

EFU LIFE ASSURANCE LIMITED

Analysts:

Musaddeq Ahmed Khan
(musaddeq@vis.com.pk)

RATING DETAILS

RATINGS CATEGORY	Initial Rating
MQ RATING	AM1(p)
RATING OUTLOOK/ WATCH	Stable
RATING ACTION	Initial
RATING DATE	December 31, 2025

Shareholding (5% or More)

EFU General ~ 45.60%

Jahangir Siddiqui & Co. Limited ~ 19.09%

Other Information

Incorporated in 1992

Public Limited Company (listed)

Chief Executive Officer & Managing Director: Mr. Mohammed Ali Ahmed

External Auditor: M/s KPMG Taseer Hadi & Co. Chartered Accountants

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Asset Manager Rating – Life Insurance Companies

<https://docs.vis.com.pk/Methodologies-2025/Asset%20Manager%20Rating-Life%20Insurance-.pdf>

Rating Scale

<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

Rating Rationale

EFU Life Assurance Limited's ("EFUL" or "the Company") rating reflects its strong governance framework, experienced management team, and entrenched market position within Pakistan's life insurance sector. The Company benefits from the strong sponsorship profile of the EFU Group, Pakistan's largest insurance conglomerate which provides strategic depth, financial expertise, and brand credibility. Governance quality is supported by an engaged and well-structured Board with independent oversight and active committees, while senior management demonstrates depth, stability, and a proven ability to execute strategy across key functional areas. EFUL operates within a mature control and risk management environment, underpinned by comprehensive policies, disciplined investment governance, and a well-integrated IT infrastructure supported by robust business continuity arrangements. Financial performance remains resilient, supported by a strong investment base, healthy liquidity, and adequate capital buffers. The Company's leading position in unit-linked funds, extensive distribution network, and strategic expansion into pensions funds further strengthens its overall profile. From a fund performance perspective, EFUL ranks in the top quartile under AUM-weighted framework, supported by its large scale and concentration in medium-risk funds, reflecting a balanced risk appetite and a focus on stable, long-term returns. Overall, EFUL's scale, franchise strength, and diversified growth initiatives continue to support the assigned rating.

Company Profile

EFU Life Assurance Limited ("EFUL" or "the Company") is one of Pakistan's leading life and health insurers and a prominent Family Takaful operator. Established in 1992 as the country's first private-sector life insurer, the Company has built a strong market presence over more than three decades, supported by the EFU Group's brand strength, market credibility, and mature governance structure. EFUL offers a broad suite of protection, savings, investment-linked, group life, health, and takaful products, with individual unit-linked offerings serving as its core business and a key source of recurring investment inflows. EFU Life also manages a sizeable and expanding investment portfolio under a strategy focused on capital preservation and stable, long-term returns.

Sponsor Profile

EFU's sponsorship is anchored by two strong and reputable business groups: the JS Group and the Bhimjee Group. JS Group, a prominent financial and industrial conglomerate, brings deep expertise in capital markets, banking, and financial services. The Bhimjee Group, one of Pakistan's most established insurance families, contributes decades of sector experience and longstanding stewardship of the EFU brand.

Management and Governance

BOARD OF DIRECTORS

Board of Directors	
Rafique R. Bhimjee (Chairman)	Ruhail Muhammad (Independent)
Taher G Sachak (V Chairman)	Ahsen Ahmad (Independent)
Saifuddin N. Zoomkawala	Syed Saad Salman
Hasanali Abdullah	Asad Nasir
Rukhsana Shah (Independent)	Mohammed Ali Ahmed
Daanish Bhimjee	

EFU Life's Board comprises eleven directors, ten male and one female, reflecting a balanced and well-structured governance framework in line with regulatory expectations. Independent oversight is provided by three directors, Mrs. Rukhsana Shah, Mr. Ruhail Muhammad, and Mr. Ahsen Ahmed, ensuring objectivity in decision-making. The seven non-executive directors, including seasoned industry leaders such as Taher G. Sachak, Rafique R. Bhimjee, and Saifuddin N. Zoomkawala, bring a diverse mix of expertise across finance, insurance, risk management, and legal domains, providing strategic depth and reinforcing governance maturity. The Board's consistently high attendance in meetings underscores an engaged governance culture and effective supervision of strategy. Governance quality is further strengthened through an annual independent performance evaluation by the Pakistan Institute of Corporate Governance (PICG), which ensures accountability, objective assessment of board practices, and alignment with regulatory and strategic imperatives. Oversight is further reinforced through key Board committees, including Audit, Investment, and HR/Remuneration, facilitating focused scrutiny of critical operational and financial areas. Executive participation is appropriately limited to the CEO, Mr. Mohammed Ali Ahmed, consistent with sound governance practice.

MANAGEMENT

EFU Life's management team reflects depth in leadership, combining long-standing insurance professionals with specialized expertise across actuarial science, underwriting, distribution, finance, investment management, risk management, and operations. Headed by Mr. Mohammed Ali Ahmed, who brings over 30 years of experience in the life insurance industry, including 22 years with EFU Life and 8 years at the State Life Insurance Corporation of Pakistan. An actuary by qualification, he has progressed through a distinguished career from a trainee position to the highest executive level. The management team also comprises of seasoned professionals, with a proven record.

Management stability further reinforces EFU Life's operational strength. Long tenures in key leadership positions and low senior management turnover have supported consistent strategic execution, and contributed to steady operational performance. This continuity enhances governance discipline, and enables sustained progress on long-term initiatives. Succession planning process, jointly managed by HR and departmental leadership, applies standardized criteria with role-specific insights, under the oversight of the Ethics, HR & Remuneration

Committee. Succession planning is tiered, covering executives, mid-management, and specialized roles, with board-level oversight for executive continuity and talent development, skills enhancement, and targeted hiring for other key positions.

EFU Life's management structure is further reinforced by four operational-level committees that provide focused oversight of core business functions and risk management. Meeting at least quarterly, these committees ensure disciplined execution across underwriting, claims, reinsurance, and compliance. Collectively, this committee architecture enhances governance, operational discipline, and the Company's overall risk posture.

SHARIAH GOVERNANCE

EFU Life demonstrates a well-integrated Shariah governance framework for ensuring Window Takaful Operations (WTO) remain fully compliant with Shariah principles while aligning with regulatory requirements. The framework is supported by independent oversight from Shariah Advisor Mufti Muhammad Ibrahim Essa, who provides guidance across product development, operations, investments, contracts, and marketing. Mufti Muhammad Ibrahim Essa is a senior Shariah scholar with advanced Islamic jurisprudence qualifications from Jamiah Darul Uloom Karachi, extensive advisory experience across local and international Islamic financial institutions, leadership roles on multiple Shariah boards, and authorship of over 4,000 fatawas. The Shariah Advisor's report confirms that all Takaful products and operational procedures, including segregation of funds, bank accounts, and systems from conventional insurance operations, are fully compliant. Complementing this is the independent assurance engagement conducted by KPMG, which provides assurance that EFU Life's management assessment of compliance with the SECP Takaful Rules, 2012, is accurate in all material respects. Overall shariah governance is aligned through a combination of independent Shariah oversight, structured internal controls, ongoing training, and external assurance.

FINANCIAL STANDING

EFU Life's financial performance reflects sustained growth and improving profitability, supported by a strong premium base and robust investment income. Revenue continued to expand, driven by both underwriting activities and sizable gains from the investment portfolio, while profit after tax and earnings per share strengthened year-on-year, indicating improved operational efficiency and disciplined expense management. The Company maintains solid capitalization and strong liquidity buffers, supporting its capacity to absorb shocks and meet policyholder obligations. However, building up paid-up capital to Rs. 3,000 million, over the phased timeline set by the SECP, will remain important.

Investment Administration

EFU Life has a broad internal control framework supported by an extensive set of policies that govern all major operational, financial, and conduct-related areas. Key controls span product development, underwriting, claims, investments, procurement, HR, financial delegations, related-party transactions, and ESG, reflecting a mature governance structure with clear Board-level oversight. The internal control framework also incorporates a comprehensive Trading Policy, against conflicts of interest and misuse of insider information through mechanisms such as a Restricted List, mandatory pre-clearance, post-trade disclosure, and a minimum holding period. The same aligns well with best market-conduct practices. The Conflict-of-Interest Policy is well-designed and covers a wide range of scenarios, with opportunities to further enhance it through the introduction of a periodic declaration mechanism. In addition, the whistleblowing policy is comprehensive in scope and intent, with robust procedures that reinforce accountability. Internal controls are effectively monitored through audits and risk reviews.

EFU Life's IT infrastructure is largely in-house developed, providing control, customization, and scalability across core insurance functions. The integrated ERP suite, supports end-to-end processing for individual and group life, Takaful, and digital assurance. The system enables onboarding, underwriting, policy issuance, sales tracking and commission processing. The Company's MIS, integrated with its ERP, provides real-time, consolidated operational and financial reports across all insurance segments, supporting digital policy delivery, performance monitoring, trend analysis, and regulatory compliance.

Business Continuity and Disaster Recovery (DR) framework is aligned with ISO 27001 standards and SECP Cybersecurity Guidelines. Real-time data replication to the Islamabad DR site, periodic drills, and structured Recovery Time/Point Objectives (RTO/RPO) demonstrate strong operational resilience. The latest full-scale DR drill achieved a significantly improved RTO of 2.5 hours. Regular backup cycles, secure storage, and periodic restoration tests are conducted to minimize operational risk.

Portfolio Management

EFU Life maintains a structured governance framework, anchored by a clearly defined Investment Committee (IC) at the Board level and a layered decision-making process. The IC, comprising five voting directors including the Chair of the Board, the CEO, the Appointed Actuary, the CFO, and the Head of Investments as Secretary, provides strategic oversight on investment policies, limits, and performance. Investment decisions are made collectively, requiring a majority vote, with the Chair holding veto authority in inconclusive cases. Supporting the IC is the Internal Investment Committee (IIC), comprising of Head of Investments, CEO and CFO which meets monthly to evaluate investment opportunities, monitor risks, and authorize day-to-day operational decisions within policy parameters. The Head of Investments (HOI) play a central role in formulating fund-specific strategies, assessing regulatory impacts, and ensuring alignment with IC-approved guidelines. Research head, while not a member of the internal investment committee, aids the investment department through their research which over time has been built inhouse and expanded over several sectors including investment updates quarterly for investors on website.

Market Position

EFU Life maintains a leading position in Pakistan's life insurance investment space, commanding a 37% share of unit-linked Assets Under Management (AUMs), the highest in the industry. With over Rs. 250 billion in AUMs the Company has recorded an average ~20% annual growth rate in AUM's over the last two years. EFU Life manages eight funds, including three Shariah-compliant options, though Islamic funds currently account for only 15% of total AUMs. The portfolio remains concentrated, with nearly 75% of assets in the flagship Managed Growth Fund, which follows a balanced strategy. The AUM base is primarily retail-driven, reflecting broad distribution footprint and mitigating concentration risk.

EFU Life continues to benefit from strong distribution strength. It has one of the largest salesforces in the industry, supported by 215+ branches, dedicated Takaful teams, 15+ bancassurance partners, and active corporate and group channels. Its digital and inclusive insurance business is growing quickly through partnerships with telecom companies, branchless banks, microfinance institutions, fintechs, and digital payment platform.

The Company's recent registration as a Pension Fund Manager marks a strategic entry into the retirement savings market, positioning EFU Life as a fully integrated financial services provider across life, health, Takaful, and now retirement solutions. Leveraging its scale, investment capabilities, and customer-centric approach, EFU Life is well placed to capture a meaningful share of the emerging voluntary pension market and further strengthen its leadership in Pakistan's long-term savings and protection ecosystem.

Client Servicing

EFU Life suite of client servicing tools includes an integrated Mail System application, which functions as a ticketing and workflow management tool. In addition, the Client's Portal is an in-house developed PHP-based web application that serves as a comprehensive client management system, allowing customers to manage policies, access account statements, pay premiums, update personal information, monitor fund performance, and track rewards, thereby enhancing transparency, convenience, and customer engagement. On the client-facing side, EFU Life has developed two mobile applications that significantly strengthen customer engagement. The PlanIT App enables secure policy management, premium payments, access to documents, fund tracking, loyalty rewards, and financial planning tools, with notifications keeping clients informed and compliant. The WIN App promotes wellness by integrating health tracking, fitness challenges, and rewards with policy details. These tools improve transparency, self-service capability, and customer engagement.

Fund Performance

Fund performance is monitored through an AUM-weighted framework that integrates return generation with market relevance. Weighting by industry AUM ensures that performance outcomes meaningfully reflect the scale of investor assets under management. Also performance assessment is based on five-year annualized returns to gauge consistency and long-term fund management capability.

Fund Performance		
Fund	AUM Size (PKR mn)*	Relative Performance
Low Risk	17,070	Q4
Medium Risk	229,160	Q1

High Risk	3,320	Q3
TOTAL	249,550	

Overall, EFU Life Insurance ranks in the top quartile (Q1), reflecting a strong combination of scale and performance. EFU's fund portfolio is predominantly concentrated in medium-risk funds, with PKR 229.2 billion in AUMs, accounting for 36.6% of total industry AUM*, which materially strengthens its weighted performance outcome. Exposure to low-risk and high-risk funds remains limited, indicating a measured risk appetite focused on delivering stable, long-term returns.

**Includes only those funds that have completed at least five years since launch.*

Financial Summary

Appendix I

Balance Sheet (PKR Millions)	CY23A	CY24A	9MCY25A
Cash and Bank deposits	5,054.8	5,669.6	5,587.2
Investments	194,864.5	242,921.3	268,303.6
Total Assets	210,203.9	259,436.5	288,499.8
Paid Up Capital	1,000.0	1,050.0	1,050.0
Net Worth	6,949.3	9,189.7	9,637.9

Income Statement (PKR Millions)	FY22A	FY23A	9MCY25A
Gross Premium/ Contribution	37,467.1	41,671.7	39,791.7
Net Premium Revenue	36,403.8	39,408.4	36,552.8
Investment Income (Inc. gain & others)	39,346.8	61,712.5	40,456.3
Profit Before Tax	3,927.0	4,961.2	2,954.1
Profit After Tax	1,995.6	2,990.1	1,815.6

Ratio Analysis	FY22A	FY23A	9MCY25A
Market Share (Private Life Insurance)	28.4%	30.3%	32.4%
Persistency (Conventional)	79.5%	80.1%	77.1%
Persistency (Takaful)	74.6%	74.6%	74.2%
Liquid Assets/ Total Liabilities (x)	0.98	0.99	0.98

*Annualized, if required

A - Actual Accounts

P - Projected Accounts

M - Management Accounts

REGULATORY DISCLOSURES

Appendix II

Name of Rated Entity	EFU Life Assurance Limited			
Sector	Life Insurance			
Type of Relationship	Solicited			
Purpose of Rating	Management Quality Rating (MQR)			
Rating History	Rating Date	Rating	Rating Outlook	Rating Action
	RATING TYPE: MQR			
	Dec 31, 2025	AM1(p)	Stable	Initial
Instrument Structure	N/A			
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.			
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.			
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Due Diligence Meetings Conducted	Name	Designation	Date	
	Mr. Mohammed Ali Ahmed	Chief Executive Officer	November 20, 2025	
	Mr. Shahid Abbas	Chief Financial Officer		
	Ms. Zahny Amlany	Head of Actuarial Services		