakistan Investment Bond      | 2027          | 7.78%             | Half yearly    | 20,000,000    | 18,481,020           |
| 3 Years Pakistan Investment Bond      | 2026          | 6.07%             | Half yearly    | 20,800,000    | 20,393,645           |
| 3 Years Pakistan Investment Bond      | 2026          | 8.16%             | Half yearly    | 30,000,000    | 29,366,270           |
| 3 Years Pakistan Investment Bond      | 2027          | 6.07%             | Half yearly    | 16,000,000    | 14,081,264           |
| 3 Years Pakistan Investment Bond      | 2027          | 7.00%             | Half yearly    | 40,000,000    | 39,207,464           |
| 3 Years Pakistan Investment Bond      | 2026          | 6.08%             | Half yearly    | 26,000,000    | 24,508,604           |
| 5 Years Pakistan Investment Bond      | 2029          | 6.04%             | Half yearly    | 26,000,000    | 26,202,595           |
| 5 Years Pakistan Investment Bond      | 2029          | 6.25%             | Half yearly    | 50,000,000    | 52,012,663           |
| 5 Years Pakistan Investment Bond      | 2029          | 6.13%             | Half yearly    | 100,000,000   | 104,711,208          |
| 5 Years Pakistan Investment Bond      | 2029          | 6.10%             | Half yearly    | 100,000,000   | 104,847,660          |
| 3 Years Pakistan Investment Bond      | 2027          | 6.11%             | Half yearly    | 25,000,000    | 25,000,000           |
| 10 Years Pakistan Investment Bond     | 2035          | 5.90%             | Half yearly    | 50,000,000    | 50,000,000           |
| 5 Years Pakistan Investment Bond      | 2030          | 5.69%             | Half yearly    | 25,000,000    | 24,004,283           |
| 5 Years Pakistan Investment Bond      | 2030          | 5.74%             | Half yearly    | 25,000,000    | 25,441,217           |
| 5 Years Pakistan Investment Bond      | 2030          | 5.74%             | Half yearly    | 50,000,000    | 49,308,953           |
| 5 Years Pakistan Investment Bond      | 2030          | 5.75%             | Half yearly    | 160,000,000   | 147,350,356          |
| 5 Years Pakistan Investment Bond      | 2030          | 5.75%             | Half yearly    | 25,000,000    | 25,171,356           |
| 5 Years Pakistan Investment Bond      | 2030          | 5.38%             | Half yearly    | 60,000,000    | 60,432,316           |
|                                       |               |                   |                |               | <b>1,260,000,081</b> |
| Treasury Bills                        |               |                   |                |               |                      |
| 12 Months Treasury Bill               | 2026          | 11.81%            | On maturity    | 1,000,000,000 | 607,632,107          |
| 12 Months Treasury Bill               | 2026          | 11.17%            | On maturity    | 639,000,000   | 533,936,826          |
| 12 Months Treasury Bill               | 2026          | 10.00%            | On maturity    | 260,000,000   | 232,366,714          |
| 12 Months Treasury Bill               | 2026          | 10.70%            | On maturity    | 332,000,000   | 312,823,660          |
| 6 Months Treasury Bill                | 2026          | 10.70%            | On maturity    | 40,450,000    | 39,085,247           |
| 12 Months Treasury Bill               | 2026          | 10.80%            | On maturity    | 134,350,000   | 126,184,840          |
| 6 Months Treasury Bill                | 2026          | 10.80%            | On maturity    | 300,000,000   | 290,876,941          |
| 6 Months Treasury Bill                | 2026          | 10.75%            | On maturity    | 250,000,000   | 244,546,420          |
| 12 Months Treasury Bill               | 2026          | 10.85%            | On maturity    | 221,000,000   | 206,358,090          |
| 3 Months Treasury Bill                | 2026          | 10.30%            | On maturity    | 36,000,000    | 34,021,320           |
| 12 Months Treasury Bill               | 2026          | 10.25%            | On maturity    | 6,000,000     | 4,600,888            |
|                                       |               |                   |                |               | <b>3,030,094,020</b> |
| GOP Ijara Sukuk                       |               |                   |                |               |                      |
| 5 Years GOP Ijara Sukuk               | 2027          | 10.22%            | Half yearly    | 50,000,000    | 50,846,658           |
| 5 Years GOP Ijara Sukuk               | 2027          | 10.44%            | Half yearly    | 60,000,000    | 61,020,306           |
| 5 Years GOP Ijara Sukuk               | 2027          | 10.44%            | Half yearly    | 60,000,000    | 60,842,107           |
| 5 Years GOP Ijara Sukuk               | 2028          | 10.69%            | Half yearly    | 60,000,000    | 60,864,679           |
| 5 Years GOP Ijara Sukuk               | 2028          | 10.24%            | Half yearly    | 60,000,000    | 59,054,670           |
|                                       |               |                   |                |               | <b>254,427,232</b>   |
|                                       |               |                   |                |               | <b>4,543,590,333</b> |
| <b>Available for sale (Note 10.3)</b> |               |                   |                |               |                      |
| Corporate Sukuks (Note 10.3)          |               |                   |                |               |                      |
| Dubai Islamic Bank                    | Perpetuity    | (KIBOR+1.75%)     | Monthly        | 10,000,000    | 10,000,000           |
| Others (Note 10.3)                    |               |                   |                |               |                      |
| Term Finance Certificates             |               |                   |                |               |                      |
| JS Bank Limited                       | Perpetuity    | (KIBOR+2.25%)     | Half yearly    | 10,000,000    | 10,000,000           |
| AZGARD NINE Ltd                       |               |                   |                | 3,020,000     | 3,020,000            |
|                                       |               |                   |                |               | <b>13,020,000</b>    |
|                                       |               |                   |                |               | <b>23,020,000</b>    |
|                                       |               |                   |                |               | <b>4,566,610,333</b> |

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**EAST WEST INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
**(Expressed in Rupees)**

| Name of Investment                           | Maturity year | Effective yield % | Profit Payment | Face Value  | December 31, 2024    |
|--|---------------|-------------------|----------------|-------------|----------------------|
| <b>Investment</b>                            |               |                   |                |             |                      |
| <b>Held to maturity</b>                      |               |                   |                |             |                      |
| <b>Government securities</b>                 |               |                   |                |             |                      |
| <b>Pakistan Investment Bonds (Note 11.2)</b> |               |                   |                |             |                      |
| 10 Years Pakistan Investment Bond            | 2026          | 11.00%            | Half yearly    | 20,000,000  | 19,137,358           |
| 10 Years Pakistan Investment Bond            | 2026          | 11.00%            | Half yearly    | 20,000,000  | 19,141,511           |
| 10 Years Pakistan Investment Bond            | 2026          | 11.00%            | Half yearly    | 10,000,000  | 9,355,628            |
| 10 Years Pakistan Investment Bond            | 2026          | 11.00%            | Half yearly    | 10,000,000  | 9,356,086            |
| 10 Years Pakistan Investment Bond            | 2026          | 11.00%            | Half yearly    | 10,000,000  | 9,356,092            |
| 10 Years Pakistan Investment Bond            | 2026          | 9.00%             | Half yearly    | 15,000,000  | 14,954,983           |
| 10 Years Pakistan Investment Bond            | 2026          | 9.00%             | Half yearly    | 15,000,000  | 14,955,051           |
| 10 Years Pakistan Investment Bond            | 2026          | 9.00%             | Half yearly    | 15,000,000  | 14,955,060           |
| 10 Years Pakistan Investment Bond            | 2026          | 8.80%             | Half yearly    | 30,000,000  | 29,971,724           |
| 5 Years Pakistan Investment Bond             | 2025          | 9.60%             | Half yearly    | 20,000,000  | 19,713,035           |
| 5 Years Pakistan Investment Bond             | 2025          | 9.12%             | Half yearly    | 25,000,000  | 24,712,525           |
| 5 Years Pakistan Investment Bond             | 2025          | 9.08%             | Half yearly    | 10,000,000  | 9,890,203            |
| 5 Years Pakistan Investment Bond             | 2025          | 11.46%            | Half yearly    | 10,000,000  | 9,721,448            |
| 5 Years Pakistan Investment Bond             | 2025          | 11.46%            | Half yearly    | 15,000,000  | 14,582,173           |
| 5 Years Pakistan Investment Bond             | 2025          | 10.62%            | Half yearly    | 10,000,000  | 9,785,942            |
| 5 Years Pakistan Investment Bond             | 2027          | 12.98%            | Half yearly    | 20,000,000  | 17,917,139           |
| 5 Years Pakistan Investment Bond             | 2027          | 12.98%            | Half yearly    | 20,000,000  | 17,917,139           |
| 5 Years Pakistan Investment Bond             | 2027          | 13.34%            | Half yearly    | 35,000,000  | 31,153,483           |
| 5 Years Pakistan Investment Bond             | 2027          | 12.97%            | Half yearly    | 10,000,000  | 9,439,823            |
| 5 Years Pakistan Investment Bond             | 2027          | 13.02%            | Half yearly    | 40,000,000  | 37,716,345           |
| 3 Years Pakistan Investment Bond             | 2025          | 15.20%            | Half yearly    | 50,000,000  | 48,737,551           |
| 3 Years Pakistan Investment Bond             | 2026          | 9.17%             | Half yearly    | 25,000,000  | 22,971,523           |
| 3 Years Pakistan Investment Bond             | 2026          | 9.20%             | Half yearly    | 25,000,000  | 22,972,827           |
| 3 Years Pakistan Investment Bond             | 2026          | 9.38%             | Half yearly    | 25,000,000  | 22,860,042           |
| 3 Years Pakistan Investment Bond             | 2026          | 7.68%             | Half yearly    | 40,000,000  | 38,246,068           |
| 3 Years Pakistan Investment Bond             | 2026          | 7.96%             | Half yearly    | 50,000,000  | 47,451,232           |
| 5 Years Pakistan Investment Bond             | 2027          | 7.78%             | Half yearly    | 20,000,000  | 17,788,708           |
| 3 Years Pakistan Investment Bond             | 2026          | 8.07%             | Half yearly    | 20,800,000  | 19,684,856           |
| 3 Years Pakistan Investment Bond             | 2026          | 8.16%             | Half yearly    | 30,000,000  | 28,323,009           |
| 3 Years Pakistan Investment Bond             | 2027          | 8.07%             | Half yearly    | 15,000,000  | 14,440,244           |
| 3 Years Pakistan Investment Bond             | 2027          | 7.99%             | Half yearly    | 40,000,000  | 38,607,358           |
| 3 Years Pakistan Investment Bond             | 2026          | 8.08%             | Half yearly    | 25,000,000  | 23,650,977           |
| 5 Years Pakistan Investment Bond             | 2029          | 6.04%             | Half yearly    | 25,000,000  | 26,563,472           |
| 5 Years Pakistan Investment Bond             | 2029          | 6.25%             | Half yearly    | 50,000,000  | 52,505,887           |
| 5 Years Pakistan Investment Bond             | 2029          | 6.13%             | Half yearly    | 100,000,000 | 105,888,583          |
| 5 Years Pakistan Investment Bond             | 2029          | 6.10%             | Half yearly    | 100,000,000 | 106,082,300          |
| 3 Years Pakistan Investment Bond             | 2027          | 6.11%             | Half yearly    | 25,000,000  | 26,089,600           |
| <b>Treasury Bills</b>                        |               |                   |                |             | <b>1,006,596,985</b> |
| 12 Months Treasury Bill                      | 2025          | 20.65%            | On maturity    | 250,000,000 | 239,148,639          |
| 12 Months Treasury Bill                      | 2025          | 19.69%            | On maturity    | 500,000,000 | 478,454,286          |
| 12 Months Treasury Bill                      | 2025          | 18.55%            | On maturity    | 250,000,000 | 239,703,004          |
| 12 Months Treasury Bill                      | 2025          | 12.10%            | On maturity    | 50,000,000  | 44,889,382           |
|  |               |                   |                |             | <b>1,002,195,311</b> |
|  |               |                   |                |             | <b>2,008,792,296</b> |
| <b>Available for sale</b>                    |               |                   |                |             |                      |
| <b>Corporate Sukuks (Note 11.3)</b>          |               |                   |                |             |                      |
| Dubai Islamic Bank                           | Perpetuity    | (KIBOR+1.75%)     | Monthly        | 10,000,000  | 10,000,000           |
| <b>Others (Note 11.3)</b>                    |               |                   |                |             |                      |
| <b>Term Finance Certificates</b>             |               |                   |                |             |                      |
| JS Bank Limited                              | Perpetuity    | (KIBOR+2.25%)     | Half yearly    | 10,000,000  | 10,000,000           |
| Azgard Nine Ltd                              |               |                   |                | 4,228,000   | 4,228,000            |
|  |               |                   |                |             | <b>14,228,000</b>    |
|  |               |                   |                |             | <b>24,228,000</b>    |
|  |               |                   |                |             | <b>2,033,020,296</b> |

11.2 These include PIB's amounting to Rs. 315 million (2024: PIB's amounting to Rs. 300 million), which are pledged with State Bank of Pakistan under section 29 of the Insurance Ordinance, 2000.

11.3 **Term Finance Certificate and Corporate Sukuk**

|                     | No. of certificates |              | Face value | Value of certificate |                   |
|---------------------|---------------------|--------------|------------|----------------------|-------------------|
|                     | 2025                | 2024         |            | 2025                 | 2024              |
| JS Bank Limited     | 100                 | 100          | 100,000    | 10,000,000           | 10,000,000        |
| Dubai Islamic Bank  | 2,000               | 2,000        | 5,000      | 10,000,000           | 10,000,000        |
| Azgard Nine Limited | 1,208               | 1,208        | 1,000      | 3,020,000            | 4,228,000         |
|                     | <b>3,308</b>        | <b>3,308</b> |            | <b>23,020,000</b>    | <b>24,228,000</b> |

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EAST WEST INSURANCE COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(Expressed in Rupees)

|   | Note | 2025                 | 2024                 |
|---|------|----------------------|----------------------|
| <b>12 INVESTMENT IN TERM DEPOSIT RECEIPTS</b>   |      |                      |                      |
| Deposits maturing within 12 months - local currency   | 12.1 | 1,019,750,552        | 192,822,071          |
| 12.1 These represents Term Deposit Receipts (TDRs) with commercial banks carrying markup ranging from 6.67% to 20.07% (2024: 12.50% to 20.50%). |      |                      |                      |
| <b>13 LOANS AND OTHER RECEIVABLES</b>   |      |                      |                      |
| Unsecured - considered good   |      |                      |                      |
| Accrued investment income   |      | 56,020,047           | 38,249,850           |
| Advances  | 13.1 | 154,059,307          | 17,887,847           |
| Deposits  |      | 29,914,938           | 17,490,296           |
| Other receivables   |      | 18,448,748           | 15,784,138           |
|   |      | <u>258,443,040</u>   | <u>89,412,131</u>    |
| 13.1 This represents advances provided to other offices of EWI in the normal course of business, which are non-interest bearing.                |      |                      |                      |
|   | Note | 2025                 | 2024                 |
| <b>14 INSURANCE / REINSURANCE RECEIVABLES</b>   |      |                      |                      |
| (Unsecured - considered good)   |      |                      |                      |
| Premium due but unpaid  |      | 134,346,055          | 289,464,719          |
| Less: Provision for Impairment of receivable from Insurance contract holders  |      | -                    | -                    |
| Premium written off   |      | -                    | (3,468,541)          |
|   |      | 134,346,055          | 285,996,178          |
| Due from other insurers / reinsurers  |      | 783,526,586          | 952,395,513          |
|   |      | <u>917,872,641</u>   | <u>1,238,391,691</u> |
| <b>15 PREPAYMENTS</b>   |      |                      |                      |
| Prepaid reinsurance premium ceded   |      | 1,223,569,012        | 584,176,330          |
| Prepaid rent  |      | 1,190,000            | 30,000               |
| Others  |      | 263,660              | 237,134              |
|   |      | <u>1,225,022,672</u> | <u>584,443,464</u>   |
| <b>16 CASH AND BANK</b>   |      |                      |                      |
| Cash and cash equivalents   |      |                      |                      |
| Cash in hand  |      | 28                   | 305                  |
| Policy stamps   |      | 37,830               | 6,700                |
|   |      | <u>37,858</u>        | <u>7,005</u>         |
| Cash at bank  |      |                      |                      |
| Current account   |      | 630,886,475          | 49,630,719           |
| Saving account  | 16.1 | 706,490,432          | 52,595,688           |
|   |      | <u>1,337,414,765</u> | <u>102,233,412</u>   |

16.1 This represents interest bearing accounts carrying interest rates ranging from 7.29% to 11.50% (2024: 13.50% to 20.50% ) per annum.

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**EAST WEST INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
**(Expressed in Rupees)**

**17 WINDOW TAKAFUL OPERATIONS**

|                                     | Note | 2025               | 2024               |
|-------------------------------------|------|--------------------|--------------------|
| <b>Operator's Fund</b>              |      |                    |                    |
| <b>Assets</b>                       |      |                    |                    |
| Cash and cash equivalents           |      | 151,439            | 107,799            |
| Property and equipment              |      | 7,822,252          | 8,339,065          |
| Investment property - at cost       |      | 27,271,907         | 28,707,271         |
| Other assets                        |      | 473,284,220        | 334,451,071        |
| <b>Total assets</b>                 |      | <b>508,529,818</b> | <b>371,605,206</b> |
| <b>Total liabilities</b>            |      | <b>219,712,704</b> | <b>130,546,974</b> |
| <b>Profit before tax</b>            |      |                    |                    |
| Wakala fee                          |      | 378,362,247        | 292,896,109        |
| Commission expense                  |      | (234,725,563)      | (174,947,338)      |
| Management expenses                 |      | (13,429,999)       | (12,006,783)       |
|                                     |      | 130,206,685        | 105,941,988        |
| Modarib's share of PTF other income |      | 188,407            | 102,333            |
| Other income                        |      | 80,476             | 59,871             |
| Rental income                       |      | 3,212,030          | 2,911,152          |
| Other expenses                      |      | (1,018,720)        | (972,800)          |
| <b>Profit before tax</b>            |      | <b>132,668,878</b> | <b>108,042,544</b> |

|                                   | Note | 2025                 | 2024               |
|-----------------------------------|------|----------------------|--------------------|
| <b>Participants' Takaful Fund</b> |      |                      |                    |
| <b>Assets</b>                     |      |                      |                    |
| Cash and cash equivalents         |      | 6,000,000            | -                  |
| Property and equipment            |      | -                    | -                  |
| Investment property - at cost     |      | -                    | -                  |
| Other assets                      |      | 1,153,758,859        | 754,542,065        |
| <b>Total assets</b>               |      | <b>1,159,758,859</b> | <b>754,542,065</b> |
| <b>Total liabilities</b>          |      | <b>1,159,758,859</b> | <b>754,542,065</b> |

17.1 Details of assets and liabilities, along with segment information as disclosed in Note 38, relating to the Window Takaful Operations are presented in the annexed financial statements for the year ended December 31, 2025.

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EAST WEST INSURANCE COMPANY LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2025  
 (Expressed in Rupees)

18 ORDINARY SHARE CAPITAL

18.1 Authorized share capital

|  | 2025                       | 2024        |                                      | 2025          | 2024          |
|--|----------------------------|-------------|--------------------------------------|---------------|---------------|
|  | -----Number of shares----- |             |                                      |               |               |
|  | 400,000,000                | 300,000,000 | Ordinary shares of Rupees<br>10 each | 4,000,000,000 | 3,000,000,000 |

18.1.1 Authorized share capital has been increased to meet the minimum paid-up capital requirement as required under section 28 of Insurance Ordinance 2000.

18.2 Issued, subscribed and paid up share capital

|  | 2025                       | 2024               |  | 2025                 | 2024                 |
|--|----------------------------|--------------------|--|----------------------|----------------------|
|  | -----Number of shares----- |                    |  |                      |                      |
|  | 91,156,026                 | 91,156,026         | Ordinary shares of Rupees<br>10 each fully paid in cash                | 911,560,260          | 911,560,260          |
|  | 190,309,768                | 164,721,969        | Ordinary shares of Rs.10<br>each, issued as fully paid<br>bonus shares | 1,903,097,680        | 1,647,219,690        |
|  | <u>281,465,794</u>         | <u>255,877,995</u> |  | <u>2,814,657,940</u> | <u>2,558,779,950</u> |

18.2.1 During the year ended December 31 2025, the Company issued bonus shares in the proportion of one ordinary share for every ten ordinary shares held, resulting in issuance of 25,587,800.

18.2.2 All ordinary shares rank equally with regards to the Company's residence assets.

|                                | Note | 2025                 | 2024               |
|--------------------------------|------|----------------------|--------------------|
| 19 DEPOSITS AND OTHER PAYABLES |      |                      |                    |
| Bond Security deposit          |      | <u>1,213,714,610</u> | <u>417,805,153</u> |

19.1 This represents margin deposit received on account of performance and other bond policies issued by the Company.

|   | Note | 2025                | 2024                |
|---|------|---------------------|---------------------|
| 20 LEASE LIABILITY AGAINST RIGHT OF USE ASSETS  |      |                     |                     |
| Lease commitments                               |      | <u>39,962,076</u>   | <u>52,659,538</u>   |
| Present value of lease commitments              |      | <u>32,997,626</u>   | <u>40,585,104</u>   |
| Opening lease liability                         |      | 40,585,104          | 41,081,855          |
| Addition during the year                        |      | -                   | -                   |
| Modification during the year                    |      | -                   | 4,766,948           |
| Finance cost                                    |      | 5,109,984           | 6,000,576           |
| Less: payments made during the year             |      | <u>(12,697,462)</u> | <u>(11,264,275)</u> |
|   |      | 32,997,626          | 40,585,104          |
| Current portion shown under current liabilities |      | <u>(10,411,459)</u> | <u>(7,587,478)</u>  |
|   |      | <u>22,586,167</u>   | <u>32,997,626</u>   |

20.1 A maturity analysis table, including future value, financial cost impact, and present value, is provided below.

| December 31 , 2025                               | Minimum lease payments | Financial charges for future periods | Present Value Of Lease Liability |
|--|------------------------|--------------------------------------|----------------------------------|
| Not later than one year                          | 14,243,641             | 3,832,182                            | 10,411,459                       |
| Later than one year but not later than five year | 25,718,435             | 3,132,267                            | 22,586,167                       |
|  | <u>39,962,076</u>      | <u>6,964,450</u>                     | <u>32,997,626</u>                |

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**EAST WEST INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
**(Expressed in Rupees)**

|   | Note        | 2025                 | 2024                 |
|---|-------------|----------------------|----------------------|
| <b>26 NET INSURANCE PREMIUM</b>   |             |                      |                      |
| Written gross premium   |             | 11,758,115,103       | 7,676,072,505        |
| Unearned premium reserve - opening  |             | 2,014,906,473        | 1,455,648,347        |
| Unearned premium reserve - closing  |             | (3,688,893,033)      | (2,014,906,473)      |
| Premium earned  |             | 10,084,128,543       | 7,116,814,379        |
| Less: Reinsurance premium ceded   |             | 3,437,306,041        | 2,492,981,635        |
| Prepaid reinsurance premium   |             |                      |                      |
| ceded - opening   |             | 584,176,330          | 903,978,877          |
| Prepaid reinsurance premium   |             |                      |                      |
| ceded - closing   |             | (1,223,569,012)      | (584,176,330)        |
| Reinsurance expense   |             | 2,797,913,359        | 2,812,784,182        |
|   |             | <u>7,286,215,184</u> | <u>4,304,030,197</u> |
| <b>27 NET INSURANCE CLAIMS EXPENSE</b>                                      |             |                      |                      |
| Claim paid  |             | 3,608,302,453        | 3,521,148,215        |
| Outstanding claims including IBNR - opening                                 |             | (1,566,267,133)      | (1,281,908,861)      |
| Outstanding claims including IBNR - closing                                 | 27.1        | 2,801,214,657        | 1,566,267,133        |
| Claim expense   |             | 4,843,249,977        | 3,805,506,487        |
| Less: Reinsurance and other recoveries received                             |             | 1,363,011,366        | 1,672,419,581        |
| Reinsurance and other recoveries in respect of outstanding claims - opening |             | (1,094,761,982)      | (906,444,387)        |
| Reinsurance and other recoveries in respect of outstanding claims - closing |             | 1,297,496,276        | 1,094,761,982        |
| Reinsurance and other recoveries revenue                                    |             | 1,565,745,660        | 1,860,737,176        |
|   |             | <u>3,277,504,317</u> | <u>1,944,769,311</u> |
| <b>27.1 Outstanding claims</b>  | <b>27.3</b> | <b>2,385,532,327</b> | <b>1,195,702,316</b> |
| Incurred but not reported claims  |             | 415,682,330          | 370,564,817          |
|   |             | <u>2,801,214,657</u> | <u>1,566,267,133</u> |
| <b>27.2 Claim development</b>   |             |                      |                      |

The Company maintains adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year. The following table shows the development of the claims over a year of time. All amounts are presented in gross numbers before reinsurance:

| Accident year   | 2020 & Prior Years | 2021        | 2022        | 2023        | 2024        | 2025          | Total         |
|---|--------------------|-------------|-------------|-------------|-------------|---------------|---------------|
| Estimate of ultimate claims cost:                       |                    |             |             |             |             |               |               |
| At the end of accident year                             | 197,058,179        | 391,482,652 | 951,498,093 | 564,872,471 | 954,100,450 | 2,208,804,572 | 5,267,816,417 |
| one year later  | 224,797,756        | 512,324,334 | 501,988,914 | 458,981,980 | 599,679,510 | -             | 2,297,772,494 |
| two years later   | 224,880,227        | 483,944,883 | 457,794,357 | 442,885,924 | -           | -             | 1,609,505,391 |
| three years later                                       | 204,313,300        | 482,898,005 | 422,040,911 | -           | -           | -             | 1,109,252,216 |
| four years later  | 204,346,365        | 450,338,217 | -           | -           | -           | -             | 654,684,582   |
| five years later  | 489,461,753        | -           | -           | -           | -           | -             | 489,461,753   |
| Current estimate of cumulative claims                   | 489,461,753        | 450,338,217 | 422,040,911 | 442,885,924 | 599,679,510 | 2,208,804,572 | 4,613,210,887 |
| Cumulative payment to date                              | 200,290,198        | 450,338,217 | 422,040,911 | 405,476,466 | 333,850,440 | -             | 1,811,996,232 |
| Liability recognized in statement of financial position | 289,171,555        | -           | -           | 37,409,458  | 265,829,070 | 2,208,804,572 | 2,801,214,655 |

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EAST WEST INSURANCE COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(Expressed in Rupees)

27.3 This also includes outstanding claim which are under dispute in various courts as at reporting date amounting to Rs. 298.67 million against total sum insured amounting to Rs. 1,252.72 million. The claim has been recorded as per legal advice keeping in view the probability of outcome in respect of each cases.

| 28  | Note | 2025                 | 2024                 |
|---|------|----------------------|----------------------|
| <b>NET COMMISSION EXPENSE</b>   |      |                      |                      |
| Commission paid or payable  |      | 2,134,176,297        | 1,708,104,662        |
| Deferred commission expense - opening   |      | 547,715,472          | 322,829,742          |
| Deferred commission expense - closing   |      | (494,278,433)        | (547,715,472)        |
| Net commission  |      | <u>2,187,613,336</u> | <u>1,483,218,932</u> |
| Less: Commission received or recoverable  |      |                      |                      |
| Unearned reinsurance commission - opening   |      | 694,099,126          | 552,761,043          |
| Unearned reinsurance commission - closing   |      | 148,806,713          | 257,690,967          |
| Commission from reinsurers  |      | (254,051,177)        | (148,806,713)        |
|   |      | <u>588,854,662</u>   | <u>661,645,297</u>   |
|   |      | <u>1,598,758,674</u> | <u>821,573,635</u>   |
| <b>29 MANAGEMENT EXPENSES</b>   |      |                      |                      |
| Employee benefits cost  | 29.1 | 411,014,476          | 298,467,900          |
| Office repairs and maintenance  |      | 26,374,081           | 23,724,124           |
| Vehicle running expense   |      | 425,703,233          | 273,762,950          |
| Travelling expense  |      | 233,546,773          | 189,259,138          |
| Electricity, gas and water  |      | 17,904,198           | 19,433,861           |
| Printing and stationery   |      | 38,803,710           | 35,723,050           |
| Office rent   |      | 1,520,792            | 2,337,712            |
| Entertainment   |      | 122,199,330          | 77,419,100           |
| Postage, telegrams and telephones   |      | 23,768,874           | 22,897,679           |
| Advertisement and publicity   |      | 294,192              | 310,138              |
| Rent, rates and taxes   |      | 403,845              | 587,943              |
| Miscellaneous   |      | 5,670,010            | 9,746,013            |
|   |      | <u>1,307,203,514</u> | <u>953,669,608</u>   |
| <b>29.1 Employee benefits cost</b>  |      |                      |                      |
| Salaries, allowance and other benefits  |      | 405,940,426          | 293,819,115          |
| Charges for post employment benefits  |      | 5,074,050            | 4,648,785            |
|   |      | <u>411,014,476</u>   | <u>298,467,900</u>   |
| <b>30 INVESTMENT INCOME</b>   |      |                      |                      |
| Income from equity securities   |      |                      |                      |
| Held for trading  |      |                      |                      |
| Dividend income   |      | 24,375,364           | 207,023,983          |
| Gain on disposal of securities  |      | 181,739,675          | 80,563,697           |
|   |      | <u>206,115,039</u>   | <u>287,587,680</u>   |
| Income from debt securities   |      |                      |                      |
| Held to Maturity  |      |                      |                      |
| Return on debt securities   |      |                      |                      |
| Pakistan Investment Bonds   | 30.1 | 134,662,258          | 85,916,903           |
| GoP Ijara Sukuk   |      | -                    | -                    |
| GoP Ijara Sukuk   |      | 5,452,122            | -                    |
| Treasury Bills  |      | 220,926,595          | 105,266,695          |
|   |      | <u>361,040,975</u>   | <u>191,183,598</u>   |
| Available for sale  |      |                      |                      |
| Gain on disposal of securities  |      | 39,501,446           | 654,653              |
| Term Finance Certificates   |      | 1,834,273            | 2,586,263            |
| Corporate Sukuk   |      | 1,337,079            | 2,186,091            |
|   |      | <u>42,672,798</u>    | <u>5,427,007</u>     |
| Return on term deposits   |      | 59,216,197           | 20,590,390           |
| Net unrealized gains on investments<br>at fair value through profit or<br>loss (held for trading) |      | <u>349,983,870</u>   | <u>250,138,273</u>   |
|   |      | <u>1,019,028,879</u> | <u>754,926,948</u>   |
| Investment related expenses   |      | (3,471,589)          | (2,365,710)          |
|   |      | <u>1,015,557,290</u> | <u>752,561,238</u>   |

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EAST WEST INSURANCE COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(Expressed in Rupees)

|   | Note  | 2025               | 2024               |
|---|-------|--------------------|--------------------|
| <b>30.1 Pakistan Investment Bonds</b>   |       |                    |                    |
| Return on Pakistan Investment Bonds   |       | 172,243,526        | 128,090,476        |
| Reclassification of amortization of unrealized loss on available for sale to held to maturity |       | (37,581,268)       | (42,173,573)       |
|   |       | <u>134,662,258</u> | <u>85,916,903</u>  |
| <b>31 OTHER INCOME</b>  |       |                    |                    |
| Return on bank balances   |       | 26,057,166         | 30,762,651         |
| Profit on disposal of fixed assets  |       | 8,480,596          | 3,924,491          |
| Others  |       | 6,095,750          | 1,000,000          |
|   |       | <u>40,633,512</u>  | <u>35,687,142</u>  |
| <b>32 OTHER EXPENSES</b>  |       |                    |                    |
| Employee benefits cost  | 32.1  | 129,111,593        | 108,324,045        |
| Office repairs and maintenance  |       | 19,861,437         | 16,739,910         |
| Vehicle running expense   |       | 34,583,936         | 25,918,819         |
| Auditors' remuneration  | 32.3  | 2,986,105          | 2,613,721          |
| Remuneration of directors and executives  | 36    | 18,830,000         | 17,525,000         |
| Legal and professional charges  |       | 21,736,553         | 7,628,665          |
| Depreciation  | 6&7&9 | 55,756,717         | 45,505,054         |
| Amortisation  | 8     | 24,803             | 35,434             |
| Subscription and membership   |       | 21,850,756         | 15,206,125         |
| Annual supervision fee  |       | 5,967,213          | 4,476,869          |
| Bad debt expense  | 14    | -                  | 3,468,541          |
| Provision for doubtful debt   | 14.1  | -                  | -                  |
| Rent, rates and taxes   |       | 1,552,642          | 1,900,942          |
| Electricity, gas and water  |       | 1,767,220          | 1,597,133          |
| Postage, telegram and telephone   |       | 2,170,647          | 1,888,049          |
| Workers Welfare Fund  |       | 36,647,209         | 22,219,707         |
| Others  |       | 3,985,457          | 1,201,619          |
|   |       | <u>356,832,288</u> | <u>276,249,633</u> |
| <b>32.1 Employee benefits cost</b>  |       |                    |                    |
| Salaries, allowance and other benefits  |       | 125,981,292        | 105,631,977        |
| Charges for post employment benefits  |       | 3,130,301          | 2,692,068          |
|   |       | <u>129,111,593</u> | <u>108,324,045</u> |
| <b>32.2 Employees' provident fund</b>   |       | Un-audited         | Audited            |
| Size of the fund  |       | 144,246,719        | 124,611,954        |
| Number of members   |       | 152                | 121                |
| Cost of investment made   |       | 88,544,344         | 90,671,070         |
| Percentage of investment made   |       | 61%                | 73%                |
| Fair value of investment  |       | 8,544,472          | 90,671,023         |

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**EAST WEST INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
**(Expressed in Rupees)**

32.2.1 The Company has contributory provident fund scheme of all its permanent employees. The fund is maintained by the Trustees and all decisions regarding investments and distribution of income etc. are made by the Trustees. The investments by the fund have been made in accordance with the conditions specified in section 218 of the Companies Act 2017 and rules specified thereunder.

|                                    | Note | 2 0 2 5            | 2 0 2 4            |
|------------------------------------|------|--------------------|--------------------|
| <b>32.3 Auditors' remuneration</b> |      |                    |                    |
| Audit fee                          |      | 1,473,552          | 1,322,880          |
| Half yearly review fee             |      | 490,077            | 409,911            |
| Other services                     |      | 492,376            | 427,030            |
| Out-of-pocket expenses             |      | 530,100            | 453,900            |
|                                    |      | <u>2,986,105</u>   | <u>2,613,721</u>   |
| <b>33 FINANCE COST</b>             |      |                    |                    |
| Bank charges                       |      | 1,283,981          | 1,250,186          |
| Lease finance charges              |      | 5,109,984          | 6,000,576          |
|                                    |      | <u>6,393,965</u>   | <u>7,250,762</u>   |
| <b>34 INCOME TAX EXPENSE</b>       |      |                    |                    |
| For the year                       |      |                    |                    |
| Current                            |      | 517,249,418        | 255,418,026        |
| Prior                              | 34.1 | (132,826,536)      | (77,035,808)       |
| Deferred                           |      | 94,509,075         | 45,572,892         |
|                                    |      | <u>478,931,957</u> | <u>223,955,110</u> |

34.1 The income tax assessments of the Company are finalized on self assessment basis. The return of income upto tax year 2024 have been submitted to the authorities. Amount of Rs. 132.826 million (2024: Rs. 77.036 million) represents excess liability recorded in the books of the Company as compared to tax return.

|  | Note | 2 0 2 5              | 2 0 2 4              |
|--|------|----------------------|----------------------|
| <b>34.2 Relationship between accounting profit and tax expense is as follows</b> |      |                      |                      |
| Accounting profit before tax   |      | <u>1,928,382,106</u> | <u>1,196,808,172</u> |
| Tax @ 39%  |      | 559,230,811          | 347,074,370          |
| Effect of prior year reversal  |      | (132,826,536)        | (77,035,808)         |
| Effect of dividend income  |      | (3,412,551)          | (28,983,358)         |
| Effect of deductions allowed / not allowed                                       |      | (38,568,842)         | (62,672,986)         |
| Effect of deferred tax   |      | 94,509,075           | 45,572,892           |
| Provision for taxation   |      | <u>478,931,957</u>   | <u>223,955,110</u>   |

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**EAST WEST INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
**(Expressed in Rupees)**

|  | Note | 2025                 | 2024               |
|--|------|----------------------|--------------------|
| <b>35 EARNINGS PER SHARE</b>                                     |      |                      | (Restated)         |
| Profit after tax for the year                                    |      | <u>1,449,450,149</u> | <u>972,853,062</u> |
| Weighted average number of ordinary shares outstanding (Numbers) |      | <u>281,465,794</u>   | <u>281,465,794</u> |
| Basic and diluted earnings per share (Rupees)                    | 35.1 | <u>5.15</u>          | <u>3.46</u>        |

35.1 There is no dilution effect on the basic earnings per share as the Company has no convertible dilutive potential ordinary shares outstanding at the year end; consequently, the reported basic earnings per share is also the diluted earnings per share. The corresponding earnings per share has been adjusted on account of issuance of bonus shares.

**36 REMUNERATION OF DIRECTORS AND EXECUTIVES**

|                            | Chief Executive Officer |                  | Directors         |                   | Executives        |                   |
|----------------------------|-------------------------|------------------|-------------------|-------------------|-------------------|-------------------|
|                            | 2025                    | 2024             | 2025              | 2024              | 2025              | 2024              |
| Managerial remuneration    | 3,312,000               | 3,312,000        | 8,540,000         | 7,840,000         | 45,210,000        | 39,816,000        |
| Rent and house maintenance | -                       | -                | -                 | -                 | 6,860,000         | 6,211,000         |
| Utilities                  | 1,488,000               | 1,488,000        | 5,160,000         | 4,560,000         | 46,482,000        | 39,816,000        |
| Meeting fee                | -                       | -                | 1,070,000         | 965,000           | -                 | -                 |
|                            | <u>4,800,000</u>        | <u>4,800,000</u> | <u>14,770,000</u> | <u>13,365,000</u> | <u>98,552,000</u> | <u>85,843,000</u> |
| Number of persons          | 1                       | 1                | 9                 | 9                 | 21                | 18                |

36.1 In addition to the above, the Chief Executive, Directors and Executives of the Company are provided with Company maintained cars and medical reimbursement at actual up to a maximum of one basic salary, where applicable.

**37 TRANSACTIONS WITH RELATED PARTIES**

Related parties comprise of associated companies, entities under common control, entities with common directors, major shareholders and key management personnel of the Company. Transactions with related parties are carried out at arm's length prices. Transactions with related parties including remuneration to key management personnel are as follows:

| Nature of Transaction                       | Nature of relationship with the Company | 2025      | 2024      |
|---|---|-----------|-----------|
| Loan received from executives and directors |   |           |           |
| Naved Yunus                                 | Chief Executive Officer                 | -         | 6,100,000 |
| Javed Yunus                                 | Director                                | 1,500,000 | -         |

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**EAST WEST INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
**(Expressed in Rupees)**

| Nature of Transaction   | Nature of relationship<br>with the Company | 2025        | 2024        |
|---|--|-------------|-------------|
| <b>Issue of bonus shares and right shares at market value</b> |  |             |             |
| Naved Yunus   | Chief Executive Officer                    | 76,713,006  | 176,779,753 |
| Ambreen Naved Yunus   | Other related party                        | 114,650,838 | 264,204,866 |
| Javed Yunus   | Director                                   | 45,286,320  | 104,359,178 |
| Rubina Javed Yunus  | Other related party                        | 83,224,517  | 191,785,093 |
| Pervez Yunus  | Director                                   | 55,720,756  | 169,939,900 |
| Samina Pervez Yunus   | Other related party                        | 47,687,937  | 109,893,563 |
| Umeed Ansari  | Director                                   | 14,113      | 32,598      |
| Ahsan Mahmood Alvi  | Director                                   | 12,811      | 29,619      |
| Saad Yunus  | Director                                   | 48,729,068  | 113,263,189 |
| Amna Yunus  | Other related party                        | 54,044,301  | 137,621,064 |
| Urooj Yunus Ansari  | Director                                   | 31,757,654  | 73,183,277  |
| Shahzad Farroq Lodhi  | Director                                   | 3,593       | 8,307       |
| Rizwan Ali Dodani   | Director                                   | 3,281       | 7,562       |
| Aman Shah   | Director                                   | 3,281       | 7,562       |
| East West Holding Co. Ltd                                     | Associated undertaking                     | 356,675,047 | 819,573,438 |
| Askari Life Assurance Co. Ltd                                 | Previously associated undertaking          | -           | 130,736     |

| Nature of Transaction    | Nature of relationship<br>with the Company | 2025      | 2024      |
|--------------------------|--|-----------|-----------|
| <b>Remuneration Paid</b> |  |           |           |
| Naveed Yunus             | Chief Executive Officer                    | 4,800,000 | 4,800,000 |
| Javed Yunus              | Director                                   | 3,600,000 | 3,600,000 |
| Pervez Yunus             | Director                                   | 3,600,000 | 3,600,000 |
| Umeed Ansari             | Director                                   | 160,000   | 145,000   |
| Ahsan Mahmood Alvi       | Director                                   | 160,000   | 145,000   |
| Saad Yunus               | Director                                   | 6,000,000 | 4,800,000 |
| Urooj Yunus Ansari       | Director                                   | 150,000   | 125,000   |
| Shahzad Farooq Lodhi     | Director                                   | 200,000   | 250,000   |
| Rizwan Ali Dodani        | Director                                   | 200,000   | 250,000   |
| Aman Shah                | Director                                   | 200,000   | 50,000    |
| Shabbir Ali Kanchwala    | Company Secretary                          | 6,300,000 | 5,100,000 |
| Tanveer Iqbal            | Chief financial officer                    | 2,400,000 | 1,830,000 |

**37.1 Year end balances**

|                            |                   |                  |
|----------------------------|-------------------|------------------|
| Payable to related parties | <u>12,924,440</u> | <u>7,185,543</u> |
|----------------------------|-------------------|------------------|

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**EAST WEST INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
**(Expressed in Rupees)**

**38 SEGMENT REPORTING**

Following are the segment assets, liabilities, revenue and expenses of the Company:

| Segment current year  | 2025              |                   |                 |                 |               | Total           |
|---|-------------------|-------------------|-----------------|-----------------|---------------|-----------------|
|   | Fire and property | Marine & aviation | Motor           | Engineering     | Miscellaneous |                 |
| Premium receivable (inclusive of gross direct premium, facultative inward premium and administrative surcharge) | 4,055,072,289     | 1,287,183,401     | 1,914,977,271   | 3,219,057,204   | 1,281,824,938 | 11,758,115,103  |
| Gross direct premium  | 1,085,508,185     | 710,634,017       | 804,269,671     | 2,280,305,029   | 1,069,561,686 | 5,950,578,588   |
| Facultative inward premium  | 2,935,312,728     | 550,872,793       | 1,072,792,469   | 910,546,701     | 175,481,818   | 5,635,006,509   |
| Administrative surcharge  | 44,251,376        | 25,676,591        | 37,915,131      | 28,205,474      | 36,481,434    | 172,530,006     |
|   | 4,055,072,289     | 1,287,183,401     | 1,914,977,271   | 3,219,057,204   | 1,281,824,938 | 11,758,115,103  |
| Written gross premium   | 4,055,072,289     | 1,287,183,401     | 1,914,977,271   | 3,219,057,204   | 1,281,824,938 | 11,758,115,103  |
| Unearned premium reserves - opening   | 877,447,827       | 207,922,425       | 327,618,611     | 240,457,545     | 361,460,065   | 2,014,906,473   |
| Unearned premium reserves - closing   | (1,161,600,476)   | (272,420,839)     | (602,906,644)   | (1,213,073,211) | (438,891,863) | (3,688,893,033) |
| Premium earned  | 3,770,919,640     | 1,222,684,987     | 1,639,689,238   | 2,246,441,538   | 1,204,393,140 | 10,084,128,543  |
| Reinsurance premium ceded   | 1,264,380,640     | 396,853,591       | 544,713,086     | 986,373,329     | 244,985,198   | 3,437,306,044   |
| Prepaid reinsurance premium ceded - opening   | 212,530,011       | 56,259,676        | 74,346,760      | 87,673,388      | 153,366,495   | 584,176,330     |
| Prepaid reinsurance premium ceded - closing   | (326,319,531)     | (84,186,766)      | (154,285,043)   | (506,678,371)   | (152,099,304) | (1,223,569,015) |
| Reinsurance expense   | 1,150,591,320     | 366,926,501       | 464,774,803     | 667,368,346     | 246,252,369   | 2,797,913,359   |
| Net insurance premium   | 2,620,328,320     | 853,758,486       | 1,174,914,435   | 1,679,073,192   | 958,140,751   | 7,286,215,184   |
| Commission income   | 231,946,173       | 87,667,385        | 71,777,660      | 150,234,031     | 47,229,513    | 588,854,662     |
| Net underwriting income   | 2,852,274,493     | 941,425,871       | 1,246,691,995   | 1,829,307,223   | 1,005,370,264 | 7,875,069,846   |
| Insurance claims paid   | (1,204,555,489)   | (324,678,968)     | (563,812,839)   | (951,657,151)   | (563,898,005) | (3,608,302,452) |
| Outstanding claims (including IBNR) - opening   | 482,643,463       | 118,402,347       | 146,357,209     | 571,165,385     | 247,698,728   | 1,566,267,132   |
| Outstanding claims (including IBNR) - closing   | (749,235,656)     | (271,252,102)     | (246,749,018)   | (1,197,697,764) | (336,280,117) | (2,801,214,657) |
| Insurance claims expenses   | (1,471,147,682)   | (477,628,723)     | (664,204,648)   | (1,576,189,530) | (652,179,394) | (4,843,249,977) |
| Reinsurance and other recoveries received   | 479,401,707       | 138,772,789       | 41,885,620      | 702,951,250     | -             | 1,363,011,366   |
| Reinsurance and other recoveries in respect of outstanding claims - opening                                     | (329,439,746)     | (43,724,863)      | (64,999,115)    | (484,097,235)   | (182,504,003) | (1,094,761,982) |
| Reinsurance and other recoveries in respect of outstanding claims - closing                                     | 243,171,315       | 69,097,957        | 71,216,301      | 722,194,792     | 191,816,911   | 1,297,496,276   |
| Insurance claims recovered from reinsurers  | 393,133,276       | 164,148,863       | 58,101,806      | 941,048,807     | 9,312,908     | 1,665,745,660   |
| Net claims  | (1,076,014,406)   | (313,379,860)     | (606,102,842)   | (637,140,723)   | (642,866,466) | (3,277,504,317) |
| Commission expense  | (920,376,141)     | (260,375,508)     | (256,970,716)   | (579,996,565)   | (169,894,406) | (2,187,613,336) |
| Management expense  | (470,107,223)     | (153,170,894)     | (210,788,762)   | (301,238,753)   | (171,897,882) | (1,307,203,514) |
| Net insurance claims and expenses   | (2,468,497,770)   | (725,926,252)     | (1,073,862,320) | (1,518,376,041) | (984,858,774) | (6,772,321,167) |
| Underwriting result   | 383,776,723       | 214,499,609       | 172,829,675     | 310,931,182     | 20,711,450    | 1,015,557,290   |
| Net investment income   |                   |                   |                 |                 |               | 40,633,512      |
| Other income  |                   |                   |                 |                 |               | (356,832,288)   |
| Other expenses  |                   |                   |                 |                 |               | (6,393,965)     |
| Finance costs   |                   |                   |                 |                 |               | 132,668,878     |
| Profit before tax   |                   |                   |                 |                 |               | 1,928,382,106   |
| Corporate segment assets  | 1,826,820,771     | 704,804,227       | 869,673,938     | 1,830,304,452   | 656,752,334   | 5,887,355,722   |
| Corporate segment liabilities - Takatuf OPF and PTF   | 523,488,280       | 187,463,150       | 295,478,481     | 193,924,958     | 39,976,510    | 1,240,330,379   |
| Corporate Un-allocated assets   |                   |                   |                 |                 |               | 10,363,091,814  |
| Corporate Un-allocated assets - Takatuf OPF and PTF   |                   |                   |                 |                 |               | 427,958,298     |
| Total assets  |                   |                   |                 |                 |               | 17,918,736,213  |
| Corporate segment liabilities   | 2,957,023,145     | 1,141,471,521     | 1,408,487,626   | 2,964,284,727   | 1,063,648,679 | 9,534,915,698   |
| Corporate segment liabilities - Takatuf OPF and PTF   | 364,064,697       | 124,933,811       | 195,726,743     | 131,723,034     | 29,335,069    | 846,062,138     |
| Corporate Un-allocated liabilities  |                   |                   |                 |                 |               | 529,688,609     |
| Corporate Un-allocated liabilities - Takatuf OPF and PTF  |                   |                   |                 |                 |               | 11,760,449,399  |
| Total liabilities   |                   |                   |                 |                 |               |                 |

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EAST WEST INSURANCE COMPANY LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2025  
 (Expressed in Rupees)

|   | 2024                 |                    |                      |                      |                      | Total                |
|---|----------------------|--------------------|----------------------|----------------------|----------------------|----------------------|
|   | Fire and property    | Marine & aviation  | Motor                | Engineering          | Miscellaneous        |                      |
| Segment prior year  |                      |                    |                      |                      |                      |                      |
| Premium receivable (inclusive of gross direct premium, facultative inward premium and administrative surcharge) | 2,729,620,966        | 995,668,393        | 1,130,101,817        | 1,677,124,003        | 1,143,557,326        | 7,676,072,505        |
| Gross direct premium  | 350,000,826          | 586,211,475        | 520,355,830          | 1,302,743,359        | 1,039,977,095        | 3,799,288,585        |
| Facultative inward premium  | 2,373,749,205        | 381,914,524        | 585,320,545          | 345,148,085          | 31,215,172           | 3,717,347,531        |
| Administrative surcharge  | 5,870,935            | 27,542,394         | 24,425,442           | 29,232,559           | 72,365,059           | 159,436,389          |
|   | <u>2,729,620,966</u> | <u>995,668,393</u> | <u>1,130,101,817</u> | <u>1,677,124,003</u> | <u>1,143,557,326</u> | <u>7,676,072,505</u> |
| Written gross premium   | 2,729,620,966        | 995,668,393        | 1,130,101,817        | 1,677,124,003        | 1,143,557,326        | 7,676,072,505        |
| Unearned premium reserves - opening   | 508,646,724          | 103,761,275        | 247,799,311          | 365,478,361          | 229,962,656          | 1,455,648,347        |
| Unearned premium reserves - closing   | (877,447,827)        | (207,922,426)      | (327,618,611)        | (240,457,545)        | (381,480,065)        | (2,014,906,473)      |
| Premium earned  | 2,360,819,863        | 891,507,243        | 1,050,282,517        | 1,802,144,839        | 1,012,059,917        | 7,116,814,379        |
| Reinsurance premium ceded   | 821,218,103          | 390,036,578        | 282,218,656          | 774,252,221          | 225,256,092          | 2,492,981,650        |
| Prepaid reinsurance premium ceded - opening   | 239,191,283          | 48,917,707         | 65,895,937           | 475,478,143          | 74,495,807           | 903,978,877          |
| Prepaid reinsurance premium ceded - closing   | (212,530,011)        | (56,259,676)       | (74,346,760)         | (153,366,495)        | (87,673,388)         | (584,176,330)        |
| Reinsurance expense   | 847,879,375          | 382,694,609        | 273,767,833          | 1,096,363,869        | 212,078,511          | 2,812,784,197        |
| Net insurance premium   | 1,512,940,488        | 508,812,634        | 776,514,684          | 705,780,970          | 799,981,406          | 4,304,030,162        |
| Commission income   | 206,863,341          | 81,994,766         | 52,928,879           | 265,074,291          | 54,784,020           | 661,645,297          |
| Net underwriting income   | 1,719,803,829        | 590,807,400        | 829,443,563          | 970,855,261          | 854,765,426          | 4,965,675,479        |
| Insurance claims paid   | (1,026,579,374)      | (314,845,578)      | (419,494,602)        | (1,250,442,539)      | (509,786,123)        | (3,521,148,216)      |
| Outstanding claims (including IBNR) - opening   | 416,404,774          | 79,225,397         | 85,939,021           | 619,484,955          | 80,854,714           | 1,281,908,861        |
| Outstanding claims (including IBNR) - closing   | (482,643,463)        | (118,402,347)      | (146,357,209)        | (571,165,384)        | (247,698,730)        | (1,566,267,133)      |
| Insurance claims expenses   | (1,092,816,063)      | (354,022,528)      | (479,912,799)        | (1,202,122,988)      | (676,630,139)        | (3,805,506,488)      |
| Reinsurance and other recoveries received   | 549,677,014          | 149,286,084        | 45,395,492           | 922,565,641          | 5,485,350            | 1,672,419,581        |
| Reinsurance and other recoveries in respect of outstanding claims - opening                                     | (263,811,906)        | (23,933,850)       | (11,338,895)         | (560,445,648)        | (46,934,098)         | (906,464,387)        |
| Reinsurance and other recoveries in respect of outstanding claims - closing                                     | 329,439,746          | 43,721,883         | 54,999,115           | 484,097,235          | 182,504,003          | 1,094,761,982        |
| Insurance claims recovered from reinsurers  | 615,304,854          | 169,084,117        | 89,055,712           | 846,217,228          | 141,055,265          | 1,860,717,176        |
| Net claims  | (477,513,209)        | (184,938,411)      | (390,857,078)        | (355,905,740)        | (535,574,874)        | (1,944,789,312)      |
| Commission expense  | (595,071,316)        | (208,464,645)      | (193,105,140)        | (358,893,921)        | (127,683,910)        | (1,483,218,932)      |
| Management expense  | (335,231,238)        | (112,740,647)      | (172,056,985)        | (156,384,094)        | (177,256,646)        | (953,669,608)        |
| Net insurance claims and expenses   | (1,407,815,761)      | (506,143,703)      | (756,019,203)        | (871,183,755)        | (840,515,430)        | (4,381,677,852)      |
| Underwriting results  | 311,988,066          | 84,663,697         | 73,424,360           | 99,671,506           | 14,249,996           | 583,997,627          |
| Investment income   |                      |                    |                      |                      |                      | 752,561,238          |
| Other income  |                      |                    |                      |                      |                      | 35,687,142           |
| Other expenses  |                      |                    |                      |                      |                      | (276,249,633)        |
| Finance costs   |                      |                    |                      |                      |                      | (7,250,762)          |
| Profit from Window Takaful Operation  |                      |                    |                      |                      |                      | 108,042,544          |
| Profit before tax   |                      |                    |                      |                      |                      | <u>1,196,788,156</u> |
| Corporate segment assets (restated)   |                      |                    |                      |                      |                      | 4,041,819,659        |
| Corporate segment assets - Takaful OPF and PTF  | 1,253,472,464        | 483,866,054        | 597,053,310          | 1,256,550,626        | 450,877,205          | 805,016,985          |
| Corporate Un-allocated assets (restated)  | 289,343,479          | 144,130,382        | 215,625,800          | 137,078,715          | 18,836,609           | 5,393,726,694        |
| Total assets  |                      |                    |                      |                      |                      | <u>321,130,286</u>   |
| Corporate segment liabilities (restated)  |                      |                    |                      |                      |                      | 10,561,693,624       |
| Corporate segment liabilities - Takaful OPF and PTF   | 1,275,819,408        | 492,492,432        | 607,697,594          | 1,278,952,447        | 458,915,457          | 4,113,877,338        |
| Corporate Un-allocated liabilities (restated)   | 186,177,208          | 81,723,380         | 133,216,260          | 82,928,896           | 10,994,174           | 495,039,918          |
| Corporate Un-allocated liabilities - Takaful OPF and PTF  |                      |                    |                      |                      |                      | 891,471,850          |
| Total liabilities   |                      |                    |                      |                      |                      | <u>390,049,121</u>   |

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**39 MOVEMENT IN INVESTMENTS**

|   | Available for sale | Held to Maturity | Held for Trading | Total           |
|---|--------------------|------------------|------------------|-----------------|
| As at January 01, 2024                              | 219,177,133        | 682,942,807      | 2,208,371,261    | 3,110,491,201   |
| Additions   | -                  | 1,447,849,489    | 1,961,302,695    | 3,409,152,184   |
| Disposals (sale and redemptions)                    | (102,174,001)      | -                | (1,233,695,738)  | (1,335,869,739) |
| Fair value net gains / excluding net realised gains | (4,301,574)        | -                | 250,138,271      | 245,836,697     |
| Maturity of investment                              | (1,208,000)        | (122,000,000)    | -                | (123,208,000)   |
|   | (107,683,575)      | 1,325,849,489    | 977,745,228      | 2,195,911,142   |
| As at December 31, 2024                             | 111,493,558        | 2,008,792,296    | 3,186,116,489    | 5,306,402,343   |
| Additions   | -                  | 4,377,858,037    | 1,479,489,136    | 5,857,347,173   |
| Disposals (sale and redemptions)                    | (125,519,545)      | -                | (29,944,091)     | (155,463,636)   |
| Fair value net gains / excluding net realised gains | 38,253,987         | -                | 146,231,792      | 184,485,779     |
| Maturity of investment                              | (1,208,000)        | (1,843,060,000)  | -                | (1,844,268,000) |
|   | (88,473,558)       | 2,534,798,037    | 1,595,776,837    | 4,042,101,316   |
| As at December 31, 2025                             | 23,020,000         | 4,543,590,333    | 4,781,893,326    | 9,348,503,659   |

**40 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK**

The Company's activities expose it to a variety of insurance and financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk, price risk and currency risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to insurance and financial risk without any material change from previous year in the manner described in notes below. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing the Company's risk management policies.

**40.1 Insurance risk**

The risk under an insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim i.e. frequency and severity of claims and that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The Company's risk profile is improved by diversification of these risks of losses to a large portfolio of contracts, since a diversified portfolio is less likely to be affected by an unexpected event in single subset.

The Company principally issues the general insurance cover. Risks under these policies usually cover a twelve month duration. For general insurance contracts, the most significant risks arise from fire.

Underwriting limits and retention policies and procedures precisely regulate who is authorized and accountable for concluding insurance and reinsurance contracts and at what conditions. Compliance with these guidelines is regularly checked and developments in the global, regional and local markets are closely observed, reacting, where necessary, with appropriate measures that are translated without delay into underwriting guidelines if required.

The primary risk control measure in respect of the insurance risk is the transfer of the risks to third parties through reinsurance. The reinsurance business ceded is placed on a proportional and non proportional basis with retention limits varying by lines of business.

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Reinsurance is used to manage insurance risk. Although the Company has reinsurance arrangements, it does not, however, discharge the Company's liability as primary insurer and thus a credit risk exposure remains with respect to reinsurance ceded to the extent that any reinsurer may be unable to meet its obligations under such reinsurance arrangements. The Company minimizes such credit risk by entering into reinsurance arrangements with reinsurers having good credit ratings, which are reviewed on a regular basis. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

**40.1.1 Frequency and severity of claims**

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical factors, atmospheric disturbances, natural disasters, concentration of risks, civil riots etc. The Company manages these risk through the measures described above.

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

| Class of business              | 2025                   |                      |                         |                       | 2024                   |                      |                         |                       |
|--------------------------------|------------------------|----------------------|-------------------------|-----------------------|------------------------|----------------------|-------------------------|-----------------------|
|                                | Gross claims liability | Net claims liability | Gross premium liability | Net premium liability | Gross claims liability | Net claims liability | Gross premium liability | Net premium liability |
|                                | %                      | %                    | %                       | %                     | %                      | %                    | %                       | %                     |
| Fire and property damage       | 27%                    | 34%                  | 31%                     | 30%                   | 31%                    | 32%                  | 44%                     | 42%                   |
| Marine, aviation and transport | 10%                    | 13%                  | 7%                      | 7%                    | 8%                     | 16%                  | 10%                     | 10%                   |
| Motor                          | 9%                     | 12%                  | 16%                     | 15%                   | 9%                     | 19%                  | 16%                     | 15%                   |
| Engineering                    | 43%                    | 32%                  | 33%                     | 35%                   | 36%                    | 18%                  | 12%                     | 15%                   |
| Miscellaneous                  | 12%                    | 10%                  | 12%                     | 12%                   | 16%                    | 14%                  | 18%                     | 17%                   |
| Total                          | 100%                   | 100%                 | 100%                    | 100%                  | 100%                   | 100%                 | 100%                    | 100%                  |

**40.1.2 Reinsurance arrangements**

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

In compliance with regulatory requirements, the reinsurance agreements are duly submitted to the SECP on an annual basis.

The Company's class wise risk exposure (based on maximum loss coverage in a single policy is as follows):

| Class                          | Gross sum insured | Reinsurance       | Net exposure of risk |                   |
|--------------------------------|-------------------|-------------------|----------------------|-------------------|
|                                |                   |                   | 2025                 | 2024              |
| Fire and property damage       | 3,259,002,437,168 | 1,154,288,718,994 | 2,104,713,718,174    | 1,605,287,942,101 |
| Marine, aviation and transport | 1,092,283,727,947 | 428,209,870,610   | 664,073,857,337      | 386,768,563,093   |
| Motor                          | 134,453,000,533   | 29,238,875,664    | 105,214,124,869      | 79,432,641,279    |
| Engineering                    | 1,235,481,286,884 | 454,162,931,388   | 781,318,355,496      | 424,744,555,375   |
| Miscellaneous                  | 161,886,468,120   | 36,517,586,332    | 125,368,881,788      | 55,845,845,008    |

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**40.1.3 Source of uncertainty in estimation of future claim payments**

The key source of estimation of uncertainty at the reporting date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs.

Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors, involving varying and significant degrees of judgment and uncertainty, and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

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.

**40.1.4 Key assumptions**

The principal assumption underlying the liability estimation of IBNR is that the Company's future claim development will follow similar market pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which reporting pattern will not apply in future. The judgment includes external factors such as 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.

**40.1.5 Claim development**

The Company maintains adequate reserves in respect of its insurance business in order to protect itself against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year.

Claims which involve litigation and, in the case of Marine, general average adjustments take longer for the final amounts to be determined which exceed one year. Claims of last five years are disclosed in note 26.2. All amounts are presented in gross numbers before reinsurance.

**40.1.6 Sensitivity analysis**

The insurance claim liabilities are sensitive to the incidence of insured events and severity / size of claims. The impact on the before tax and shareholders's equity of the changes in the claim liabilities net of reinsurance is analyzed below, the sensitivity to changes in claim liabilities net of reinsurance is determined separately for each class of business while keeping all the other assumptions constant.

|                                | Profit before tax    |                     | Shareholders' equity |                     |
|--------------------------------|----------------------|---------------------|----------------------|---------------------|
|                                | 2025                 | 2024                | 2025                 | 2024                |
| <b>10% increase in loss</b>    | <b>(107,801,441)</b> | <b>(47,751,321)</b> | <b>(76,539,023)</b>  | <b>(33,903,438)</b> |
| Fire and property damage       | (31,337,986)         | (18,491,841)        | (22,249,970)         | (13,129,207)        |
| Marine, aviation and transport | (60,610,284)         | (39,085,708)        | (43,033,302)         | (27,750,853)        |
| Motor                          | (57,999,657)         | (35,889,392)        | (41,179,756)         | (25,481,468)        |
| Engineering                    | (94,445,972)         | (53,557,487)        | (67,056,640)         | (38,025,816)        |
| Miscellaneous                  | (352,195,339)        | (194,775,749)       | (250,058,691)        | (138,290,782)       |
|                                |                      |                     |                      |                     |
|                                | Profit before tax    |                     | Shareholders' equity |                     |
|                                | 2025                 | 2024                | 2025                 | 2024                |
| <b>10% decrease in loss</b>    | <b>107,801,441</b>   | <b>47,751,321</b>   | <b>76,539,023</b>    | <b>33,903,438</b>   |
| Fire and property damage       | 31,337,986           | 18,491,841          | 22,249,970           | 13,129,207          |
| Marine, aviation and transport | 60,610,284           | 39,085,708          | 43,033,302           | 27,750,853          |
| Motor                          | 57,999,657           | 35,889,392          | 41,179,756           | 25,481,468          |
| Engineering                    | 94,445,972           | 53,557,487          | 67,056,640           | 38,025,816          |
| Miscellaneous                  | 352,195,339          | 194,775,749         | 250,058,691          | 138,290,782         |

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**40.2 Financial risk**

**40.2.1 Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of adequate funds through committed credit facilities. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management follows an effective cash management program to mitigate the liquidity risk.

|                                   | 2025                 |                        |                      |                    |
|-----------------------------------|----------------------|------------------------|----------------------|--------------------|
|                                   | Carrying amount      | Contractual cash flows | Upto one year        | More than one year |
| <b>Non-derivative</b>             |                      |                        |                      |                    |
| <b>Financial liabilities</b>      |                      |                        |                      |                    |
| Outstanding claims including IBNR | 2,801,214,657        | 2,385,529,327          | 1,793,122,242        | 592,407,085        |
| Insurance / reinsurance payables  | 591,919,894          | 591,919,894            | 591,919,894          | -                  |
| Other creditors and accruals      | 239,342,202          | 239,342,202            | 239,342,202          | -                  |
|                                   | <b>3,632,476,753</b> | <b>3,216,791,423</b>   | <b>2,624,384,338</b> | <b>592,407,085</b> |

|                                   | 2024                 |                        |                      |                    |
|-----------------------------------|----------------------|------------------------|----------------------|--------------------|
|                                   | Carrying amount      | Contractual cash flows | Upto one year        | More than one year |
| <b>Non-derivative</b>             |                      |                        |                      |                    |
| <b>Financial liabilities</b>      |                      |                        |                      |                    |
| Outstanding claims including IBNR | 1,566,267,133        | 1,195,702,316          | 843,990,840          | 351,711,476        |
| Insurance / reinsurance payables  | 252,961,131          | 252,961,131            | 252,961,131          | -                  |
| Other creditors and accruals      | 237,079,516          | 237,079,516            | 237,079,516          | -                  |
|                                   | <b>2,056,307,780</b> | <b>1,685,742,963</b>   | <b>1,334,031,487</b> | <b>351,711,476</b> |

**40.2.2 Market risk**

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Company's business activities are interest / mark-up rate risk, price risk and currency risk.

**a) Interest / mark-up rate risk**

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark-up rate risk arises from mismatching of financial assets and liabilities that mature or repaid in a given year. The Company manages this mismatchment through risk management strategies where significant changes in gap position can be adjusted. At the reporting date, the interest / mark-up rate profile of the Company's significant interest / mark-up bearing financial instruments was as follows:

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| 2025  |                            |                            |               |                             |                            |               |                |
|---|----------------------------|----------------------------|---------------|-----------------------------|----------------------------|---------------|----------------|
| Effective yield /<br>Interest rate                | Interest / mark-up bearing |                            |               | Non-interest bearing        |                            |               | Total          |
|   | Maturity upto one<br>year  | Maturity after one<br>year | Sub total     | Maturity within<br>one year | Maturity after one<br>year | Sub total     |                |
| Financial assets                                  |                            |                            |               |                             |                            |               |                |
| Investments                                       |                            |                            |               |                             |                            |               |                |
| Equity securities                                 | -                          | -                          | -             | -                           | 4,781,893,326              | 4,781,893,326 | 4,781,893,326  |
| Debt securities                                   | 7.50% to 14.00%            | 14,989,086                 | 1,267,099,995 | 1,282,089,081               | 3,030,094,020              | 3,030,094,020 | 4,312,183,101  |
| Term deposits                                     | 6.67% to 20.07%            | 1,019,750,552              | -             | 1,019,750,552               | -                          | -             | 1,019,750,552  |
|   |                            | 1,034,739,638              | 1,267,099,995 | 2,301,839,633               | 3,030,094,020              | 4,781,893,326 | 7,811,987,346  |
| Loan and other receivables                        |                            | -                          | -             | -                           | 104,383,733                | -             | 104,383,733    |
| Insurance / reinsurance receivables               |                            | -                          | -             | -                           | 917,872,641                | -             | 917,872,641    |
| Reinsurance recoveries against outstanding claims |                            | -                          | -             | -                           | 1,297,496,276              | -             | 1,297,496,276  |
| Cash and bank                                     | 7.29% to 11.50%            | 706,490,432                | -             | 706,490,432                 | 37,858                     | 630,886,475   | 1,337,414,765  |
|   |                            | 1,741,230,070              | 1,267,099,995 | 3,008,330,065               | 5,349,884,528              | 5,412,779,801 | 10,762,664,329 |
| Financial liabilities                             |                            |                            |               |                             |                            |               |                |
| Outstanding claims including IBNR                 | -                          | -                          | -             | 2,801,214,657               | -                          | 2,801,214,657 | 2,801,214,657  |
| Insurance / reinsurance payables                  | -                          | -                          | -             | 591,919,894                 | -                          | 591,919,894   | 591,919,894    |
| Other creditors and accruals                      | -                          | -                          | -             | 239,342,202                 | -                          | 239,342,202   | 239,342,202    |
| Lease liability                                   | -                          | -                          | -             | -                           | -                          | -             | -              |
|   |                            | -                          | -             | -                           | 3,632,476,753              | -             | 3,632,476,753  |
| On balance sheet gap (a)                          |                            | 1,741,230,070              | 1,267,099,995 | 3,008,330,065               | 1,717,407,775              | 5,412,779,801 | 7,130,187,576  |
| Off balance sheet financial instrument            |                            | -                          | -             | -                           | -                          | -             | -              |
| Off balance sheet gap (b)                         |                            | -                          | -             | -                           | -                          | -             | -              |
| Total interest rate sensitivity gap (a) + (b)     |                            | 1,741,230,070              | 1,267,099,995 | 3,008,330,065               |                            |               |                |
| Cumulative interest rate sensitivity gap          |                            | 1,741,230,070              | 1,267,099,995 |                             |                            |               |                |

| 2024  |                            |                            |               |                             |                            |               |               |
|---|----------------------------|----------------------------|---------------|-----------------------------|----------------------------|---------------|---------------|
| Effective yield /<br>Interest rate                | Interest / mark-up bearing |                            |               | Non-interest bearing        |                            |               | Total         |
|   | Maturity upto one<br>year  | Maturity after one<br>year | Sub Total     | Maturity within<br>one year | Maturity after one<br>year | Sub Total     |               |
| Financial assets                                  |                            |                            |               |                             |                            |               |               |
| Investments                                       |                            |                            |               |                             |                            |               |               |
| Equity securities                                 | -                          | -                          | -             | -                           | 3,273,382,047              | 3,273,382,047 | 3,273,382,047 |
| Debt securities                                   | 8.8% to 21.20%             | 14,954,983                 | 1,015,870,002 | 1,030,824,985               | 1,002,195,311              | 1,002,195,311 | 2,033,020,296 |
| Term deposits                                     | 18.50% to 20.50%           | 192,822,071                | -             | 192,822,071                 | -                          | -             | 192,822,071   |
|   |                            | 207,777,054                | 1,015,870,002 | 1,223,647,056               | 1,002,195,311              | 3,273,382,047 | 4,275,577,358 |
| Loan and other receivables                        |                            | -                          | -             | -                           | 71,524,284                 | -             | 71,524,284    |
| Insurance / reinsurance receivables               |                            | -                          | -             | -                           | 1,238,391,691              | -             | 1,238,391,691 |
| Reinsurance recoveries against outstanding claims |                            | -                          | -             | -                           | 1,094,761,982              | -             | 1,094,761,982 |
| Cash and bank                                     | 14.50% to 20.50%           | 52,595,688                 | -             | 52,595,688                  | 7,005                      | 49,630,719    | 102,233,412   |
|   |                            | 260,372,742                | 1,015,870,002 | 1,276,242,744               | 3,406,880,273              | 3,323,012,766 | 6,729,893,039 |
| Financial liabilities                             |                            |                            |               |                             |                            |               |               |
| Outstanding claims including IBNR                 | -                          | -                          | -             | 1,566,267,133               | -                          | 1,566,267,133 | 1,566,267,133 |
| Insurance / reinsurance payables                  | -                          | -                          | -             | 252,961,131                 | -                          | 252,961,131   | 252,961,131   |
| Other creditors and accruals                      | -                          | -                          | -             | 237,079,516                 | -                          | 237,079,516   | 237,079,516   |
| Lease liability                                   | -                          | -                          | -             | -                           | -                          | -             | -             |
|   |                            | -                          | -             | -                           | 2,056,307,780              | -             | 2,056,307,780 |
| On balance sheet gap (a)                          |                            | 260,372,742                | 1,015,870,002 | 1,276,242,744               | 1,350,572,493              | 3,323,012,766 | 4,673,585,259 |
| Off balance sheet financial instrument            |                            | -                          | -             | -                           | -                          | -             | -             |
| Off balance sheet gap (b)                         |                            | -                          | -             | -                           | -                          | -             | -             |
| Total interest rate sensitivity gap (a) + (b)     |                            | 260,372,742                | 1,015,870,002 | 1,276,242,744               |                            |               |               |
| Cumulative interest rate sensitivity gap          |                            | 260,372,742                | 1,015,870,002 |                             |                            |               |               |

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The financial instruments of the Company can be classified into fixed rate instruments and variable rate instruments as shown below:

|                           | Carrying amount      |                      |
|---------------------------|----------------------|----------------------|
|                           | 2025                 | 2024                 |
| Fixed rate instruments    |                      |                      |
| Financial assets          | <u>2,278,819,633</u> | <u>1,199,419,056</u> |
| Variable rate instruments |                      |                      |
| Financial assets          | <u>983,937,664</u>   | <u>76,823,688</u>    |

**Sensitivity analysis for fixed rate instruments**

The Company does not account for any fixed rate financial assets and liabilities at held to maturity. Therefore, a change in interest rates at reporting date would not affect profit and loss account.

**Sensitivity analysis of variable rate instruments**

An increase of 100 basis points in interest rates would have increased the profit and loss account by the amounts shown below. Reduction in interest rates by 100 basis points would have an opposite impact. This analysis assumes that all variables remain constant. The analysis has been performed on the same basis for the comparative period.

|                         | Profit before tax |                 | Total equity    |                 |
|-------------------------|-------------------|-----------------|-----------------|-----------------|
|                         | 100 bp increase   | 100 bp decrease | 100 bp increase | 100 bp decrease |
| As at December 31, 2025 |                   |                 |                 |                 |
| Sensitivity             | 768,237           | (768,237)       | 545,448         | (545,448)       |
| As at December 31, 2024 |                   |                 |                 |                 |
| Sensitivity             | 768,237           | (768,237)       | 545,448         | (545,448)       |

Above sensitivities are calculated on the assumption that all factors remain constant except interest rates and resulting variation in fair values of the investments and impact on the profit and loss.

The Company monitors the interest rate environment on a regular basis and alters the portfolio mix of fixed and floating rate securities. The Company's policy requires the management to manage the risk by measuring the mismatch of the interest rate sensitivity gap of financial assets and liabilities and calculating the average duration of the portfolio of fixed interest securities. The average effective duration of the Company's portfolio is a measure of the sensitivity of the fair value of the Company's fixed interest securities to the changes in market interest rates.

**b) Price risk**

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark-up rate risk or currency risk), whether those changes are caused by factor specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instrument traded in the market.

Primarily, the Company's equity investments are exposed to the price risk. Price risk is limited by the Company through diversification of its portfolio and active monitoring of capital markets.

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The table below summarizes the Company's equity price risk as of December 31, 2024 and 2023 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. The results could be worse in Company's equity investment portfolio because of the nature of equity markets.

| Description       | 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 |
|-------------------|---------------|---------------------------|---|--|--|
| December 31, 2025 | 4,781,893,326 | 10% increase              | 5,260,082,659   | 339,514,426  | 478,189,333  |
|                   |               | 10% decrease              | 4,303,703,993   | (339,514,426)  | (478,189,333)  |
| December 31, 2024 | 3,273,382,047 | 10% increase              | 3,600,720,252   | 232,410,125  | 327,338,205  |
|                   |               | 10% decrease              | 2,946,043,842   | (232,410,125)  | (327,338,205)  |

**c) Currency risk**

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to foreign currency risk as the Company has no financial assets and financial liabilities in foreign currencies.

**40.2.3 Credit risk**

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

**Exposure to credit risk**

The maximum exposure to credit risk before any credit enhancements at December 31, 2025 is the carrying amount of the financial assets as set out below:

|   | 2025                  | 2024                 |
|---|-----------------------|----------------------|
| <b>Nature of financial assets</b>                 |                       |                      |
| Investments                                       |                       |                      |
| Equity securities                                 | 4,781,893,326         | 3,273,382,047        |
| Debt securities                                   | 4,566,610,333         | 2,033,020,296        |
| Term deposits                                     | 1,019,750,552         | 192,822,071          |
|   | 10,368,254,211        | 5,499,224,414        |
| Loans and other receivables                       | 104,383,733           | 71,524,284           |
| Insurance / reinsurance receivables               | 917,872,641           | 1,238,391,691        |
| Reinsurance recoveries against outstanding claims | 1,297,496,276         | 1,094,761,982        |
| Bank balances                                     | 1,337,376,907         | 102,226,407          |
|   | <u>14,025,383,768</u> | <u>8,006,128,778</u> |

Provision for impairment is made for doubtful receivables according to the Company's policy. The impairment provision is written off when the Company expects that it cannot recover the balance due.

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The age analysis of due from insurance contract holders from other than related parties is as follows:

|               |                    |                    |
|---------------|--------------------|--------------------|
| Upto 3 months | 134,274,070        | 261,838,458        |
| 3 to 6 months | -                  | 24,157,720         |
|               | <u>134,274,070</u> | <u>285,996,178</u> |

**Concentration of credit risk**

Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The Company's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties, thereby mitigating any significant concentration of credit risk. Provision for impairment is made for doubtful receivables according to the Company's policy. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers / reinsurers for whom there is no history of default. The credit quality of the banks with which Company has balances including TDR's can be assessed with reference to external credit ratings as follows:

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

| Name of banks                                | Rating    |               | Rating agency | 2025                 | 2024               |
|--|-----------|---------------|---------------|----------------------|--------------------|
|  | Long term | Short term    |               |                      |                    |
| <b>Cash at bank</b>                          |           |               |               |                      |                    |
| Allied Bank Limited                          | AAA       | A1+           | PACRA         | 590,172,409          | 23,779,810         |
| Askari Bank Limited                          | AA+       | A1+           | PACRA         | 912,719              | 3,167              |
| BankIslami Pakistan Limited                  | AA-       | A1            | PACRA         | 1,037,363            | 3,840              |
| The Bank of Punjab                           | AA+       | A1+           | PACRA         | 123,679              | 4,339,924          |
| Dubai Islamic Bank                           | AA        | A1+           | JCR-VIS       | 4,940                | 5,150              |
| Faysal Bank Limited                          | AA+       | A+            | JCR-VIS       | 2,756,785            | 11,794,882         |
| Habib Metropolitan Bank                      | AA+       | A1+           | PACRA         | 65,052               | 5,651              |
| Habib Bank Limited                           | AAA       | A-1+          | JCR-VIS       | 5,734                | 2,003,700          |
| Habib Microfinance Bank                      | A+        | A1            | JCR-VIS       | 957,702              | 4,397              |
| MCB Bank Limited                             | AAA       | A1+           | PACRA         | 8,038,539            | 1,440,039          |
| National Bank of Pakistan                    | AAA       | A-1+          | JCR-VIS       | 1,131,555            | 1,839,707          |
| Soneri Bank Limited                          | AA-       | A1+           | PACRA         | 3,889,607            | 2,228,462          |
| Bank Makramah Limited (formerly Summit bank) | BBB-      | A-3           | JCR-VIS       | 678,328,036          | 23,810,135         |
| United Bank Limited                          | AAA       | A1+           | JCR-VIS       | 3,584,923            | 1,068,791          |
| The Punjab Provincial Bank                   |           | Not available |               | 1,387                | 159,092            |
| JS Bank Limited                              | AA        | A1+           | PACRA         | 7,527,943            | 4,445,758          |
| The Karakoram Cooperative Bank               |           | Not available |               | 4,204,291            | 2,090,522          |
| Zerai Taraqiat Bank Limited                  | AAA       | A1+           | JCR-VIS       | 23,832,253           | 23,203,384         |
| Bank Al Habib Limited                        | AAA       | A1+           | PACRA         | 10,801,992           | -                  |
|  |           |               |               | <u>1,337,376,909</u> | <u>102,226,411</u> |
| <b>Term deposit certificates</b>             |           |               |               |                      |                    |
| JS Bank Limited                              | AA        | A1+           | PACRA         | 10,000,000           | -                  |
| Bank Makramah Limited (formerly Summit bank) | BBB-      | A-3           | JCR-VIS       | 463,850,552          | 150,322,071        |
| MCB Bank Limited                             | AAA       | A1+           | PACRA         | 11,500,000           | 1,500,000          |
| Habib Microfinance Bank                      | A+        | A1            | JCR-VIS       | 1,000,000            | 1,000,000          |
| The Karakoram Cooperative Bank               |           | Not available |               | 37,100,000           | 29,900,000         |
| Soneri Bank Limited                          | AA-       | A1+           | PACRA         | 147,300,000          | 10,100,000         |
| Faysal Bank Limited                          | AA+       | A1+           | PACRA         | 19,000,000           | -                  |
| BankIslami Pakistan Ltd                      |           |               |               | 20,000,000           | -                  |
| Dubai Islamic Bank                           | AAA       | A1+           | JCR-VIS       | 10,000,000           | -                  |
| Bank Al Habib Limited                        | AAA       | A1+           | PACRA         | 300,000,000          | -                  |
|  |           |               |               | <u>1,019,750,552</u> | <u>192,822,071</u> |

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**41 CAPITAL RISK MANAGEMENT**

The Company's goals and objectives when managing capital are:

To be an appropriately capitalized institution in compliance with the paid-up capital requirement set by the SECP. The minimum paid-up capital requirement for non-life insurers is Rs. 500 million. The Company's current paid-up capital is well in excess of the limit prescribed by the SECP;

To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for the other stakeholders;

To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk;

To maintain strong ratings and to protect the Company against unexpected events / losses; and to ensure a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

**42 FAIR VALUE OF FINANCIAL INSTRUMENTS**

IFRS 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 categorised 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: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input for which the fair value measurement is directly or indirectly observable.

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

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

|   | 2025             |                    |                  |                       |                        |                             | Fair value      |         |            |            |            |
|---|------------------|--------------------|------------------|-----------------------|------------------------|-----------------------------|-----------------|---------|------------|------------|------------|
|   | Carrying amount  |                    |                  |                       |                        |                             | Level 1         | Level 2 | Level 3    | Total      |            |
|   | Held-to-maturity | Available for sale | Held for Trading | Loans and receivables | Other financial assets | Other financial liabilities | Total           |         |            |            | Total      |
| <b>Financial assets measured at fair value</b>          |                  |                    |                  |                       |                        |                             |                 |         |            |            |            |
| <b>Investments</b>                                      |                  |                    |                  |                       |                        |                             |                 |         |            |            |            |
| Equity securities                                       | -                | -                  | 4,781,893,326    | -                     | -                      | -                           | 4,781,893,326   | -       | -          | -          | -          |
| Debt securities   | -                | 23,020,000         | -                | -                     | -                      | -                           | 23,020,000      | -       | 13,020,000 | 10,000,000 | 23,020,000 |
| <b>Financial assets not measured at fair value</b>      |                  |                    |                  |                       |                        |                             |                 |         |            |            |            |
| <b>Investments</b>                                      |                  |                    |                  |                       |                        |                             |                 |         |            |            |            |
| Debt securities   | 4,543,590,333    | -                  | -                | -                     | -                      | -                           | 4,543,590,333   | -       | -          | -          | -          |
| Term deposits   | -                | -                  | -                | -                     | 1,019,750,552          | -                           | 1,019,750,552   | -       | -          | -          | -          |
| Loans and other receivable*                             | -                | -                  | -                | 258,443,040           | -                      | -                           | 258,443,040     | -       | -          | -          | -          |
| Insurance / reinsurance receivable*                     | -                | -                  | -                | 917,872,641           | -                      | -                           | 917,872,641     | -       | -          | -          | -          |
| Re-insurance recoveries against outstanding claims*     | -                | -                  | -                | 1,297,496,276         | -                      | -                           | 1,297,496,276   | -       | -          | -          | -          |
| Cash and bank balance*                                  | -                | -                  | -                | -                     | 1,337,414,765          | -                           | 1,337,414,765   | -       | -          | -          | -          |
|   | 4,543,590,333    | 23,020,000         | 4,781,893,326    | 2,473,811,957         | 2,357,165,317          | -                           | 14,179,480,933  | -       | 13,020,000 | 10,000,000 | 23,020,000 |
| <b>Financial liabilities not measured at fair value</b> |                  |                    |                  |                       |                        |                             |                 |         |            |            |            |
| Outstanding claims including IBNR*                      | -                | -                  | -                | -                     | -                      | (2,801,214,657)             | (2,801,214,657) | -       | -          | -          | -          |
| Insurance / reinsurance payables*                       | -                | -                  | -                | -                     | -                      | (591,919,894)               | (591,919,894)   | -       | -          | -          | -          |
| Other creditors and accruals*                           | -                | -                  | -                | -                     | -                      | (239,342,202)               | (239,342,202)   | -       | -          | -          | -          |
| Lease liability   | -                | -                  | -                | -                     | -                      | (41,081,855)                | (41,081,855)    | -       | -          | -          | -          |
|   | 4,543,590,333    | 23,020,000         | 4,781,893,326    | 2,473,811,957         | 2,357,165,317          | (3,673,558,608)             | 10,505,922,325  | -       | 13,020,000 | 10,000,000 | 23,020,000 |

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| 2024  |                    |                  |                       |                        |                             |                 |            |            |            |             |
|---|--------------------|------------------|-----------------------|------------------------|-----------------------------|-----------------|------------|------------|------------|-------------|
| Carrying amount   |                    |                  |                       |                        |                             | Fair value      |            |            |            |             |
| Held-to-maturity  | Available for sale | Held for Trading | Loans and receivables | Other financial assets | Other financial liabilities | Total           | Level 1    | Level 2    | Level 3    | Total       |
| <b>Financial assets measured at fair value</b>          |                    |                  |                       |                        |                             |                 |            |            |            |             |
| Investments   |                    |                  |                       |                        |                             |                 |            |            |            |             |
| Equity securities                                       | 87,265,558         | 3,186,116,489    | -                     | -                      | -                           | 3,273,382,047   | 87,265,558 | -          | -          | 87,265,558  |
| Debt securities   | 24,228,000         | -                | -                     | -                      | -                           | 24,228,000      | -          | 14,228,000 | 10,000,000 | 24,228,000  |
| <b>Financial assets not measured at fair value</b>      |                    |                  |                       |                        |                             |                 |            |            |            |             |
| Investments   |                    |                  |                       |                        |                             |                 |            |            |            |             |
| Debt securities   | 2,008,792,296      | -                | -                     | -                      | -                           | 2,008,792,296   | -          | -          | -          | -           |
| Term deposits   | -                  | -                | -                     | 192,822,071            | -                           | 192,822,071     | -          | -          | -          | -           |
| Loans and other receivable*                             | -                  | -                | 89,412,131            | -                      | -                           | 89,412,131      | -          | -          | -          | -           |
| Insurance / reinsurance receivable*                     | -                  | -                | 1,238,391,691         | -                      | -                           | 1,238,391,691   | -          | -          | -          | -           |
| Re-insurance recoveries against outstanding claims*     | -                  | -                | 1,094,761,982         | -                      | -                           | 1,094,761,982   | -          | -          | -          | -           |
| Cash and bank balance*                                  | -                  | -                | -                     | 102,233,412            | -                           | 102,233,412     | -          | -          | -          | -           |
|   | 2,008,792,296      | 111,493,558      | 3,186,116,489         | 2,422,565,804          | 295,055,483                 | -               | 87,265,558 | 14,228,000 | 10,000,000 | 111,493,558 |
| <b>Financial liabilities not measured at fair value</b> |                    |                  |                       |                        |                             |                 |            |            |            |             |
| Outstanding claims including IBNR*                      |                    |                  |                       |                        |                             |                 |            |            |            |             |
| Insurance / reinsurance payables*                       | -                  | -                | -                     | -                      | (1,566,267,133)             | (1,566,267,133) | -          | -          | -          | -           |
| Other creditors and accruals*                           | -                  | -                | -                     | -                      | (252,961,131)               | (252,961,131)   | -          | -          | -          | -           |
| Lease liability   | -                  | -                | -                     | -                      | (237,079,516)               | (237,079,516)   | -          | -          | -          | -           |
|   | 2,008,792,296      | 111,493,558      | 3,186,116,489         | 2,422,565,804          | 295,055,483                 | (2,096,392,884) | 87,265,558 | 14,228,000 | 10,000,000 | 111,493,558 |

\* The company has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of their fair values. Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently differences may arise between the carrying values and the fair value estimates.

**43 FAIR VALUE OF NON FINANCIAL ASSET**

Fair value is the price that would be received to sell an assets or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement of investment property is based on the valuation carried out by independent valuers M/s. Al-Shahbaz Surveyors (Private) Limited and M/s. Salam Associates (Private) Limited on the basis of market value. Fair value measurement of revalued premises is based on assumptions considered to be level 2 inputs.

**Valuation techniques used to derive level 2 fair values**

Fair value of freehold land and investment property was derived using sale comparison approach, standard appraisal procedures and physical site inspection. Sale prices of comparable land in close proximity is adjusted for differences in key attributes, such as location and size of the land. The most significant input in this valuation approach is price / rate per kanal / acre in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

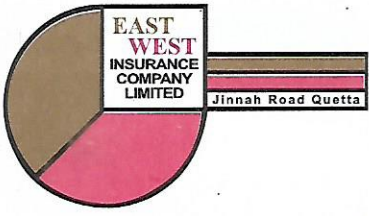
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|  | 2025           | 2024<br>(Restated) |
|--|----------------|--------------------|
| <b>44 STATEMENT OF SOLVENCY</b>                              |                |                    |
| <b>ASSETS</b>  |                |                    |
| Property and equipment                                       |                |                    |
| Office premises  | 36,038,752     | 37,935,528         |
| Furniture and fixtures                                       | 12,334,072     | 9,327,485          |
| Electric fittings and equipments                             | 13,508,184     | 13,492,796         |
| Office equipments  | 2,452,689      | 2,556,118          |
| Motor vehicles   | 219,040,469    | 139,352,857        |
| Computers equipments   | 1,713,642      | 1,716,516          |
| Intangible assets  | 762,875        | 787,678            |
| Right to use assets  | 24,508,504     | 30,714,482         |
|  | 310,359,187    | 235,883,460        |
| Investment Properties  | 41,306,311     | 43,480,327         |
| Investments  |                |                    |
| Equity securities  | 4,781,893,326  | 3,273,382,047      |
| Debt securities  | 4,566,610,333  | 2,033,020,296      |
| Term deposit receipts  | 1,019,750,552  | 192,822,071        |
|  | 10,368,254,211 | 5,499,224,414      |
| Loans and other receivables                                  | 258,443,040    | 89,412,131         |
| Current assets - others                                      |                |                    |
| Insurance / reinsurance receivables                          | 917,872,641    | 1,238,391,691      |
| Re-insurance recoveries against outstanding claims           | 1,297,496,276  | 1,094,761,982      |
| Deferred commission expense                                  | 494,278,433    | 547,715,472        |
| Prepayments  | 1,225,022,672  | 584,443,464        |
| Cash and bank  | 1,337,414,765  | 102,233,412        |
|  | 5,272,084,787  | 3,567,546,021      |
| Total assets of conventional insurance                       | 16,250,447,536 | 9,435,546,353      |
| Total assets of window general takaful operations (restated) | 1,668,288,677  | 1,126,147,271      |
| Total assets   | 17,918,736,213 | 10,561,693,624     |
| <b>Inadmissible Assets</b>                                   |                |                    |
| Marketable securities  | -              | -                  |
| Advances   | 154,059,307    | 17,887,847         |
| Insurance/Reinsurance receivable                             | -              | 24,156,020         |
| Furniture and fixtures                                       | 12,334,072     | 9,327,485          |
| Electric fittings and equipments                             | 13,508,184     | 13,492,796         |
| Computers  | 1,713,642      | 1,716,516          |
| Office equipment   | 2,452,689      | 2,556,118          |
| Vehicles   | 219,040,469    | 139,352,857        |
| Vehicles - Operators' Fund                                   | 532,590        | 665,737            |
| Qard-e-Hasna   | 46,520,000     | 37,150,000         |
| Receivable from PTF  | 329,820,002    | 245,382,714        |
| Takaful / retakful receivable (restated)                     | 130,400,484    | 100,972,978        |
| Computer software  | 57,875         | 82,678             |
| Capital working progress                                     | 705,000        | 705,000            |
| Total inadmissible assets (restated)                         | 911,144,314    | 593,448,746        |
| Total admissible assets (restated)                           | 17,007,591,899 | 9,968,244,878      |

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 9/12/25  
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# EAST WEST INSURANCE CO., LTD.

## WINDOW TAKAFUL OPERATIONS

### SHARIAH ADVISOR REPORT TO THE BOARD OF DIRECTORS

For the year ended 31 December 2025

الحمد لله رب العلمين والصلاة والسلام على سيد الانبياء والمرسلين محمد النبي الامي وعلى اله وصحبه اجمعين وبعد.

We have reviewed the accompanying financial statements of East West Insurance Company Limited Window Takaful Operation (hereafter referred as "The Operator") for the year ended 31 December 2025.

We acknowledge that as a Shariah Advisor of the Operator, it is Shariah Department's responsibility to ensure that the financial arrangements, contracts and transactions under taken by the Operator with its participants and stakeholders are compliant with the requirements of Shariah rules and principles.

As per the charter of the Operator it is mandatory on the management and employees to ensure application of Shariah guidelines issued by the Shariah Advisor and to ensure Shariah compliance in all actives of the Company. The prime responsibility for ensuring Shariah compliance of the Operator's operations thus lies with the managements.

To form our opinion as expressed in this report, we have reviewed all types of business transactions of the Operator during the year 2025. Based on above, we are of the view that under Takaful Rule 2012.

- I. The financial arrangements products and transactions entered into by the Operator and the Waqf, as the case may be for the year ended December 31, 2025 are in compliance with the requirements of the Shariah rules and guidelines as prescribed by the Shariah Advisor.
- II. The Operator strived to identify new investment avenues and opted different available options that delivered excellent results. During the year management continuously consulted with the Shariah advisor on the matters and market practices relating to investment activities. The investment avenues and locations selected by the investment manager were periodically reviewed by the Shariah Department and are found Shariah compliant and in conformity with the Shariah guidelines issued by the Shariah Advisor.
- III. The Shariah Department has provided Basic Takaful training to the staff of the window Takaful operations. Meanwhile, the mandatory training on Takaful Concept and practices was also organized for executive level & sales staff as well.
- IV. The Operator should more focus towards enhancing the skills and knowledge for the all staff of Window Takaful related to the Shariah structure of the company and on Takaful Concept and practices. The Operator should organize the more sessions for executive level & sales staff as well around the country.
- V. Consequently, we have found that the company is in accordance with the Shariah principals with respect to all transactions

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

**Mufti Abbad Ashraf Usmani**  
(Shariah Advisor)  
East West Insurance Company Ltd.  
Window Takaful Operations

**Mufti Abbad Ashraf Usmani**

Shariah Advisor

East West Insurance Company

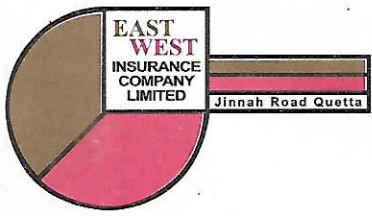
Window Takaful Operations

**THE ONLY PUBLIC LIMITED INSURANCE COMPANY OF BALUCHISTAN**

**REGISTERED OFFICE :** 27, Regal Plaza, Jinnah Road, Quetta. Phones : (081) 2822913, 2821397 Fax: (081) 2821460

**HEAD OFFICE :** 401 - 404, Block "B", 4th Floor, Lakson Square Building No. 3, Sarwar Shaheed Road, Karachi.

**PABX :** 021-35630400-11 Fax: 021-35630414-35630415 E-mail : info@ewi.com.pk Web: www.ewi.com.pk



# EAST WEST INSURANCE CO., LTD.

## WINDOW TAKAFUL OPERATIONS

### STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

The financial arrangements, contracts and transactions, entered into by the Window Takaful Operation of the East West Insurance Company ("the Company") for the year ended 31 December 2025 are in compliance with the Takaful Rules, 2012.

Further, we confirm that:

1. The Company has developed and implemented all the policies and procedures in accordance with the Takaful Rules, 2012 and rulings of the Shariah Advisor along with a comprehensive mechanism to ensure compliance with such rulings and Takaful Rules, 2012 in their overall operations. Further, the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee/Shariah Advisor and the Board of Directors have been implemented.
2. The Company has ensured availability of all manuals / agreements approved by Shariah Advisor / Board of Directors to maintain the adequate level of awareness, capacity and sensitization of the staff and management:
3. All the products and policies have been approved by Shariah Advisor and the financial arrangements including investments made, policies, contracts and transactions entered into by Window Takaful Operation are in accordance with the policies approved by Shariah Advisor:
4. The assets and liabilities of Window Takaful Operations (Participant's Takaful Fund and Operator's Fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012: and
5. Rule 10 (1) (k) of Takaful Rule 2012 which states that an operator shall ensure that in case of general takaful each Participant Takaful Fund, at all times, has admissible assets in excess of its liabilities. Operator had funded shortfall of PTF's assets over liabilities by way of actual transfer of funds as Qard-e-Hasna to Participants Takaful Fund's bank account in compliance of Rule 20 (1) Takaful Rule 2012, accordingly. PTF has admissible assets in excess of its liabilities.

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

**NAVED YUNUS**  
Chief Executive Officer

**THE ONLY PUBLIC LIMITED INSURANCE COMPANY OF BALUCHISTAN**

**REGISTERED OFFICE :** 27, Regal Plaza, Jinnah Road, Quetta. Phones : (081) 2822913, 2821397 Fax: (081) 2821460  
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EAST WEST INSURANCE COMPANY  
LIMITED – WINDOW TAKAFUL  
OPERATIONS  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2025

## INDEPENDENT AUDITORS' REPORT

### To the Members of East West Insurance Company Limited – Window Takaful Operations Report on the Audit of the Financial Statements

#### Opinion

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

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

#### Basis for Opinion

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

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

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2025 but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Board of Directors for the Financial Statements**

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Operator's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Operator's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Operator to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

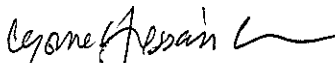
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Report on Other Legal and Regulatory Requirements**

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

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

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



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

**Place: Karachi**

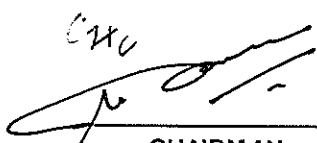
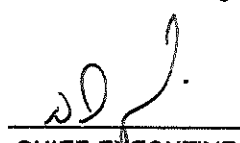
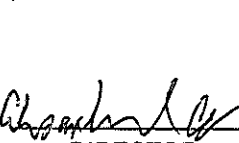
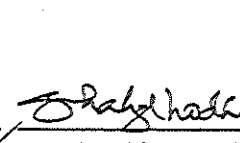
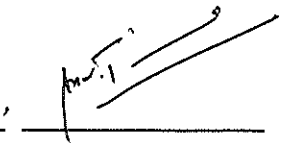
**Date: April 08, 2026**

**UDIN: AR202510207CJgq2sGWc**

**EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2025**  
**(Expressed in Rupees)**

|  | Note | Operators' Fund    |                    | Participants' Takaful Fund |                    |
|--|------|--------------------|--------------------|----------------------------|--------------------|
|  |      | 2025               | 2024               | 2025                       | 2024               |
| <b>ASSETS</b>  |      |                    |                    |                            |                    |
| Property and equipment   | 6    | 7,822,252          | 8,339,065          | -                          | -                  |
| Investment property - at cost                                    | 7    | 27,271,907         | 28,707,271         | -                          | -                  |
| Investment in term deposits                                      | 15.2 | -                  | -                  | 6,000,000                  | -                  |
| Accrued investment income  | 8    | 101                | 21,221             | 45,220                     | 34,831             |
| Qard-e-Hasna to Participants' Takaful Fund (PTF)                 | 9    | 46,520,000         | 37,150,000         | -                          | -                  |
| Takaful / re-takaful receivables                                 | 10   | -                  | -                  | 677,083,559                | 483,394,165        |
| Receivable from PTF  | 11   | 329,820,002        | 245,382,714        | -                          | -                  |
| Retakaful recoveries against outstanding claims (including IBNR) |      | -                  | -                  | 208,755,003                | 122,591,904        |
| Taxation - payment less provision                                | 12   | -                  | -                  | -                          | 32,612             |
| Deferred wakala fee expense                                      |      | -                  | -                  | 162,531,947                | 90,641,456         |
| Deferred commission expense                                      | 24   | 96,908,117         | 51,837,136         | -                          | -                  |
| Advance against purchase of property                             | 13   | 138,500,000        | 111,000,000        | -                          | -                  |
| Prepayments  | 14   | 36,000             | 60,000             | 95,051,754                 | 56,552,324         |
| Cash and bank  | 15   | 151,439            | 107,799            | 10,291,376                 | 1,294,773          |
| <b>TOTAL ASSETS</b>  |      | <b>647,029,818</b> | <b>482,605,206</b> | <b>1,159,758,859</b>       | <b>754,542,065</b> |
| <b>FUND AND LIABILITIES</b>                                      |      |                    |                    |                            |                    |
| <b>Operators' Fund</b>   |      |                    |                    |                            |                    |
| Statutory Fund   |      | 50,000,000         | 50,000,000         | -                          | -                  |
| Accumulated profit   |      | 333,740,502        | 239,081,451        | -                          | -                  |
| Total Operators Fund   |      | 383,740,502        | 289,081,451        | -                          | -                  |
| <b>Participants' Takaful Fund</b>                                |      |                    |                    |                            |                    |
| Ceded money  |      | -                  | -                  | 500,000                    | 500,000            |
| Accumulated surplus  |      | -                  | -                  | 86,283,843                 | 64,561,786         |
| Balance of Participant Takaful Fund                              |      | -                  | -                  | 86,783,843                 | 65,061,786         |
| Qard-e-Hasna from Operator's Fund (OPF)                          | 9    | -                  | -                  | 46,520,000                 | 37,150,000         |
| <b>LIABILITIES</b>   |      |                    |                    |                            |                    |
| <b>Underwriting provisions</b>                                   |      |                    |                    |                            |                    |
| Outstanding claims (including IBNR)                              |      | -                  | -                  | 239,364,229                | 146,752,248        |
| Unearned contribution reserve                                    |      | -                  | -                  | 431,848,892                | 241,339,836        |
| Unearned Re-takaful rebate                                       |      | -                  | -                  | 15,174,611                 | 9,886,236          |
| Takaful / Re-takaful payable                                     | 16   | -                  | -                  | 686,387,732                | 397,978,320        |
| Unearned wakala fee  |      | 162,531,947        | 90,641,456         | -                          | -                  |
| Payable to OPF   | 11   | -                  | -                  | 329,320,002                | 244,882,714        |
| Other creditors and accruals                                     | 17   | 57,299,633         | 39,916,818         | 9,884,008                  | 3,049,103          |
| Taxation - net   | 18   | 37,890,951         | 30,781,293         | -                          | -                  |
| Payable to East West Insurance Company Limited                   | 19   | 5,566,785          | 32,184,188         | -                          | -                  |
| <b>TOTAL LIABILITIES</b>   |      | <b>263,289,316</b> | <b>193,523,755</b> | <b>1,026,455,016</b>       | <b>652,330,279</b> |
| Contingencies and commitments                                    | 20   | -                  | -                  | -                          | -                  |
| <b>TOTAL FUND AND LIABILITIES</b>                                |      | <b>647,029,818</b> | <b>482,605,206</b> | <b>1,159,758,859</b>       | <b>754,542,065</b> |

The annexed notes from 1 to 40 form an intergral part of these financial statements.

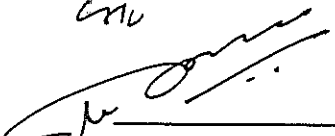







**CHAIRMAN**      **CHIEF EXECUTIVE OFFICER**      **DIRECTOR**      **DIRECTOR**      **CHIEF FINANCIAL OFFICER**


**EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS**  
**PROFIT OR LOSS ACCOUNT**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
**(Expressed in Rupees)**


|  | Note | 2025          | 2024          |
|--|------|---------------|---------------|
| <b>Participants' Takaful Fund</b>          |      |               |               |
| Contributions earned                       | 21   | 619,252,120   | 481,944,403   |
| Less: Contributions ceded to retakaful     | 21   | (256,203,570) | (200,084,173) |
| Net contributions revenue                  |      | 363,048,550   | 281,860,230   |
| Retakaful rebate                           | 23   | 35,616,181    | 25,856,175    |
| Net underwriting income                    |      | 398,664,731   | 307,716,405   |
| Net claims - reported / settled            | 22   | (376,971,074) | (294,494,722) |
| Other direct expenses                      |      | (160,006)     | (20,911)      |
| Surplus before investment income           |      | 21,533,651    | 13,200,772    |
| Investment income                          | 28   | 376,813       | 204,665       |
| Less: Modarib share of investment income   | 29   | (188,407)     | (102,333)     |
| Surplus transferred to accumulated surplus |      | 21,722,057    | 13,303,104    |
| <b>Operator's Fund</b>                     |      |               |               |
| Wakala fee                                 | 25   | 378,362,247   | 292,896,109   |
| Commission expense                         | 24   | (234,725,563) | (174,947,338) |
| Management expenses                        | 26   | (13,429,999)  | (12,006,783)  |
|  |      | 130,206,685   | 105,941,988   |
| Modarib's share of PTF investment income   |      | 188,407       | 102,333       |
| Other income                               | 28   | 80,476        | 59,871        |
| Rental income                              |      | 3,212,030     | 2,911,152     |
| Other expenses                             | 27   | (1,018,720)   | (972,800)     |
| Profit before tax                          |      | 132,668,878   | 108,042,544   |
| Taxation                                   | 18   | (38,009,827)  | (30,792,593)  |
| Profit after tax                           |      | 94,659,051    | 77,249,951    |

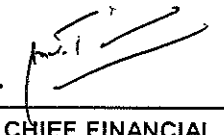
The annexed notes from 1 to 40 form an intergral part of these financial statements.

  
 CHAIRMAN

  
 CHIEF EXECUTIVE OFFICER

  
 DIRECTOR

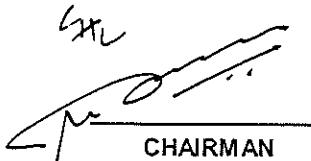




  
 DIRECTOR

  
 CHIEF FINANCIAL OFFICER

EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS  
 STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE YEAR ENDED DECEMBER 31, 2025  
 (Expressed in Rupees)

|   | 2025              | 2024              |
|---|-------------------|-------------------|
| <b>Participants' Takaful Fund</b>               |                   |                   |
| Surplus for the year                            | 21,722,057        | 13,303,104        |
| Other comprehensive income                      | -                 | -                 |
| <b>Total comprehensive surplus for the year</b> | <b>21,722,057</b> | <b>13,303,104</b> |
| <b>Operators' Fund</b>                          |                   |                   |
| Profit for the year                             | 94,659,051        | 77,249,951        |
| Other comprehensive income                      | -                 | -                 |
| <b>Total comprehensive income for the year</b>  | <b>94,659,051</b> | <b>77,249,951</b> |

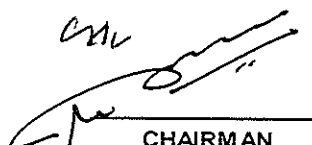

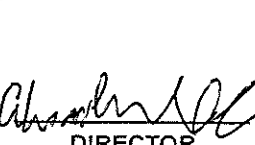
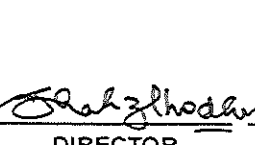
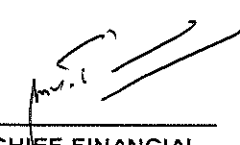
The annexed notes from 1 to 40 form an intergral part of these financial statements.

 CHAIRMAN  
 CHIEF EXECUTIVE OFFICER  
 DIRECTOR  
 DIRECTOR  
 CHIEF FINANCIAL OFFICER

**EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
**(Expressed in Rupees)**

|   | Operators' Fund |               | Participants' Takaful Fund |               |
|---|-----------------|---------------|----------------------------|---------------|
|   | 2025            | 2024          | 2025                       | 2024          |
| <b>OPERATING CASH FLOWS</b>                                     |                 |               |                            |               |
| (a) Underwriting activities                                     |                 |               |                            |               |
| Contribution received   | -               | -             | 1,090,741,366              | 830,872,961   |
| Retakaful contribution paid                                     | -               | -             | (297,418,749)              | (206,190,968) |
| Claims paid   | -               | -             | (723,891,920)              | (593,631,492) |
| Retakaful and recoveries received                               | -               | -             | 254,221,272                | 212,347,030   |
| Commission paid   | (262,140,885)   | (163,854,039) | -                          | -             |
| Retakaful rebate received                                       | -               | -             | 40,904,556                 | 29,052,084    |
| Wakala fee received / (paid)                                    | 365,815,450     | 293,581,478   | (365,815,450)              | (293,581,478) |
| Modarib share received / (paid)                                 | 188,407         | 102,333       | (188,407)                  | (102,333)     |
| Net cash flow underwriting activities                           | 103,862,972     | 129,829,772   | (1,447,332)                | (21,234,196)  |
| (b) Other operating activities                                  |                 |               |                            |               |
| Income tax paid   | (30,900,169)    | (5,808)       | (69,394)                   | (27,346)      |
| Direct expenses paid  | -               | -             | (160,006)                  | (20,911)      |
| Other operating payment   | (919,719)       | (812,800)     | -                          | -             |
| Management expenses paid  | (11,704,722)    | (9,096,043)   | -                          | -             |
| Other operating (payments) / receipts                           | (26,617,403)    | 7,303,813     | 6,936,911                  | 2,034,099     |
| Net cash flow used in / (from) other operating activities       | (70,142,013)    | (2,610,838)   | 6,707,511                  | 1,985,842     |
| Total cash generated from / (used) in all operating activities  | 33,720,959      | 127,218,934   | 5,260,179                  | (19,248,354)  |
| <b>INVESTMENT ACTIVITIES</b>                                    |                 |               |                            |               |
| Profit received on investment income                            | 101,596         | 39,229        | 366,424                    | 182,311       |
| Rental income   | 3,091,085       | 2,793,112     | -                          | -             |
| Advance payment for acquisition of property                     | (27,500,000)    | (111,000,000) | -                          | -             |
| Total cash flow generated from / (used) in investing activities | (24,307,319)    | (108,167,659) | 366,424                    | 182,311       |
| <b>FINANCING ACTIVITIES</b>                                     |                 |               |                            |               |
| Qard-e-Hasna (from) / to OPF                                    | (9,370,000)     | (19,000,000)  | 9,370,000                  | 19,000,000    |
| Net cash flow from all activities                               | 43,640          | 51,275        | 14,996,603                 | (66,043)      |
| Cash and cash equivalents at beginning of the year              | 107,799         | 56,524        | 1,294,773                  | 1,360,816     |
| Cash and cash equivalents at end of the year                    | 151,439         | 107,799       | 16,291,376                 | 1,294,773     |
| <b>Reconciliation to profit and loss account:</b>               |                 |               |                            |               |
| Operating cash flows  | 33,720,959      | 127,218,934   | 5,260,179                  | (19,248,354)  |
| Depreciation  | (1,952,176)     | (2,081,204)   | -                          | -             |
| Investment income   | 101,596         | 39,229        | 366,424                    | 182,311       |
| Rental income   | 3,091,085       | 2,793,112     | -                          | -             |
| Advance payment for acquisition of property                     | (27,500,000)    | (111,000,000) | -                          | -             |
| Increase in assets other than cash                              | 156,963,148     | 133,483,542   | 390,220,191                | 181,136,328   |
| Decrease in liabilities   | (69,765,561)    | (73,203,662)  | (374,124,737)              | (148,767,181) |
| Profit / Surplus for the year                                   | 94,659,051      | 77,249,951    | 21,722,057                 | 13,303,104    |

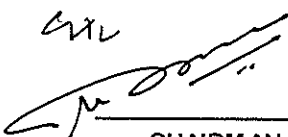
The annexed notes from 1 to 40 form an integral part of these financial statements.

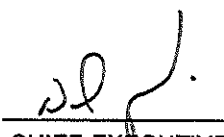
 CHAIRMAN  
 CHIEF EXECUTIVE OFFICER  
 DIRECTOR  
 DIRECTOR  
 CHIEF FINANCIAL OFFICER

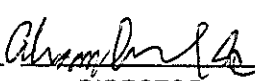
**EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS**  
**STATEMENT OF CHANGES IN FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
**(Expressed in Rupees)**

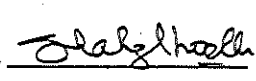
|   | Operator's Fund    |                     |                    |
|---|--------------------|---------------------|--------------------|
|   | Statutory Fund     | Accumulated Profit  | Total              |
| Balance as at January 1, 2024             | 50,000,000         | 161,831,500         | 211,831,500        |
| Total comprehensive income for the year : |                    |                     |                    |
| Profit for the year                       | -                  | 77,249,951          | 77,249,951         |
| Other comprehensive income                | -                  | -                   | -                  |
|   | -                  | 77,249,951          | 77,249,951         |
| Balance as at December 31, 2024           | <u>50,000,000</u>  | <u>239,081,451</u>  | <u>289,081,451</u> |
| Balance as at January 1, 2025             | 50,000,000         | 239,081,451         | 289,081,451        |
| Total comprehensive income for the year : |                    |                     |                    |
| Profit for the year                       | -                  | 94,659,051          | 94,659,051         |
| Other comprehensive income                | -                  | -                   | -                  |
|   | -                  | 94,659,051          | 94,659,051         |
| Balance as at December 31, 2025           | <u>50,000,000</u>  | <u>333,740,502</u>  | <u>383,740,502</u> |
|   | Participants' Fund |                     |                    |
|   | Ceded Money        | Accumulated Surplus | Total              |
| Balance as at January 1, 2024             | 500,000            | 51,258,682          | 51,758,682         |
| Total comprehensive income for the year : |                    |                     |                    |
| Surplus for the year                      | -                  | 13,303,104          | 13,303,104         |
| Other comprehensive income                | -                  | -                   | -                  |
|   | -                  | 13,303,104          | 13,303,104         |
| Balance as at December 31, 2024           | <u>500,000</u>     | <u>64,561,786</u>   | <u>65,061,786</u>  |
| Balance as at January 1, 2025             | 500,000            | 64,561,786          | 65,061,786         |
| Total comprehensive income for the year : |                    |                     |                    |
| Surplus for the year                      | -                  | 21,722,057          | 21,722,057         |
| Other comprehensive income                | -                  | -                   | -                  |
|   | -                  | 21,722,057          | 21,722,057         |
| Balance as at December 31, 2025           | <u>500,000</u>     | <u>86,283,843</u>   | <u>86,783,843</u>  |

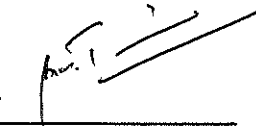
The annexed notes from 1 to 40 form an intergral part of these financial statements.

  
 CHAIRMAN

  
 CHIEF EXECUTIVE OFFICER

  
 DIRECTOR

  
 DIRECTOR

  
 CHIEF FINANCIAL OFFICER

**1 LEGAL STATUS AND NATURE OF BUSINESS**

East West Insurance Company Limited (the Operator) has been allowed to undertake Window Takaful Operations (WTO) on May 08, 2018 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules 2012 to carry on General Window Takaful Operations in Pakistan.

The registered office of the Operator is situated at 27, Regal Plaza, Jinnah Road, Quetta. The principal place of business is situated at Sarwar Shaheed Road, Lakson Square Building No. 03, 4th, Floor Karachi.

For the purpose of carrying on the Takaful business, the Operator has formed a Participants' Takaful Fund (PTF) on April 06, 2018 under the Waqf deed. The Waqf deed governs the relationship of Operator and participants for management of takaful operations.

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

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

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

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

**2.1 Functional and presentation currency**

These financial statements are presented in Pak Rupees, which is also the Operator's functional currency. All financial statements presented in Pak Rupees have been rounded to nearest Rupees, unless otherwise stated.

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

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

There are certain new and amended standards, interpretations and amendments that are mandatory for the Operator'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 Operator's operations and therefore, have not been stated in these financial statements.

**Standards, amendments or interpretations**

**Effective date  
(period beginning on or after)**

Lack of Exchangeability – The Effects of Changes in Foreign Exchange Rates (Amendments to IAS 21)

January 1, 2025

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**EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2026.

| <b>Standards, amendments or interpretations</b> | <b>Effective date<br/>(period beginning on or after)</b> |
|---|--|
|---|--|

|  |                  |
|--|------------------|
| Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments | January 01, 2026 |
|--|------------------|

|   |                  |
|---|------------------|
| Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments | January 01, 2027 |
|---|------------------|

|   |                  |
|---|------------------|
| Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs) | January 01, 2026 |
|---|------------------|

|  |                  |
|--|------------------|
| Amendments to IFRS 9 'Financial Instruments' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs) | January 1, 2027. |
|--|------------------|

|  |                  |
|--|------------------|
| IFRS 16 - Derecognition of lease liabilities | January 01, 2026 |
|--|------------------|

|   |                  |
|---|------------------|
| Amendments to the classification and measurement of financial instruments - Amendments to IFRS 09 financial instruments IFRS 07 | January 01, 2026 |
|---|------------------|

|                               |                  |
|-------------------------------|------------------|
| IFRS 17 - Insurance Contracts | January 01, 2027 |
|-------------------------------|------------------|

SECP vide its SRO 1336 dated July 23, 2025 directed the application of IFRS 17 for the period commencing from January 01, 2027.

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

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

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

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

The amendments relating to "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" (Amendments to IFRS 10 and IAS 28) revise the accounting treatment for transactions involving loss of control of a business or assets and introduce guidance for less frequent transactions that involve neither cost nor a full step-up of certain retained interests in assets that do not constitute a business. The effective date of these amendments has been deferred indefinitely pending completion of a broader review; however, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

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**EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

**4 BASIS OF MEASUREMENT**

These financial statements have been prepared under the historical cost convention except that certain investments are stated at lower of cost and market value.

The financial statements have been prepared following the accrual basis of accounting except for those reflected in cash flow statements.

**4.1 Use of judgments and estimates**

The preparation of financial statements in conformity with the requirements of accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and associated assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The judgments, estimates and associated assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

**Estimates**

The areas where assumptions and estimates are significant to the financial statements or judgment was exercised in application of accounting policies, are as follows:

|   | <b>Note</b> |
|---|-------------|
| - Unearned contribution reserve                     | 5.5.2       |
| - Contribution due but unpaid - net                 | 5.5.3       |
| - Provision for outstanding claims (including IBNR) | 5.7         |
| - Taxation (current and deferred)                   | 5.2         |
| - Unearned retakaful rebate                         | 5.11        |
| - Retakaful recoveries against outstanding claims   | 5.9         |
| - Prepaid Retakaful contribution ceded              | 5.8.2       |
| - Deferred commission expense                       | 5.10.1      |
| - Property and equipment                            | 6           |
| - Investment Property                               | 7           |

**Judgments**

In the process of applying the Operator's accounting policies, management has made following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

**Classification of investments**

As the Operator's objective is to maintain an investment portfolio that can generate a constant return in terms of dividend and capital appreciation and not for the purpose of making short term profit from market volatility, all other debt, investment funds, and equity investment securities are classified as available-for-sale.

The Operator treats available-for-sale equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. In addition, the Operator evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

## 5 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these financial statements are set out below:

### 5.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment in value, if any.

Depreciation is charged to the profit and loss account using the reducing balance method at the rates specified in Note 6 to the financial statements. Depreciation on additions during the year is charged from the month in which the asset is put to use, while no depreciation is charged in the month in which the asset is disposed of.

In respect of addition and disposal during the period, depreciation is charged from the month of acquisition and upto the month preceding the disposal respectively.

### 5.2 Investment property

These are assets held for capital appreciation and for rental earnings and are measured under the cost model. These are stated at cost less accumulated depreciation and impairment.

Investment property is derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposals and carrying amount of the asset is recognised in the Statement of profit or loss in the year of derecognition.

Transfers are made to or from the investment property only when there is a change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment upto the date of change in use.

Depreciation is charged to Statement of profit or loss using the reducing balance method over their estimated useful lives at the rates disclosed in note 7 to these financial statements, whereby the cost of an asset less residual value is written-off over its estimated useful life. A full month's depreciation is charged for assets in the month of purchase and no depreciation is charged in the month of disposal.

Maintenance and normal repairs are charged to Statement of profit or loss as and when incurred. Major renewals and improvements, if any, are capitalised.

### 5.3 IFRS 9 - Financial Instruments and Amendment to IFRS 4 'Insurance Contracts- Applying IFRS 9 'Financial Instruments with IFRS 4

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan through its S.R.O. 229 (I)/2019 and is effective for accounting period / year ending on or after June 30, 2019.

IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Handwritten signature and initials: "A. S. M. I" and "T. S. M."

**IFRS 9 - Financial Instruments and Amendment to IFRS 4 'Insurance Contracts- Applying IFRS 9 'Financial Instruments with IFRS 4 (CONT.)**

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

**5.3.1 Temporary Exemption from Application of IFRS 9**

As an insurance Operator, the management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Additional disclosures, as required by the IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given below.

The fair value of the financial assets are not significantly different from their carrying amounts since these assets are short term in nature or are frequently repriced to market rate.

When adopted IFRS 9 replaces the existing IAS 39, 'Financial Instruments - Recognition and Measurement' and will affect the following two areas.

**5.3.2 Classification and measurement of financial assets and financial liabilities**

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

**5.3.3 Impairment of financial assets**

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss (ECL) model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized. The ECL model involve significant judgments and estimation processes. The Operator is currently in the process of analyzing the potential impact of expected credit loss model upon adoption of IFRS 9.

*Handwritten signature and initials:*  
A large, stylized signature, possibly "Agnel", is written in the bottom left corner. Below it, the initials "ST" are written.

#### **5.4 Takaful contracts**

Takaful contracts are based on the principles of Wakala. Takaful contracts so agreed usually inspire concept of Tabarru (to donate for benefit of others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty.

A separate Participants Takaful Fund (PTF) is created in which all contribution received under general takaful contribution net off any government levies and administrative surcharge are credited. The role of Takaful Operator is of the management of the PTF. At the initial stage of the setup of the PTF, the Takaful Operator makes payment as ceded money to the PTF. The terms of the takaful contracts are in accordance with the generally accepted principles and norms of insurance business suitably modified with guidance by the Shariah Advisor of the Takaful Operator.

Once a contract has been classified as a takaful contract, it remains a takaful contract for the remainder of its lifetime, even if the takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

The Operator underwrites non-life takaful contracts that can be categorised into:

- Fire and property damage
- Marine, aviation and transport
- Engineering
- Motor
- Miscellaneous

Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Takaful contracts entered into by the Operator under which the contract holder is another takaful operator (inwards retakaful) of a facultative nature are included within the individual category of takaful contracts, other than those which fall under treaty. The takaful risk involved in these contracts is similar to the contracts undertaken by the Operator as takaful operator.

##### **5.4.1 Fire and property damage**

Fire and property takaful contracts mainly compensate the customers for damage suffered to their property. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the covered properties in their business activities (business interruption cover).

##### **5.4.2 Marine, aviation and transport**

Marine, aviation and transport class of business provides coverage against loss and damage to goods in transit by any means of conveyance, physical loss or damage to aircraft, ships, and against liabilities to third parties and passengers arising from their use.

##### **5.4.3 Motor**

Motor takaful contracts cover physical loss or damage to the vehicle and liabilities to third parties as provided under the requirements of the Motor Vehicle Ordinance, 1965.



**EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

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**5.4.4 Engineering**

Engineering insurance contracts primarily provide coverage for damages incurred to engineering projects, equipment, or machinery. In addition to compensating customers for property loss or damage, these contracts may also extend coverage to include reimbursement for financial losses resulting from the interruption of business operations due to the inability to use insured engineering assets (business interruption cover).

**5.4.5 Miscellaneous**

All other takaful contracts like machinery breakdown, bonds, cash in hand, cash in transit, personal accident, public liabilities, health, crop, livestock, travel, bankers and other financial institutions packages, product liabilities, professional indemnity, workers compensation etc. are included under Miscellaneous takaful cover.

**5.5 Contribution**

**5.5.1 Contribution income earned**

Contribution written under a policy is recognized as income over the period of takaful from the date of issue of the policy to which it relates to its expiry as follows:

- a) for takaful business, evenly over the period of the policy;
- b) for proportional retakaful business, evenly over the period of underlying retakaful policies; and
- c) for non-proportional retakaful business, on inception of the retakaful contract in accordance with the pattern of retakaful service.

Where the pattern of incidence of risk varies over the period of the policy, contribution is recognized as revenue in accordance with the pattern of incidence of risk.

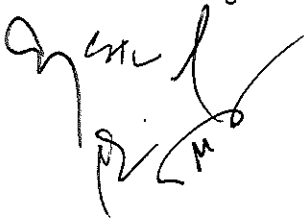
Where contribution for a policy is payable in installments, full contribution for the duration of the policy is recognized as written at the inception of the policy and a related asset is set up in respect of the contribution receivable at a later date. Contribution is stated gross of commission payable to intermediaries and exclusive of taxes and duties levied on contributions.

**5.5.2 Unearned contribution reserve**

The unearned contribution reserve is the unexpired portion of the contribution including administrative surcharge which relates to business in force at the balance sheet date. Unearned contribution has been calculated by applying 1/24th method and proportionate method for policies covering a period of one year and other policies respectively as specified in the Insurance Rules, 2017.

**5.5.3 Contribution due but unpaid - net**

Contribution due but unpaid under takaful contracts is recorded as receivable when it is due, at the fair value of consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Operator reduces the carrying amount of the receivable accordingly and recognizes it as impairment loss in profit and loss account.

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**EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

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**5.6 Claims expense**

Takaful claims are charged to PTF and include all claims occurring during the year, whether reported or not, including external claims handling costs that are directly related to the processing and settlement of claims, reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years. Claims are charged to profit and loss account as incurred based on estimated liability for compensation owed under the takaful contracts.

**5.7 Provision for outstanding claims (including IBNR)**

The PTF recognises liability in respect of all claims incurred upto the balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in a Takaful contract.

Provision for IBNR is based on the management's best estimate which takes into account the past trends net of exceptional claims. This estimate is determined in accordance with the 'SECP guidelines for estimation of incurred but not reported (IBNR) claims reserve 2016' issued by the Securities and Exchange Commission of Pakistan (SECP) vide Circular 9 of 2016.

**5.8 Retakaful contracts**

**5.8.1 Retakaful expense**

Contribution ceded is recognized as an expense over the period of retakaful from inception to which it relates to its expiry as follows:

- a) for proportional retakaful business, evenly over the period of the underlying policies;
- b) for non-proportional retakaful business, evenly over the period of indemnity.

Where the pattern of incidence of risk varies over the period of the policy, retakaful contribution is recognized as expense in accordance with the pattern of incidence of risk.

**5.8.2 Prepaid retakaful contribution ceded**

The portion of retakaful contribution ceded not recognized as an expense as at year end is recognized as prepaid retakaful contribution ceded. Unrecognized portion is determined in the same manner as for unearned contribution reserve.

**5.9 Retakaful recoveries against outstanding claims**

Claims recoveries receivable from retakaful operator are recognized as an asset at the same time as the claims, which give rise to the right of recovery, are recognized as a liability and are measured at the amount expected to be received.

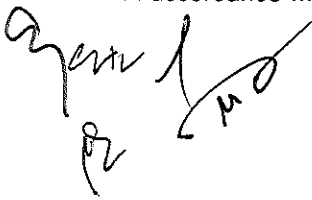
**5.10 Commission**

**5.10.1 Commission expense**

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

**5.11 Rebate from retakaful operators**

Rebate income from retakaful is recognised at the time of issuance of the underlying takaful policy. These are deferred and recognized as liability and recognized in the profit and loss account as revenue in accordance with the pattern of recognition of retakaful contribution.



**EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

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**5.12 Wakala and Mudarib fee**

The Operator manages the general takaful operations for the participants and charges 40% for fire and property, 40% for marine, aviation and transport, 35% for motor, 35% for engineering, 35% for miscellaneous and 20% for health, on gross contribution written including administrative surcharge as wakala fee against the services.

Wakala fee is recognised on the same basis as the related revenue is recognised. Unexpired portion of wakala fee is recognized as a liability of OPF and an asset of PTF.

The Operator also manages the Participants' investment as Mudarib and charges 50% of the investment / deposit income earned by the PTF as Mudarib's share.

**5.13 Takaful surplus**

Takaful surplus attributable to the participants is calculated after charging all direct cost and setting aside various reserves. Allocation to participants, if applicable, is made after adjustment of claims paid to them during the year.

**5.14 Qard-e-Hasna**

Qard-e-Hasna is provided by Operators' Fund to PTF in case of deficit in PTF. Qard-e-Hasna is recognised at the amount provided to PTF less impairment, if any. In the event of future surplus in the Participants' Takaful Fund, to which a Qard-e-Hasna has been made, the Qard-e-Hasna shall be repaid prior to distribution of surplus to Participants.

**5.15 Revenue recognition**

**5.15.1 Participants' takaful fund**

**Contribution**

The revenue recognition policy for contributions is given under note 5.5.1

**Rebate from retakaful operators**

The revenue recognition policy for rebate from Re-takaful operators is given under note 5.11

**5.15.2 Operator's fund**

The revenue recognition policy for wakala fee is given under note 5.12

**5.15.3 Participants' takaful fund / Operator's fund**

**Investment income**

Profit on investments, return on profit and loss sharing accounts and bank deposits are recognized on accrual basis.

**5.16 Segment reporting**

An operating segment is a component of the Operator that engages in business activities from which it may earn revenues and incur expenses. The Operator presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Rules, 2017 as the primary reporting format.

The Operator has four primary business segments for reporting purposes namely; fire and property damage, marine, aviation and transport, motor and miscellaneous. The nature and business activities of these segments are disclosed in note 5.4

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**EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

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**Segment reporting (CONT.)**

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them while the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

**5.17 Financial instruments**

Financial assets and financial liabilities are recognized when the Operator becomes a party to the contractual provisions of the instrument and derecognized when the Operator loses control of contractual rights that comprise the financial assets and, in the case of financial liabilities, when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the derecognition of the financial assets and liabilities is included in the net profit or loss account for the period in which it arises.

Financial instruments carried in the balance-sheet include investments, accrued investment income, takaful / retakaful receivables, receivable from PTF, cash and bank deposits, payable to OPF, other creditors and accruals and payable to East West Insurance Company Limited.

**5.18 Off setting of financial asset and financial liabilities**

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

**5.19 Related party transactions**

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the board of directors, it is in the interest of the Operator to do so.

**5.20 Taxation**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Operator's profit and loss account, except to the extent that it relates to items recognised directly in equity or in the statement of comprehensive income, in which case it is recognised in equity or in the statement of comprehensive income respectively. However, The profit of the Operator is taxed as part of total profit of the East West Insurance Company Limited as the Operator is not separately registered for tax purposes.

**Current tax**

Current tax Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalised during the current period for such years.

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**EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

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**Deferred tax**

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the reporting date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

**5.21 Foreign currencies**

Transactions in foreign currency, if any, are converted into Pak rupees at the rate of exchange prevailing on the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into Pak rupees at the rate of exchange prevailing at the reporting date. Exchange difference are taken to profit and loss account.

**5.22 Management expenses**

Expenses allocated to the PTF represent directly attributable expenses and these are allocated to various revenue accounts on equitable basis. Expenses not directly allocable to PTF are charged to OPF.

**5.23 Creditors, accruals and provisions**

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for the goods and / or services received, whether or not billed to the Operator.

Provisions are recognised when the Operator / PTF has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions will be reviewed at each balance sheet date and will be adjusted to reflect the current estimate.

**5.24 Cash and cash equivalents**

Cash and cash equivalents comprise policy and revenue stamps, bond papers, cash at bank, and term deposits held with Shariah-compliant banks. These balances are readily available for use by the Company and are maintained for the purpose of meeting its short-term operational and liquidity requirements. They are subject to an insignificant risk of changes in their fair value and are highly liquid in nature, capable of being converted into known amounts of cash without significant delay, thereby forming an integral part of the Company's day-to-day cash management practices.

**5.25 Contingencies and Commitments**

Contingencies represent possible obligations arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognised in the financial statements but are disclosed unless the possibility of an outflow of economic resources is remote.

Commitments represent contractual obligations entered into by the Company that have not yet been recognised as liabilities in the financial statements. These are disclosed to provide information about future obligations and cash outflows.

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EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2025  
 (Expressed in Rupees)

6 PROPERTY AND EQUIPMENT

|                       |                          | December 31, 2025       |                       |                           |                         |                    |                     |
|-----------------------|--------------------------|-------------------------|-----------------------|---------------------------|-------------------------|--------------------|---------------------|
|                       |                          | Cost                    |                       | Accumulated depreciation  |                         | Written down value | Depreciation rate % |
| As at January 1, 2025 | Addition during the year | As at December 31, 2025 | As at January 1, 2025 | Depreciation for the year | As at December 31, 2025 |                    |                     |
| Office Premises       | -                        | 10,000,000              | 2,326,672             | 383,666                   | 2,710,338               | 7,289,662          | 5%                  |
| Vehicles              | -                        | 2,300,000               | 1,634,263             | 133,147                   | 1,767,410               | 532,590            | 20%                 |
|                       | -                        | 12,300,000              | 3,960,935             | 516,813                   | 4,477,748               | 7,822,252          |                     |

|                       |                          | December 31, 2024       |                       |                           |                         |                    |                     |
|-----------------------|--------------------------|-------------------------|-----------------------|---------------------------|-------------------------|--------------------|---------------------|
|                       |                          | Cost                    |                       | Accumulated depreciation  |                         | Written down value | Depreciation rate % |
| As at January 1, 2024 | Addition during the year | As at December 31, 2024 | As at January 1, 2024 | Depreciation for the year | As at December 31, 2024 |                    |                     |
| Office Premises       | -                        | 10,000,000              | 1,922,813             | 403,859                   | 2,326,672               | 7,673,328          | 5%                  |
| Vehicles              | -                        | 2,300,000               | 1,467,829             | 166,434                   | 1,634,263               | 665,737            | 20%                 |
|                       | -                        | 12,300,000              | 3,390,642             | 570,293                   | 3,960,935               | 8,339,065          |                     |

7 INVESTMENT PROPERTY

|                       |                          | December 31, 2025       |                       |                           |                         |                    |                     |
|-----------------------|--------------------------|-------------------------|-----------------------|---------------------------|-------------------------|--------------------|---------------------|
|                       |                          | Cost                    |                       | Accumulated depreciation  |                         | Written down value | Depreciation rate % |
| As at January 1, 2025 | Addition during the year | As at December 31, 2025 | As at January 1, 2025 | Depreciation for the year | As at December 31, 2025 |                    |                     |
| Office premises       | -                        | 38,000,000              | 9,292,729             | 1,435,364                 | 10,728,093              | 27,271,907         | 5%                  |
|                       | -                        | 38,000,000              | 9,292,729             | 1,435,364                 | 10,728,093              | 27,271,907         |                     |

|                       |                          | December 31, 2024       |                       |                           |                         |                    |                     |
|-----------------------|--------------------------|-------------------------|-----------------------|---------------------------|-------------------------|--------------------|---------------------|
|                       |                          | Cost                    |                       | Accumulated depreciation  |                         | Written down value | Depreciation rate % |
| As at January 1, 2024 | Addition during the year | As at December 31, 2024 | As at January 1, 2024 | Depreciation for the year | As at December 31, 2024 |                    |                     |
| Office premises       | -                        | 38,000,000              | 7,781,818             | 1,510,911                 | 9,292,729               | 28,707,271         | 5%                  |
|                       | -                        | 38,000,000              | 7,781,818             | 1,510,911                 | 9,292,729               | 28,707,271         |                     |

7.1 During the current year, the Company carried out revaluation of its properties in March 2026 through an independent valuer, M/s. Tahir Rasheed & Company (Private) Limited, and the valuation as at December 31, 2025 is based on this assessment; accordingly, Bhadur Shah Centre, Shafiq Plaza, and Faisalabad City Office were valued at Rs. 15 million, Rs. 20 million, and Rs. 12 million, respectively.



**EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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(Expressed in Rupees)

|                           | Note | Operator's Fund |                | Participants Takaful Fund |                  |
|---------------------------|------|-----------------|----------------|---------------------------|------------------|
|                           |      | 2025            | 2024           | 2025                      | 2024             |
| <b>15 CASH AND BANK</b>   |      |                 |                |                           |                  |
| Cash and cash equivalents |      |                 |                |                           |                  |
| Policy stamps             |      | -               | -              | 174,370                   | 136,967          |
| Term deposit receipts     |      |                 |                |                           |                  |
| Cash at bank              |      |                 |                |                           |                  |
| Current accounts          |      | -               | -              | -                         | -                |
| Savings accounts          | 15.1 | 151,439         | 107,799        | 10,117,006                | 1,157,806        |
|                           |      | <u>151,439</u>  | <u>107,799</u> | <u>10,291,376</u>         | <u>1,294,773</u> |

15.1 These represent profit and loss sharing accounts carrying profit rates ranging from 6.29% to 8.33% (2024: 5.00% to 8.00%) per annum.

|                            |      |          |          |                  |          |
|----------------------------|------|----------|----------|------------------|----------|
| 15.2 Term deposit receipts | 15.3 | <u>-</u> | <u>-</u> | <u>6,000,000</u> | <u>-</u> |
|----------------------------|------|----------|----------|------------------|----------|

15.3 Term deposit receipts include a term deposit with a maturity period of three months, placed with dubai islamic bank.

|   | Note | Operator's Fund |      | Participants Takaful Fund |                  |
|---|------|-----------------|------|---------------------------|------------------|
|   |      | 2025            | 2024 | 2025                      | 2024             |
| <b>16 TAKAFUL / RETAKAFUL PAYABLE (PTF)</b> |      |                 |      |                           |                  |
| Participants' Takaful Fund                  |      |                 |      |                           |                  |
| Due to other takaful / re-takaful           |      |                 |      |                           |                  |
| Local                                       |      |                 |      | 863,274                   | 6,420,142        |
|   |      |                 |      | <u>863,274</u>            | <u>6,420,142</u> |

|  |  |                   |                   |                  |                  |
|--|--|-------------------|-------------------|------------------|------------------|
| <b>17 OTHER CREDITORS AND ACCRUALS</b> |  |                   |                   |                  |                  |
| Salaries payable                       |  | 982,836           | 1,265,314         | -                | -                |
| Staff provident fund                   |  | 170,126           | 111,926           | -                | -                |
| Commission payable                     |  | 54,076,936        | 36,421,277        | -                | -                |
| Withholding tax payable                |  | 79,685            | 83,206            | -                | -                |
| Accrued expenses                       |  | 1,990,050         | 2,035,095         | 9,884,008        | 3,049,103        |
|  |  | <u>57,299,633</u> | <u>39,916,818</u> | <u>9,884,008</u> | <u>3,049,103</u> |

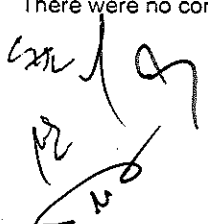
|                          |  |                   |                   |  |  |
|--------------------------|--|-------------------|-------------------|--|--|
| <b>18 TAXATION - NET</b> |  |                   |                   |  |  |
| Provision for income tax |  | 38,009,827        | 30,792,593        |  |  |
| Less: Advance tax        |  | 118,876           | 11,300            |  |  |
|                          |  | <u>37,890,951</u> | <u>30,781,293</u> |  |  |

|  |      |           |            |  |  |
|--|------|-----------|------------|--|--|
| <b>19 PAYABLE TO EAST WEST INSURANCE COMPANY LIMITED (OPF)</b> |      |           |            |  |  |
| Payable to East West Insurance Company Limited (OPF)           | 19.1 | 5,566,785 | 32,184,188 |  |  |

19.1 This represents the amount payable in respect of expenses incurred by East West Insurance Company Limited on behalf of the Operator.

**20 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at December 31, 2025 (December 31, 2024: Nil).

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**EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
**(Expressed in Rupees)**

| 21 | NET TAKAFUL CONTRIBUTION                       | Note | Participants' Takaful Fund |                    |
|----|--|------|----------------------------|--------------------|
|    |  |      | 2025                       | 2024               |
|    | Written gross contribution                     |      | 1,188,123,423              | 804,914,890        |
|    | Wakala fee                                     | 25   | (378,362,247)              | (292,896,109)      |
|    | Contribution net of wakala                     |      | 809,761,176                | 512,018,781        |
|    | Unearned contribution reserve - Opening        |      | 241,339,836                | 211,265,458        |
|    | Unearned contribution reserve - Closing        |      | (431,848,892)              | (241,339,836)      |
|    | Contribution earned                            |      | 619,252,120                | 481,944,403        |
|    | Less:  |      |                            |                    |
|    | Re-takaful contribution ceded                  |      | 294,703,000                | 200,686,818        |
|    | Prepaid retakaful contribution ceded - Opening |      | 56,552,324                 | 55,949,679         |
|    | Prepaid retakaful contribution ceded - Closing |      | (95,051,754)               | (56,552,324)       |
|    | Retakaful expense                              |      | 256,203,570                | 200,084,173        |
|    |  |      | <u>363,048,550</u>         | <u>281,860,230</u> |

| 22 | NET TAKAFUL CLAIMS   | Participants' Takaful Fund |                    |                    |
|----|--|----------------------------|--------------------|--------------------|
|    |  | 2025                       | 2024               |                    |
|    | Claim expense / paid   |                            | 723,891,920        | 593,631,492        |
|    | Outstanding claims-opening   |                            | (146,752,248)      | (42,875,000)       |
|    | Outstanding claims-closing   |                            | 239,364,229        | 146,752,248        |
|    | Claim expense  |                            | 816,503,901        | 697,508,740        |
|    | Recoveries and other recoveries received                                     |                            | 353,369,728        | 320,354,053        |
|    | Add: Retakaful and other recoveries in respect of outstanding claim-closing  |                            | 208,755,003        | 122,591,904        |
|    | Less: Retakaful and other recoveries in respect of outstanding claim-opening |                            | (122,591,904)      | (39,931,939)       |
|    |  |                            | 439,532,827        | 403,014,018        |
|    |  |                            | <u>376,971,074</u> | <u>294,494,722</u> |

**22.1 CLAIM DEVELOPMENT**

The Operator maintains adequate reserves in respect of its takaful business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year. The following table shows the development of the claims over a period of time. All amounts are presented in gross numbers before re-takaful.

|   | 2020 & prior | 2022 | 2022       | 2023 | 2024       | 2025<br>(Including<br>IBNR) | Total       |
|---|--------------|------|------------|------|------------|-----------------------------|-------------|
| <b>Gross estimate of ultimate claim cost :</b>          |              |      |            |      |            |                             |             |
| At end of accident year                                 | -            | -    | 42,875,000 | -    | 49,000,000 | 147,489,229                 | 239,364,229 |
| one year later  | -            | -    | 42,875,000 | -    | 49,000,000 | -                           | 91,875,000  |
| two years later   | -            | -    | 42,875,000 | -    | -          | -                           | 42,875,000  |
| three years later                                       | -            | -    | 42,875,000 | -    | -          | -                           | 42,875,000  |
| four years later  | -            | -    | -          | -    | -          | -                           | -           |
| five years later  | -            | -    | -          | -    | -          | -                           | -           |
| Current estimate of cumulative claims                   | -            | -    | 42,875,000 | -    | 49,000,000 | 147,489,229                 | 239,364,229 |
| Cumulative payments to date                             | -            | -    | -          | -    | -          | -                           | -           |
| Liability recognized in statement of financial position | -            | -    | 42,875,000 | -    | 49,000,000 | 147,489,229                 | 239,364,229 |

**22.2** The provision for gross IBNR on the basis of actuarial valuation carried out as at December 31, 2025 amounted to Rs. 62.57 million (2024: Rs 54.87 million).

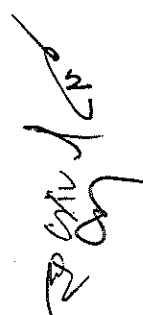
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EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2025  
 (Expressed in Rupees)

30 SEGMENT REPORTING

| Operator's Fund                          | Fire and property damage    | Marine, aviation and transport | Motor        | Engineering  | Miscellaneous | Total         |
|--|-----------------------------|--------------------------------|--------------|--------------|---------------|---------------|
|  | -----December 31, 2025----- |                                |              |              |               |               |
| Wakala fee earned                        | 173,802,419                 | 62,899,480                     | 79,832,174   | 52,282,911   | 9,545,263     | 378,362,247   |
| Commission expense                       | (98,594,753)                | (43,338,139)                   | (49,903,796) | (34,994,916) | (7,893,959)   | (234,725,563) |
| Management expenses                      | (6,169,131)                 | (2,232,622)                    | (2,833,650)  | (1,855,786)  | (338,810)     | (13,429,999)  |
| Underwriting results                     | 69,038,535                  | 17,328,719                     | 27,094,728   | 15,432,209   | 1,312,494     | 130,206,685   |
| Modarib's share of PTF investment income |                             |                                |              |              |               | 188,407       |
| Direct expenses                          |                             |                                |              |              |               | (1,018,720)   |
| Other income                             |                             |                                |              |              |               | 80,476        |
| Rental income                            |                             |                                |              |              |               | 3,212,030     |
| Profit before tax                        |                             |                                |              |              |               | 132,668,878   |
| Taxation                                 |                             |                                |              |              |               | (38,009,827)  |
| Profit after tax                         |                             |                                |              |              |               | 94,659,051    |
| Corporate segment assets                 | 42,110,306                  | 13,251,397                     | 21,723,254   | 14,639,851   | 5,183,309     | 96,908,117    |
| Corporate unallocated assets             |                             |                                |              |              |               | 550,121,701   |
| Total assets                             |                             |                                |              |              |               | 647,029,818   |
| Corporate segment liabilities            | 74,733,605                  | 20,223,985                     | 35,186,869   | 23,964,182   | 8,423,306     | 162,531,947   |
| Corporate unallocated liabilities        |                             |                                |              |              |               | 100,757,369   |
| Total liabilities                        |                             |                                |              |              |               | 263,289,316   |



**EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS**  
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| Operator's Fund                          | Fire and property damage    | Marine, aviation and transport | Motor        | Engineering  | Miscellaneous | Total         |
|--|-----------------------------|--------------------------------|--------------|--------------|---------------|---------------|
|  | -----December 31, 2024----- |                                |              |              |               |               |
| Wakala fee earned                        | 113,632,931                 | 59,982,504                     | 68,856,151   | 44,247,879   | 6,176,644     | 292,896,109   |
| Commission expense                       | (60,466,717)                | (43,106,835)                   | (42,308,942) | (25,857,115) | (3,207,729)   | (174,947,338) |
| Management expenses                      | (4,658,191)                 | (2,458,882)                    | (2,822,642)  | (1,813,867)  | (253,201)     | (12,006,783)  |
| Underwriting results                     | 48,508,023                  | 14,416,787                     | 23,724,567   | 16,576,897   | 2,715,714     | 105,941,988   |
| Modarib's share of PTF investment income |                             |                                |              |              |               | 102,333       |
| Direct expenses                          |                             |                                |              |              |               | (972,800)     |
| Other income                             |                             |                                |              |              |               | 59,871        |
| Rental income                            |                             |                                |              |              |               | 2,911,152     |
| Profit before tax                        |                             |                                |              |              |               | 108,042,544   |
| Taxation                                 |                             |                                |              |              |               | (30,792,593)  |
| Profit after tax                         |                             |                                |              |              |               | 77,249,951    |
| Corporate segment assets                 | 22,966,176                  | 3,519,928                      | 15,782,405   | 8,656,688    | 911,939       | 51,837,136    |
| Corporate unallocated assets             |                             |                                |              |              |               | 430,768,070   |
| Total assets                             |                             |                                |              |              |               | 482,605,206   |
| Corporate segment liabilities            | 43,153,504                  | 6,226,603                      | 25,916,043   | 13,976,348   | 1,368,958     | 90,641,456    |
| Corporate unallocated liabilities        |                             |                                |              |              |               | 102,882,299   |
| Total liabilities                        |                             |                                |              |              |               | 193,523,755   |

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EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2025  
 (Expressed in Rupees)

| Participants' Fund  | Fire and property damage    | Marine, aviation and transport | Motor         | Engineering   | Miscellaneous | Total         |
|---|-----------------------------|--------------------------------|---------------|---------------|---------------|---------------|
|   | -----December 31, 2025----- |                                |               |               |               |               |
| Written gross contribution including administrative surcharge | 513,456,299                 | 192,242,154                    | 254,580,001   | 177,916,414   | 49,928,555    | 1,188,123,423 |
| Gross direct contribution                                     | 47,566,780                  | 48,656,882                     | 74,651,763    | 87,608,858    | 34,242,443    | 292,726,726   |
| Facultative inward contribution                               | 464,195,311                 | 141,268,563                    | 177,160,156   | 86,239,511    | 15,353,329    | 884,216,870   |
| Administrative surcharge                                      | 1,694,208                   | 2,316,709                      | 2,768,082     | 4,068,045     | 332,783       | 11,179,827    |
| Wakala Fee  | (173,802,419)               | (62,899,480)                   | (79,832,174)  | (52,282,911)  | (9,545,253)   | (378,362,247) |
| Contribution earned   | 260,703,627                 | 94,349,219                     | 148,259,755   | 97,096,835    | 18,842,684    | 619,252,120   |
| Retakaful expense   | (119,298,456)               | (37,099,899)                   | (40,406,504)  | (50,856,025)  | (8,542,686)   | (256,203,570) |
| Net takaful contribution                                      | 141,405,171                 | 57,249,320                     | 107,853,251   | 46,240,810    | 10,299,998    | 363,048,550   |
| Retakaful rebate earned                                       | 17,173,617                  | 5,173,835                      | 6,028,872     | 5,957,916     | 1,281,941     | 35,616,181    |
| Net underwriting income                                       | 158,578,788                 | 62,423,155                     | 113,882,123   | 52,198,726    | 11,581,939    | 398,664,731   |
| Takaful claims  | (342,464,956)               | (92,745,432)                   | (105,598,333) | (175,644,547) | (7,438,652)   | (723,891,920) |
| Outstanding claims - opening                                  | 118,477,256                 | 9,790,718                      | 6,053,634     | 11,752,692    | 677,948       | 146,752,248   |
| Outstanding claims - closing                                  | (216,920,933)               | (7,345,996)                    | (5,726,290)   | (8,740,850)   | (630,160)     | (239,364,229) |
| Takaful claims expenses                                       | (440,908,633)               | (90,300,710)                   | (105,270,989) | (172,632,705) | (7,390,864)   | (816,503,901) |
| Takaful claims recovered from retakaful                       | 142,307,677                 | 56,129,984                     | 16,484,851    | 138,447,216   | -             | 353,369,728   |
| Retakaful recoveries against outstanding claims - opening     | (106,699,654)               | (5,091,173)                    | (847,509)     | (9,519,681)   | (433,887)     | (122,591,904) |
| Retakaful recoveries against outstanding claims - closing     | 196,650,013                 | 3,819,918                      | 801,681       | 7,080,088     | 403,303       | 208,755,003   |
| Takaful claims recoveries from retakaful                      | 232,258,036                 | 54,858,729                     | 16,439,023    | 136,007,623   | (30,584)      | 439,532,827   |
| Net claims  | (208,650,597)               | (35,441,981)                   | (88,831,966)  | (36,625,082)  | (7,421,448)   | (376,971,074) |
| Direct expenses   | (160,006)                   | -                              | -             | -             | -             | (160,006)     |
| Surplus/(Deficit) before other income                         | (50,231,815)                | 26,981,174                     | 25,050,157    | 15,573,644    | 4,160,491     | 21,533,651    |
| other income  | -                           | -                              | -             | -             | -             | 376,813       |
| Modarib's share of other income                               | -                           | -                              | -             | -             | -             | (188,407)     |
| Surplus transferred to accumulated surplus                    | -                           | -                              | -             | -             | -             | 21,722,057    |
| Corporate segment assets                                      | 481,377,974                 | 174,211,753                    | 273,755,227   | 179,285,107   | 34,792,201    | 1,143,422,263 |
| Corporate unallocated assets                                  | 289,330,992                 | 104,709,526                    | 164,539,874   | 107,758,852   | 20,911,763    | 1,159,758,859 |
| Total assets  | -                           | -                              | -             | -             | -             | 687,251,006   |
| Segment liabilities   | -                           | -                              | -             | -             | -             | 339,204,010   |
| Unallocated liabilities                                       | -                           | -                              | -             | -             | -             | 1,026,455,016 |

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EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS  
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 (Expressed in Rupees)

| Participants' Fund  | Fire and property damage | Marine, aviation and transport | Motor         | Engineering   | Miscellaneous | Total         |
|---|--------------------------|--------------------------------|---------------|---------------|---------------|---------------|
| -----December 31, 2024-----                                   |                          |                                |               |               |               |               |
| Written gross contribution including administrative surcharge | 314,580,882              | 150,350,557                    | 205,514,705   | 124,395,826   | 10,072,920    | 804,914,890   |
| Gross direct contribution                                     | 38,856,764               | 53,926,784                     | 56,963,955    | 74,842,330    | 633,395       | 225,223,228   |
| Facultative inward contribution                               | 274,003,281              | 93,978,425                     | 146,059,460   | 45,811,343    | 9,412,332     | 569,264,841   |
| Administrative surcharge                                      | 1,720,837                | 2,445,348                      | 2,491,290     | 3,742,153     | 27,193        | 10,426,821    |
| Wakala Fee  | (113,632,931)            | (59,982,504)                   | (68,856,151)  | (44,247,879)  | (6,176,644)   | (292,896,109) |
| Contribution earned   | 170,449,396              | 89,973,758                     | 127,875,707   | 82,174,632    | 11,470,910    | 481,944,403   |
| Retakaful expense   | (76,601,176)             | (36,152,108)                   | (26,464,666)  | (54,115,749)  | (6,750,474)   | (200,084,173) |
| Net takaful contribution                                      | 93,848,220               | 53,821,650                     | 101,411,041   | 28,058,883    | 4,720,436     | 281,860,230   |
| Retakaful rebate earned                                       | 9,904,101                | 5,151,003                      | 4,495,930     | 5,713,755     | 591,386       | 25,856,175    |
| Net underwriting income                                       | 103,752,321              | 58,972,653                     | 105,906,971   | 33,772,638    | 5,311,822     | 307,716,405   |
| Takaful claims  | (170,355,133)            | (105,021,045)                  | (108,985,175) | (197,528,611) | (11,741,528)  | (593,631,492) |
| Outstanding claims - opening                                  | 42,875,000               | -                              | -             | -             | -             | 42,875,000    |
| Outstanding claims - closing                                  | (118,477,256)            | (9,790,718)                    | (6,053,634)   | (11,752,692)  | (677,948)     | (146,752,248) |
| Takaful claims expenses                                       | (245,957,389)            | (114,811,763)                  | (115,038,809) | (209,281,303) | (12,419,476)  | (697,508,740) |
| Takaful claims recovered from retakaful                       | 82,656,579               | 53,124,299                     | 15,938,841    | 159,404,671   | 9,229,663     | 320,354,053   |
| Retakaful recoveries against outstanding claims - opening     | (39,931,939)             | -                              | -             | -             | -             | (39,931,939)  |
| Retakaful recoveries against outstanding claims - closing     | 106,699,654              | 5,091,173                      | 847,509       | 9,519,681     | 433,887       | 122,591,904   |
| Takaful claims recoveries from retakaful                      | 149,424,294              | 58,215,472                     | 16,786,350    | 168,924,352   | 9,663,550     | 403,014,018   |
| Net claims  | (96,533,095)             | (56,596,291)                   | (98,252,459)  | (40,356,951)  | (2,755,926)   | (294,494,722) |
| Direct expenses   | (20,911)                 | -                              | -             | -             | -             | (20,911)      |
| Surplus/(Deficit) before other income                         | 7,198,315                | 2,376,362                      | 7,654,512     | (6,584,313)   | 2,555,896     | 13,200,772    |
| other income  | -                        | -                              | -             | -             | -             | 204,665       |
| Modarib's share of other income                               | -                        | -                              | -             | -             | -             | (102,333)     |
| Surplus transferred to accumulated surplus                    | -                        | -                              | -             | -             | -             | 13,303,104    |
| Corporate segment assets                                      | 266,377,303              | 140,610,454                    | 199,843,395   | 128,422,027   | 17,926,670    | 753,179,849   |
| Corporate unallocated assets                                  | -                        | -                              | -             | -             | -             | 1,362,216     |
| Total assets  | 143,023,704              | 75,496,777                     | 107,300,217   | 68,952,548    | 9,625,215     | 754,542,065   |
| Segment liabilities   | -                        | -                              | -             | -             | -             | 404,398,462   |
| Unallocated liabilities                                       | -                        | -                              | -             | -             | -             | 247,931,817   |
|   |                          |                                |               |               |               | 652,330,279   |

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**31 RELATED PARTY TRANSACTION**

The Operator's related parties comprise associates, the subsidiary company, directors, key management personnel, and staff retirement funds. Transactions with related parties are carried out in the normal course of business on commercial terms and conditions, except for the remuneration of key management personnel, which is determined in accordance with approved payroll policies. Details of related party transactions and the related balances are as follows:

| Particulars  | Relation with the company | Basis of Relationship    | 2025             | 2024              |
|--|---------------------------|--------------------------|------------------|-------------------|
| Loan received from East West Insurance Company Limited | Window Takaful Operator   | Management Company       | (26,617,403)     | 29,471,686.00     |
| Remuneration paid                                      | Services                  | Key Management Personnel | 2,766,667        | 2,400,000         |
| <b>Year end balances</b>                               |                           |                          |                  |                   |
| <b>Payable to related parties</b>                      |                           |                          |                  |                   |
| East West Insurance Company Limited                    |                           |                          | 5,566,785        | 32,184,188        |
| Key management personal                                |                           |                          | 700,000          | 650,000           |
|  |                           |                          | <u>6,266,785</u> | <u>32,834,188</u> |

**32 MANAGEMENT OF TAKAFUL AND FINANCIAL RISK**

The risks involved with financial instruments and the Operator's approach to managing such risks are discussed below.

**32.1 Takaful risk**

The risk under a takaful contract is the possibility that the covered event occurs and the uncertainty of the amount of the resulting claim. By the very nature of a takaful contract, this risk is random and therefore unpredictable. The principal risk faced under such contracts is that the occurrence of the covered events and the severity of reported claims. The Operator's risk profile is improved by diversification of these risks of losses to a large portfolio of contracts as a diversified portfolio is less likely to be affected by an unexpected event in single subset.

The Operator principally issues the general takaful cover. Risks under these policies usually cover a twelve month duration. For general takaful contracts, the most significant risks arise from fire.

Underwriting limits and retention policies and procedures precisely regulate who is authorized and accountable for concluding takaful and retakaful contracts and at what conditions. Compliance with these guidelines is regularly checked and developments in the global, regional and local markets are closely observed, reacting where necessary with appropriate measures that are translated without delay into underwriting guidelines, if required.

The primary risk control measure in respect of the Takaful risk is the transfer of the risks to third parties via retakaful. The retakaful business ceded is placed on a proportional and non proportional basis with retention limits varying by lines of business.

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

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

The Operator class wise major risk exposure is as follows:

Fire and property damage  
Marine, aviation and transport  
Engineering  
Motor  
Miscellaneous

The primary risk control measure in respect of the takaful risk is the transfer of the risks to third parties via retakaful. The retakaful business ceded is placed on a proportional and non proportional basis with retention limits varying by lines of business.

Retakaful is used to manage takaful risk. Although the Operator has retakaful arrangements, it does not, however, discharge the Operator's liability and thus a credit risk exposure remains with respect to retakaful ceded to the extent that any retakaful operator may be unable to meet its obligations under such retakaful arrangements. The Operator minimizes such credit risk by entering into retakaful arrangements with retakaful operators having good credit ratings, which are reviewed on a regular basis. The creditworthiness of retakaful operators is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

### **Uncertainty in the estimation of future claims payment**

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

An estimated amount of the claim is recorded immediately on the intimation to the operations. 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.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The operations 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 significantly different from initial recognized amount.

### **Claims development**

The development of claims against takaful contracts written is not disclosed as uncertainty about the amount and timing of claim settlement is usually resolved within one year. Statement of age-wise breakup of unclaimed takaful benefits is not presented as there are no claims that are past due for more than 6 months.

#### **32.1.1 Sensitivity analysis**

The Operator believes that the claim liabilities under takaful contracts outstanding at the year end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The impact on the PTF surplus of the changes in the claim liabilities net of retakaful is analysed below. The sensitivity to changes in claim liabilities net of retakaful is determined separately for each class of business while keeping all other assumptions constant. Sensitivity analysis is not presented as there is no claim payable by the Operator as at the reporting date.

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**32.2 Retakaful risk**

Retakaful ceded does not relieve the PTF from its obligation towards participants and, as a result, the PTF remains liable for the portion of outstanding claims covered through retakaful to the extent that retakaful operators fail to meet the obligation under the retakaful agreements.

| Rating                      | 2025                                 |  |                        | 2024                                 |  |                        |
|-----------------------------|--------------------------------------|--|------------------------|--------------------------------------|--|------------------------|
|                             | Amount due from Re-takaful operators | Re-takaful recoveries against outstanding claims | Other Retakaful assets | Amount due from Re-takaful operators | Re-takaful recoveries against outstanding claims | Other Retakaful assets |
| A or above (including PRCL) | 486,584,554                          | -  | 95,051,754             | 346,172,228                          | -  | 56,552,324             |

**32.3 Credit risk**

Credit risk is the risk that the counter party to a financial instrument will cause a financial loss for the Operator by failing to discharge an obligation. The Operator's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements.

**32.3.1 Exposure to credit risk**

The maximum exposure to credit risk before any credit enhancements at December 31, 2025 is the carrying amount of the financial assets as set out below:

|   | 2025               |                    |                      | 2024               |                    |                    |
|---|--------------------|--------------------|----------------------|--------------------|--------------------|--------------------|
|   | Operator's Fund    | Participants' Fund | Aggregate            | Operator's Fund    | Participants' Fund | Aggregate          |
| Term deposits                                   |                    | 6,000,000          | 6,000,000            | -                  | -                  | -                  |
| Accrued investment income                       | 101                | 45,220             | 45,321               | 21,221             | 34,831             | 56,052             |
| Takaful / retakaful receivables                 | -                  | 677,083,559        | 677,083,559          | -                  | 483,394,165        | 483,394,165        |
| Retakaful recoveries against outstanding claims | -                  | 208,755,003        | 208,755,003          | -                  | 122,591,904        | 122,591,904        |
| Receivable from PTF                             | 329,820,002        | -                  | 329,820,002          | 245,382,714        | -                  | 245,382,714        |
| Cash and bank                                   | 151,439            | 10,291,376         | 10,442,815           | 107,799            | 1,294,773          | 1,402,572          |
|   | <u>329,971,542</u> | <u>902,175,158</u> | <u>1,232,146,700</u> | <u>245,511,734</u> | <u>607,315,673</u> | <u>852,827,407</u> |

**32.3.2 Concentration of credit risk**

Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Operator's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. Provision for impairment is made for doubtful receivables according to the Operator's policy. The remaining past due balances were not impaired as they relate to a number of policy holders and other takaful / retakaful operators for whom there is no history of default. The credit quality of the banks with which Operator has balances can be assessed with reference to external credit ratings is given below :

| Name of banks              | Rating    |            | Rating agency | OPF            | PTF               |
|----------------------------|-----------|------------|---------------|----------------|-------------------|
|                            | Long term | Short term |               |                |                   |
| ----- Rupees -----         |           |            |               |                |                   |
| <b>Cash at bank</b>        |           |            |               |                |                   |
| Bank Islami Limited        | A+        | A1         | PACRA         | 13,713         | 8,497,580         |
| Meezan Bank Limited        | A1+       | AAA        | VIS           | 11,911         | 2,315             |
| Dubai Islamic Bank Limited | AA        | A-1+       | VIS           | 9,638          | 1,617,111         |
| Bank Makramah Limited      | BBB-      | A-3        | JCR           | 116,177        | -                 |
|                            |           |            |               | <u>151,439</u> | <u>10,117,006</u> |

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**32.4 Impaired assets**

The impairment provision is written-off when the Operator expects that it cannot recover the balance due. During the year, receivables of Rs. Nil were provided for or impaired.

**32.5 Liquidity risk**

Liquidity risk is the risk that the Operator will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Operator could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Operator's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Operator's reputation. In the case of the Operator, the liquidity level remained on satisfactory level during the year and Operator did not face any difficulty in generation of liquidity.

The following are the contractual maturities of financial liabilities on an undiscounted cashflow basis:

| Operator's Fund                                | December 31, 2025 |                        |                   |               |
|--|-------------------|------------------------|-------------------|---------------|
|  | Carrying amount   | Contractual cash flows | Upto one year     | Over one year |
| <b>Financial liabilities</b>                   |                   |                        |                   |               |
| Other creditors and accruals                   | 57,219,948        | 57,219,948             | 57,219,948        | -             |
| Payable to East West Insurance Company Limited | 5,566,785         | 5,566,785              | 5,566,785         | -             |
|  | <b>62,786,733</b> | <b>62,786,733</b>      | <b>62,786,733</b> | <b>-</b>      |

| Operator's Fund                                | December 31, 2024 |                        |                   |               |
|--|-------------------|------------------------|-------------------|---------------|
|  | Carrying amount   | Contractual cash flows | Upto one year     | Over one year |
| <b>Financial liabilities</b>                   |                   |                        |                   |               |
| Other creditors and accruals                   | 39,833,612        | 39,833,612             | 39,833,612        | -             |
| Payable to East West Insurance Company Limited | 32,184,188        | 32,184,188             | 32,184,188        | -             |
|  | <b>72,017,800</b> | <b>72,017,800</b>      | <b>72,017,800</b> | <b>-</b>      |

| Participants' Fund           | December 31, 2025  |                        |                    |               |
|------------------------------|--------------------|------------------------|--------------------|---------------|
|                              | Carrying amount    | Contractual cash flows | Upto one year      | Over one year |
| <b>Financial liabilities</b> |                    |                        |                    |               |
| Payable to OPF               | 329,320,002        | 329,320,002            | 329,320,002        | -             |
| Other creditors and accruals | 9,884,008          | 9,884,008              | 9,884,008          | -             |
|                              | <b>339,204,010</b> | <b>339,204,010</b>     | <b>339,204,010</b> | <b>-</b>      |

| Participants' Fund           | December 31, 2024  |                        |                    |               |
|------------------------------|--------------------|------------------------|--------------------|---------------|
|                              | Carrying amount    | Contractual cash flows | Upto one year      | Over one year |
| <b>Financial liabilities</b> |                    |                        |                    |               |
| Payable to OPF               | 244,882,714        | 244,882,714            | 244,882,714        | -             |
| Other creditors and accruals | 3,049,103          | 3,049,103              | 3,049,103          | -             |
|                              | <b>247,931,817</b> | <b>247,931,817</b>     | <b>247,931,817</b> | <b>-</b>      |

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**32.6 Market risk**

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. The Operator manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the investment committee. Market risk comprises of three types of risk: currency risk, profit rate risk and price risk.

**32.6.1 Currency risk**

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 Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

**32.6.2 Profit rate risk**

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. Majority of the profit rate exposure arises from Term Deposits. The information about the exposure to profit rate risk based on contractual reprising or maturity dates whichever is earlier is as follows:

| 2025            |                    |           | 2024            |                    |           |
|-----------------|--------------------|-----------|-----------------|--------------------|-----------|
| Operator's Fund | Participants' Fund | Aggregate | Operator's Fund | Participants' Fund | Aggregate |

**Variable rate instruments**

|                  |                |                   |                   |                |                  |                  |
|------------------|----------------|-------------------|-------------------|----------------|------------------|------------------|
| Financial assets | 151,439        | 10,291,376        | 10,442,815        | 107,799        | 1,294,773        | 1,402,572        |
|                  | <u>151,439</u> | <u>10,291,376</u> | <u>10,442,815</u> | <u>107,799</u> | <u>1,294,773</u> | <u>1,402,572</u> |

**Sensitivity analysis for fixed rate instruments**

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

**Sensitivity analysis for variable rate instruments**

Presently, the Operator does not hold any variable rate instrument and is not exposed to profit rate risk except for balances in certain profit and loss sharing accounts, the profit rate on which range between 6.29% to 8.33% (2024: 5.00% to 8.00%)

An increase of 100 basis points in profit rates would have increased the profit and loss by the amounts shown below. Reduction in profit rates by 100 basis points would have a vice versa impact. This analysis assumes that all variables remain constant.

| Operator's Fund                     | Profit / (loss) for the year / |                 | Total equity    |                 |
|-------------------------------------|--------------------------------|-----------------|-----------------|-----------------|
|                                     | 100 bp increase                | 100 bp decrease | 100 bp increase | 100 bp decrease |
| As at December 31, 2025 Sensitivity | 1,514                          | (1,514)         | 1,514           | (1,514)         |
| As at December 31, 2024 Sensitivity | 1,078                          | (1,078)         | 1,078           | (1,078)         |

| Participants' Fund                  | Surplus / (deficit) for the |                 | Total equity    |                 |
|-------------------------------------|-----------------------------|-----------------|-----------------|-----------------|
|                                     | 100 bp increase             | 100 bp decrease | 100 bp increase | 100 bp decrease |
| As at December 31, 2025 Sensitivity | 101,170                     | (101,170)       | 101,170         | (101,170)       |
| As at December 31, 2024 Sensitivity | 11,578                      | (11,578)        | 11,578          | (11,578)        |

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**Sensitivity analysis for variable rate instruments (CONT.)**

Above sensitivities are calculated on the assumption that all factors remain constant except profit rates and resulting variation in fair values of the investments and impact on the profit and loss.

The Operator monitors the profit rate environment on a regular basis and alters the portfolio mix of fixed and floating rate securities.

The Operator's policy requires the management to manage this risk by measuring the mismatch of the profit rate sensitivity gap of financial assets and liabilities and calculating the average duration of the portfolio of fixed profit securities.

The average effective duration of the Operator's portfolio is a measure of the sensitivity of the fair value of the Operator's fixed profit securities to changes in market profit rates.

The Operator's policy refrains from holding profit bearing instruments that induce the average effective duration of the fixed profit portfolio to pass the benchmark of the average duration.

**32.6.3 Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Operator is not exposed to any such risk.

**33 CAPITAL MANAGEMENT**

The objectives, policies and processes for managing capital of the Operator are as follows:

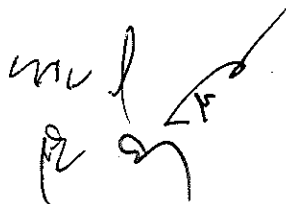
- to be an appropriately capitalized institution, as defined by regulatory authorities and comparable to the peers;
- maintain strong rating and to protect the Operator against unexpected events;
- availability of adequate capital at reasonable cost so as to enable the Operator to expand; and
- achieve low cost of capital with appropriate mix of capital elements.

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EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2025  
 (Expressed in Rupees)

34 STATEMENT OF SOLVENCY

|  | Participant Takaful Fund |                    |
|--|--------------------------|--------------------|
|  | 2025                     | 2024               |
| <b>ASSETS</b>  |                          |                    |
| Accrued Investment Income  | 45,220                   | 34,831             |
| Retakaful recoveries against outstanding claims  | 208,755,003              | 122,591,904        |
| Takaful/ retakaful receivable  | 677,083,559              | 483,394,165        |
| Taxation deducted at source  | -                        | 32,612             |
| Deferred Wakala expense  | 162,531,947              | 90,641,456         |
| Prepayments  | 95,051,754               | 56,552,324         |
| Investment in term deposits  | 6,000,000                | -                  |
| Bank balances  | 10,291,376               | 1,294,773          |
| <b>Total Assets (A)</b>  | <b>1,159,758,859</b>     | <b>754,542,065</b> |
| <b>In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000</b> |                          |                    |
| Takaful / retakaful receivable   | 130,400,484              | 100,972,978        |
| <b>Total In-admissible Assets (B)</b>  | <b>130,400,484</b>       | <b>100,972,978</b> |
| <b>Total Admissible Assets (C=A-B)</b>   | <b>1,029,358,375</b>     | <b>653,569,087</b> |
| <b>LIABILITIES</b>   |                          |                    |
| <b>PTF Underwriting provisions</b>   |                          |                    |
| Outstanding claims (including IBNR)  | 239,364,229              | 146,752,248        |
| Unearned contribution reserve  | 431,848,892              | 241,339,836        |
| Unearned retakaful rebate  | 15,174,611               | 9,886,236          |
| Payable to OPT   | 329,320,002              | 244,882,714        |
| Takaful / retakaful payable  | 863,274                  | 6,420,142          |
| Other creditors and accruals   | 9,884,008                | 3,049,103          |
| <b>Total Liabilities (D)</b>   | <b>1,026,455,016</b>     | <b>652,330,279</b> |
| <b>Total Net Admissible Assets (E=C-D)</b>   | <b>2,903,359</b>         | <b>1,238,808</b>   |


  
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**EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
**(Expressed in Rupees)**

**35 FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

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 may arise between the carrying values and the fair values estimates.

The Operator measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input for which the fair value measurement is directly or indirectly observable.

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

**36 CORRESPONDING FIGURES**

Corresponding figures have been rearranged or reclassified, wherever necessary, for the purpose of comparison and better presentation. However, no significant reclassification have been made.

**37 SUBSEQUENT EVENTS**

There are no subsequent events that need to be disclosed for the year ended December 31, 2025.

**38 NUMBER OF EMPLOYEES**

|   | 2025    | 2024 |
|---|---------|------|
|   | Numbers |      |
| As at 31 december                           | 7       | 7    |
| Average number of employees during the year | 7       | 7    |

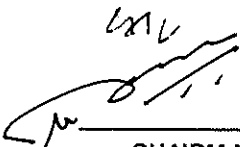
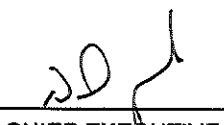
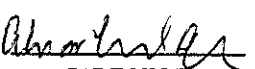

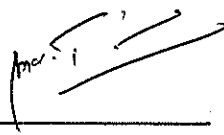
**39 DATE OF AUTHORIZATION FOR ISSUE**

**03 APR 2026**

These financial statements were authorized for issue on \_\_\_\_\_ by the Board of Directors of the Operator.

**40 GENERAL**

Figures have been rounded off to the nearest Rupee unless otherwise stated.

**CHAIRMAN**      **CHIEF EXECUTIVE OFFICER**      **DIRECTOR**      **DIRECTOR**      **CHIEF FINANCIAL OFFICER**

Add  
12/12/25

**EAST WEST INSURANCE CO., LIMITED**

**Pattern of Shareholdings**

**As At December 31, 2025**

| Number of Shareholders | Shareholdings |            | Share Held         | Percentage      |
|------------------------|---------------|------------|--------------------|-----------------|
|                        | From          | To         |                    |                 |
| 53                     | 1             | 200        | 3,039              | 0.0011          |
| 179                    | 201           | 500        | 69,272             | 0.0246          |
| 7                      | 501           | 1,000      | 4,985              | 0.0018          |
| 11                     | 1,001         | 5,000      | 24,299             | 0.0086          |
| 5                      | 5,001         | 10,000     | 34,240             | 0.0122          |
| 1                      | 10,001        | 30,000     | 11,441             | 0.0041          |
| 9                      | 30,001        | 40,000     | 314,218            | 0.1116          |
| 6                      | 40,001        | 50,000     | 269,586            | 0.0958          |
| 8                      | 50,001        | 100,000    | 576,749            | 0.2049          |
| 1                      | 100,001       | 2,000,000  | 240,582            | 0.0855          |
| 2                      | 2,000,001     | 3,000,000  | 4,797,208          | 1.7044          |
| 2                      | 3,000,001     | 5,000,000  | 7,300,615          | 2.5938          |
| 3                      | 5,000,001     | 7,000,000  | 18,480,892         | 6.5659          |
| 2                      | 7,000,001     | 8,000,000  | 15,371,236         | 5.4611          |
| 2                      | 8,000,001     | 10,000,000 | 19,064,102         | 6.7732          |
| 2                      | 9,000,001     | 11,000,000 | 20,453,554         | 7.2668          |
| 4                      | 10,000,001    | 12,000,000 | 46,091,009         | 16.3753         |
| 1                      | 11,000,001    | 16,000,000 | 15,238,550         | 5.4140          |
| 2                      | 14,000,001    | 23,000,000 | 33,780,997         | 12.0018         |
| 1                      | 15,000,001    | 25,000,000 | 24,215,832         | 8.6035          |
| 1                      | 16,000,001    | 90,000,000 | 75,123,389         | 26.6901         |
| <b>302</b>             |               |            | <b>281,465,795</b> | <b>100.0000</b> |

| Categories Of Shareholders  | Number     | Share Held         | Percentage      |
|---|------------|--------------------|-----------------|
| CEO, Directors and their spouses and minor children                         | 14         | 117,914,885        | 41.8931         |
| Joint Stock Companies, Insurance Companies, Investment Companies & Modaraba | 1          | 75,123,389         | 26.6901         |
| <b>Individual</b>   | <b>287</b> | <b>88,427,521</b>  | <b>31.4168</b>  |
| <b>Total</b>  | <b>302</b> | <b>281,465,795</b> | <b>100.0000</b> |

**Information as required under the Code of Corporate Governance**

| Categories of Shareholders                              | Shareholders | Share Held         | Percentage      |
|---|--------------|--------------------|-----------------|
| <b>Associated Company</b>                               |              |                    |                 |
| M/s. East West Holding Company Ltd.                     | 1            | 75,123,389         | 26.6901         |
| <b>CEO, Directors, their Spouses and Minor Children</b> |              |                    |                 |
| Javed Yunus   | 1            | 9,565,098          | 3.3983          |
| Pervez Yunus  | 1            | 11,768,993         | 4.1813          |
| Naved Yunus   | 1            | 16,202,837         | 5.7566          |
| Saad Yunus  | 1            | 10,381,201         | 3.6883          |
| Urooj Yunus Ansari                                      | 1            | 6,707,652          | 2.3831          |
| Umeed Ansari  | 1            | 2,990              | 0.0011          |
| Ahsan Mahmood Alvi                                      | 1            | 2,715              | 0.0010          |
| Shahzad Farooq Lodhi                                    | 1            | 764                | 0.0003          |
| Rizwan Ali Dodani                                       | 1            | 695                | 0.0002          |
| Aman Shah   | 1            | 695                | 0.0002          |
| Ambreen N. Yunus  | 1            | 24,215,832         | 8.6035          |
| Rubina J. Yunus   | 1            | 17,578,160         | 6.2452          |
| Samina P. Yunus   | 1            | 10,072,353         | 3.5785          |
| Amna Yunus  | 1            | 11,414,900         | 4.0555          |
| <b>Individual</b>                                       | <b>287</b>   | <b>88,427,521</b>  | <b>31.4168</b>  |
| <b>Total</b>  | <b>302</b>   | <b>281,465,795</b> | <b>100.0000</b> |

M/s