The Pakistan Credit Rating Agency Limited

Rating Report

Pak-Qatar Family Takaful Limited - PFM

Report Contents

Rating History

Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action	Rating Watch
16-Sep-2026	AM2+(p)	-	Stable	Maintain	-
19-Mar-2026	AM2+(p)	-	Stable	Upgrade	-
16-Sep-2025	AM2(p)	-	Stable	Maintain	-
16-Sep-2024	AM2(p)	-	Stable	Initial	-

Rating Rationale and Key Rating Drivers

Pak-Qatar Family Takaful Limited ("Pak Qatar" or the "Company") benefits from strong sponsor support, an established market position, and a sizeable investment portfolio. The Company maintains a prominent presence in Pakistan's Takaful sector while continuing to expand its footprint in pension fund management. In addition to its core Takaful operations, Pak Qatar is a licensed Pension Fund Manager (PFM), with its participation in government-backed pension schemes providing an avenue for business diversification. The assigned rating is supported by the Company's established franchise, sound operational platform, strong sponsor profile, and growing presence in the pension management segment. Pak Qatar launched the Pak Qatar GoKP Islamic Pension Fund in Dec'25 and the Pak Qatar GoPB Islamic Pension Fund in Jan'26, followed by participation in the Federal Government Defined Contribution Pension Fund Scheme. The Company has also established the Pak Qatar GoB Islamic Pension Fund in Jul'26 under the Government of Balochistan's contributory pension framework. Meanwhile, the ongoing pension reforms in Sindh may provide additional opportunities for private-sector PFMs as the provincial framework progresses. As of Jun'26, the pension fund management industry comprises 17 fund managers, with total AUMs of approximately PKR 152.7bln, including around PKR 146bln in Voluntary Pension Schemes (VPS) and PKR 6.7bln in government-related Employer Pension Funds. Pak Qatar PFM's AUMs increased to around PKR 420mln (Jun'25: PKR 145mln), representing a market share of 0.3%. The industry outlook remains supported by regulatory initiatives and the shift toward contributory pension structures. The Company is supported by digital infrastructure, integrated risk management, and independent control functions, while its association with Pak Qatar Asset Management Company Limited (PQAMC) provides established investment management capabilities. As of 6MCY26, participant funds increased to PKR 73.1bln (CY25: PKR 67.2bln), reflecting continued growth in the Company's business base. The Company maintains a diversified Shariah-compliant product suite covering life, health, investment, and pension products, supported by its nationwide distribution network and digital platform, PQFS. During CY25, financial performance remained positive, with GPW increasing by ~4.2% to PKR 30.0bln (CY24: PKR 28.8bln), primarily driven by single-premium business. Despite a decline in investment income to PKR 7.1bln (CY24: PKR 10.1bln) and an increase in net claims to PKR 26.3bln (CY24: PKR 17.5bln), liquidity remained adequate to meet policyholder obligations, while PAT improved to PKR 394mln (CY24: PKR 278mln). This momentum continued into 6MCY26, with GPW rising ~39.3% YoY to PKR 18.3bln (6MCY25: PKR 13.1bln), while market share stood at ~3.6% as of 6MCY26. Investment income increased to PKR 2.9bln (6MCY25: PKR 2.6bln), supported by higher yields and realised gains. Meanwhile, net claims remained stable at PKR 13.3bln (6MCY25: PKR 13.0bln), while PAT increased to PKR 194mln (6MCY25: PKR 108mln) and the equity base stood at PKR 4.4bln as of 6MCY26.

Going forward, continued expansion of government pension mandates, growth in participant funds, digital distribution, and collaboration with PQAMC are expected to support business growth and reinforce the Company's position in Pakistan's evolving Takaful and pension management landscape.

Disclosure

Name of Rated Entity	Pak-Qatar Family Takaful Limited - PFM
Type of Relationship	Solicited
Purpose of the Rating	Pension Fund Managers Rating
Applicable Criteria	Assessment Framework | Pension Fund Managers(Aug-26),Methodology | Rating Modifiers(Apr-26),Assessment Framework | Asset Manager Rating(Jul-26)
Related Research	Sector Study | Asset Management Companies (AMCs)(Mar-26),Sector Study | Life Insurance(Jun-26)
Rating Analysts	Faaiz Naveed Butt | Faaiz.naveed@pacra.com | +92-42-35869504

Profile

Background Pak-Qatar Family Takaful Limited ("Pak Qatar" or the "Company") was incorporated in Pakistan as a public unlisted company in March 2006 and commenced operations in 2007. It is the first and largest dedicated Family Takaful Company in Pakistan, offering innovative, technology-driven and Shari'ah-compliant Takaful solutions. The Company was converted into a public listed company on December 31, 2025, and subsequently listed on the Pakistan Stock Exchange (PSX).

Operations The Company's business is categorized under three statutory funds: (i) Individual Family, comprising plans sold through the Direct Sales Force and Bancatakaful, including unit-linked plans and Decreasing Term Assurance (DTA) as non-linked plans; (ii) Group Family; and (iii) Group Health. The Company has also successfully launched the GoKP Islamic Pension Fund on Dec 12, 2025, the GoPB Islamic Pension Fund on Jan 9, 2026, and the GoB Islamic Pension Fund on Jul 13, 2026, further enhancing its presence in government pension schemes.

Ownership

Ownership Structure Major ownership is vested with Pak Qatar Investment Ltd. (~34.78%), Qatar Islamic Insurance Group (~6.22%), Qatar International Islamic Bank (~5.64%), alongside H.E. Sheikh Ali Bin Abdullah (~5.77%). Directors and their related families hold (~ 14.39%). The remaining stake is distributed among various individual investors (~11.54%). ~21.67% stake is floated for public offering.

Stability The Company's shareholding structure has remained unchanged, contributing to stability and continuity. Additionally, the sponsoring groups of the Company provide further stability, ensuring a strong foundation for its operations.

Business Acumen The Company benefits from the strategic backing of Qatar Royal family-linked institutions—Qatar International Islamic Bank (~9.95%) and Qatar Islamic Insurance Company (~10.97%), enhancing the Company's business strength, credibility, and governance.

Financial Strength Pak-Qatar benefits from a strategic partnership with FWU AG, gaining access to customized Banca products, the Sales & Administration System (SIS) platform, and distribution support. FWU operates locally with a 26-member sales team. Backed by strong sponsors like the Qatar Royal family and Qatar International Islamic Bank, Pak-Qatar's market position is further reinforced.

Governance

Board Structure The overall governance of the Company rests with a ten-member Board, comprising five Non-Executive Directors, three Independent Director, and two Executive Director, with representation from FWU AG and **Mr. Said Gul.**

Members' Profile The Board is chaired by His Excellency **Sheikh Ali Bin Abdullah Al-Thani**, who brings strong business acumen and also leads Umm-Haish International and Al-Jazeera Trading. **Mr. Farrukh Viqaruddin Junaidy**, an Independent Director, brings over 30 years of diverse experience, while other Board members also possess broad industry expertise.

Board Effectiveness During CY25, the Board met seven times and was supported by three committees: Audit, HR & Remuneration, and Investment, all chaired by Non-Executive Directors. The committees meet quarterly, except HR & Remuneration, which convenes twice a year. Meeting minutes are adequately documented.

Transparency The Company's External Auditors, Yousaf Adil, Chartered Accountants, gave an unqualified opinion on the CY25 annual financial statements.

Management

Organizational Structure The Company has a well-defined organizational structure. As an Executive Director, Mr. **Muhammad Kamran Saleem** acts as a liaison between the Board and key individuals, including the Chief Executive Officer (CEO), Chief Financial Officer (CFO), and Chief Internal Auditor (CIA).

Management Team **Mr. Waqas Ahmed** was appointed as CEO by the Board in Jun'24. With over three decades of expertise in the insurance industry, Mr. Waqas previously served as the Company's COO. **Mr. M. Ahsan Qureshi**, CFO, has diversified experience of more than two decades. He is assisted by a team of qualified and experienced professionals

Management Effectiveness The management is assisted by three committees: i) Underwriting & Re-Takaful, ii) Claims Settlement, and iii) Risk Management & Compliance. These committees are headed by a Non-Executive Director who meets quarterly. Meeting minutes are documented adequately.

Control Environment Internal Audit plan, approved by Audit Committee, encompasses the review of the internal control system which includes policies/procedures, physical safeguards, and monitoring of compliance function pertaining to NBFC regulations. The compliance and risk functions are segregated and are overseen by dedicated resources.

Investment Risk Management

Research & Analysis The Company has mandated that investment advisors follow a top-down approach for research and analysis. The investment advisor conducts evaluations and shares reports with the Pension Fund Manager (PFM) to ensure overall conformity under the advisory agreement.

Investment Decision Making Pak Qatar Pension Fund is managed in accordance with its offering document's investment policy. Pak Qatar Asset Management Company Limited ("PQAMCL" or the "AMC") has been engaged as Investment Advisor for the Pension Fund managed by Pak Qatar. The advisory role complies with the PFM rules, while risk is mitigated under exposure limits disclosed in the offering document of the fund. Low-risk funds are managed to ensure liquidity, confirming volatility criteria in accordance with the investment profile, while higher-risk funds are more tolerant of volatility to have enhanced returns in accordance with their investment mandate

Risk Management Function Under the advisory agreement, the investment advisor shares the portfolio with Pak Qatar, ensuring compliance of sub-funds under the pension fund with the Offering Document. Pak Qatar has an approved list of counterparties, which are reviewed quarterly and shared with the investment advisor to assist with its advisory role.

Investment Risk Management Pak Qatar has a risk mitigation policy that complies with the risk appetite of sub-funds under the pension fund. All transactions conducted in the pension fund are in compliance with the defined risk exposure limits in accordance with the regulations and disclosed in the Offering Document.

Customer Relationship Management

Investor Services The Investor Services Department enhances retail outreach by offering investor education, personalized solutions, and client reporting. Retail investments in AMC's mutual funds are now accessible via the CDC and the Mobile App. Additionally, the AMC is leveraging Pak Qatar Family Takaful's 100+ branch network for retail distribution, with marketing and distribution segmented into retail (via Pak Qatar) and corporate (managed directly by AMC's sales team).

Extent Of Automation/Integration Pak Qatar has enhanced operations and customer service with its in-house Takaful Information and Management System (TIMS), providing real-time MIS reports, streamlined workflows across underwriting, claims, and finance, and robust security features.

Investor Reporting In addition to publishing fund manager reports on a monthly basis, the AMC also disseminates unit holder statements every month through email, which include net asset value and month-end closing values.

Product Offerings Pak Qatar offers a wide range of Shariah-compliant insurance products, including individual and group family takaful plans, banca takaful, investmentlinked takaful, and microtakaful options. These products provide financial protection and savings, adhering to Islamic principles while catering to diverse customer needs. It also launched pension funds to provide individuals with a Shariah-compliant retirement savings option.

Financial Risk

Degree Of Concentration Pak Qatar have the most granular ticket size among Asset Managers, with more than one hundred forty thousand participants being covered. As of Jun'26 the Pension Fund managed by Pak Qatar has grown to around PKR 420mln (Jun'25: PKR 145mln).

Financial Performance As of 6MCY26, the Company reported GPW of ~PKR 18.3bln (6MCY25: PKR 13.1bln), whereas the Profit After Tax (PAT) was reported at ~194mln (6MCY25: PKR 108mln). During CY25, the Company reported GPW of ~PKR 30.0bln (CY24: PKR 28.8bln), whereas the PAT was reported at ~394mln (CY24: PKR 278mln).

The Pakistan Credit Rating Agency Limited Pak Qatar Family Takaful Limited Listed Public Limited	Jun-26 CY 2026 6M Management	Dec-25 CY 2025 12M Audited	Dec-24 CY 2024 12M Audited	Dec-23 CY 2023 12M Audited
A BALANCE SHEET				
1 Investments	74,153	68,602	59,658	40,871
2 Insurance Related Assets	607	579	842	1,110
3 Other Assets	1,528	1,415	1,211	1,249
4 Fixed Assets	895	714	510	560
Total Assets	**77,183**	**71,310**	**62,221**	**43,789**
5 Underwriting Provisions	-	-	-	-
6 Insurance Related Liabilities	71,489	65,764	58,826	40,606
7 Other Liabilities	1,083	924	445	386
8 Borrowings	240	196	134	185
Total Liabilities	**72,811**	**66,884**	**59,405**	**41,177**
Equity	**4,371**	**4,426**	**2,817**	**2,612**
B INCOME STATEMENT				
1 Gross Premium Written	18,294	30,030	28,817	16,297
2 Net Insurance Premium	18,131	29,695	28,399	15,847
3 Underwriting Expenses	(14,086)	(27,659)	(18,905)	(12,103)
Underwriting Results	**4,045**	**2,035**	**9,495**	**3,744**
4 Management Expenses	(1,540)	(2,640)	(1,971)	(1,439)
5 Investment Income	2,995	7,114	10,060	7,336
6 Other Income / (Expense)	892	1,446	888	551
7 Net Change in Reserve for Policyholders' Liabilities	(6,164)	(7,424)	(18,097)	(10,062)
Profit Before Tax	**228**	**532**	**375**	**130**
8 Taxes	(34)	(138)	(97)	(36)
Profit After Tax	**194**	**394**	**278**	**94**
C RATIO ANALYSIS				
1 Profitability				
Loss Ratio (Net Insurance Claims / Net Insurance Premium)	73.5%	88.7%	61.6%	67.2%
Combined Ratio (Loss Ratio + Expense Ratio)	86.2%	102.0%	73.5%	85.5%
2 Investment Performance				
Investment Income / Operating Profit	54.5%	109.3%	57.2%	76.1%
3 Liquidity				
(Liquid Assets - Borrowings) / Outstanding Claims	48.69	38.65	30.96	25.62
4 Capital Adequacy				
Liquid Investments / Equity	16.58	15.13	20.64	15.16

Pension Fund Manager Rating

An independent opinion on a pension fund manager's quality of services, management, and capacity to effectively manage investment and operational challenges.

Scale	Definition
AM1 (p)	Very high quality. Pension fund manager exhibits very high quality of services, management, and capacity to effectively manage investment and operational challenges.
AM2++ (p) AM2+ (p) AM2 (p)	High quality. Pension fund manager exhibits high quality of services, management, and capacity to effectively manage investment and operational challenges.
AM3++ (p) AM3+ (p) AM3 (p)	Good quality. Pension fund manager exhibits good quality of services, management, and capacity to effectively manage investment and operational challenges.
AM4++ (p) AM4+ (p) AM4 (p)	Adequate quality. Pension fund manager exhibits adequate quality of services, management, and capacity to effectively manage investment and operational challenges.
AM5 (p)	Weak. Pension fund manager exhibits weak quality of services, management, and capacity to effectively manage investment and operational challenges standards and benchmarks.

***Where "(p)" denotes pension fund managers**

Rating Modifiers | Rating Actions

Outlook (Stable, Positive, Negative, Developing)	Rating Watch	Suspension	Withdrawn	Harmonization
Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business / financial conditions. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'.	Alerts to the possibility of a rating change subsequent to, or, in anticipation of some material identifiable event with indeterminable rating implications. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled. Rating watch may accompany rating outlook of the respective opinion.	It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.	A rating is withdrawn on a) termination of rating mandate, b) the debt instrument is redeemed, c) the rating remains suspended for six months, d) the entity/issuer defaults., or/and e) PACRA finds it impractical to surveil the opinion due to lack of requisite information.	A change in rating due to revision in applicable methodology or underlying scale.

Surveillance. Surveillance on a publicly disseminated rating opinion is carried out on an ongoing basis till it is formally suspended or withdrawn. A comprehensive surveillance of rating opinion is carried out at least once every six months. However, a rating opinion may be reviewed in the intervening period if it is necessitated by any material happening. Rating actions may include "maintain", "upgrade", or "downgrade".

Regulatory and Supplementary Disclosure
(Credit Rating Companies Regulations,2016)

Rating Team Statements
(1) Rating is just an opinion about the creditworthiness of the entity and does not constitute recommendation to buy, hold or sell any security of the entity rated or to buy, hold or sell the security rated, as the case may be | Chapter III; 14-3-(x)

2) **Conflict of Interest**
i. The Rating Team or any of their family members have no interest in this rating | Chapter III; 12-2-(j)
ii. PACRA, the analysts involved in the rating process and members of its rating committee, and their family members, do not have any conflict of interest relating to the rating done by them | Chapter III; 12-2-(e) & (k)
iii. The analyst is not a substantial shareholder of the customer being rated by PACRA [Annexure F; d-(ii)] Explanation: for the purpose of above clause, the term "family members" shall include only those family members who are dependent on the analyst and members of the rating committee

Restrictions
(3) No director, officer or employee of PACRA communicates the information, acquired by him for use for rating purposes, to any other person except where required under law to do so. | Chapter III; 10-(5)
(4) PACRA does not disclose or discuss with outside parties or make improper use of the non-public information which has come to its knowledge during business relationship with the customer | Chapter III; 10-7-(d)
(5) PACRA does not make proposals or recommendations regarding the activities of rated entities that could impact a credit rating of entity subject to rating | Chapter III; 10-7-(k)

Conduct of Business
(6) PACRA fulfills its obligations in a fair, efficient, transparent and ethical manner and renders high standards of services in performing its functions and obligations; | Chapter III; 11-A-(a)
(7) PACRA uses due care in preparation of this Rating Report. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA does not, in every instance, independently verifies or validates information received in the rating process or in preparing this Rating Report | Clause 11-(A)(p).
(8) PACRA prohibits its employees and analysts from soliciting money, gifts or favors from anyone with whom PACRA conducts business | Chapter III; 11-A-(q)
(9) PACRA ensures before commencement of the rating process that an analyst or employee has not had a recent employment or other significant business or personal relationship with the rated entity that may cause or may be perceived as causing a conflict of interest; | Chapter III; 11-A-(r)
(10) PACRA maintains principal of integrity in seeking rating business | Chapter III; 11-A-(u)
(11) PACRA promptly investigates, in the event of a misconduct or a breach of the policies, procedures and controls, and takes appropriate steps to rectify any weaknesses to prevent any recurrence along with suitable punitive action against the responsible employee(s) | Chapter III; 11-B-(m)

Independence & Conflict of interest
(12) PACRA receives compensation from the entity being rated or any third party for the rating services it offers. The receipt of this compensation has no influence on PACRA´s opinions or other analytical processes. In all instances, PACRA is committed to preserving the objectivity, integrity and independence of its ratings. Our relationship is governed by two distinct mandates i) rating mandate - signed with the entity being rated or issuer of the debt instrument, and fee mandate - signed with the payer, which can be different from the entity
(13) PACRA does not provide consultancy/advisory services or other services to any of its customers or to any of its customers' associated companies and associated undertakings that is being rated or has been rated by it during the preceding three years unless it has adequate mechanism in place ensuring that provision of such services does not lead to a conflict of interest situation with its rating activities; | Chapter III; 12-2-(d)
(14) PACRA discloses that no shareholder directly or indirectly holding 10% or more of the share capital of PACRA also holds directly or indirectly 10% or more of the share capital of the entity which is subject to rating or the entity which issued the instrument subject to rating by PACRA; | Reference Chapter III; 12-2-(f)
(15) PACRA ensures that the rating assigned to an entity or instrument is not be affected by the existence of a business relationship between PACRA and the entity or any other party, or the non-existence of such a relationship | Chapter III; 12-2-(i)
(16) PACRA ensures that the analysts or any of their family members shall not buy or sell or engage in any transaction in any security which falls in the analyst's area of primary analytical responsibility. This clause shall, however, not be applicable on investment in securities through collective investment schemes. | Chapter III; 12-2-(l)
(17) PACRA has established policies and procedure governing investments and trading in securities by its employees and for monitoring the same to prevent insider trading, market manipulation or any other market abuse | Chapter III; 11-B-(g)

Monitoring and review
(18) PACRA monitors all the outstanding ratings continuously and any potential change therein due to any event associated with the issuer, the security arrangement, the industry etc., is disseminated to the market, immediately and in effective manner, after appropriate consultation with the entity/issuer; | Chapter III | 17-(a)
(19) PACRA reviews all the outstanding ratings periodically, on annual basis; Provided that public dissemination of annual review and, in an instance of change in rating will be made; | Chapter III | 17-(b)
(20) PACRA initiates immediate review of the outstanding rating upon becoming aware of any information that may reasonably be expected to result in downgrading of the rating; | Chapter III | 17-(c)
(21) PACRA engages with the issuer and the debt securities trustee, to remain updated on all information pertaining to the rating of the entity/instrument;| Chapter III | 17-(d)

Probability of Default
(22) PACRA´s Rating Scale reflects the expectation of credit risk. The highest rating has the lowest relative likelihood of default (i.e., probability). PACRA´s transition studies capture the historical performance behavior of a specific rating notch. Transition behavior of the assigned rating can be obtained from PACRA´s Transition Study available at our website. (www.pacra.com). However, actual transition of rating may not follow the pattern observed in the past; | Chapter III | 14-3(f)(vii)

Proprietary Information