



Harnessing Strengths

Annual Report 2022

EFU GENERAL
INSURANCE LTD



Reflecting on 90 Years


Established in 1932, EFU completed 90 years of operations in 2022. As we reflect on our long and prosperous history, we pay tribute to the founders and key stakeholders of our Company, the leaders who made strategic decisions along the way, the associates who have worked tirelessly throughout time, our clients who believe in our ability to care for their financial security, and our shareholders for their trust in our ability to deliver value.

We are confident that the seeds planted over the last 90 years will continue to bear fruit, and we will keep growing and expanding, as always in the spirit of caring and sharing.



EFU GENERAL INSURANCE LTD

ISO 9001: 2015 Certified

 efuinsurance.com

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Financial Highlights 2022

Investment
& Properties

27 761

(Rupees in Million)

Underwriting
Result

70

(Rupees in Million)

Investment &
Other Income

2 679

(Rupees in Million)

Cash
Dividend

2 000

(Rupees in Million)

Shareholders
Equity

18 427

(Rupees in Million)

Premium
(including Takaful Contribution)

31 957

(Rupees in Million)

Claims Paid
(Gross)

6 681

(Rupees in Million)

Profit
After Tax

2 006

(Rupees in Million)

Breakup
Value

92.14

(Rupees)

Total Assets
Book Value

56 619

(Rupees in Million)

AA++

Outlook Stable
VIS

AA++

Outlook Stable
PACRA

B

Outlook Stable
A.M. BEST



Strengths

EFU General, with ninety years of growth and leadership has built up many distinctive strengths within the organization which it harnesses and synergizes for the enhancement of organizational productivity, value creation and revenue generation.

Our strong culture and enduring values drive our people to strive for execution, excellence and operational efficiency.

With our leading position, long experience and proven record of delivering on promises, we have earned acknowledgement as Pakistan's flagship insurance brand.



Harnessing Strengths

Leadership

We have the honour to lead the insurance industry with our long experience. Commitment to customer interest and proven record of delivering on promises for ninety years. Today, we are acknowledged worldwide as the flagship of Pakistan's insurance industry.



Harnessing Strengths

Experience

With ninety years of experience, matchless service and a time honoured tradition of settling claims swiftly, EFU leads the industry and is internationally acknowledged as Pakistan's flagship insurance brand.



Harnessing Strengths

Focus

We put the customer at the center of all that we do. Meeting their needs quickly and simply. Executing on our business plan. Reaching our goals. Delivering on our promises. Being leaders. Our direction is clear. We are focused.



Harnessing Strengths

Talent

We seek to attract talented people and are committed to helping them succeed. Our robust training provides tools to help employees reach their highest potential and help us maintain our reputation for professionalism and excellence in customer service.



Harnessing Strengths

Future

We have remarkably talented people. Unmatched client relationships and rock-solid financial credentials. We have a clear blue-print for building and further consolidating our leading position in the insurance industry of Pakistan.

Company Information

Chairman

Saifuddin N. Zoomkawala

Managing Director & Chief Executive

Hasanali Abdullah

Directors

Rafique R. Bhimjee

Taher G. Sachak

Ali Raza Siddiqui

Muhammed Iqbal Mankani

Saad Bhimjee

Mahmood Lotia

Tanveer Sultan Moledina

Yasmin Hyder

Chief Financial Officer

Altaf Gokal, F.C.A.

Company Secretary

Amin Punjani, A.C.A., F.C.C.A., M.A.

Legal Advisor

Khurram Rashid

Shari'ah Advisor

Mufti Muhammad Ibrahim Essa

Audit Committee

Tanveer Sultan Moledina

Rafique R. Bhimjee

Ali Raza Siddiqui

Taher G. Sachak

Yasmin Hyder

Investment Committee

Rafique R. Bhimjee

Saifuddin N. Zoomkawala

Hasanali Abdullah

Taher G. Sachak

Altaf Gokal

Ethics, Human Resource & Remuneration Committee

Muhammed Iqbal Mankani

Saifuddin N. Zoomkawala

Hasanali Abdullah

Auditors

EY Ford Rhodes, Chartered Accountants
Progressive Plaza, Beaumont Road
Karachi - 75530

Registrar

CDC Share Registrar Services Limited
CDC House, 99-B, Block-B
S.M.C.H.S., Shahrah-e-Faisal
Karachi - 74400

Website

www.efuinsurance.com

Email

info@efuinsurance.com

Registered Office

Kamran Centre, 1st Floor
85, East, Jinnah Avenue
Blue Area
Islamabad

Main Offices

EFU House
M.A. Jinnah Road
Karachi

Co-operative Insurance Building
23, Shahrah-e-Quaid-e-Azam
Lahore

Window Takaful Operations

5th Floor, EFU House
M.A. Jinnah Road
Karachi

Directors' Profile



**Saifuddin
N. Zoomkawala**
Chairman



Hasanali Abdullah
Managing Director &
Chief Executive



Rafique R. Bhimjee
Director



Taher G. Sachak
Director



Ali Raza Siddiqui
Director



**Muhammed Iqbal
Mankani**
Director



Saad Bhimjee
Director



Mahmood Lotia
Director



**Tanveer Sultan
Moledina**
Director



Yasmin Hyder
Director

Saifuddin N. Zoomkawala

Chairman

Mr. Saifuddin N. Zoomkawala has been associated with EFU Group since 1964. He also worked as General Manager for Credit Commerce Insurance Company at UAE, an insurance company of EFU group. He served as Managing Director of EFU General Insurance Limited from July 10, 1990 till July 2011 when he was elected Chairman of the Company.

He is Chairman of Allianz EFU Health Insurance Limited, EFU Services (Pvt.) Limited and Director of EFU Life Assurance Limited, all being EFU Group Companies. He was Chairman of EFU Life Assurance Limited from February 1999 to July 2011.

He is on the Board of Governors of:

- Sindh Institute of Urology and Transplantation
- Fakhr-e-Imdad Foundation

Rafique R. Bhimjee

Director

Mr. Rafique R. Bhimjee has a B.Sc (Hons) in Management Science from the University of Warwick and an M.B.A in Finance from City University, London. He is also a "Certified Director" from Pakistan Institute of Corporate Governance.

He has worked overseas in Merrill Lynch Asset Management, New York and Abu Dhabi Investment Authority.

Mr. Rafique R. Bhimjee was the Chairman of EFU General Insurance Limited from February 1999 to July 2011 and became Chairman of EFU Life Assurance Limited in July 2011. He is also Director of Allianz EFU Health Insurance Limited, EFU Services (Pvt.) Limited and is also Executive Director of International Foundation and Garments (Pak) (Pvt.) Limited.

Hasanali Abdullah

Managing Director & Chief Executive

Mr. Hasanali Abdullah is Chartered Accountant and Certified Director from Pakistan Institute of Corporate Governance (PICG). He is associated with EFU General Insurance Limited since 1979 and is Managing Director & Chief Executive of the company from 2011. He is Director of EFU Life Assurance Limited, Allianz EFU Health Insurance Limited, EFU Services (Private) Limited, Tourism Promotion Services (Pakistan) Limited (owners of Serena Hotels), Honorary Treasurer of Aga Khan Hospital & Medical College Foundation, Member of National Committee of Pakistan Branch of Aga Khan University Foundation Geneva. Vice President of German - Pakistan Chamber of Commerce & Industry.

He has served on the Boards, Council and Committees of various Aga Khan Development Network institutions from 1976 to 2002. He has been Chairman of Insurance Association of Pakistan for 2008, 2010-11 and 2016-17, Chairman of Pakistan Insurance Institute 2014-15 and from January, 2020 to July, 2020, Director of PICG for 2011, Executive Committee Member of Federation of Pakistan Chambers of Commerce & Industries for 2011 & 2017, Director of Institute of Financial Markets of Pakistan from 2016 to 2022 and Vice President of German - Pakistan Chamber of Commerce & Industry from 2021 to 2022.

Taher G. Sachak

Director

Mr. Taher G. Sachak is a graduate in Business Studies from Bournemouth University, and also has a post-graduate Diploma in Management Studies from Liverpool University. Following his studies, he joined the British Civil Service and after 5 years decided to pursue a career in life assurance. He held executive positions in major UK Life Assurance Companies, Allied Dunbar, Trident Life and finally Century Life before coming to Pakistan in 1994 to join EFU Life.

He is also Chief Executive & Managing Director of EFU Life Assurance Limited and Vice Chairman of Allianz EFU Health. He is also a "Certified Director" from Pakistan Institute of Corporate Governance.

Ali Raza Siddiqui

Director

Mr. Ali Raza Siddiqui is a Partner at JS Private Equity and previously was an Executive Director at JS Investments. Prior to 2005, he was an Assistant Vice President at AIM Investments in the United States, a wholly-owned subsidiary of INVESCO. At AIM, Mr. Siddiqui specialized in fixed income securities and was part of a team responsible for the management of over US \$ 60 billion in assets.

Mr. Siddiqui holds a Bachelor's Degree from Cornell University, USA, with double majors in Economics and Government. He serves as a Director on the Boards of Jahangir Siddiqui and Company, EFU Life Assurance, EFU General Insurance and Fakher-e-Imdad Foundation. Mr. Siddiqui also serves as a Trustee at the Organization for Social Development Initiatives (OSDI) and public policy think tank Manzil Pakistan.

Muhammed Iqbal Mankani

Director

Mr. Muhammed Iqbal Mankani is a veteran of the insurance industry both in Pakistan and the United Arab Emirates and has spent more than fifty years in insurance. He started his career with Eastern Federal Union Insurance Co. in 1968 as Junior Officer. In 1970 he helped set up the first Branch of EFU in SITE Karachi.

Mr. Mankani was sent on deputation in 1975 to Credit & Commerce Insurance Co. Dubai, (which later was renamed Alliance Insurance Co) a joint venture of EFU where he worked in various Senior Positions until 2001.

In 2001, Mr. Mankani was requested by the Executive Office of His Highness, Ruler of Dubai and Dubai Islamic Bank to help set up the first local Takaful company Dubai Islamic Insurance & Reinsurance Co and joined them as General Manager. On behalf of this company, Mr. Mankani helped set up a Takaful company in Kuwait, Boubyan Takaful Insurance owned by the Boubyan Bank in 2009. He was also a Board Member of Amity Health, a joint venture between Dubai Islamic Insurance and AGILITY Health of South Africa. He remained with Dubai Islamic insurance as the General Manager and Chief Operating Officer until 2012. He then set up his own Consulting Company M.I.M. Business Consultants in Dubai as Consultants to Dubai Airports Authority for a

period of two years helping them with their insurance program until 2014. He later moved to Canada in 2015.

Mr. Mankani is a qualified Director of Education in Corporate Governance and is a frequent speaker at seminars and also advises various companies on the subject of Corporate Governance with particular interest in family-owned businesses.

Mr. Mankani has been part of the UAE Insurance industry for the last 44 years and has twice been elected member of the UAE Insurance Business Group under the Dubai Chamber of Commerce representing the Takaful industry until 2012. He was instrumental in training and introducing many UAE Nationals into the Insurance industry through frequent lectures in the Emirates Institute of Finance and Banking in Sharjah.

He has been a frequent speaker at many insurance seminars in Barcelona (Spain), Malaysia, Bahrain and UAE and has published several articles on the performance of Takaful business in the UAE.

Mr. Mankani is an active member of the Canadian Business Council in Dubai, Institute of Insurance and Risk Management Canada and Canadian Marketing Association.

Saad Bhimjee

Director

Mr. Saad Bhimjee is an Insurance and Risk Management professional with over thirteen years of experience in Canadian and UK markets. He was most recently working for Aon Canada as Senior Vice President and based in their Vancouver office. Prior to joining Aon Canada he worked for United Insurance Brokers (UIB) in London with a focus on Middle East & Asian countries including Pakistan. Saad Bhimjee holds a Bachelor's degree in Economics from University College London (UCL) and a Master's degree in Insurance & Risk Management from Cass Business School London. He also has an ACII designation.

Mahmood Lotia

Director

Mr. Lotia started his insurance career in April 1974, then trained at the M&G Reinsurance Company UK. From April 1977 he worked with Adamjee Insurance Company Ltd and Commercial Union Assurance Pakistan Branch and overseas with Abu Dhabi National Insurance Company. On return to Pakistan in August 1991 joined EFU General Insurance Limited and retired in December 2020.

Mr. Lotia has remained associated with the Insurance Association of Pakistan in various capacities since 1980 and served on nearly all technical committees. He was Chairman for the year 2014-2015 and 2019.

He is an Associate of The Chartered Insurance Institute of UK and a certified director by PICG.

Tanveer Sultan Moledina

Director

Mr. Tanveer Moledina is a Chartered Accountant from Institute of Chartered Accountant of Pakistan. He has extensive experience of over 30 years in senior financial management positions.

He was Chief Financial Officer and Company Secretary of Merck Group companies including Merck Pakistan (Pvt.) Limited, Merck Pharmaceutical (Pvt.) Limited, Merck Specialties (Pvt.) Limited.

He was previously working in the Middle East Novartis Saudi Arabia Limited and Saudi Pharmaceuticals Private Limited in the capacity of Chief Financial Officer.

Yasmin Hyder

Director

Yasmin Hyder has 33 years of work experience primarily in trade, marketing and communication, gender, businesswomen networks and HR/knowledge events with both local and international organizations. She is deeply passionate about building peace across borders and contributing to an inclusive environment for women professionals through initiatives that foster economic empowerment and global integration. She is CEO of New World Concepts, a management and marketing consulting practise based in Karachi and President, Pakistan Women Entrepreneurs Network for Trade (WE-NET) - a national representative platform for women SME's, established with support of the World Bank Group and Australian Government.

Yasmin was a pioneer in 2001 setting up a 100% women owned business and worked with leading MNC's in Pakistan esp Pharma, FMCG, Oil and Gas, Insurance and Financial sector and consults with the World Bank IFC Group. She instituted an annual learning event in 2012, the International Women Leaders Summit which to date has hosted 170 speakers from 44 countries.

Yasmin is a Certified Board Director; Member, Board of Advisors, Women on Boards Trust Pakistan; Founding Member, US Pakistan Women's Council; Chairperson, International Women Leaders Summit; Advisor to the Board, Special Olympics Pakistan; Certified Business Edge Trainer of IFC World Bank Group; Member UNCTAD-ITC '20 Global Women Entrepreneurs' Trade Mission to Canada; Winner of Rotary International GSE Award and recipient of FCO Award, UK. She acquired a Post Graduate degree from Cardiff Business School, University of Wales, UK with distinction in International Business after graduating from IBA, Karachi with MBA in Finance & Marketing. She successfully completed the Executive Leadership Course in July 2019 at Crawford School of Public Policy, Australia National University, Canberra.

The Role of Chairman and Managing Director

The roles of the Chairman and Managing Director is stated setting out a clear division of responsibilities, but is not intended to provide a definitive list of their individual responsibilities.

Chairman is responsible for leadership of the Board. In particular, he presides over meetings of the Board and ensures effective operation of the Board and its committees in conformity with the standards of corporate governance.

The Chairman sets the agenda, style and tone of Board discussions to promote constructive debate and effective decision-making. The Chairman supports the Managing Director in the development of strategy.

Managing Director is responsible for leadership of the business and managing it within the authorities delegated by the Board and the Articles of Association of the Company. He develops strategy proposals for recommendation to the Board and ensures that agreed strategies are reflected in the business, develop annual plans, consistent with agreed strategies, for presentation to the Board for support, plan human resourcing to ensure that the Company has the capabilities and resources required to achieve its plans.

The Managing Director develops an organizational structure and establishes processes and systems to ensure the efficient organization of resources. He is responsible to the Board for the performance of the business consistent with agreed plans, strategies and policies, leads the executive team, including the development of performance contracts and appraisals and ensures that financial results are communicated to all the stakeholders. The Managing Director develops and maintains an effective framework of internal controls over risk in relation to all business activities including the Group's trading activities, ensures that the flow of information to the Board is accurate, timely and clear, establishes a close relationship of trust with the Chairman, reporting key developments to him in a timely manner and seeking advice and support as appropriate.

The Chairman and Managing Director meet regularly to review issues, opportunities and problems.

Matters Delegated by the Board of Directors

The Management is primarily responsible for implementing plans as approved by the Board of Directors. It is also the responsibility of the management, to prepare financial statements that fairly present financial position of the Company in accordance with applicable relevant regulations, legal requirements and accounting standards.

Vision & Mission

**To understand
our vision, we must
look back.**



**To keep on
fulfilling it, we must
move forward.**





Vision

To continue our journey to be better than the best.



Our Values

Our philosophy is to be the leading Company with service above par, with integrity, excellence and professionalism.

FOLLOWING ARE OUR CORE VALUES:

▶ INTEGRITY & ETHICS

Conduct business with ethics, dignity, fairness and transparency.

▶ EXCELLENCE

We measure our performance by results but more by quality of service.



Mission

To provide services beyond expectation with a will to go an extra mile. In the process, continue to upgrade technology, human resource and reinsurance protection.

▶ PROFESSIONALISM

We believe professionalism is perfection. Business resources are utilized in a manner to achieve optimum returns on resources.

▶ OUR PEOPLE

In EFU we work like a family. Everyone is treated with respect and without any discrimination.

▶ CORPORATE SOCIAL RESPONSIBILITY

We donate to various institutions in health and education sectors, for improving the lifestyle of common man.

▶ CODE OF CONDUCT

The Board has adopted the Statement of Ethics and Business Practices to be followed by Directors and Employees.

Company Overview

Ownership, Operating Structure and Group Companies

EFU Group is the largest insurer group in Pakistan. EFU General Insurance Limited (EFU) is ranked first in the non-life insurance sector in Pakistan. EFUG was incorporated in 1932, as a public limited company. EFUG is engaged in writing non-life insurance and takaful business. The Company is listed on Pakistan Stock Exchange Limited.

The ownership structure is provided in detail along with the pattern of shareholding and categories of shareholders.

In March 2018, the Board of Directors assessed its control proposition in relation to its investments in EFU Life Assurance Limited and declared EFU Life as the Company's subsidiary.

Our subsidiary - EFU Life Assurance Limited (EFUL) is one of the leading life insurance company. In 1990, the Government of Pakistan reopened the life insurance business to private sector. EFU Group decided to establish a life insurance company by the name of EFU Life Assurance Limited and started operations from November 1992. EFU Life was the first company to introduce Unit-linked insurance products in Pakistan. EFU Life has "Insurer Financial Strength" rating of AA++ with stable outlook from VIS.

Company Profile (www.efuinsurance.com)

EFU is the largest insurer group in the country. The group structure comprises of EFU General Insurance Limited, EFU Life Assurance Limited and Allianz EFU Health Insurance Limited.

EFU General was incorporated on September 2, 1932. The Company provides a full range of insurance and takaful services to fulfill the needs of all of its customers being commercial and individual clients. Our product portfolio includes:

- Fire and Property Damage
- Marine, Aviation and Transport
- Motor
- Miscellaneous
- Takaful
- The shares of the Company are quoted on Pakistan Stock Exchange.
- EFU is one of the few Pakistani organizations run totally by professional management and highly motivated field force.
- Policies accepted by all institutions in the country.
- Rating: Insurer Financial Strength AA++, Outlook: Stable (Rating Agencies: VIS and PACRA). The Company also maintains rating from A. M. Best. A. M. Best is the world's specialized insurance rating agency and has assigned Financial Strength Rating of "B" with Stable Outlook.
- Client-base comprises of many leading business houses and multinational companies.

We are in the business of providing a full range of non-life insurance products and services customized to meet the varied needs of a wide spectrum of businesses and industrial clients as well as individuals, providing Property, Marine, Aviation, Motor and other Miscellaneous products. In addition to this, we have Window Takaful operations since 2015. The most important aspect of our operation is that we have created a separate Risk Management Team and an

Engineering Group who work closely with clients to identify various risk exposures and then provide specific insurance. This helps in loss prevention and reducing the cost of premium. Our market-driven team of inspired and technically qualified insurance personnel, specializing in civil, mechanical, metallurgy, electronics and having overseas linkages, is on-call for necessary professional advice at all times. It is our policy not only to provide protection and risk reduction but help clients develop preventive capabilities to avert major perils and calamities. Over the years we have developed a full range of insurance services for large infrastructure projects including the areas of oil / gas exploration field.

We are fully equipped with technical, marketing and managerial skills supported by reinsurance arrangements with a number of European firms of international repute to cater for all classes of specialized insurance and provide customer service of the highest quality. Our clients include both large and medium sized organizations in all sectors of the economy. We are committed to new product development and innovation, legendary customer service and a promise that everything we do, we do from the heart.

External Environment Effecting the Company

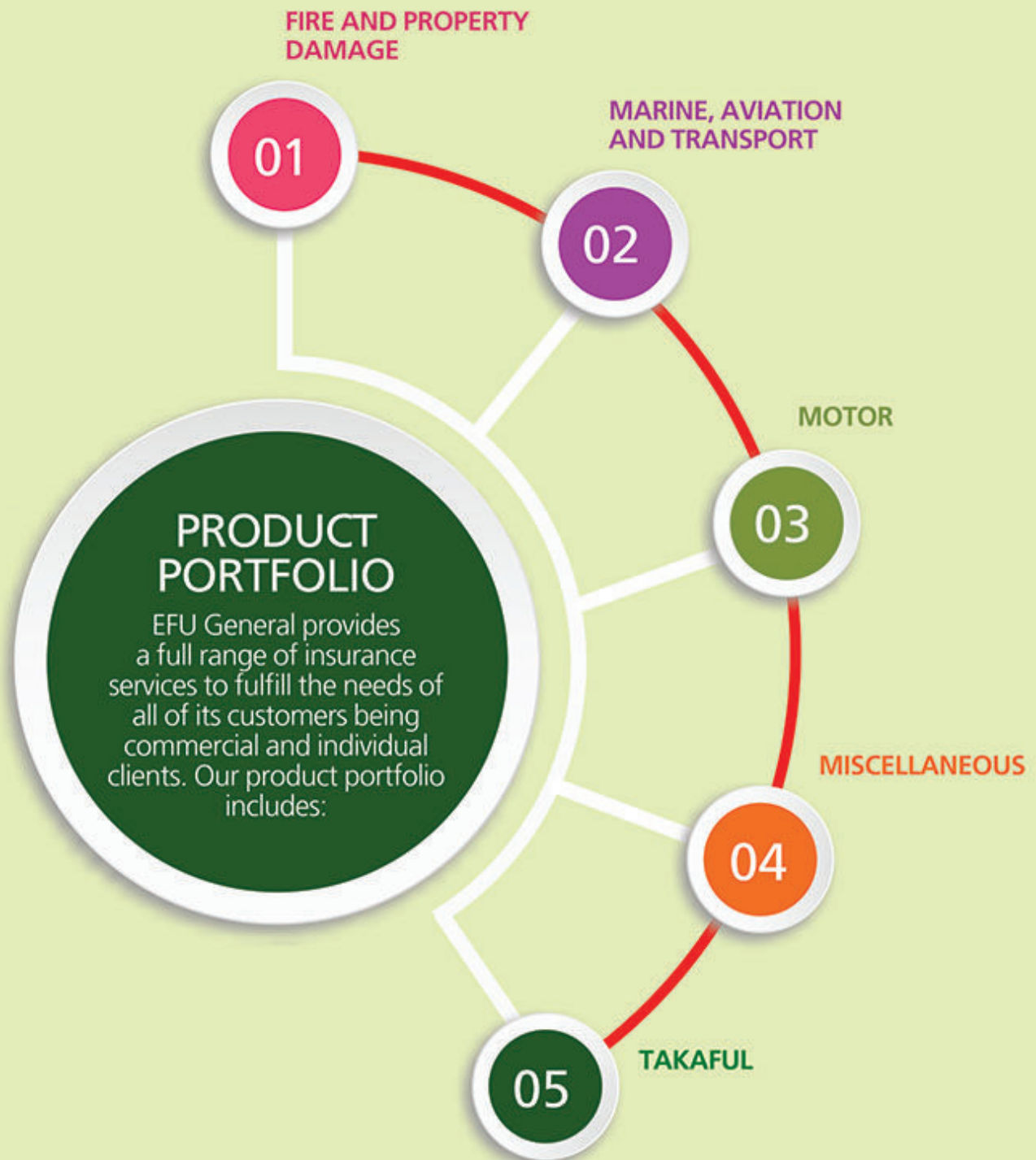
The general insurance sector's performance is strongly correlated to economic growth. The key drivers of insurance growth in a country are typically macroeconomic factors, regulatory factors and demographics of a country. In Pakistan, the insurance penetration has remained modest as compared to neighbouring countries.

Discount rate was 16% on 31 December 2022 and is expected to raise further by 4-5% in 2023. The Pakistan Stock Exchange during the year has remained volatile due to various economic and political factors. The KSE-100 index ranged between 39,028 and 46,970.

Significant Changes From Last Year

There were no significant structural changes during the year.

Product Portfolio



FIRE AND PROPERTY DAMAGE

Our portfolio comprises of a broad spread of quality business ranging from simple residential property to very large sophisticated industrial risks. These would include activities involving complex risks relating to Oil & Gas exploration / development, petrochemicals and other major industrial risks. The fire portfolio in the main comprises of operational risks other than power generating industry.

The engineering part of the portfolio would include in the main construction risks be it simple civil work or major infrastructure projects like dams, highways etc. Other engineering risks would include coverage for breakdown of plant / machinery.

The insurance covers include both material damage as well as loss of revenue due to business interruption following the material damage.

MARINE, AVIATION AND TRANSPORT

Insurance coverage is provided for goods in transit from all over the world to Pakistan and vice versa by all means of conveyance i.e. sea, air and land. Special insurance products are also offered for large project cargoes and this class also includes loss of revenue insurance for such projects.

Coverage is also provided for the insurances of ships, other vessels and aircraft ranging from small single general aviation to airlines. Aviation insurance includes both physical damage as well as liabilities to third parties and passengers and cargo.

MOTOR

EFU provides a full range of products for all kinds of vehicles being either private or commercial and the coverage includes physical damage including theft and liabilities as required under law. Ancillary products are also offered for personal accident to drivers, passengers, and the like.

MISCELLANEOUS

All other insurance products of various types i.e. Bankers Blanket Bond, Plastic Card, Electronic & Computer Crime, Safe Deposit Box, Money, Professional Indemnity, Directors & Officers Liability, Public & Product Liability, Crop, Livestock, Travel Insurance and all such insurances.

VALUE ADDED SERVICES

Our Company is continuously improving its systems and getting a competitive edge by introducing various online services to facilitate our customers, like e-Verify for verification of policies and certificates and online e-Cover for marine cargo cover notes.

In addition, travel insurance policies are now being sold on line through the Company website.

We also provide SMS confirmation of Claim, SMS claim guidance and electronic survey reporting services to our customers in respect of Motor Insurance.

Moreover, our qualified engineers provide recommendations and guidance to our Property Insurance clients on various aspects of industrial safety including protection measures as well as sharing of information on latest techniques as per international standards.

TAKAFUL

Takaful is a community-pooling system based on the principles of brotherhood and mutual help wherein participants contribute in a fund to help those who need it most in times of financial difficulties.

The Modus Operandi of Takaful

Different models are in practice in different parts of the world. All Takaful models are based on mutuality and Shari'ah concept of Tabbaru. The model used in Pakistan is known as Wakala-Waqf Model. In this model the pool is formed as a Waqf. All the contributions are deposited in this Waqf pool known as Participants' Takaful Fund based on the terms and conditions of Participant Membership Document, claims are paid from the same pool to the participants.

The Role of the Operator in Takaful System

The Operator serves as the Wakeel of the Waqf Fund and charges a 'Wakala fee' for it. The fee is paid from the Waqf Fund.

As the Wakeel, the Operator invests the funds available in the Waqf Pool in Shari'ah-compliant investments for profits. Since the Operator is the Modarib and the Waqf Fund is the Rabul-ul-Maal, any profits made from the investments are shared between the two on predefined percentages.

Management

Managing Director

Hasanali Abdullah, F.C.A.

Joint Managing Director

Kamran Arshad Inam, M.B.A., B.E.

Senior Deputy Managing Director

Qamber Hamid, LL.B., LL.M.

Deputy Managing Directors

Abdur Rehman Khandia, A.C.I.I.

Altaf Gokal, F.C.A.

Nudrat Ali

S. Salman Rashid, B.Sc.

Senior Executive Directors

Imran Ahmed, M.B.A., B.E., A.C.I.I.

K.M. Anwer Pasha

Muhammad Iqbal Lodhia

Syed Muhammad Haider, M.Sc.

Executive Directors

Abdul Sattar Baloch

Aftab Fakhruddin, B.E., Dip C.I.I.

Khurram Nasim, B.S. (Ins. Mgmt)

M. Shehzad Habib

Muhammad Iqbal Dada, M.A., A.C.I.I.

Salim Razak Bramchari, A.C.I.I.

Syed Kamran Rashid

Deputy Executive Directors

Abdul Hameed Qureshi, M.Sc.

Abdul Wahid

Ali Kausar

Babar A. Sheikh

Khalid Usman

M. Shoaib Razak Bramchari

Mian Ross Masud, M.B.A.

Muhammad Sohail Nazir, M.Sc., A.C.I.I.

Musakhar-uz-Zaman, B.E.

Assistant Executive Directors

Abdul Majeed

Ali Rafiq Chinoy, BS

Badar Ameen Sissodia

Faisal Gulzar

Kausar Ali Zuberi

Mazher H. Qureshi

Muhammad Arif Khan

Muhammad Naeem Shaikh, A.C.I.I

Muhammad Naeem M. Hanif

Muhammad Sheeraz, M.B.A.

Munawar, F.C.A.

Nadeem Ahmad Khan

Shamim Pervaiz, M.B.A.

Syed Amir Aftab

Syed Asim Iqbal, M.B.A.

Senior Executive Vice Presidents

Abdul Hameed

Abdul Qadir Memon, M.Sc.

Ali Ghulam Ali, ACA

Ali Raza

Ansa Azhar, A.C.I.I.

Arshad Ali Khan, F.C.M.A

Atif Anwar, F.C.C.A., M.B.A.

Fakhruddin

Farrukh Aamir Beg, M.B.A.

Fatima Bano, M.B.A, A.C.I.I

Ghulam Haider, M.Sc.

Imran Mughal

Imran Saleem, M.B.A, M.C.S

Irfan Raja Jagirani, M.B.A, M.A

Kamran Bashir, M.B.A.

Karim Merchant, B.E., A.C.I.I

Kashif Gul, B.E.

Malik Firdous Alam

Mannan Mehboob, A.C.I.I

Mansoor Abbas Abbasi, B.E.

Mohammad Arshad Khan

Muhammad Afzal Khan, E.M.B.A.

Muhammad Amin Sattar, M.Com.

Muhammad Mujtaba

Muhammad Tawheed

Alam, M.B.A., B.E.

Muhammad Waleed Polani

Nadeemuddin Farooqi, L.L.B.

Pervez Ahmed, M.B.A.

Quaid Johar

Rao Abdul Hafeez Khan

Riaz Ahmed

Shah Asghar Abbas, M.B.A

Shahab Khan

Shahzad

Syed Abid Raza Rizvi, M.Com.

Syed Ahmed Hassan, M.B.A.

Syed Anwer Hasnain, M.B.A.

Syed Farhan Ali Bokhari, M.B.A.

Syed Nazish Ali, A.C.I.I.

Umair Ali Khan, M.A.

Usman Ali, M.B.A, L.L.B

Usman Ali Khan

Zia Mahmood

Zulfiqar Ali Khan, M.Sc., F.C.I.I.

Executive Vice Presidents

Aamer Ali Khan, B.B.A

Abdul Bari Khan

Abdul Rashid

Amin Punjani, A.C.A., F.C.C.A.

Amjad Irshad, B.B.A.

Arshad Aziz Siddiqui

Asadullah Khan

Ashfaqe Ahmed

Asif Mehmood

Atif Haider Khan, M.B.A.

Ejaz Ahmed Khan, M.B.A

Farhat Iqbal

Javed Iqbal Khan

Kaleem Imtiaz, M.A

Liaquat Imran Khan

Mansoor Ahmed

Mohammad Asif Ehtesham, M.B.A.

Muhammad Adnan,

E.M.B.A, ACIS, M.A, CAT

Muhammad Ali Charanya,

M.B.A., F.C.M.A

Muhammad Hussain

Muhammad Naseem

Muhammad Salahuddin

Rehan Ul Haq Qazi, M.B.A

Riazuddin Qazi, M.A

Rizwan Ahmed, M.B.A

S. Asim Ijaz

S.M. Aamir Kazmi, L.L.B.

Saifullah

Salma Altaf, M.B.A.

Shahab Saleem

Shafaqat Ali, E.M.B.A

Sikandar Kasbati

Syed Daniyal Abbas Rizvi, MAS

Waheed Yousaf, M.B.A.

Waseem Ahmed

Senior Vice Presidents

Abdul Aziz
 Adeel Suleman, M.A
 Aftab Ahmed, L.L.B.
 Amer Arif Bhatti
 Aneel Ahmed Khan, M.B.A
 Farkhanda Jabeen , A.C.I.I., M.B.A.
 Fiaz Ahmed, M.B.A., D.C.M.A
 Fouzia Naz
 Haris Ahmed Khan
 Imran Ahmed Siddiqui, L.L.B.
 Imran Qasim, B.Tech
 Intikhab Ahmed
 Irfan Ahmad, A.C.M.A, C.I.A
 Jazib Hassan Khan
 Junaid Agha, M.Com
 Kashif Karim Gilani, A.C.M.A
 Kausar Hamad, M.B.A
 Khalid Rafiq, M.B.A.
 Mazhar Ali
 Mian Ikramul Ghani, M.A.
 Mohsin Ali Baig
 Muhammad Ahmer Siddiqi
 Muhammad Ashfaq
 Muhammad Haroon, M.Sc
 Muhammad Rehan, B.E
 Muhammad Maroof Chaudhry
 Muhammad Mubeen
 Muhammad Naeem Ahsan
 Muhammad Rafiq Khowaja, M.A.
 Muhammad Saleem Gaho
 Muhammad Shahjahan
 Muhammad Shoaib
 Muhammad Taufiq
 Muhammad Usman
 Nadeem Ahmed
 Naif Javaid, M.B.A.
 Nimra Inam, MA. (Eco), A.C.I.I.
 Noman Shahid, M.B.A.
 Noshad Alam Siddiqui, M.B.A.
 Owais Khan
 Quaid Johar
 Rahim Khowaja, M.A.
 Raja Muhammad Azhar Rafiq
 Rana Zafar Iqbal
 Rizwan Jalees
 S. Muhammad Saleem

S.M. Adnan Ashraf Jelani, A.C.I.I.
 Sarfaraz Mahmood Khan
 Sarfaraz Muhammad Khan
 Shabbir Hussain
 Shabeeh Hyder, B.E.
 Shadab Muhammad Khan
 Shahbaz Khan
 Shaikh Muhammad Khurram
 Sheraz Mansoor, M.Com
 Syed Muhammad Ali
 Syed Mudasir Ali
 Tariq Mahmood
 Wahaj Ur Rehman, B.E, M.B.A.
 Waqar Ahmed, M.Sc.

Vice Presidents

Abdul Qaiyum Khalfe
 Ali Farman, M.A.
 Amjad Javed, M.Sc
 Altaf Hussain
 Arif Hussain
 Arshad Hameed
 Arshad Hussain
 Asif Ahmed
 Asif Ali Khan
 Faisal Masood
 Farooq Shaukat
 Ghulam Abbas, M.B.A
 Ijaz Anwer Chughtai
 Imran Faisal
 Imtiaz Ahmed
 Jawad Javed Khan
 Israr Gul, M.A.
 Khalid Akhtar, M.B.A.
 Mansoor Anwar
 Mansoor Hassan Siddiqi, M.Sc.
 Maqsood Ahmed
 Mohammad Moosa
 Mohammad Rashid Salim Siddiqui
 Mudassar Raza, M.B.A.
 Muhammad Attaullah Khan
 Muhammad Kashif, M.Sc
 Muhammad Mushtaq
 Muhammad Ali
 Muhammad Allauddin
 Muhammad Farhan Rasheed, M.C.S
 Muhammad Rashid
 Muhammad Saleem

Muhammad Saeed
 Muhammad Shoaib Naziruddin, E.M.B.A
 Muhammad Tauseef
 Muhammad Tamour Baig, B.B.A, A.C.I.I.
 Muhammad Yamin
 Mumtaz Ahmed
 Murad Ali, M.B.A.
 Najma Riaz, M.A
 Naseer Ahmad
 Nida Muazzam, B.E.
 Noor Asghar Khan
 S M. Farhan Asfi
 S. Arshad Sajjad Rizvi, M.B.A.
 S. Imran Raza Jafri
 S.M. Noor-uz-Zaman, E.M.B.A
 Saifuddin
 Saleem Hameed Qureshi, M.A.
 Shaheena Ashfaq, M.A. , E.M.B.A
 Shazia Hussain, M.A
 Subhash Kumar, M.B.A.
 Syed Kamal Ahmed
 Syed Sajjad Haider Zaidi
 Syed Zeewaqaar Ali
 Syed Zubair Ali
 Umar Rashid, M.B.A.
 Waqas Ahmad Sheikh, M.B.A., C.M.A
 Zahid Qureshi, M.B.A.
 Zainul Abedin

Assistant Vice Presidents

Abdul Saboor
 Abdul Qadir
 Abdul Wahab Hussain, M.B.A.
 Allah Dino Khan, M.A.
 Amjad Hussain Shehzad
 Amir Riaz, E.M.B.A, E.MS
 Ammad Saleem, B.E, MS
 Ammara Yasir Siddiqui, M.P.A
 Arshadul Huq
 Arshia Afzal
 Asif Iqbal, M.Sc
 Asif Raza, B.B.A
 Asim Raza
 Attique Ahmed, M.Sc
 Aziz Aftab Roker
 Farhan Qamar Siddiqui
 Farzana Perveen, M.B.A

Ghulam Fatima, M.B.A
 Hamid Pervez
 Humera Absar
 Imran Siddiq
 Imran Younas
 Irfan Qamar, M.B.A
 Jahangir
 Jawed
 K.M. Elias
 Kamran Vohra, M.Com.
 Khalid Usman
 Khalida, L.L.B.
 Khalil Ahmed
 Mahmood Saleh
 Maryam Shams, B.E, MS
 Mazharuddin
 Mehran Khan, B.E, M.Sc
 Mohsin Ali Khan, M.B.A.
 M.Umar Rafique Zuberi
 Muhammad Asghar , MCS
 Muhammad Arshad Siddiqi
 Muhammad Asif, M.A
 Muhammad Fahad, MS
 Muhammad Furqan
 Muhammad Hammad Anis
 Muhammad Imran Siddique
 Muhammad Irfan
 Muhammad Iqtida Khan
 Muhammad Kashif, M.B.A
 Muhammad Moizuddin
 Muhammad Noman Hafeez
 Rana, B.E
 Muhammad Rizwan, M.Sc.
 Muhammad Shafique
 Muhammad Shahrukh, B.E
 Muhammad Shamim
 Mukhtar Alam
 Munir Ahmed Awan
 Nabeel Ahmad, M.B.A
 Navaid Ahmed
 Naveed Waqar
 Niaz Ahmed, M.B.A.
 Nida Zehra Naqvi, M.B.A
 Omair Atiq Mahmudi, M.B.A.
 Omran Ghias Qureshi

Qazi Maqsood Ahmed
 Rafiullah Khan
 Rahim, M.A.
 Raja Asif Ali Sharif, M.B.A
 Riaz-ul-Haq
 S. Anjum Raza
 S. Atif Ali
 S. Ikhlaq Hussain Naqvi, M.P.A.
 Saad Iqbal, M.B.A.
 Safiah Jamal, M.B.A.
 Sagheer Ahmed
 Sana Perveen, M.Sc
 Saif Ur Rehman
 Saleem Ghaffar
 Saniya Salahuddin, M.Com
 Shahid Yaqub
 Shahzad Qamar
 Shamoon
 Suhail Akhtar
 Syed Asim Raza
 Syed Mudasir Mehdi, B.E
 Syed Muhammad Faisal
 Syed Muhammad Haider
 Syed Nadeem Akhtar
 Syed Zakir Hussain
 Syeda Anam, M.A, MBA
 Vinesh Kumar, MBA
 Waqas Ahmed Najmi
 Yasir Ehtesham, B.E
 Zeeshan Ahmed
 Zeeshan Ather, B.B.A

Medical Officer

Dr. Aftab Ali, M.B.B.S.

Window Takaful Operations

Assistant Executive Director

Muhammad Vaqaruddin,
 M.B.A., A.C.I.I.

Senior Executive Vice President

Kashif Masood, M.B.A., A.C.I.I.

Senior Vice President

Saeed Iqbal

Marketing Executives

Senior Executive Director

Jahangir Anwar Shaikh

Executive Directors

Abdul Wahab Polani
 Ali Safdar
 Altaf Kothawala
 Muhammad Khalid Saleem, M.A.

Deputy Executive Directors

Agha Sakhawatullah Khan
 Satwat Mahmood Butt, M.B.A.

Assistant Executive Directors

Abdul Wahab
 Adeel Ahmed
 Javed Akhtar Sheikh, B.B.A
 Khuzema T. Haider Mota
 Mohammad Arif, M.A.
 Muhammad Arfeen
 Muhammad Reyaz Ahmed
 Rashid Habib, M.A.
 Rizwan Siddiqi
 Saad Anwar
 Saad Reyaz
 Shazim Altaf
 Syed Imran Zaidi, M.B.A.
 Syed Shahid Mehmood, M.A.
 Syed Ashad Hussain Rizvi
 Tauqir Hussain Abdulla

Senior Executive Vice Presidents

Akhtar Wahid Kothawala
 Asif Elahi
 Azmat Maqbool, M.B.A.
 Faiza Ali Chinoy
 Jameel Masood
 Khalid Mahmood Mirza
 Mohammad Shoaib, B.B.A
 Mohammad Sohail
 Mohammad Younus
 Muhammad Farooq
 Muhammad Imran Naeem, A.C.A.
 Muhammad Mushtaq Najam
 Muhammad Najeeb Anwar

Muhammad Shakeel, M.B.A.
 Muhammad Younus
 Shazia Rahil Razzak
 Syed Iftikhar Haider Zaidi, M.A.
 Syed Mohammad Iftikhar
 Syed Sadiq Ali Jafri
 Syed Shahid Raza
 Zarrar Ibn Zahoor Bandey

Executive Vice Presidents

Agha Ali Khan
 Azharul Hassan Chishty
 Ejaz Ahmed
 Faisal Khalid, M.Sc.
 Faraz Javed
 Farman Ali Afridi, B.E.
 Iftikhar Ud Din, L.L.B
 Imdadullah Awan
 Imran Ali Khan
 Mian Abdul Razzak Raza, M.A.
 Mian Ali Raza Shaukat, B.Sc (Hons)
 Mubashir Saleem
 Muhammad Aamir
 Muhammad Adnan Sharif
 Muhammad Arif Bhatti
 Muhammad Azeem Hanif
 Muhammad Javed
 Muhammad Razaq Chaudhry
 Muhammad Rehan Iqbal Booti
 Muhammad Shamim Siddiqui
 Muhammad Umer Memon
 Noor Ulain Mahmood
 Rana Khalid Manzoor
 Somia Ali
 Syed Nisar Ahmed, M.A.
 Syed Tayyeb Hassan Gardezi, M.Sc
 Tahir Ali Zuberi
 Wasim Ahmed

Senior Vice Presidents

Aun Ali Badami
 Babar Zeeshan
 Bashir Ahmed Sangi
 Dr. Ghulam Jaffar, Ph.D
 Faisal Mahmood Jaffery
 Hamid-Us-Salam
 Hassan Abbas Shigri

Kayomarz H Sethna
 Mahnoor Atif
 Malik Akhtar Rafique
 Mir Amjad Ali Moosvi
 Mohammad Waseem
 Muhammad Ahmed, M.B.A
 Muhammad Anis-Ur-Rehman
 Muhammad Asif Jawed, M.A.
 Muhammad Awais Memon
 Muhammad Haroon Akbar, M.B.A.
 Muhammad Imran
 Muhammad Salim Babar, M.B.A.
 Nasrullah

Qasim Ayub
 Raja Jamil Ahmed
 Rashid A. Islam
 Rizwan Ul Haque, B.B.A
 Shahid Raza Kazmi
 Shakil Wahid
 Shehzad Ali Shivjani
 Syed Sohail Haider Abidi
 Wasif Mubeen, L.L.B.

Vice Presidents

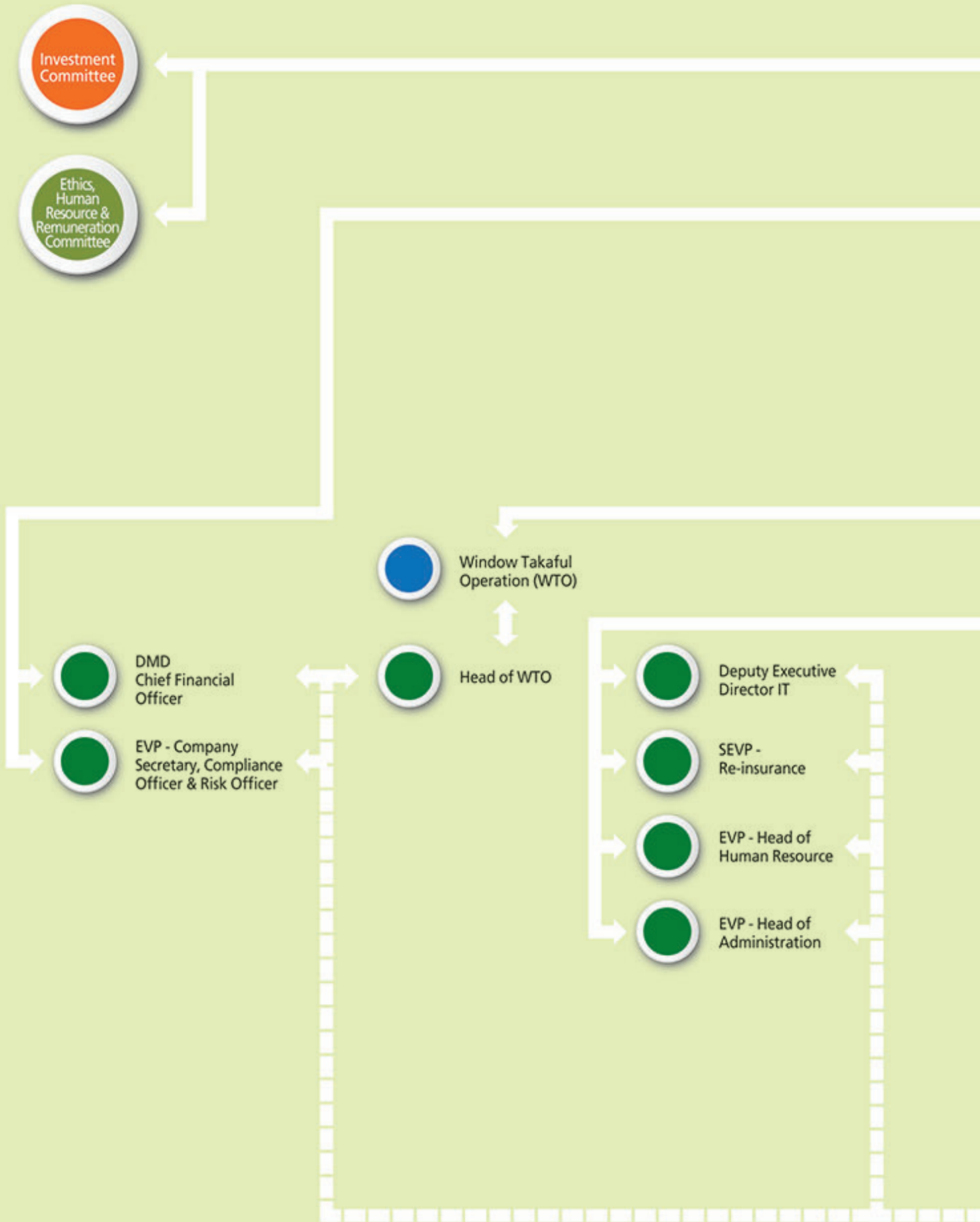
Abdullah Alam
 Ahmad Saeed Khan
 Aizaz-ur-Rehman, M.B.A
 Aman Nazar Muhammad
 Amna Saad
 Arshad Iqbal, M.B.A.
 Faizan Imran
 Fauzia Nasir
 Haris Alamgir Shaikh
 Imran Suleman
 Jalal-uddin Ahmed
 Khurram Younas
 Khusbakht Farhan
 Kanza Babar
 Mahnoor Ibrahim
 Maleeha Shafiq
 Mehak Akbar
 Muhammad Altaf, L.L.B
 Muhammad Ashraf Samana
 Muhammad Iqbal
 Muhammad Mubashir Nasir
 Muhammad Zia-Ul-Haq
 Rahib Diwan
 Rameen Imran

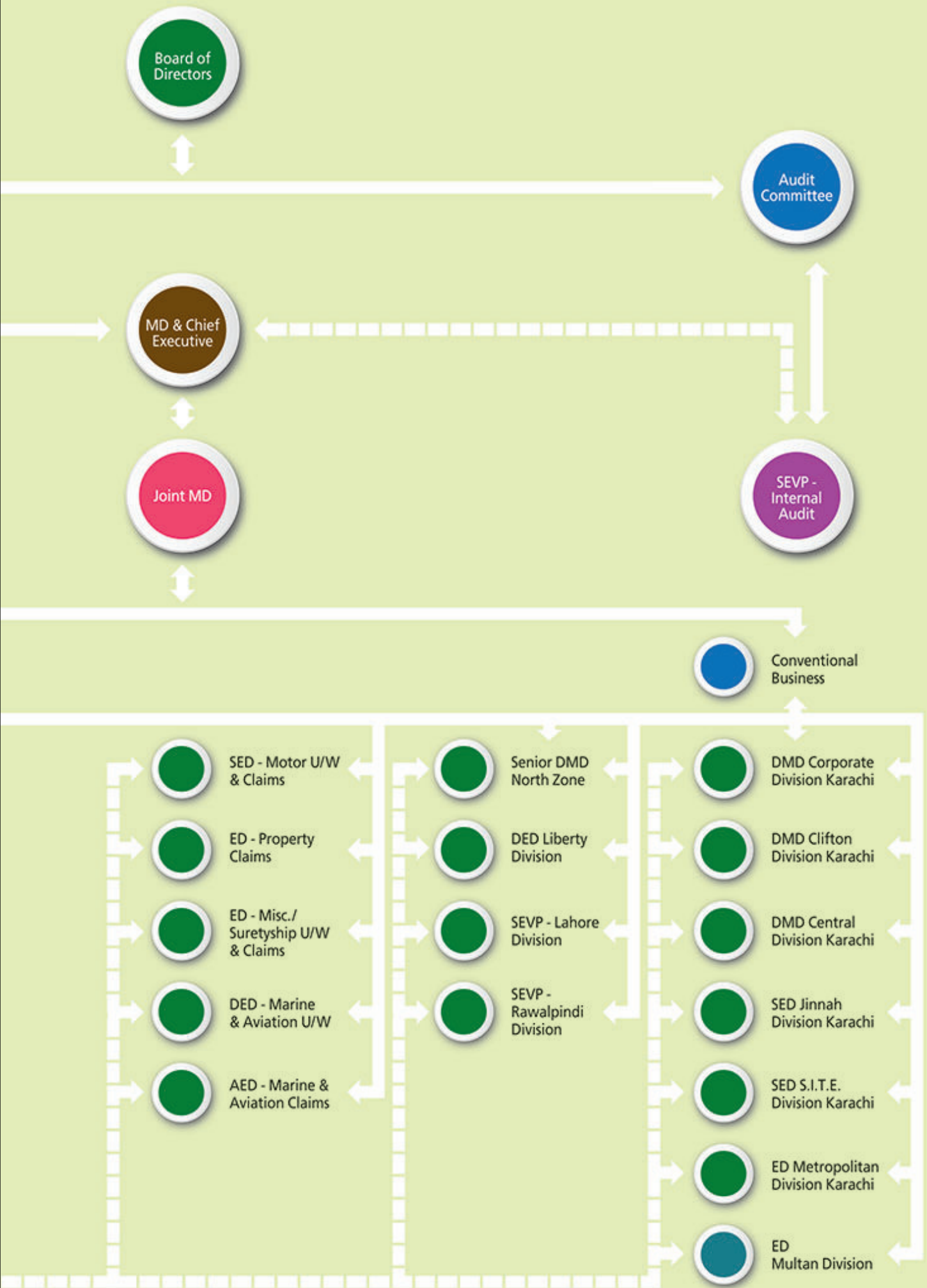
Rashid Umer Burney
 S. Ali Haider Rizvi
 Shahid Iqbal
 Shahida Aslam
 Shaikh Mohammad Nadeem
 Sohail Raza
 Syed Abid Raza
 Syed Rashid Ali
 Syed Rizwan Haider, M.Sc.
 Syed Zulfiqar Mehdi
 Tauseef Hussain Khan

Assistant Vice Presidents

Ahmed Nawaz, M.A.
 Ashiq Hussain Bhatti
 Atif Muzaffar
 Ayesha Musharaf
 Danish Saleem Qayum
 Javed Iqbal Chema
 Khalid Mehmood
 M A Qayyum, M.Com
 Muhammad Azeem
 Muhammad Hunzala
 Muhammad Umair
 Muhammad Ali Zarrar
 Muhammad Mussarrat Hussain, M.Sc.
 Muhammad Naveed Asghar
 Muhammad Zaid Tahir
 Muhammad Zeeshan Haider
 Mustafa Ahmed
 Nadeem Ahmad Siddiqi
 Noman Khan
 Qamar Aziz
 S. Zeeshan Abbas Abidi
 Samina Imran
 Saqib Riaz
 Shagufta Asrar Ahmad
 Shakeel Hassan Bakhtiar
 Sofia Musharaf
 Syed Mojiz Hasan
 Tahir Ali, M.B.A.
 Urooj Sohail
 Zafar Ali Khokhar, M.A
 Zainab Gulzar
 Zakauallah Khan
 Zeeshan Ali

Organogram





Code of Conduct

Your Company is perceived well by customers and stakeholders due to ethical behavior and practices by our officers, staff and field force.

Compliance with the applicable laws and regulations constitutes an elementary principle underlying our business. Everyone in the company is required to observe statutory and supervisory regulations.

Your Company strives for excellence in risk management, underwriting and claims handling to protect customers. We do business with reliability, integrity and promote fair and legal competition to ensure our lead market share.

We base our actions on our clients' needs and offer best solutions through our knowledge, innovative ideas and close co-operation. We handle conflict with due care and take measures to prevent financial crime.

As a good corporate citizen, our responsible conduct creates sustainable value, for our clients, employees, shareholders and society. We use management potential of our staff members by promoting diversity, flexibility and a unifying leadership culture. To meet the changing business needs, we provide our employees with technical and soft skills trainings on regular basis.

For health, safety at workplace we ensure good working environment by providing lunch area, proper sanitation, and recreational facilities. By risk management measures, we provide for fire safety and security at work premises.

EFU's Culture

We promote and encourage honest and ethical behavior in our business activities and strongly condemn the human rights abuses. Our motto is all employees are members of EFU Family. There is no discrimination amongst employees on the basis of religion, race, ethnicity and gender.

We expect employees to observe every individual's personal dignity, privacy and personal rights. We do not tolerate any discrimination, personal harassment or insulting behavior.

Supervisory cultural leadership and their duty as role models are an essential part of our culture. We expect our managers to show maturity, and take responsibility for their staff members, for achieving business results with integrity.

At EFU individual care and guidance in a friendly family community is at the heart of our philosophy. We aim to help each employee realize his / her full potential.

Organizational Ethics

- Uncompromising integrity. Our business is founded on trust and we manage it ethically, lawfully and fairly.
- Clients first. Nothing we do is more important than protecting and preserving our clients' interests. We hold responsibilities towards our clients in the highest regard.
- Entrepreneurship. We work hard to hire the best people, motivate them, reward them and encourage them to innovate. We are a meritocracy and an equal opportunity employer.
- Passion for performance. We contribute towards our Company's financial goals and concentrate on achieving superior results.
- A culture of excellence. We measure our performance on every task we undertake not just by the results but also by the quality of our work.
- A tradition of success. While we are fair and ethical at all times, we compete aggressively by providing excellent service to our clients.

Notice of Meeting

Notice is hereby given that the 90th Annual General Meeting of the Shareholders of EFU General Insurance Limited will be held at ISE Auditorium, ISE Towers, 55-B, Jinnah Avenue, Blue Area, Islamabad, on Friday April 14, 2023 at 10:00 a.m. to transact the following business to:

A. ORDINARY BUSINESS

1. confirm the minutes of the 89th Annual General Meeting held on March 31, 2022.
2. receive, consider and approve the Audited Financial Statements (consolidated and unconsolidated) for the year ended December 31, 2022 together with the Chairman's review, Directors' and Auditors' reports thereon.
3. consider and if thought fit to approve the payment of Final Dividend at the rate of 55 % i.e. Rs. 5.50 per share as recommended by the Board of Directors and also approve aggregate Interim Cash Dividends of 45 % i.e. Rs. 4.50 per share already paid to the Shareholders for the year ended December 31, 2022.
4. appoint Auditors of the Company for the year 2023 and fix their remuneration. The Audit Committee and the Board of Directors have recommended the name of M/s EY Ford Rhodes, Chartered Accountants for re-appointment as auditors till the next Annual General Meeting.
5. transact any other matter with the permission of the chair.

Attached to this notice of meeting being sent to the members is a statement under Section 134 (3) (b) of the Companies Act, 2017 setting forth:

- a. Status of previous approval of investments in associated company.

By Order of the Board

AMIN PUNJANI

Company Secretary

Karachi: Thursday March 16, 2023

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: amin.punjani@efuinsurance.com, at least 24 hours before the time of AGM i.e. latest by 10:00 a.m. on April 13, 2023.

Folio / CDC Account No.	Name	CNIC No.	Cell No.	Email Address

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 Friday April 14, 2023 at 10:00 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:

- (i) In case of individuals, the account holder and/or sub-account holder(s) and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

- (ii) 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:

- (i) In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
 - (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - (iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - (iv) The proxy shall produce his original CNIC or original passport at the time of the meeting.
 - (v) 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 8, 2023 to April 14, 2023 (both days inclusive). Transfers received in order by our Share Registrar, CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 by the close of business on April 7, 2023 will be considered in time to attend and vote at the meeting and for the entitlement of Dividend.
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 addresses;
 - b. Valid and legible photocopies of Computerized National Identity Card (CNIC) for Individuals and National Tax Number (NTN) both for individual and corporate entities.

6. ELECTRONIC TRANSMISSION OF FINANCIAL STATEMENTS AND NOTICES

Pursuant to Notification vide SRO 787 (I) / 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 regards, 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 the 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 into the bank account designated by the entitled shareholders.

In order to receive dividend 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's website and send it duly signed along with a copy of CNIC to the Share Registrar of the Company, CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 in case of physical shares.

In case shares are held in CDC, electronic dividend mandate form must be directly submitted to 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 / SNIC (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, CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 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 your Zakat declarations under Zakat and Usher Ordinance, 1980 and Rule 4 of Zakat (Deduction & Refund) Rules, 1981 CZ-50 Form with our Share Registrar, CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 or in case of book entry securities in CDC to respective CDC participants. The shareholders while sending the Zakat Declarations 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 directives 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. We hereby advise shareholders as under;

- (i) 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-filers 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 filers, are advised to make sure that their names are entered into ATL before the date for payment of the cash dividend otherwise tax on their cash dividend will be deducted @ 30 % instead @15 %.

- (ii) In the case of shares registered in the name of two or more shareholders, each joint-holder is to be treated individually as either a filer or non-filer and tax be deducted by the Company on the basis of shareholding of each joint-holder as may be notified to the Company in writing. The joint-holders are, therefore, requested to submit their shareholdings otherwise each joint-holder shall be presumed to have an equal number of shares.
- (iii) For any query/problem/information, the investors may contact the Company and/or the Share Registrar at the following phone numbers and email address. The contact number of Company Secretary is 021-32313471-90 (Ext: 9444) and email: amin.punjani@efuinsurance.com and the contact numbers of Share Registrar, CDC Share Registrar Services Limited is 0800-23275 & email: info@cdcsrsl.com.
- (iv) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or its Share Registrar, CDC Share Registrar Services Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

11. CONSENT FOR VIDEO CONFERENCING FACILITY

Pursuant to the provision to the Companies Act, 2017 the members can also avail the video conferencing facility.

In this regard, please fill in the following and submit at registered address of the Company at least 10 days before the holding of annual general meeting. If the Company receives 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 EFU General Insurance Limited holder of _____ ordinary share(s) as per registered folio / CDC no. _____ hereby opt for video conferencing 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 was sent to shareholders, uploaded on Company website and Final notice was issued in newspaper. 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 A 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 clauses of the Companies (Postal Ballot) Regulations, 2018.

14. TRANSMISSION OF THE ANNUAL AUDITED FINANCIAL STATEMENTS THROUGH CD / DVD

The company has circulated financial statements to its member 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, 2022 have been made available on the Company's website www.efuinsurance.com

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:

CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400. Tel. Toll Free: 0800-23275, Email: info@cdcsrsl.com, website: www.cdcsrsl.com

17. DEPOSIT OF PHYSICAL SHARES IN TO CDC ACCOUNTS

As per Section 72 of the Companies Act, 2017 all existing companies are required to convert their physical shares into book-entry form within a period not exceeding four years from the date of commencement of the 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 System 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 or 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.

Status of approvals for investment in Associated undertakings:

As required by Regulation No. 4 (2) information under Regulation 3 of the Companies' (Investment in associated companies and associated undertakings) Regulations, 2017, the status of approvals is as follows:

i. total investment approved;

Rs. 1 billion in EFU Life Assurance Limited was approved by the shareholders at Annual General Meeting of the Company held on March 31, 2021 to be invested within a period of three years.

ii. amount of investment made to date;

The Amount of Rs. 354.98 million has been invested out of Rs. 1 billion as at December 31, 2022.

iii. reasons for not having made complete investment so far where resolution required it to be implemented in specified time;

The period in which the investment is to be made as approved by the shareholders is up to March 31, 2024. Investment will be on availability of shares at reasonable price.

iv. and material changes made in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company.

Since the date of passing the initial resolution by the shareholders of the Company on March 31, 2021 the shareholders equity of the investee company remained Rs. 6,349 million as at December 31, 2022 and Rs. 6,178 million as at December 31, 2021.

Effect of Technological Change

The technological changes may affect insurance business by bringing innovations in process, systems, products, and marketing channels. For instance, the use of technology would enable us to automate the underwriting processes, classification of price risks, enable use of big data and predictive modeling techniques to better understand, monitor risks and fairly price our products. Technology will also bring innovations in products and services, enable the insurers to use cost-effective and efficient methodologies for marketing their products. EFU believes that technological change would bring a significant shift in our procedures, underwriting processes, pricing structure and even marketing channels.

Effect of Societal Issues

We take exception in valuing the various societal elements to have a positive impact on society. Our social interventions have always focused towards economic and social welfare of our stakeholders while sustaining profitable business operations. The impact flows from the resources we consistently mobilize and the investments we make. While for the employees, the Company has adequate health, safety and environment related policies and procedures; for the society at large, Company takes part in various philanthropic activities and health related initiatives.

External oversight of systems audit / internal audit

The external auditors conduct annual financial statements audit and system audit in which they obtain an understanding of internal control relevant to Financial Reporting and design audit procedures to test those controls for expressing opinion on the financial statements. Management letter is issued by external auditors in which recommendations are provided for further improvement and effectiveness of internal control system.

EFU General Insurance is an ISO 9001:2015 and ISO/IEC 27001: 2013 certified organization. As part of ISO 9001:2015 and 27001:2013 standards, EFU has established procedures for quality assurance of services, ensuring continual improvement of effectiveness of the quality management system, addressed cybersecurity threats and security breaches by taking required steps to strengthen data security which will help us to gain customer confidence as well as retain customers in terms of data security. In this respect, annual audit conducted by external specialists i.e. Independent Chartered Accountants Firm also ensure compliance of regulatory and standard requirements.

Risk Management Methodology

Our Company puts great emphasis on management of risks whether it be internal or external. For this purpose, the Company has put in place a comprehensive mechanism that identifies, quantifies, manages, and reports key risks of the Company to the top management. The risk management mechanism of our company consists of three line of defense that minimizes, mitigates, avoids and transfers the risks of the company. The Company's first line of defense is implemented through line managers / head of departments. The second line of defense is implemented through the Enterprise Risk Management (ERM) function which identifies, quantifies, and manages risks across the organization and reports key risks to the high-level Risk Management and Compliance Committee (RMCC) consisting of the top management of the company. RMCC report to the Board of directors. The third line of defense is the internal and external audit.

ERM function of our Company is based on two major pillars; First is the risk management governance structure which provides organizational and hierarchical structure, defining roles and responsibilities of those involved in the risk management and development of policies and procedures for managing risks of the company. Second is the risk management framework that defines the processes to be performed to identify, quantify, manage, and report key risks of the Company to the management.

Financial Calendar

RESULTS

First quarter ended 31 March 2022	Half year ended 30 June 2022	Third quarter ended 30 September 2022	Year ended 31 December 2022
Announcement Date	Announcement Date	Announcement Date	Announcement Date
APRIL 28, 2022	AUGUST 23, 2022	OCTOBER 28, 2022	MARCH 16, 2023

DIVIDENDS

Final Cash 2022 Announcement Date	Entitlement Date	Statutory limit upto which payable (within 10 working days of AGM)	
MARCH 16, 2023	APRIL 07, 2023	APRIL 28, 2023	
First Interim Cash 2022	Entitlement Date	Paid on	Statutory limit upto which payable
APRIL 28, 2022	MAY 12, 2022	MAY 19, 2022	MAY 26, 2022
Second Interim Cash 2022	Entitlement Date	Paid on	Statutory limit upto which payable
AUGUST 23, 2022	SEPTEMBER 06, 2022	SEPTEMBER 13, 2022	SEPTEMBER 20, 2022
Third Interim Cash 2022	Entitlement Date	Paid on	Statutory limit upto which payable
OCTOBER 28, 2022	NOVEMBER 11, 2022	NOVEMBER 18, 2022	NOVEMBER 25, 2022

Date of Issuance of Annual Report 2022

MARCH 24, 2023

Date of Annual General Meeting

APRIL 14, 2023



Access to Reports and Enquiries

Annual Report

Annual report can be downloaded from the Company's website: www.efuinsurance.com; or printed copies obtained by writing to:

The Company Secretary
EFU General Insurance Limited
EFU House
M.A. Jinnah Road
Karachi 74000
Pakistan

Quarterly Reports

The Company publishes interim reports at the end of first, second and third quarters of the financial year. The interim reports can be accessed at website: www.efuinsurance.com; or printed copies can be obtained from the Company Secretary.

Shareholders' Enquiries

Shareholders' enquiries about their holding, dividends or share certificates etc. can be directed to Share Registrar at the following address:

CDC Share Registrar Services Limited
CDC House, 99-B, Block B, S.M.C.H.S, Shahra-e-Faisal
Karachi - 74400

Stock Exchange Listing

The shares of the Company are listed on Pakistan Stock Exchange. The symbol code is EFUG.

Annual Report & Accounts and Notice of Meeting by E-mail

If any member intends to receive the above through e-mail, he may provide us or to our Share Registrar, his consent on the consent form as available on Company's website, duly filled and signed.

Investors' Grievance Policy

EFU General Insurance Limited believes that relations with investors are vital for the financial lifeline and substantial growth of the organization. Relations with investors also reflect on the goodwill of the organization. It is therefore, imperative to place an efficient and effective mechanism in the organization for providing services to the investors and to re-dress their grievances in accordance with law.

The Company has accordingly provided on its website, the necessary information about the Company, the directors, auditors, share registrars, the financial data for the current period and for the last six years and daily stock update showing daily rates of the Company's shares quoted at the Pakistan Stock Exchange.

The Company Secretary of the Company is the primary contact on behalf of the Company to whom the investors can contact to re-dress their grievances and resolve their issues.

The management endeavors to investigate and resolve all the complaints and queries of the investors to their utmost satisfaction. An investor who is not satisfied can also approach the Securities & Exchange Commission of Pakistan (SECP) complaint cell through interactive link provided on our website.

Our investor grievance policy is broadly based on the following principles:

- Investors calling us in person, telephone, fax or email are received and their complaints are dealt in timely manner.
- Each and every investor is treated fairly at all the times.
- Prompt, efficient and fair treatment is given to all the complaints and queries of the investors.

Decisions taken at the last Annual General Meeting held on March 31, 2022

The following matters taken up in the meeting as per agenda were approved unanimously and the decisions taken were implemented in due course:

1. Approval of minutes of the last Annual General Meeting.
2. Approval of Audited Accounts (consolidated and unconsolidated) and Reports for the year ended December 31, 2021 together with the Chairman's review, Directors' and Auditors' reports thereon.
3. Approval of Final dividend @ Rs. 5.5 per share in addition to aggregate amount of Rs. 4.5 per share was paid for three interim dividends for the year 2021 details as under:
 - The First Interim dividend was paid on May 19, 2021.
 - The Second Interim dividend was paid on September 13, 2021.
 - The Third Interim dividend was paid on November 18, 2021.
 - Final dividend was paid to the Shareholders on April 07, 2022.
4. Appointment of EY Ford Rhodes, Chartered Accountants as Auditors for the year 2022.
5. Approval of related party transactions with EFU Life Assurance Ltd. and Allianz EFU Health Insurance Ltd. transacted till last Annual General Meeting.
6. Authorize Managing Director & Chief Executive to approve the transaction carried out in normal course of business with related parties EFU Life Assurance Ltd. and Allianz EFU Health Insurance Ltd. till next Annual General Meeting.

Presence of Chairman - Audit Committee in the Annual General Meeting

The Chairman of the Audit Committee attended the 89th Annual General Meeting of the Company.

Steps Taken by the Management to Encourage Minority Shareholders to Attend the General Meetings

The management is constantly striving to increase the participation of minority shareholders at the general meetings. The Company also facilitates its members to attend general meetings through video-link facility.

Share Price Analysis Annual Volume Analysis

The Company's Share Prices on the PSX in the year 2022.

Months	Highest	Lowest	Average of Volume
January	109.99	102.00	11 980
February	109.68	102.00	1 838
March	105.00	97.70	19 050
April	107.00	100.00	4 100
May	103.16	100.00	10 890
June	119.02	100.00	5 214
July	115.99	100.00	2 191
August	105.00	99.00	1 810
September	100.10	97.00	42 110
October	100.00	97.00	1 200
November	97.20	94.50	14 978
December	97.00	92.00	1 133

Share Price Sensitivity Analysis

Company news and performance: Company - specific factors that can affect the share price are:

- Earnings - News releases on earnings and profits and future estimated earnings develop investor interest in the stock of a Company.
- Announcement of dividends - Expected distribution from earning could increase the share prices in expectation of realisation of profit on investment.
- Introduction of a new insurance product - This could lead to positive earnings growth which in return affects share prices.
- Industry performance - Government policies specific to industry like Takaful business could result in movement of stock price.
- Investor sentiments / confidence - Positive economic reforms can attract investors.
- Economic and other shocks - An economic outlook could include expectations for inflation, productivity growth, unemployment and balance of trade. Changes around the world can affect both the economy and stock prices. An act of terrorism can also lead to a downturn in economic activity and a fall in stock prices.
- Change in government policies - Government policies could be perceived as positive or negative for businesses. The policies may lead to changes in inflation and interest rates, which in turn may affect stock prices.

Market Capitalization

Particulars	Years					
	2022	2021	2020	2019	2018	2017
Number of Shares outstanding (in million)	200	200	200	200	200	200
Market closing price of share as on 31 December (PSX) (Rs.)	92	105	120	110	100	153
Market Share Capitalisation (Rs. in million)	18 400	21 000	24 000	22 060	20 000	30 580

Chairman's Review

It indeed gives me immense pleasure in presenting 90th Annual Report of your Company.

The Written Premium for the year was Rs. 31.9 billion (including Takaful Contribution of Rs. 2.9 billion). Your Company has a market share of 21 % and continues to lead the non-life insurance business in the country.

The earnings per share was Rs.10.03 as against earnings per share of Rs. 13.53 last year.

The consolidated (inclusive of EFU Life) Written Premium was Rs. 68.5 billion, Net Premium was Rs. 48.7 billion and Total Assets were Rs. 235 billion.

During the fiscal year 2022, the GDP of Pakistan registered a growth of 5.97 %. However, this upward trajectory was hindered due to unprecedented floods and higher current account deficit. As a result, Pak Rupee lost around 27 % against the US Dollar, creating massive inflationary pressure. To address the issue, the SBP raised the policy rate to 16 %. Continuous engagement with the IMF would be of critical importance for smooth functioning of the macroeconomic landscape.

Your Company is managed by the best insurance professionals, in the industry. As a service provider, the Company continues to invest in people, systems and processes to deliver sustainable, profitable growth and maintain leading position in the country.

I wish to place on record my highest appreciation and gratitude for the support received by the Company from the Securities and Exchange Commission of Pakistan, Pakistan Reinsurance Company Limited and all our reinsurers for their continued support. I would also like to thank also our field force, officers and staff of the Company for the sincere and dedicated efforts.

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 16 March 2023

چیئر مین کی جائزہ رپورٹ

آپ کی کمپنی کی ۹۰ ویں سالانہ رپورٹ پیش کرتے ہوئے میں دلی مسرت محسوس کر رہا ہوں۔

سال کیلئے تحریری پریمئیم ۳۱.۹ بلین روپے (بشمول ۲.۹ بلین روپے کا مکمل کنٹری بیوشن) تھا۔ آپ کی کمپنی پاکستان میں ۲۱ فیصد مارکیٹ شیئر کی حامل ہے اور ملک میں نان۔ لائف انشورنس کاروبار میں سبقت برقرار رکھنے کا سلسلہ جاری ہے۔

آمدنی فی شیئر ۳.۰۳ روپے رہی جیسا کہ اس کے برخلاف گزشتہ سال بیان کردہ آمدنی فی شیئر ۳.۵۳ روپے تھی۔

مجموعی (بشمول ای یف یو لائف) تحریری پریمئیم ۶۸.۵ بلین روپے تھا، خالص پریمئیم ۳۸.۷ بلین روپے اور مجموعی اثاثہ جات ۲۳۵ بلین روپے تھے۔

مالیاتی سال ۲۰۲۲ء کے دوران ۲۰۲۲ء پاکستان کی جی ڈی پی نے ۵.۹۷ فیصد کی شرح نمو حاصل کی تاہم اس بلند تر رجحان میں غیر متوقع اور تباہ کن سیلاب اور بلند تر کرنٹ اکاؤنٹ خسارے سے رکاوٹ پڑی۔ اس کے نتیجے میں پاک روپے کی قدر میں امریکی ڈالر کے مقابلے میں لگ بھگ ۲۷ فیصد گر گئی جس کی وجہ سے ہماری افراط زر کا دباؤ پڑا۔ اس صورتحال سے نمٹنے کیلئے اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ ۱۶ فیصد تک بڑھا دیا۔ آئی ایم ایف کے ساتھ مستقل رابطے میکر و اکٹنا ملک صورتحال کے معاملات کو بہل طریقے سے نمٹانے کے لئے اہم ثابت ہوں گے۔

آپ کی کمپنی کا انتظام صنعت میں موجود بہترین انشورنس پروفیشنلز کے پاس ہے۔ بحیثیت سروس فراہم کنندہ کمپنی، افرادی قوت، سسٹمز اور پروسس کے فروغ سے منافع بخش کاروبار کے حصول اور ملک میں اپنی نمایاں وسر کردہ پوزیشن برقرار رکھنے کے ضمن میں اپنی کوششیں جاری رکھے گی۔

میں سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان ری انشورنس کمپنی لمیٹڈ اور ہمارے تمام ری انشوررز کی جانب سے کمپنی کو حاصل سرپرستی اور تعاون پر ان کی مستقل معاونت پر انہیں خراج تحسین پیش کرتا ہوں اور ان کا مشکور ہوں۔ میں اپنی فیملی، آفیسرز اور

Report of the Directors to Shareholders

The Directors of your Company are pleased to present the Ninetieth Annual Report of the Company for the year ended 31 December 2022.

Your Company's profit after tax for the year 2022 was Rs. 2.0 billion as compared to Rs. 2.7 billion in 2021. The earnings per share was Rs. 10.03 as against Rs. 13.53 last year.

Your Company had written Direct premium and Takaful business of Rs. 31.9 billion (inclusive of Rs. 2.9 billion of Takaful contribution) as compared to Rs. 24.7 billion (inclusive of Rs. 2.7 billion of takaful contribution) in 2021. The Net Premium Revenue grew by Rs.10.3 billion as compared to Rs. 9.8 billion in 2021.

Economic Review

The GDP of Pakistan during the fiscal year 2022 registered a growth of 5.97%.

Macroeconomic developments have led to inflationary pressure on the economy. In order to address the external account situation and to reduce the inflationary wave, the State Bank of Pakistan during the course of the year

raised Policy rate by 6.25 % to 16 %. Going forward, with further foreign repayment obligations of USD 75bn during FY24-26, the external account would likely remain in a tight spot where the resumption of the IMF program would be of utmost critical importance.

Company's performance

The segment wise performance was as follows:

FIRE AND PROPERTY

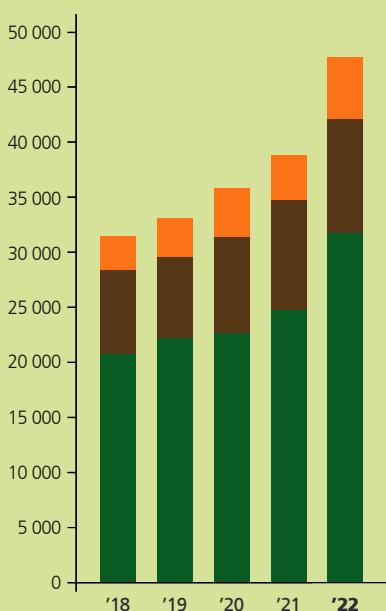
The written premium increased by 45 % to Rs. 19,981 million compared to Rs. 13,758 million in 2021. Claims as a percentage of net premium revenue were 61 % as against 38 % in 2021. This business was not profitable this year and there was underwriting loss for the year was Rs. 593 million due to a few large losses and losses on account of floods in the country. The underwriting profit in 2021 was Rs. 680 million.

MARINE, AVIATION AND TRANSPORT

The written premium increased by 15 % to Rs. 3,511 million compared to Rs. 3,044 million in 2021. Claims as a percentage of net premium revenue were 42 % as against 37 % in 2021. The underwriting profit was Rs. 272 million compared to Rs. 346 million in 2021.

WRITTEN PREMIUM, NET PREMIUM REVENUE AND NET CLAIMS

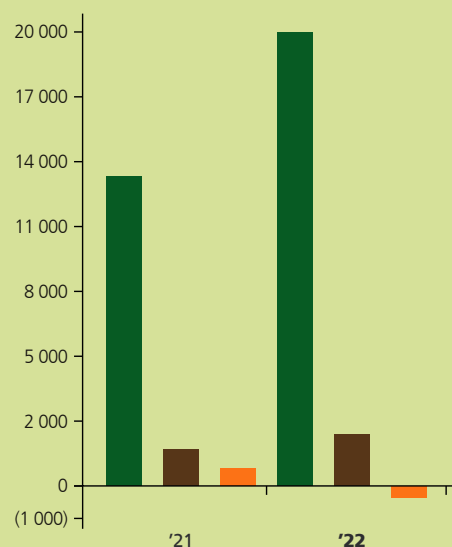
(Rupees in Million)



Written Premium (including Takaful Contribution)
 Net Premium Revenue
 Net Claims

FIRE AND PROPERTY DAMAGE

(Rupees in Million)



Written Premium
 Net Claims
 Underwriting Profit

MOTOR

The written premium increased by 8 % to Rs. 3,777 million compared to Rs. 3,492 million in 2021. Claims as percentage of net premium revenue were 52 % as against 49 % in 2021. The underwriting profit was Rs. 354 million compared to Rs. 429 million in 2021.

OTHERS

The written premium increased by 5 % to Rs. 1,757 million compared to Rs. 1,666 million in 2021. Claims as a percentage of net premium revenue were 62 % as against 58 % in 2021. The underwriting profit for the year was Rs. 37 million compared to Rs. 97 million in 2021.

Window Takaful Operations

The written contribution revenue was Rs. 2,932 million as against Rs. 2,697 million in the previous year. The net contribution revenue was Rs. 1,146 million compared to Rs. 1,218 million in 2021 and profit for Takaful Operator was Rs. 252 million as against Rs. 132 million last year.

Investment Income

The Stock Market was volatile during this year. The total investment income for the year was Rs. 1,925 million as against Rs. 1,826 million last year. The dividend income for the year was Rs. 954 million as against Rs. 892 million last year.

Rupees '000

	2022	2021
Dividend Income	954	892
Income from debt securities	1 212	1 049
Income from term deposits	17	10
Net realized gains / (losses) on available-for-sale investments	112	128
Impairment in value of available-for-sale equity securities	(369)	(251)
Investment related expenses	(1)	(1)
Net Investment Income	1 925	1 826

Earnings per share

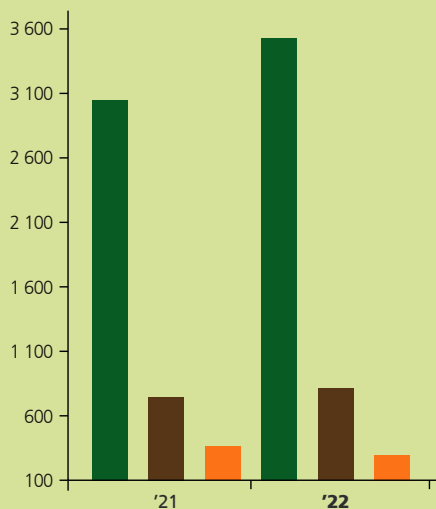
Your Company has reported earnings per share of Rs. 10.03 for the year as compared to Rs. 13.53 in 2021.

Appropriation and Dividend

The profit after tax was Rs. 2,006 million as compared to Rs. 2,707 million in 2021. Your Directors have recommended a final cash dividend of Rs. 5.5 per share (55 %) to the shareholders whose names appear in the share register of the Company at the close of business on April 07, 2023. This cash dividend is in addition to cumulative interim cash dividends of Rs. 4.5 per share (45 %) declared for the year.

MARINE, AVIATION AND TRANSPORT

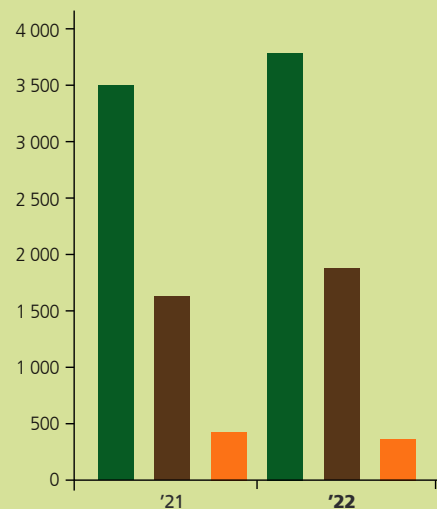
(Rupees in Million)



Written Premium
Net Claims
Underwriting Profit

MOTOR

(Rupees in Million)

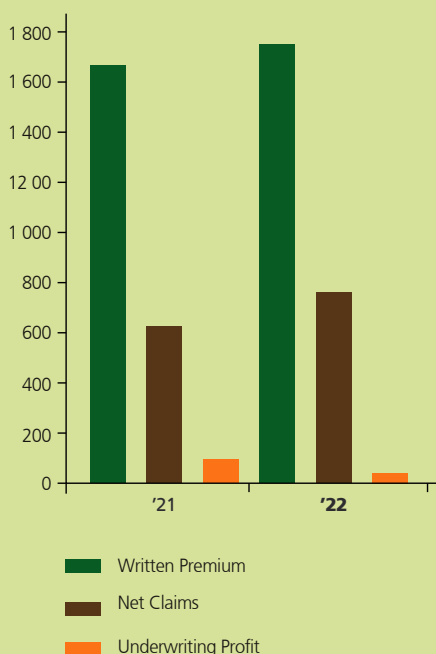


Written Premium
Net Claims
Underwriting Profit

		Rupees '000
Balance at commencement of the year i.e. January 01, 2021		(210 599)
Interim cash dividends 2021 @ 45 % (2020: 45%)	900 000	
Final cash dividend 2021 @ 55 % (2020: 55 %)	1 100 000	
Transfer to general reserve	<u>750 000</u>	<u>(2 750 000)</u>
Balance brought forward from previous year		(2 960 599)
Profit after tax for the year		2 005 722
Other comprehensive loss		(13 361)
Unrealized Gain on fair value of investment property		(206 583)
Transferred from surplus on revaluation of Property, and equipment on account of incremental depreciation -net of tax		2 435
Transfer from general reserve		<u>3 400 000</u>
Amount available for appropriation		2 227 614
The Directors recommend that this amount be appropriated in the following manner:		
Less: Appropriation		
Interim cash dividends 2022 @ 45 % (2021: 45 %)	900 000	
Proposed final cash dividend 2022 @ 55 % (2021: 55 %)	<u>1 100 000</u>	<u>(2 000 000)</u>
Carry forward to next year		<u><u>227 614</u></u>

OTHERS

(Rupees in Million)



Market Share

Based on the available published financial information as of 30 Sep 2022 and based on the statistics published by The Insurance Association of Pakistan, your Company has market share of 21 % of the private non-life insurance sector business in Pakistan.

Information Technology

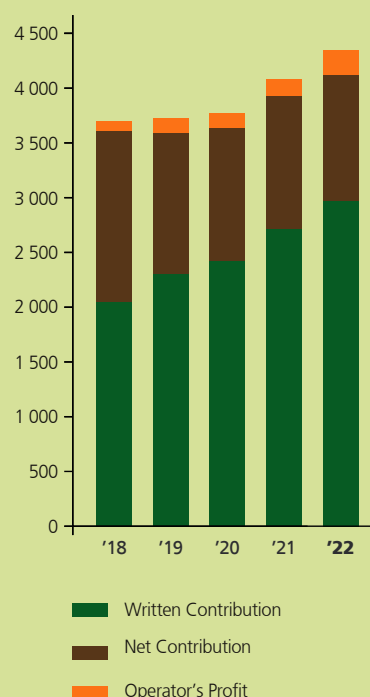
We are delighted to inform you that your company received the ISO/IEC 27001:2013 Certificate for I.T Department, from SGS United Kingdom Ltd.

Enterprise Risk Management

The Enterprise Risk Management (ERM) function keeps a bird's-eye view of the Company's risks and helps the Company in proactive identification and assessment of internal as well as external risks and quantifies the impact of these risks on assets and liabilities of the Company. The ERM function is integrated with key functions of the Company, leading to informed decisions making, maintaining risks of the Company within the risk appetite level, and increasing values to the shareholders and other

WINDOW TAKAFUL OPERATIONS

(Rupees in Million)



stakeholders. Our aspiration is to propel the ERM function to the next level by employing the risk adjusted return on capital and embedding risk culture in more areas / processes of the Company.

Credit Rating

Your Company is rated by A. M. Best, the world's specialized insurance rating agency and has been assigned Financial Strength Rating of "B" with Stable Outlook.

Your Company is also rated by two national rating agencies i.e. VIS Credit Rating Company Ltd. and Pakistan Credit Rating Agency. Both the rating agencies have assigned rating of AA++ with stable outlook.

Resource

EFU's success over the years is due to technically qualified executives who handle complex business risks in addition to normal conventional risks. Our executives in office, sales and marketing executives and field force is the strength of the company and as a result the company is the largest insurance company in terms of premium underwritten in the country.

Employees' professional development is one of the key elements of our human resource strategy and they are kept abreast with latest knowledge, changes in regulations, technological development and other advancements, through extensive in-house and external trainings.

In-house trainings on underwriting, laws and regulations and technological aspects are conducted at Head Office and various other locations in the country.

EFU has always been active in participating, sponsoring and attending various insurance seminars, workshops and conferences to enhance the employees' interpersonal skills. Employees' happiness quotient is very important.

We provide to our employees financial assistance to acquire internationally recognized professional insurance qualifications i.e. ACII from the Chartered Insurance Institute (UK). We have 30 chartered insurers, 22 engineers and 14 professional accountants. There are many who have done Masters in various disciplines which blend well for efficient service to clients.

Significant Entity's Objectives

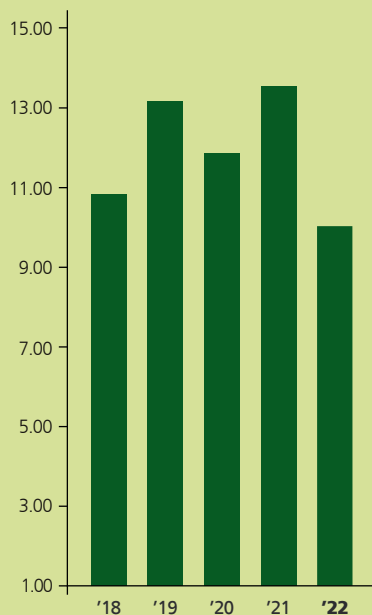
Your Company continues to lay emphasis on being the preferred insurer as well as maintaining its leading position.

Prospects for 2023

Our strategy for 2023 is to continue to deliver sustainable, profitable growth in challenging business environment and to maintain a leading position in Pakistan.

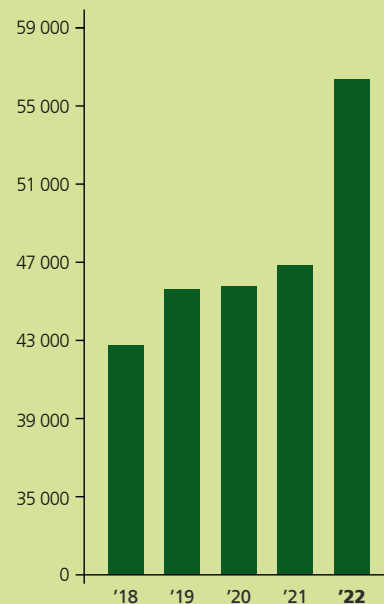
The key performance indicators devised for achieving the management objective will as before, be the maximization of customer satisfaction, improvement in operational

EARNINGS PER SHARE



TOTAL ASSETS

(Rupees in Million)



underwriting results, control of costs, and increasing shareholders' wealth.

Information Sources and Assumptions

The data used for projections and assumptions are based on past trend analysis, future considerations and prevailing market conditions. We also take into account current scenarios and macro-economic indicators while providing future estimates. An in-house team of professionals work together to prepare projections. Realistic measures are taken while preparing forecast and estimates.

Reinsurance

Your Company continues to enjoy very sound reinsurance arrangements with leading international securities, like Allianz SE Reinsurance Company, Hannover Ruck SE, Korean Reinsurance Company, Lloyds of London, Partner Reinsurance Asia Pte. Ltd, Swiss Reinsurance Company, SCOR Reinsurance Asia Pacific Pte Ltd and Toa Reinsurance Company Ltd all of them being A rated.

Related Party Transactions

At each board meeting the Board of Directors approve Company's transactions with Associated Companies / Related parties. All the transactions executed with related parties are on arm's length basis in normal course of business.

Environmental Protection Measures

The Company is well aware of its social responsibility in regard to environmental protection. We encourage healthy environment and we take steps which add value to our credence.

Directors' Training Program

All the Directors of the Company have acquired certification under the Directors' Training Program.

Corporate Briefing

Corporate Briefing Session was held for shareholders and analysts on March 31, 2022 as per requirement of the Pakistan Stock Exchange. Company's Senior Management and Shareholders attended the session.

Board Committees

The Company has following Board Committees.

S. No.	Board Committees	No. of meetings held in 2022
1	Audit Committee	4
2	Investment Committee	4
3	Ethics, Human Resources and Remuneration Committee	2

Detail about the Board Committees' are given in the annexure to this report under Governance section. The Chairmen of the Audit Committee and Ethics, Human Resources and Remuneration Committee are Independent Directors.

Management Committees

As part of the Corporate Governance, your Company maintains following four management committees which meet at least once every quarter as per the requirement of the Code.

- Underwriting Committee,
- Claims Settlement Committee,
- Reinsurance and Coinsurance Committee and
- Risk Management and Compliance Committee

Details about the Committees, such as names of members and number of meetings held are given in the annexure to this report under Governance section.

Risks to Business

Business risks and mitigation factors are described in detail on page 86 of this Annual Report.

National cause donations

Your Company, being a responsible corporate citizen, donates every year. In 2022, the Company donated Rs. 21 million to various organizations including Sindh Institute of Urology and Transplantation, The Aga Khan Hospital and Medical College Foundation, Aga Khan Cultural Service Pakistan, Memon Medical Institute, Anjuman-e-Kashana-e-Atfal-o-Naunihal, Shaukat Khanum Memorial Trust, Bait ul Sukoon Cancer Hospital and The Layton Rehmatullah Benevolent Trust amongst others.

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;
- 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 providing employees the opportunity to improve their skills.

Annual Evaluation of Board's Performance

The Board has placed a mechanism to evaluate its performance annually as required by the Code of Corporate Governance. The mechanism devised is based on the emerging and leading trends in the functioning of the Board and improving its effectiveness. The placement and functioning of the evaluation mechanism are outsourced to the Pakistan Institute of Corporate Governance.

MD's Performance Review

Managing Director's performance is monitored and evaluated by the Board against the objectives and performance targets set by the Board.

Directors' Remuneration Policy

In order to comply with the Companies Act, 2017, Listed Companies (Code of Corporate Governance) Regulations, 2019, and Articles of Association of the Company, the Company has policy with respect to the remuneration of Chairman, Chief Executive, Non-Executive, Executive and Independent Directors.

The Board of Directors has approved fees for Non-executive directors for attending Board and Board Committees meetings.

The details of the remuneration paid to the directors and Chief Executive of the company is as follows:

Directors	Rupees '000'				
	Meeting fees	Managerial remuneration	Utilities	Medical expense	Total
Saifuddin N. Zoomkawala	1 050	-	523	-	1 573
Hasanali Abdullah	-	43 080	808	951	44 840
Rafique R. Bhimjee	-	-	-	-	-
Ali Raza Siddiqui	675	-	-	-	675
Mahmood Lotia	600	-	-	-	600
Muhammed Iqbal Mankani	750	-	-	-	750
Saad Ali Bhimjee	600	-	-	-	600
Taheer Gulamhusein Sachak	900	-	-	-	900
Tanveer Sultan Moledina	900	-	-	-	900
Yasmin Hyder	900	-	-	-	900
Grand Total	6 375	43 080	1 331	951	51 737

Adequacy of Internal Financial Controls

The Board of Directors has established an efficient system of internal financial controls, for ensuring effective and efficient conduct of operations, safeguarding of Company assets, compliance with applicable laws & regulations, and reliable financial reporting.

The independent Internal Audit function of your company regularly appraises and monitors the implementation of financial controls, whereas the Audit Committee reviews the effectiveness of the internal control framework and financial statements on a quarterly basis.

Government of Pakistan policies and their impact

The Government of Pakistan has implemented various Ordinances, Rules, and Regulations to express the goals, decisions, and actions adopted by the government for political, social, and economic management. Other than Micro insurance Rules 2014, Insurance Rules, 2017, Insurance Ordinance, 2000, The Marine Insurance Act 2018, and the Companies Act, 2017, the Government of Pakistan passed (Anti Money Laundering and Countering Financing of Terrorism AML/CFT Regulations, 2020) which in addition to implementing suitable transaction monitoring measures also prevent insurance products from being used for criminal purposes, also help to ensure that Insurers AML/CFT programs include suitable customer due diligence (CDD) measures to verify the identities of their customers. Moreover, Corporate Insurance Agents Regulations, 2020 lays down the requirement for any person working as an insurance agent to comply with the code of conduct, certification, and training requirement.

Compliance with Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by the regulatory authorities have been duly complied with. A statement to this effect is annexed in the report.

The Directors of your Company were elected at the Extraordinary General Meeting held on July 8, 2020 w.e.f. July 10, 2020 for a term of three years expiring on July 9, 2023.

During the year, four meetings of the Board were held. The attendance at the meetings were as under:

S. No.	Name of Directors	Number of meetings attended
1	Saifuddin N. Zoomkawala (Non-Executive Director)	4
2	Hasanali Abdullah (Executive Director)	4
3	Rafique R. Bhimjee (Non-Executive Director)	3
4	Mahmood Lotia (Non-Executive Director)	4
5	Taher G. Sachak (Non-Executive Director)	3
6	Ali Raza Siddiqui (Non-Executive Director)	3
7	Muhammed Iqbal Mankani (Independent Director)	4
8	Saad Bhimjee (Non-Executive Director)	4
9	Tanveer Sultan Moledina (Independent Director)	4
10	Yasmin Hyder (Independent Director)	4

Leave of absence was granted to all Directors who could not attend board meetings.

Statement of Ethics and Business Practices

The Board has adopted the Statement of Ethics and Business Practices. All employees are informed of this statement and are required to observe these rules of conduct in relation to business and regulations. All employees sign the statement on annual basis. The statement of Ethics & Business Practices is also placed at the Company's website.

Corporate and Financial Reporting Framework

- The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- Proper books of account have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and

accounting estimates are based on reasonable and prudent judgments.

- The International Financial Reporting Standards (IFRS) as applicable in Pakistan, have been followed in the preparation of financial statements and any departure from there has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the Regulations.
- The key operating and financial data for the last six years is annexed.
- Trading of shares by the Chief Executive, Directors, Chief Financial Officer, Company Secretary, executives, their spouses and minor children and substantial shareholders were timely reported to Pakistan Stock Exchange during the year.

Name of Directors	Description	No. of Shares
Mr. Rafique R. Bhimjee	Inheritance	14 641 105
Mr. Rafique R. Bhimjee	Gift out	6 868 427

Name of Substantial Shareholder

Mr. Muneer Bhimjee	Gift In	6 868 427
Mr. Muneer Bhimjee	Inheritance	904 250

- The value of investments of provident, gratuity and pension funds based on their audited accounts as on 31 December 2022 were:

Provident Fund	Rs. 949 million
Gratuity Fund	Rs. 493 million
Pension Fund	Rs. 242 million

- The statement of pattern of shareholding in the Company as at 31 December 2022 is included in the Report.

Subsequent Events

No material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company and the date of this report.

Auditors

EY Ford Rhodes, Chartered Accountants retire and being eligible are willing to continue as auditors, as suggested by Audit Committee are recommended for reappointment as Auditors of the Company for the ensuing year.

Outlook

The economy of Pakistan is undergoing economic headwinds owing to external account deficits and large gross financing requirements - a direct manifestation of heightened international commodity prices, specifically energy prices in the global market. In addition to this, floods have made the situation further challenging. Going forward, fiscal adjustments and high-interest rates are anticipated to restrain domestic demand. However, the

resumption of the IMF program is likely to pave the way for the arrangement of our financing requirements, thereby instilling economic stability going forward.

Acknowledgements

We would like to thank our valued customers for their continued patronage and support and Pakistan Reinsurance Company Limited, the Securities and Exchange Commission of Pakistan, and the State Bank of Pakistan for their guidance and assistance.

It is a matter of deep gratification for your Directors to place on record their appreciation of the efforts made by officers, field force, and staff who had contributed to the growth of the Company and the continued success of its operations.

MAHMOOD LOTIA
Director

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

آڈیٹرز

ای وائی فورڈ رہوڈز، چارٹرڈ اکاؤنٹنٹس سیکڈوش ہورے ہیں اور اہل ہونے کی بنا پر بحیثیت آڈیٹرز کام جاری رکھنے کے خواہشمند ہیں جیسا کہ آڈٹ کمیٹی نے آئندہ سال کیلئے ان کو کمیٹی کے آڈیٹرز کے طور پر دوبارہ تقرر کرنے کی سفارش بھی کی ہے۔

مستقبل کا جائزہ

پاکستان کی معیشت اس وقت کٹھن اقتصادی بحران کا شکار ہے جس کی وجہ بیرونی اکاؤٹ خسارہ جات اور بڑے پیمانے پر مالیاتی ذمہ داریاں ہیں، اشیائے صرف کے بین الاقوامی سطح پر بڑھتے ہوئے نرخوں کے براہ راست اثرات بالخصوص عالمی مارکیٹ میں توانائی کی قیمتوں میں اضافے نے مشکلات بڑھا دی ہیں۔ اس کے علاوہ سیلابوں نے ملک کیلئے صورتحال کو مزید پیچیدگی بنا دیا ہے۔ آگے بڑھتے ہوئے مالیاتی ایڈجسٹمنٹس اور بلند تر شرح سود مقامی

طلب کو محدود رکھے گی۔ تاہم آئی ایم ایف پروگرام کی بحالی سے ممکنہ طور پر ہماری مالیاتی ضرورتوں کا بندوبست کرنے میں مدد ملے گی جس کے ذریعے معیشت کے مستحکم ہونے کی امید کی جاسکتی ہے۔

اظہار تشکر

ہم اپنے معزز کسٹمرز کی مسلسل سرپرستی اور حمایت کے لئے ان کا شکریہ ادا کرنا چاہیں گے جبکہ پاکستان ری انشورنس کمپنی لمیٹڈ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی جانب سے ان کی رہنمائی اور معاونت پر بھی شکریہ ادا کرتے ہیں۔

آپ کے ڈائریکٹرز تہہ دل سے یہ امر ریکارڈ پر لاتے ہیں کہ ہمارے آفیسرز، فیلڈ فورس اور دیگر اسٹاف نے نہایت جانفشانی سے کمیٹی کی ترقی کے لئے محنت کی ہے اور کاروبار کے اضافے اور کامیابیوں کے تسلسل کو برقرار رکھنے میں مثالی کردار ادا کیا ہے۔

سیف الدین این۔ زومکا والا
چیئرمین

حسن علی عبداللہ
منیجنگ ڈائریکٹر و چیف ایگزیکٹو

طاہر جی ساچک
ڈائریکٹر

محمود لوٹیا
ڈائریکٹر

ڈی۔ انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS) پر، جیسا کہ پاکستان میں نافذ العمل ہے، مالیاتی اسٹیٹمنٹ کی تیاری کی جاتی ہے اور کہیں اس سے انحراف کیا گیا ہو تو اس کو واضح طور پر ظاہر کر دیا جاتا ہے۔

ای۔ داخلی کنٹرول کا نظام مستحکم طور پر ترتیب دیا گیا ہے اور موثر طور پر عملدرآمد کے ساتھ اس کی نگرانی بھی کی جاتی ہے۔

ایف۔ کمپنی کی اس صلاحیت پر کسی قسم کے شکوک و شبہات نہیں کہ یہ چلتے رہنے والا ادارہ ہے۔

جی۔ کارپوریٹ گورننس کے بہترین طریقہ کار سے جیسا کہ لسٹنگ ریگولیشنز میں درج ہے کوئی قابل اثر اندازی انحراف نہیں کیا گیا۔

ایچ۔ گزشتہ ۶ سال کے نمایاں آپریٹنگ اور فنانشل اعداد و شمار منسلک ہیں۔

آئی۔ چیف ایگزیکٹو، ڈائریکٹرز، چیف فنانشل آفیسر، کمپنی سیکریٹری، ایگزیکٹوز، ان کے شریک حیات و نابالغ بچوں سمیت دیگر شیئرز ہولڈرز کی جانب سے شیئرز کی خرید و فروخت کے بارے میں سال کے دوران پاکستان اسٹاک ایکسچینج کو بروقت مطلع کر دیا گیا تھا۔

ڈائریکٹرز کا نام	تفصیل	شیئرز کی تعداد
جناب رفیق آر۔ بھیم جی	وراشٹ	۱۰۵ ۶۲۱ ۱۴
جناب رفیق آر۔ بھیم جی	گفٹ آؤٹ	۶ ۸۶۸ ۴۲۷
سسٹم ٹینشل شیئرز ہولڈرز کا نام	تفصیل	شیئرز کی تعداد
جناب منیر آر۔ بھیم جی	گفٹ ان	۶ ۸۶۸ ۴۲۷
جناب منیر آر۔ بھیم جی	وراشٹ	۲۶۰ ۹۰۴

بے۔ پراویڈنٹ، گریجویٹ اور پنشن فنڈز کی سرمایہ کاریوں کی مالیت ۳۱ دسمبر ۲۰۲۲ء کے مطابق ان کے غیر آڈٹ شدہ حسابات پر مبنی ہیں، ان کی تفصیل یہ ہے:

پراویڈنٹ فنڈ	۹۴۹ ملین روپے
گریجویٹ فنڈ	۴۹۳ ملین روپے
پنشن فنڈ	۲۴۲ ملین روپے

کے۔ کمپنی میں ۳۱ دسمبر ۲۰۲۲ء کو شیئرز ہولڈنگ کی جو صورتحال تھی اس کا اسٹیٹمنٹ رپورٹ میں شامل ہے۔

بھدازاں پیش آنے والے واقعات

کمپنی کے مالی سال کے آخر اور اس رپورٹ کی تاریخ کے درمیان کوئی اہم اور نمایاں تبدیلیاں یا معاہدے نہیں کیے گئے جو کمپنی کی مالیاتی پوزیشن پر اثرات مرتب کرتے ہوں۔

نمبر شمار	ڈائریکٹرز کے نام	شرکت کردہ اجلاس کی تعداد
۱۔	سیف الدین این۔ زومکا والا (نان۔ ایگزیکٹو ڈائریکٹر)	۴
۲۔	حسن علی عبداللہ (ایگزیکٹو ڈائریکٹر)	۴
۳۔	رفیق آر۔ بھیم جی (نان۔ ایگزیکٹو ڈائریکٹر)	۳
۴۔	محمود لوٹیا (نان۔ ایگزیکٹو ڈائریکٹر)	۴
۵۔	طاہر جی۔ ساچک (نان۔ ایگزیکٹو ڈائریکٹر)	۳
۶۔	علی رضا صدیقی (نان۔ ایگزیکٹو ڈائریکٹر)	۳
۷۔	محمد اقبال منگانی (انڈیپنڈنٹ ڈائریکٹر)	۴
۸۔	سعد بھیم جی (نان۔ ایگزیکٹو ڈائریکٹر)	۴
۹۔	تنویر سلطان مولیدینہ (انڈیپنڈنٹ ڈائریکٹر)	۴
۱۰۔	یاسین حیدر (انڈیپنڈنٹ ڈائریکٹر)	۴

ان تمام ڈائریکٹرز کیلئے چھٹی منظور کر لی گئی تھی جو بورڈ کے اجلاسوں میں شرکت نہیں کر سکے تھے۔

ضابطہ اخلاق اور کاروباری طریقہ کار

بورڈ نے ضابطہ اخلاق اور کاروباری طریقہ کار کا اسٹیٹمنٹ اپنایا ہے۔ تمام اہلکاروں کو اس اسٹیٹمنٹ سے آگاہ کیا گیا ہوا ہے اور ان کے لئے ضروری ہے کہ وہ کاروباری اور قواعد و ضوابط سے متعلق ضابطہ اخلاق اور کاروبار کے طریقہ کار اور قواعد پر عملدرآمد کریں۔ ملازمین سالانہ بنیاد پر اس بیان پر دستخط کرتے ہیں۔ ضابطہ اخلاق اور کاروباری طریقہ کار کا اسٹیٹمنٹ کمپنی کی ویب سائٹ پر بھی درج کر دیا گیا ہے۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

اے۔ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی اسٹیٹمنٹ اس کی تمام معلومات کو صاف و شفاف انداز میں واضح کرنے کے ساتھ اس کے آپریشنز کے نتائج، نقدی آمد و رفت اور ایکویٹی میں تبدیلیاں شامل ہیں۔

بی۔ اکاؤنٹس کی کتابیں کمپنی کی جانب سے قواعد و ضوابط کے مطابق تیار کی گئی ہیں۔

سی۔ موزوں اکاؤنٹنگ پالیسیز پر مالیاتی اسٹیٹمنٹ اور اکاؤنٹنگ تخمینہ جات کی تیاری کے لئے مستقل اپنائی جاتی ہیں جو موزوں اور محتاط اندازوں پر منحصر ہوتی ہیں۔

بورڈ کی کارکردگی کا سالانہ جائزہ و جانچ

اندرونی مالیاتی کنٹرولز کی مناسبت

بورڈ آف ڈائریکٹرز نے کمپنی کے اثاثہ جات کے تحفظ، تمام تر آپریشنز کو موثر اور فعال رکھنے کے ساتھ موجود قوانین اور ضوابط اور مستند مالیاتی رپورٹنگ کے قواعد پر عملدرآمد کو یقینی بنانے کے لئے اندرونی مالیاتی کنٹرولز کا ایک موثر نظام وضع کر رکھا ہے۔

آپ کی کمپنی کے انڈیپنڈنٹ انٹرنل آڈٹ کے امور کا شعبہ باقاعدگی سے مالیاتی کنٹرول پر عملدرآمد اور ان کی نگرانی کے معاملات کو دیکھتا ہے جبکہ آڈٹ کمیٹی سہ ماہی بنیاد پر انٹرنل کنٹرول فریم ورک اور مالیاتی حسابات کے موثر ہونے کا جائزہ لیتی ہے۔

حکومت پاکستان کی پالیسیاں اور ان کے اثرات

حکومت پاکستان نے سیاسی، سماجی اور معاشی و اقتصادی انتظام کے لئے حکومت کی جانب سے اپنے اہداف، فیصلوں اور اقدامات کو رائج کرنے کی غرض سے مختلف آرڈیننسز، قوانین اور ضوابط لاگو کیے ہیں۔ مائیکرو انشورنس رولز ۲۰۱۳، انشورنس رولز ۲۰۱۷، انشورنس آرڈیننس ۲۰۰۰، دی میرین انشورنس ایکٹ، ۲۰۱۸ اور کمپنیز ایکٹ، ۲۰۱۷ کے علاوہ حکومت پاکستان نے ایٹمی میٹال اورنگ اینڈ کاؤنٹرنگ فنانسنگ آف میٹالز اے ایم ایل/سی ایف ٹی ریگولیشنز، ۲۰۲۰ بھی منظور کیا جو کہ قومات کی منتقلی کی موزوں نگرانی کے ساتھ ساتھ انشورنس کی پروڈکٹس کے بھرمانہ مقاصد کے استعمال کو روکتا ہے اور اس کے ساتھ انشوررز کو اے ایم ایل/سی ایف ٹی پروگرامز بشمول ان کے صارفین کی شناخت کی تصدیق کیلئے صارف کی باقاعدہ نگرانی (سی ڈی ڈی) کے موزوں اقدام میں معاونت فراہم کرتا ہے۔ مزید برآں کارپوریٹ انشورنس ایجنٹس ریگولیشنز، ۲۰۲۰ میں بیمہ ایجنٹ کے طور پر کام کرنے والے کسی بھی فرد کے لئے ضابطہ اخلاق، سرٹیفیکیشن، اور ٹریننگ پروگرام پر عملدرآمد کے لئے لازم ہے۔

کوڈ آف کارپوریٹ گورننس پر عملدرآمد

ریگولیشنز اتھارٹی کی جانب سے جاری شدہ کوڈ آف کارپوریٹ گورننس کے تقاضوں کو پورا کیا گیا ہے۔ اس رپورٹ میں اس مفہوم کا ایک بیان شامل ہے۔

آپ کی کمپنی کے ڈائریکٹرز غیر معمولی اجلاس عام منعقدہ ۸ جولائی ۲۰۲۰ء کو منتخب ہوئے اور ۳ سالہ مدت، ۱۰ جولائی ۲۰۲۰ء سے شروع ہوتی ہے اور ۹ جولائی ۲۰۲۳ء کو ختم ہو جائے گی۔

سال کے دوران بورڈ کے ۴ اجلاس منعقد ہوئے۔ اجلاسوں میں شرکت کی تعداد مندرجہ ذیل میں دی گئی ہے:

بورڈ نے اپنی سالانہ کارکردگی کی جانچ کیلئے ایک میکنزم تیار کر رکھا ہے جیسا کہ کوڈ آف کارپوریٹ گورننس کے تحت ضروری ہے۔ میکنزم بورڈ کے امور کے بارے میں نئے نئے اور نمایاں رجحانات اور اس کی کارکردگی کو بہتر بنانے پر مبنی ہے۔ جانچ پڑتال کے میکنزم کی تشکیل اور امور کی انجام دہی پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس کے ذریعے آڈٹ سوسائٹی کی جاتی ہے۔

ایم ڈی کی کارکردگی کا جائزہ

ٹیٹنگ ڈائریکٹرز کی کارکردگی کی نگرانی بورڈ کی جانب سے مقرر کردہ اغراض و مقاصد اور کارکردگی کے اہداف کے تحت بورڈ کے ذریعے جانچ جاتی ہے۔

ڈائریکٹرز کے معاوضہ کی پالیسی

کمپنیز ایکٹ ۲۰۱۷ پر عملدرآمد کے تحت اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، ۲۰۱۹ اور کمپنی کے آرٹیکلز آف ایسوسی ایشن کے مطابق کمپنی نے چیئرمین، چیف ایگزیکٹو، نان-ایگزیکٹو، ایگزیکٹو اور انڈیپنڈنٹ ڈائریکٹرز کے معاوضہ کے سلسلے میں پالیسی وضع کر رکھی ہے۔

بورڈ آف ڈائریکٹرز نے بورڈ اور آڈٹ کمیٹی کے اجلاسوں میں نان-ایگزیکٹو ڈائریکٹرز کی شرکت کیلئے فیس کی منظوری دے دی ہے۔

کمپنی کے ڈائریکٹرز اور چیف ایگزیکٹو کو ادا کیے جانے والے معاوضے کی تفصیلات مجموعی مالیاتی حسابات مندرجہ ذیل ہیں:

ڈائریکٹرز	اجلاس کا معاوضہ	نیجریل معاوضہ	پولیسٹرز	میڈیکل ٹول	خرجات
سیف الدین این-زومکالا	۱۰۵۰	-	۵۲۳	-	۱۵۷۳
حسن علی عبداللہ	-	۰۸۰	۲۳	۸۰۸	۸۳۰
رفیق آر-بھیم جی	-	-	-	-	-
علی رضا صدیقی	۶۷۵	-	-	-	۶۷۵
محمود لوٹیا	۶۰۰	-	-	-	۶۰۰
محمد اقبال میکانی	۷۵۰	-	-	-	۷۵۰
سعد علی بھیم جی	۶۰۰	-	-	-	۶۰۰
طاہر غلام حسین ساچک	۹۰۰	-	-	-	۹۰۰
تنویر سلطان مولیدینہ	۹۰۰	-	-	-	۹۰۰
یاسین حیدر	۹۰۰	-	-	-	۹۰۰
مجموعی ٹول	۶۳۷۵	۰۸۰	۲۳	۱۳۳۱	۹۵۱

کنٹرول برقرار رکھنے اور شیئر ہولڈرز کے اثاثوں کو بڑھانے پر مرکوز رکھے جاتے ہیں۔

معلوماتی ذرائع اور مفروضے

مستقبل کے اعداد و شمار اور مفروضوں کیلئے استعمال ہونے والا ڈیٹا ماضی کے رجحانات کے جائزے، مستقبل کے غور و خوض اور مارکیٹ کی موجودہ صورتحال پر مبنی ہیں۔ ہم اکاؤنٹ کی موجودہ صورتحال اور میکرو اکنامک اشاریوں کو بھی مستقبل کے تخمینہ جات فراہم کرتے وقت ملحوظ خاطر رکھتے ہیں۔ پروفیشنلز کی ایک ان-ہاؤس ٹیم مشترکہ طور پر مستقبل کے اعداد و شمار تیار کرتی ہے۔ حقیقی اقدامات متوقع اعداد و شمار اور تخمینے کی تیاری کے وقت کیے جاتے ہیں۔

ری انشورنس

آپ کی کمپنی کے ری انشورنس انتظامات نہایت معتبر ہیں۔ سرکردہ بین الاقوامی سکیورٹیز مثلاً، آ لیناز SE ری انشورنس کمپنی، ہان اور ورک ایس ای، کورین ری انشورنس کمپنی، لائیڈز آف لندن، پارٹنری انشورنس ایسیا پی ٹی ای لمیٹڈ، سوکس ری انشورنس کمپنی، SCOR ری انشورنس ایسیا پیسیفک پی ٹی ای لمیٹڈ، اور ٹواری انشورنس کمپنی لمیٹڈ جن سب کو "A" رینٹنگ حاصل ہے۔

متعلقہ پارٹی ٹرانزیکشنز

منسلک کمپنیوں/متعلقہ پارٹیوں کے ساتھ کمپنی کی ٹرانزیکشنز بورڈ آف ڈائریکٹرز کی منظوری ہر بورڈ میٹنگ میں دی جاتی ہے۔ متعلقہ پارٹیوں کے ساتھ طے پانے والی تمام ٹرانزیکشنز آرمز لینتھ (Arm's Length) کی بنیاد پر کئے جاتے ہیں۔

ماحولیاتی تحفظ کے اقدامات

کمپنی ماحولیاتی تحفظ کے سلسلے میں اپنی سماجی ذمہ داری سے بخوبی آگاہ ہے، ہم صحت مند ماحول کی حوصلہ افزائی کرتے ہیں اور ہم وہ اقدامات کرتے ہیں جن سے ہماری ساکھ مزید بہتر ہو۔

ڈائریکٹرز ٹریننگ پروگرام

کمپنی کے تمام ڈائریکٹرز نے ڈائریکٹرز کے تربیتی پروگرام کے تحت سرٹیفیکیشن حاصل کر رکھی ہے۔

کارپوریٹ بریفنگ

شیئر ہولڈرز اور تجزیہ کاروں کے لئے کارپوریٹ بریفنگ سیشن کا انعقاد پاکستان اسٹاک ایکسچینج کی شرائط کے مطابق ۳۱ مارچ ۲۰۲۲ء کو کیا گیا۔ کمپنی کی سینئر انتظامیہ اور شیئر ہولڈرز نے سیشن میں شرکت کی۔

بورڈ کمیٹیاں

کمپنی کی بورڈ کمیٹیاں درج ذیل ہیں:

نمبر	بورڈ کمیٹیاں	۲۰۲۲ء میں منعقدہ اجلاسوں کی تعداد
۱	آڈٹ کمیٹی	۴
۲	انویسٹمنٹ کمیٹی	۴
۳	اتھیکس، ہیومن ریسورسز اینڈ ری میونریشن کمیٹی	۲

بورڈ کی کمیٹیوں کے بارے میں تفصیلات اس رپورٹ سے منسلک ضمیمہ میں گورننس سیکشن کے تحت دی گئی ہے آڈٹ کمیٹی اور اتھیکس، ہیومن ریسورسز اینڈ ری میونریشن کمیٹی کے چیئرمین انڈیپنڈنٹ ڈائریکٹرز ہیں۔

مینجمنٹ کمیٹیاں

کارپوریٹ گورننس کے حصے کے طور پر آپ کی کمپنی نے درج ذیل ۴ مینجمنٹ کمیٹیاں قائم کر رکھی ہیں جو کوڈ کی شرائط کے مطابق ہر ایک سہ ماہی میں کم از کم ایک اجلاس ضرور بلائی ہے:

- انڈر رائٹنگ کمیٹی،
- کلیم سیکلیمنٹ کمیٹی،
- ری انشورنس اینڈ گورننس کمیٹی اور
- رسک مینجمنٹ اینڈ کمپلائنس کمیٹی:

کمیٹیوں کے بارے میں تفصیلات مثلاً ممبران کے نام، منعقدہ اجلاسوں کی تعداد، ٹرمز آف ریفرنس گورننس سیکشن کے تحت اس رپورٹ سے منسلک ضمیمہ میں دیئے گئے ہیں۔

کاروبار کے لئے خطرات

کاروبار میں ممکنہ طور پر پیش آنے والے خطرات اور ان سے منسلک عناصر کی تفصیل سے وضاحت اس سالانہ رپورٹ کے صفحہ نمبر ۸۶ پر کی گئی ہے۔

عطیات برائے قومی مقاصد

آپ کی کمپنی ایک ذمہ دار کارپوریٹ سٹیژن ہونے کی حیثیت سے ہر سال عطیات دیتی ہے۔ ۲۰۲۲ء میں کمپنی نے مختلف اداروں کو ۲۱ ملین روپے عطیات دیئے۔ عطیات دئے جانے والے اداروں میں سندھ انسٹی ٹیوٹ آف پورولوجی اینڈ ٹرانسپلینٹیشن، دی آغا خان اسپتال اینڈ میڈیکل کالج فاؤنڈیشن، آغا خان کچنل سروس پاکستان، مین میڈیکل انسٹی ٹیوٹ، انجمن کاشانہ اطوال ونونہال، شوکت خانم میموریل ٹرسٹ، بیت اسکول کینسر اسپتال اور دی لیٹن رحمت اللہ بنی والیٹ ٹرسٹ وغیرہ شامل ہیں۔

دیگر اسٹیک ہولڈرز کے ساتھ تعلقات

آپ کی کمپنی تمام اسٹیک ہولڈرز کے ساتھ خوشگوار تعلقات قائم رکھتی ہے:

- اپنے ملازمین کو کام کرنے کا بہترین ماحول فراہم کرتی ہے۔
- اپنے کسٹمرز کو بہترین معیاری سروس فراہم کر کے کمپنی پر ان کے اعتماد میں روز افزوں اضافہ کرتے ہیں۔
- کاروباری دنیا سے دیانتدارانہ معاملات سے۔
- حکومت سے تجارتی آزادی اور مسابقتی عمل کو فروغ دے کر اور متعلقہ قوانین کی پابندی سے اور
- عمومی طور پر سوسائٹی میں محفوظ اور صحتمند جانے کارفرماہم کرنے اور اپنے ملازمین کو اپنی صلاحیتیں آجاگر کرنے کے مواقع فراہم کرتے ہیں۔

انڈر رائٹنگ، تو انہیں اور ضوابط سمیت تیکنیکی پہلوؤں پر ان ہاؤس ٹریڈنگز ہیڈ آفس اور ملک میں دیگر مختلف مقامات پر منعقد کی جاتی ہیں۔

ای ایف یو ہمیشہ مختلف انشورنس سیمینار، ورکشاپس اور کانفرنس میں شراکت، اسپانسر کرنے اور اس میں شریک ہونے کے لیے سرگرم رہتا ہے تاکہ ملازمین کے روابط بڑھانے اور گفت و شنید میں مہارتوں میں اضافہ کیا جاسکے، ملازمین کی بہبود اور خوشحالی انتہائی اہمیت کی حامل ہے۔

ہم اپنے ملازمین کو بین الاقوامی تسلیم شدہ پیشہ ورانہ انشورنس کی قابلیت اور کوالیفیکیشن یعنی چارٹرڈ انشورنس اسی ٹیوٹ (یو کے) سے ACII کے حصول کیلئے مالی معاونت فراہم کرتے ہیں، ہم اس وقت ۳۰ چارٹرڈ انشوررز، ۲۲ انجینئرز اور ۱۴ پروفیشنل اکاؤنٹنٹس کے حامل ہیں۔ اس کے علاوہ متعدد ایسے ہیں جو مختلف شعبوں میں ماسٹرز مکمل کر چکے ہیں اور اپنے کلائنٹس کو بہترین اور مستعد سروس فراہم کرتے ہیں۔

ادارے کے اہم مقاصد

آپ کی کمپنی مستقل طور پر ترجیحی انشورر نیز اپنی سرکردہ پوزیشن برقرار رکھنے کے لئے سرگرم عمل رہتی ہے۔

۲۰۲۳ء کے لئے امکانات

۲۰۲۳ء کے لئے ہماری حکمت عملی چیلنجنگ کاروباری ماحول میں مستحکم و پائیدار اور منافع بخش گروتھ کا سلسلہ جاری رکھنا اور پاکستان میں اپنی سرکردہ پوزیشن کو برقرار رکھنا ہے۔

کارکردگی کے کلیدی اشاریے پیلے کی طرح انتظامی اغراض و مقاصد کے حصول کیلئے واضح ہیں جو صارفین کے زیادہ سے زیادہ اطمینان، آپریشنل انڈر رائٹنگ نتائج میں بہتری اور لاگت پر

سے نمٹنے کی سطح کے اندر معاملات طے کرنے اور شیئر ہولڈرز و دیگر اسٹیک ہولڈرز کے لئے منافع جات میں اضافے پر توجہ مرکوز رکھتے ہیں۔ ہماری کوشش ہے کہ ای آر ایم کے امور کو اگلی سطح تک لے جایا جائے جہاں کمپنی ہر ایک میدان/مزد عمل میں کمپنیل اور خطرات کو روکنے کے کچھ کے تدارک سے نمٹ کر منافع کا حصول ممکن ہو سکے۔

گریڈ ریٹنگ

آپ کی کمپنی کو دنیا کی ایک خصوصی انشورنس ریٹنگ ایجنسی A.M. Best کی جانب سے ریٹنگ دی گئی اور ایجنسی نے ہماری کمپنی کو "B" مثبت آؤٹ لگ کی ریٹنگ تفویض کی ہے۔

آپ کی کمپنی کو ملک کی دو گریڈ ریٹنگ ایجنسیوں یعنی VIS گریڈ ریٹنگ کمپنی لمیٹڈ اور پاکستان گریڈ ریٹنگ ایجنسی کی جانب سے بھی ریٹنگ دی گئی ہے۔ دونوں ریٹنگ ایجنسیوں نے AA+ مع مثبت آؤٹ لگ کی ریٹنگ تفویض کی ہے۔

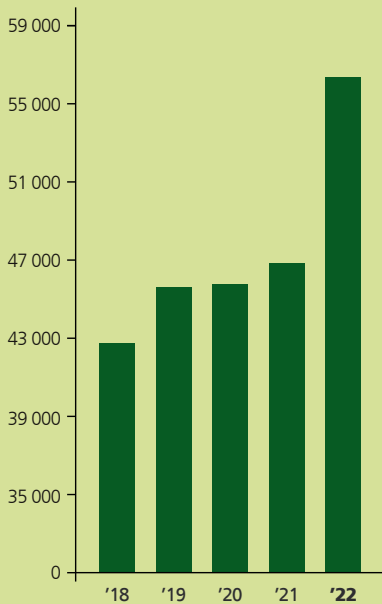
ریسورس

ای ایف یو کی کامیابی کئی سالوں پر محیط ہے جس کی وجہ تیکنیکی طور پر قابل افسران ہیں جو عمومی اتفاقی مشکلات کے علاوہ تمام تر پیچیدہ اور کٹھن کاروباری خطرات سے بھی بخوبی نمٹتے ہیں، دفاتر، بیلز اور مارکیٹنگ کے شعبوں میں ہمارے ایگزیکٹوز سمیت ہماری فیلڈ فورس کمپنی کی اصل طاقت ہے اور اس کے نتیجے میں کمپنی ملک میں زیر تخریر پرییمیم کے حوالے سے ملک کی سب سے بڑی انشورنس کمپنی بن چکی ہے۔

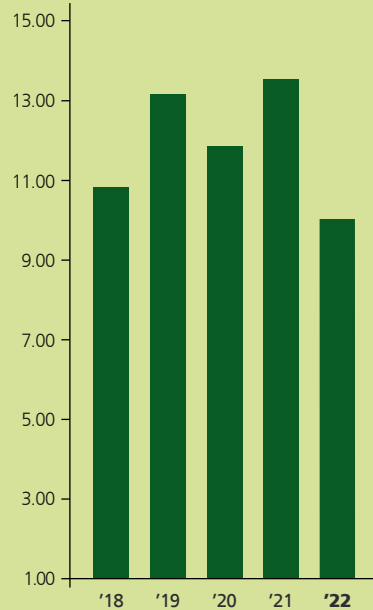
ملازمین کی پیشہ ورانہ قابلیت اور ترقی ہماری ہیومن ریسورس حکمت عملی کا کلیدی عنصر ہے اور وہ جدید ترین معلومات، ضوابط میں تبدیلیوں، ٹیکنالوجی میں ہونے والی پیش رفت اور دیگر جدت طرازیوں سے وسیع تر ان ہاؤس اور بیرونی تربیت کے ذریعے ہمہ وقت آگاہ رہتے ہیں۔

TOTAL ASSETS

(Rupees in Million)



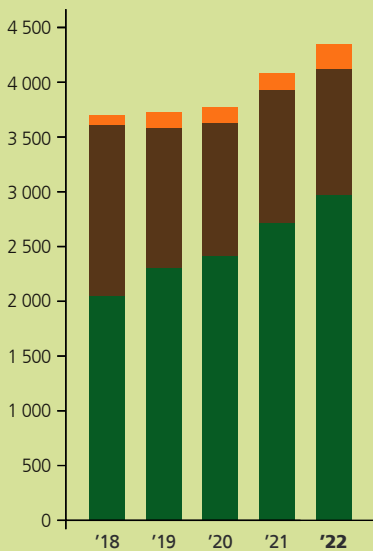
EARNINGS PER SHARE



مارکیٹ شیئر	(روپے ہزاروں میں)	سال کے آغاز یعنی
۳۰ ستمبر ۲۰۲۲ء کے مطابق دستیاب شدہ مالیاتی حسابات پر منحصر اور دی انشورنس ایسوسی ایشن آف پاکستان کی جانب سے شائع کردہ اعداد و شمار کی بنیاد پر آپ کی کمپنی پاکستان میں نجی نان۔ لائف انشورنس سیکٹر کے برنس میں ۲۱ فیصد مارکیٹ شیئر کی حامل ہے۔	(۲۱۰ ۵۹۹)	کیم جنوری ۲۰۲۱ء کے آغاز پر بیلنس عبوری نقد منافع منقسمہ ۲۰۲۱ء
انفارمیشن ٹیکنالوجی	۹۰۰ ۰۰۰	بشرح ۳۵ فیصد (۲۰۲۰ء: ۳۵ فیصد) مجوزہ حتمی نقد منافع منقسمہ ۲۰۲۱ء
ہم آپ کو یہ اطلاع دیتے ہوئے خوشی محسوس کرتے ہیں کہ آپ کی کمپنی نے آئی ٹی ڈی پارٹنمنٹ کیلئے ایس جی ایس یونائیٹڈ کنٹلمنٹ لمیٹڈ کی جانب سے ISO/IEC 27001:2013 سرٹیفکیٹ حاصل کیا ہے۔	۱ ۱۰۰ ۰۰۰	بشرح ۵۵ فیصد (۲۰۲۰ء: ۵۵ فیصد) جزل ریزرو کوٹرانسفر
انٹرنیٹ پر انڈر رائٹنگ	۲ ۴۵۰ ۰۰۰	گزر شدہ سال سے آگے لایا گیا بیلنس اس سال کیلئے بعد از ٹیکس منافع
	(۲ ۹۶۰ ۵۹۹)	دیگر کمپری ہینڈو خسارہ
	۲ ۰۰۵ ۷۲۲	سرما پیکاری کی پراپرٹی کی اصل مالیت پر غیر حتمی منافع جات پراپرٹی اور ایکویٹیٹی کی ری ویلیویشن پر ٹیکس کے انگریڈینٹل خسارے، خالص کے ضمن میں اضافے سے منتقل شدہ
	(۱۳ ۳۶۱)	جزل ریزرو سے ٹرانسفر
	(۲۰۶ ۵۸۳)	مختص کرنے کے لئے دستیاب رقم
	۲ ۳۳۵	ڈائریکٹرز سفارش کرتے ہیں کہ یہ رقم حسب ذیل حساب سے مختص کی جائے:
	۳ ۴۰۰ ۰۰۰	منہا: مختص رقم
	۲ ۲۲۷ ۶۱۳	عبوری نقد منافع منقسمہ ۲۰۲۲ء
		بشرح ۳۵ فیصد (۲۰۲۱ء: ۳۵ فیصد) مجوزہ حتمی نقد منافع منقسمہ ۲۰۲۲ء
	(۲ ۰۰۰ ۰۰۰)	بشرح ۵۵ فیصد (۲۰۲۱ء: ۵۵ فیصد) آئندہ سال کے لئے آگے لیجا یا گیا
	۲۲۷ ۶۱۳	

WINDOW TAKAFUL OPERATIONS

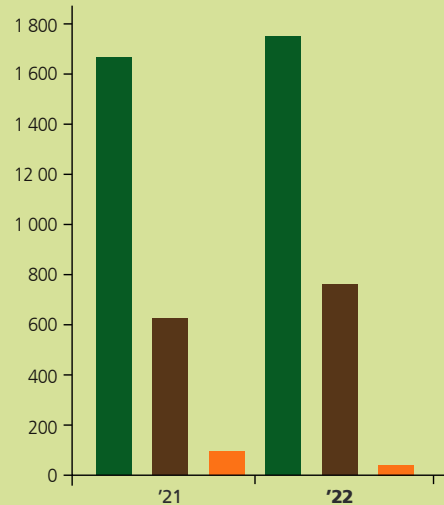
(Rupees in Million)



Written Contribution
Net Contribution
Operator's Profit

OTHERS

(Rupees in Million)



Written Premium
Net Claims
Underwriting Profit

روپے ہزاروں میں

۲۰۲۱ء	۲۰۲۲ء
۸۹۲	۹۵۴
۱۰۴۹	۱۲۱۲
۱۰	۱۷
۱۲۸	۱۱۲
(۲۵۱)	(۳۶۹)
(۱)	(۱)
۱۸۲۶	۱۹۲۵

منافع منقسمہ سے آمدنی
ڈیبٹ سکیورٹیز سے آمدنی
ٹرم ڈپازٹس سے آمدنی
فروخت کی انویسٹمنٹس کیلئے دستیابی پر
خالص حقیقی منافع جات/ (خسارہ جات)
فروخت کی ایکویٹی سکیورٹیز کیلئے
دستیابی پر ویلیو میں نقصان
سرمایہ کاری سے متعلق اخراجات
خالص سرمایہ کاری سے آمدنی

آمدنی فی شیئر

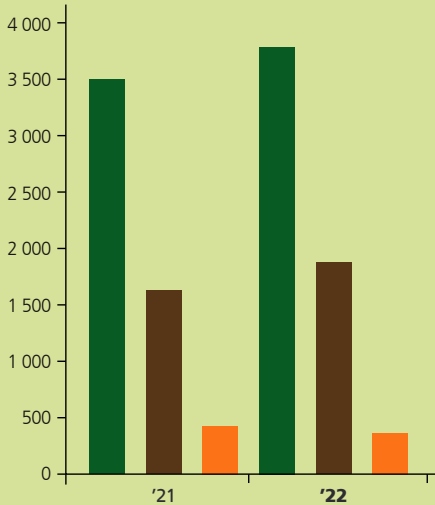
آپ کی کمپنی نے اس سال فی شیئر آمدن ۰.۰۳ روپے ظاہر کی ہے جبکہ ۲۰۲۱ء میں یہ آمدن ۱۳.۵۳ روپے تھی۔

مختص رقم اور منافع منقسمہ

بعد از ٹیکس منافع ۲،۰۰۶ ملین روپے رہا جبکہ ۲۰۲۱ء میں ۲،۷۰۷ ملین روپے تھے۔ آپ کے ڈائریکٹرز نے حتمی نقد منافع منقسمہ بحساب ۵۰۵ روپے فی شیئر (۵۵ فیصد) ادا کرنے، جن شیئر ہولڈرز کے نام ۷ اپریل ۲۰۲۳ء کو کاروباری اوقات کے اختتام پر کمپنی کے شیئر رجسٹر میں موجود ہوں کیلئے اجراء کی سفارش کی ہے۔ یہ نقد منافع منقسمہ سال کے دوران اعلان کردہ ۲۷ روپے فی شیئر یعنی (۴۵ فیصد) کے مجموعی عبوری نقد منافع منقسمہ کے علاوہ ہے۔

MOTOR

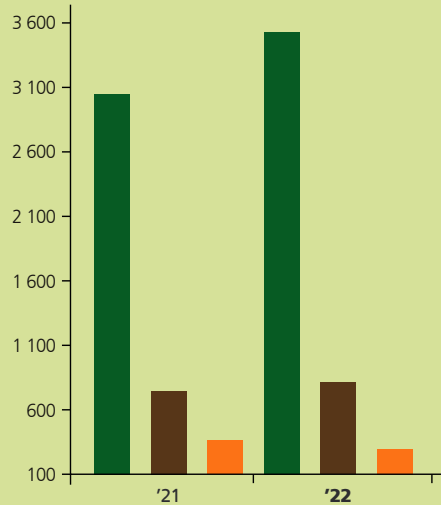
(Rupees in Million)



Written Premium
Net Claims
Underwriting Profit

MARINE, AVIATION
AND TRANSPORT

(Rupees in Million)



Written Premium
Net Claims
Underwriting Profit

موٹر

تحریری پریمیئم ۸ فیصد بڑھ کر ۳،۷۷۷ ملین روپے رہا جبکہ اس کے مقابلے میں ۲۰۲۱ء میں ۳،۴۹۲ ملین روپے تھا، گیمز کی شرح کمپنی کے خالص پریمیئم آمدن کا ۵۲ فیصد رہی جبکہ ۲۰۲۱ء میں ۴۹ فیصد تھی۔ انڈر رائٹنگ منافع ۳۵۴ ملین روپے رہا جبکہ گزشتہ سال ۲۰۲۱ء میں ۳۲۹ ملین روپے تھا۔

دیگر

تحریری پریمیئم ۵ فیصد بڑھ کر ۷۷۷ ملین روپے رہا جبکہ اس کے مقابلے میں ۲۰۲۱ء میں ۶۶۶ ملین روپے تھا، گیمز کی شرح کمپنی کے خالص پریمیئم آمدن کا ۶۲ فیصد رہی جبکہ ۲۰۲۱ء میں ۵۸ فیصد تھی۔ سال کے دوران انڈر رائٹنگ منافع ۳۷ ملین روپے رہا جبکہ ۲۰۲۱ء میں ۹۷ ملین روپے تھا۔

ونڈ و کافل آپریٹرز

تحریری کنٹریبیوشن ریونیو ۲،۹۳۲ ملین روپے رہا جو اس کے مقابلے میں گزشتہ سال کے دوران ۲،۶۹۷ ملین روپے رہا تھا۔ خالص کنٹریبیوشن آمدنی کا حجم ۱،۱۳۶ ملین روپے رہا جو ۲۰۲۱ء میں ۱،۲۱۸ ملین روپے تھا۔ اور کافل آپریٹرز کے لئے منافع جات ۲۵۲ ملین روپے تھے جبکہ اس کے مقابلے میں گزشتہ سال کا منافع بھی ۱۳۲ ملین روپے تھا۔

سرمایہ کاری سے آمدن

اسٹاک مارکیٹ اس سال کے دوران اتار چڑھاؤ کا شکار رہی۔ سال کے لئے مجموعی سرمایہ کاری سے آمدنی ۱،۹۲۵ ملین روپے رہی جبکہ اس کے مقابلے میں گزشتہ سال ۱،۸۲۶ ملین روپے تھی۔ سال کے لئے منافع منقسمہ کی آمدنی ۹۵۴ ملین روپے رہی جبکہ گزشتہ سال ۸۹۲ ملین روپے تھی۔

ممبران کے لئے ڈائریکٹرز کی رپورٹ

(یہ انگریزی رپورٹ کا ترجمہ ہے)

ریٹ کو ۲۵ء فیصد سے ۱۶ فیصد تک بڑھا دیا، آگے بڑھتے ہوئے مالی سال ۲۰۲۳ء-۲۰۲۶ء کے دوران ۵ بلین امریکی ڈالر کی مزید غیر ملکی ادائیگیاں کرنے کے سبب بیرونی اکاؤنٹ منگنے طور پر سخت نقطے پر برقرار رہے گا جہاں آئی ایم ایف پروگرام کی بحالی انتہائی اہمیت کی حامل ثابت ہوگی۔

کمپنی کی کارکردگی

شعبہ جات کے لحاظ سے کارکردگی درج ذیل کے مطابق رہی:

فائر و پراپرٹی

تحریری پریمیئم اس سال کے دوران ۲۵ فیصد بڑھ کر ۱۹،۹۸۱ ملین روپے رہا جبکہ اس کے مقابلے میں ۲۰۲۱ء میں ۱۳،۵۸۷ ملین روپے تھا۔ کلیم کی شرح کمپنی کے خالص پریمیئم آمدن کے تناسب سے ۶۱ فیصد رہی جبکہ ۲۰۲۱ء میں ۳۸ فیصد تھی۔ اس سال یہ کاروبار منافع بخش نہیں رہا اور سال کے دوران انڈر رائٹنگ خسارہ ۵۹۳ ملین روپے رہا جس کی وجہ چند بڑے خسارے اور ملک میں تباہ کن سیلاب کی وجہ سے ہونے والے نقصانات تھے۔ ۲۰۲۱ء میں انڈر رائٹنگ منافع ۶۸۰ ملین روپے رہا تھا۔

میرین، ایوی ایشن و ٹرانسپورٹ

تحریری پریمیئم ۱۵ فیصد بڑھ کر ۳،۵۱۱ ملین روپے رہا جبکہ اس کے مقابلے میں ۲۰۲۱ء میں ۳،۰۴۳ ملین روپے تھا، کلیمز کی شرح خالص پریمیئم ریونیو ۴۲ فیصد رہی جبکہ اس کے مقابلے میں ۲۰۲۱ء میں ۳۷ فیصد تھی۔ انڈر رائٹنگ منافع جات ۲۷۲ ملین روپے رہے جو سال ۲۰۲۱ء میں ۳۳۶ ملین روپے تھے۔

آپ کی کمپنی کے ڈائریکٹرز کو کمپنی کی ۹۰ ویں سالانہ رپورٹ اختتام سال ۳۱ دسمبر ۲۰۲۲ء پیش کرتے ہوئے خوشی ہو رہی ہے۔

سال ۲۰۲۲ء میں کمپنی کا منافع بعد از ٹیکس ۲۰۰ ملین روپے ہو گیا جبکہ ۲۰۲۱ء میں یہ منافع ۲۰۰ بلین روپے تھا، فی شیئر آمدن ۰۳۰۳ء روپے رہی جبکہ گزشتہ سال ۵۳۱۳ء روپے تھی۔

آپ کی کمپنی نے براہ راست تحریری پریمیئم اور ٹیکافل بزنس میں ۳۱،۹ بلین روپے کا منافع حاصل کیا (بشمول ۲،۹ بلین روپے کا ٹیکافل کنٹریبیوشن) جبکہ ۲۰۲۱ء میں ۲۴،۷ بلین روپے (بشمول ۲،۷ بلین روپے کا ٹیکافل کنٹریبیوشن) تھا۔ خالص پریمیئم آمدن بڑھ کر ۱۰،۳۳ بلین روپے رہا جبکہ ۲۰۲۱ء میں ۹،۸۸ بلین روپے تھا۔

اقتصادی جائزہ

مالی سال ۲۰۲۲ء کے دوران پاکستان کے جی ڈی پی نے ۵،۹۷ فیصد کی شرح نمو حاصل کی۔

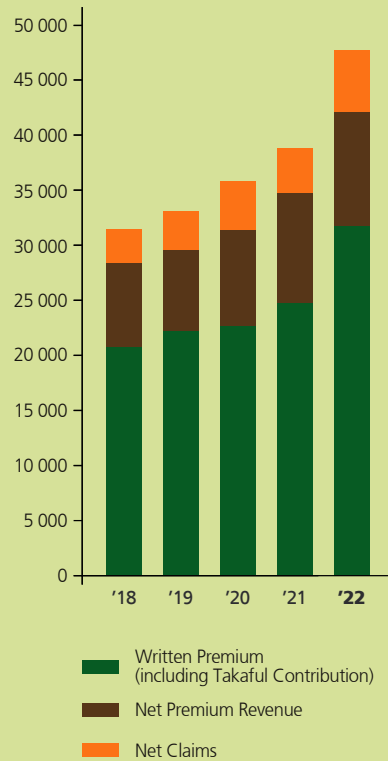
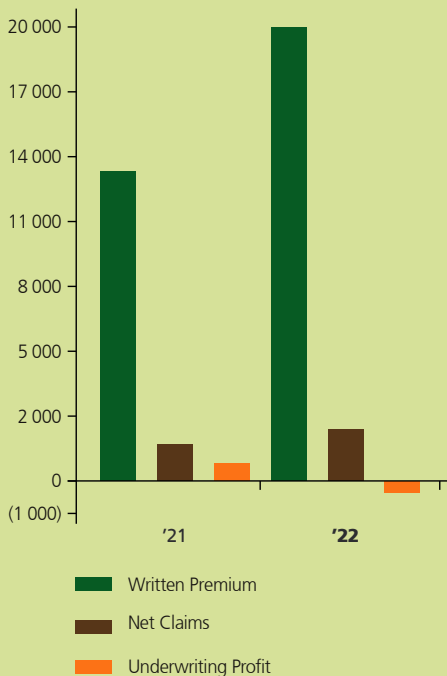
میکرو اکنامک کی پیشرفت سے معیشت پر افراط زر کا دباؤ بڑھا۔ بیرونی اکاؤنٹ کی صورتحال اور افراط زر کی لہر کو کم کرنے کیلئے اسٹیٹ بینک آف پاکستان نے سال کے دوران پالیسی

WRITTEN PREMIUM, NET PREMIUM REVENUE AND NET CLAIMS

(Rupees in Million)

FIRE AND PROPERTY DAMAGE

(Rupees in Million)



Board Committees

Your Company maintains following three board committees:

Audit Committee

The Board is responsible for effective implementation of sound internal control system including compliance with control procedures. The Audit Committee is assisted by the Chief 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 principle responsibility of the Internal Audit department is to conduct periodic audits to ensure adequacy in operational controls, consistency in application of policies and procedures, compliance with laws and regulations.

TORs of Audit Committee

The Committee comprises of five members, including the Chairman of the committee who is an Independent Director appointed to comply with the requirement of Code of Corporate Governance Regulations, 2019.

The Board has satisfied itself that Audit Committee consists of at least one member having relevant financial experience and knowledge to qualify as financially literate as required by the Code. The Committee focus is to oversee the effectiveness of internal controls, internal audit function, compliance and other responsibilities assigned by the Board of Directors.

The terms of reference of the Audit Committee as determined by Board of Directors are as follows:

- (a) Determination of appropriate measures to safeguard the Company's assets.
- (b) Review of annual and interim financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
 - major judgmental areas;
 - significant adjustments resulting from the audit;
 - going concern assumption;
 - any changes in accounting policies and practices;
 - compliance with applicable accounting standards; and
 - compliance with statutory and regulatory requirements.
- (c) Review of preliminary announcement of results prior to its external communication and publication.
- (d) Review of all related party transactions and recommending for approval of the Board of Directors thereon.
- (e) Facilitating the external audit and discussion with external auditors of major observations arising from audit and any matter that the auditors may wish to highlight (in the absence of management, where necessary).
- (f) Review of management letter issued by external auditors and discuss management's response thereto.
- (g) Ensuring coordination between the internal and external auditors of the Company.
- (h) Review the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
- (i) Consideration of major findings of internal investigations and management's response thereto.
- (j) Ascertaining that the internal control systems including financial and operational controls, accounting systems and the reporting structure are adequate and effective.
- (k) Review of Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports.
- (l) Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body.
- (m) Determination of compliance with relevant statutory requirements.
- (n) Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof.
- (o) Recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements.
- (p) Consideration of any other issue or matter as may be assigned by the Board of Directors.

Meetings Attendance

Sr. No.	Name of Directors	Attended
1.	Mr. Tanveer Sultan Moledina	4
2.	Mr. Rafique R. Bhimjee	3
3.	Mr. Taher G. Sachak	3
4.	Mr. Ali Raza Siddiqui	3
5.	Ms. Yasmin Hyder	4

Investment Committee

The Company has a Board level Investment Committee that meets at least once a quarter to review the investment portfolio. The Committee is also responsible for developing the investment policy for the Company. The Board's Investment Committee comprises of the following members:

Sr. No.	Name of Member	
1.	Mr. Rafique R. Bhimjee	Chairman - Non Executive Director
2.	Mr. Saifuddin N. Zoomkawala	Member - Non Executive Director
3.	Mr. Hasanali Abdullah	Member - Managing Director and Chief Executive
4.	Mr. Taher G. Sachak	Member - Non Executive Director
5.	Mr. Altaf Gokal	Chief Financial Officer

Ethics, Human Resources and Remuneration Committee

The committee is responsible for recommending to the Board human resource management policies of the Company as well as the selection, evaluation and compensation of key officers of the Company.

The Board's Human Resource and Remuneration Committee comprises of the following members:

Sr. No.	Name of Member	
1.	Mr. Muhammed Iqbal Mankani	(Chairman - Independent Director)
2.	Mr. Saifuddin N. Zoomkawala	(Member - Non-Executive Director)
3.	Mr. Hasanali Abdullah	(Member - Executive Director)

Board and Board Committees Meetings

During the year all meetings of the Board and Board Committees were held in Pakistan.

Directors' Training and Orientation

All Directors of the Company have acquired certification under the Directors' Training Program.

During the year, the Company has submitted a booklet to the Directors for their Orientation to apprise them of their duties and responsibilities. The Directors were apprised of the changes in different laws and regulations affecting the Company.

Security Clearance of a Foreign Director

There is no foreign Director on the Board.

Significant Changes in Board Committees

During the year, there was no change in Board Committees.

Management Committees

As part of the Corporate Governance, your Company maintains 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 relevant factors such as its business portfolio and the market development.

Claims Settlement Committee

This committee devises the claims settlement 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 the claims dispute to be brought to its attention and decides how to deal with such claims disputes. It also oversees the implementation of the measures for combating fraudulent claims cases. The Committee also oversees Grievance Function of the Company and report to the Board regarding the claim complains lodged, settle and outstanding at every quarter.

Reinsurance and Coinsurance Committee

This committee ensures that adequate reinsurance arrangements are made for the insurance company's businesses. It peruses 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 the light of the market development. It also assesses the effectiveness of the reinsurance program for future reference.

Risk Management and Compliance Committee

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

The committee is also responsible for monitoring the compliance function and the insurer's risk profile in respect of compliance with the laws applicable to it as well as the internal policies and procedures.

Human Resource Management Policy

Our policy rests on the belief that the success and accomplishment of our Company be determined by the success and accomplishment of our employees. The employees' knowledge, expertise, abilities, skill sets, and experience are invaluable and intangible assets in securing the future. We address this by ensuring all employees receive frequent, constructive feedback and by providing personal support in professional development. We promote and encourage honest and ethical behavior in our business activities. There is no discrimination among employees based on religion, race, ethnicity, and gender. At EFU, individual care and guidance in a friendly family and community is at the heart of our philosophy. We aim to help each employee and realize his/her full potential.

Value of Investments in Provident, Gratuity & Pension Funds

The value of investments in provident, gratuity and pension funds based on their audited accounts as on December 31, 2022 were:

- Provident Fund Rs. 949 million
- Gratuity Fund Rs. 493 million
- Pension Fund Rs. 242 million

Avoiding Actual and Perceived Conflict of Interest

The Company is committed to the transparent disclosure, management and monitoring of existing and potential conflicts of interest. The Company's Board is also cognizant of its obligations as required under the Companies Act, 2017, Listed Companies (Code of Corporate Governance) Regulations, 2019 and Code of Corporate Governance for Insurers, 2016 to ensure that Directors avoid conflicts of interest between their responsibilities and their other interests. All Board members have a duty to avoid actual or perceived conflicts of interest.

Every director of the Company who is in any way interested in any contract or arrangement to be entered by the Company is required to disclose the nature of his concern or interest to the Board and shall not take part in the discussion or vote on the matter.

Every year in conformity with the section 153 of Companies Act, 2017, Code and Insurance Companies (Sound and Prudent Management) Regulations, 2016, the Directors of the Company are required to provide a signed Statement of Compliance. The statement requires all the Directors to disclose the names of the companies, firms and businesses where they are associated and that they comply with all legal requirements to hold the position as Directors.

Whistle Blowing Policy

In compliance with the Code of Corporate Governance, the Company has adopted a Whistle Blowing Policy. The Company has an established Code of Ethics which sets out the standards of conduct expected in the management of its business. All employees are expected to carry out their duties in a manner that is consistent with the Code. If employees become aware of circumstances which are not in compliance with the Code, they may communicate their concerns to the Managing Director and head of audit committee.

Policy for Safety of Records of the Company

The Company abides by the requirement of Section 220 of the Companies Act, 2017, for the maintenance of books of accounts. In addition to this, retention of the Company's records is also based on their administrative and operational requirement. The Company has implemented a comprehensive plan for maintenance of its physical and electronic data.

In line with this, a proper record room has been maintained at its Head Office for safe custody of the various physical documents; where the records are stacked on pre-numbered racks. All records along with rack number have been entered in the record management system from where any record can be traced by entering the particular of record required.

For timely recovery of its soft data on the Cloud, on-site and remote Data Recovery (DR) site is available with the Company.

Grievance Function

The Company complaints/grievances function of insured to comply the applicable requirements of the “Code of Corporate Governance for Insurer” (the code). Grievance functions tries its best to resolve the complaints/grievances effectively and efficiently within shortest possible time.

Under the “Grievance Function”, complaints/grievances of the policyholders are received by the designated staff in writing or through email or forwarded to him, if complaints is received by any other staff of the Company. Relevant staff of grievance function resolves the complaints/grievances within the minimum possible time and act according to the requirements of the Code of Corporate Governance for insurer.

Policy and Procedure for Stakeholder Engagement

Institutional Investors

The Company convenes Annual General Meeting in accordance with the Companies Act, 2017. The Company's financial reports are published every quarter and are also placed on Company's website for the shareholders and potential investors.

In compliance with the Code of Corporate Governance under the listing regulations of the stock exchange, the Company notifies information to the Stock Exchange from time to time. This helps the shareholders remain connected with the Company. The dates of Board of Directors meetings and financial results are notified to Stock Exchange.

Customers

We believe in customer trust and satisfaction being our strength over the years. To help improve customer service and meet their needs and expectation, feedback from customers is sought. In this regard, the Company's website has dedicated customer feedback section for an ongoing relationship with them.

Banks

We understand the importance of these stakeholders and ensure continuous interaction with them and manage our relationships.

Media

We continuously engage with media through issuing press releases, briefings and advertisements campaigns. We have also dedicated section on our Company's website for public relations. The website may be accessed at www.efuinsurance.com.

Regulators

To maintain compliance with applicable laws and regulations, the applicable statutory returns and forms are filed with various regulatory bodies and federal and provincial taxation authorities.

Internal Control Framework

The Company's Internal Control framework consists of various inter-related components including the Control Environment, Risk Assessment, Control Activities, Information & Communication and Monitoring. These components work to establish and implement sound internal control system through directed leadership, risk management function, internal audit and compliance.

The Board of Directors and management are responsible to establish an Internal Control System to maintain an adequate and effective Internal Control Environment. An Internal Control System is a set of systems and processes designed to identify and mitigate the risk of failure and achieve the overall business objectives of the organization by providing reasonable assurance of:

1. Effectiveness and efficiency of operations
2. Reliability of financial information
3. A prudent approach to business
4. Compliance with applicable laws and regulations

Role of Internal Audit

The Internal Audit is instrumental in assisting the Board of Directors and the management to evaluate the effectiveness and efficiency of internal control framework. The Internal Audit annual plan is discussed with management to ensure complete coverage of evaluation of all significant risks to which the company is exposed, which thereafter is approved by the Board Audit Committee. The significant findings are discussed with management on ongoing basis and reported to Audit Committee in quarterly meetings to ensure that corrective actions are taken on timely basis to minimize the recurrence of discrepancies to ensure strengthening of the control environment.

Role of Risk Management

Being an insurance company, we deal with risks that arise from internal as well as external events while the landscape is constantly changing. Risk management function plays a key role in the management of uncertain situations in line with the strategic objectives of the Company.

Our risk management function operates under the Enterprise Risk Management (ERM) function, providing a unified framework that identifies, quantifies and manages major categories of risks that might have material effect on Company's values by using both quantitative and qualitative assessments.

ERM function is headed by the Risk Officer under the guidance of Risk Management and Compliance Committee that reports to the Board of Directors. ERM function is integrated with key functions of the Company.

Role of Compliance

Compliance function is responsible for the compliances with applicable laws & regulations and reviewing the updates/promulgation of laws and regulations. The Chief Compliance Officer heads the Compliance function. The Compliance function works in liaison with other departments to ensure timely compliances of relevant laws and regulations. The Compliance officer gives quarterly update to the risk management and compliance committee.

Compliance Framework

A compliance framework outlines the regulatory compliance standards and regulations relevant to the organization. We comply with laws and regulations promulgated by Securities and Exchange Commission of Pakistan, listing of Pakistan Stock exchange. The Company also adheres with the laws and regulations promulgated by Federal and provincial governments as are relevant to the Company.

We consider compliances of the relevant laws and rules as the foremost priority.

Compliance Officer is responsible for the compliance function. Policies and procedures are amended whenever required for effective, efficient and smooth operations.

The Compliance framework is part and parcel of internal control framework of the Company, main purpose being, to ensure and remain compliant.

Effect of Technological Change

The technological changes will significantly affect insurance business by bringing innovations in process, systems, products, and marketing channels. Technology change will bring innovations in products and services, enable the insurers to use cost-effective and efficient methodologies for marketing their products. EFU believe that technological change would bring a significant shift in our procedures, underwriting processes, pricing structure and even marketing channels.

Effect of Societal Issues

We take exception in valuing the various societal elements to have a positive impact on society. Our social interventions have always focused towards economic and social welfare of our stakeholders while sustaining profitable business operations. The impact flows from the resources we consistently mobilize and the investments we make. While for the employees, the Company has adequate health, safety and environment related policies and procedures; for the society at large, the Company takes part in various philanthropic activities and health related initiatives.

Effect of Environmental Challenges

Both environmental and climatic changes significantly affect general insurance business. We understand that change in environment involving atmospheric disturbances, and climate change may increase frequency and severity of natural catastrophes such as floods, earthquakes, and windstorms. The environmental and climate change would translate into increase in prices, and cost of reinsurance. On the positive side, an increase in the natural calamities would enhance awareness and demand of general insurance among the masses resulting in increase of demand for insurance products.

Shari'ah Compliance Mechanism for Window Takaful Operations

The Company, as Window Takaful Operator, carries out its Window Takaful Operations (WTO) in accordance with the prescribed regulations.

Fundamental requirement of WTO that the whole business practices, products and operations should be based on Shariah rules and principles under the regulatory framework and under the guidance and supervision of our Shariah Advisor,

The Shariah Compliance Officer, as required under Takaful Rules, 2012, monitors day to day Takaful operations and ensure compliance of procedures laid down by the Shariah Advisor. The Shariah Advisor regularly conducts compliance training of the relevant staff.

High level of Shariah compliance standards have been maintained during the year which is also reflected in the "Shariah Advisor's Report to the Board of Directors" and "Independent Reasonable Assurance Report to the Board of Directors on Statement of Management's Assessment of Compliance with the Shariah Principles" are also attached to this Annual Report.

External Oversight of Systems Audit / Internal Audit

The external auditors conduct annual financial statements audit and system audit in which they obtain an understanding of internal control relevant to Financial Reporting and design audit procedures to test those controls for expressing opinion on the financial statements. Management letter is issued by external auditors in which recommendations are provided for further improvement and effectiveness of internal control system.

EFU General Insurance is an ISO 9001:2015 certified organization. As part of ISO 9001:2015 standards, EFU has established procedures for quality assurance of services ensuring continual improvement of effectiveness of the quality management system. In this respect, annual audit conducted by external specialist i.e Independent Chartered Accountants Firm also ensure compliance of regulatory and standard requirements.

Chairman's Significant Commitments

Chairman's significant commitments refer to his engagement in other entities. Saifuddin N. Zoomkawala, Chairman of the Board of Directors of the Company has the following significant commitments.

Company	Designation
EFU Life Assurance Limited	Non-Executive Director
EFU Services (Pvt) Limited	Chairman
Allianz EFU Health Insurance Limited	Chairman
Sindh Institute of Urology and Transplantation	Trustee
Fakhr-e-Imdad Foundation	Trustee

Business Rationale for Major Capital Expenditure

The investment in Information Technology is the primary focus area of the Company, this is in order to have a state of the art IT environment that enables optimal use of technology thus saving operational cost and provision of timely services to the clients. Moreover, the Company has made significant investment in the renovation of branches and head office to deliver prompt services to our clients and to provide a better working environment to its employees respectively.

Policy for Related Party Transactions

In order to comply with requirements of the Companies Act 2017, Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 and Listed Companies (Code of Corporate Governance) Regulations, 2019, the Company has devised a policy duly approved by the Board of Directors.

The Related party transactions are approved by the Board of Directors on quarterly basis. Related party transactions are conducted at arm's length basis in normal course of business.

Anti-Money Laundering and Countering Financing Terrorism Policy

Board of Directors has formed a comprehensive policy with guidelines in order to comply with the Anti-Money Laundering and Counterfeiting of Terrorism Regulations 2020 promulgated by Securities and Exchange Commission of Pakistan (SECP). Company performs comprehensive, Know Your Customer (KYC) procedure before accepting any client as required under SRO 921 (1)/2020 issued by SECP. Company is using lexis nexis software to screen all new and old clients. If any client is found in the negative list, Company rejects offer of that business. The company also conducts training of its employees regarding Anti-Money Laundering and Counterfeiting of Terrorism Regulations 2020 and performance of KYC of clients and documents requirement for all categories of clients.

Directors' Remuneration Policy

In order to comply with Companies Act, 2017, Listed Companies (Code of Corporate Governance) Regulations, 2019 and Articles of Association of the Company, the Company has devised approved policy with respect to the remuneration of chairman, Chief Executive, non-executive, executive and independent Directors.

The Board of Directors have approved the meeting attending fee for Board and Audit committee meetings.

Corporate Social Responsibility Policy

The Company recognizes the importance of its Corporate Social Responsibility towards employees, community, clients, vendors and other stake holders. The Company considers that the society is one of the important stakeholders and take steps for the welfare and betterment of the society within its limit.

The objective of CSR policy is to promote the wellbeing of employees by taking health and safety measures and for general public by giving donations to various institutions. Main objective of donations is to assist in Health and, Education fields.

The Board approves the annual donations given by the Company to various institutions.

Business Continuity Plan / Disaster Recovery Plan

Without a defined, communicated and tested Business Continuity Plan (BCP) / Disaster Recovery Plan (DRP), the risk of extended unavailability of business processes and information systems in the event of any catastrophe increases exponentially. Further, absence of appropriate management plan can also result in damage to reputation, high costs of resumption and lost business.

The Company has developed a comprehensive Disaster Recovery Plan by using cloud technology services, addressing all the critical business functions and systems within the domain of Data Centre.

The principal objective of the disaster recovery program is to develop, test and document a well-structured and easily understood plan which will help the Company recover quickly and effectively from an unforeseen emergency situation which may interrupt business operations.

The plan is being periodically tested and reviewed to ensure that all essential aspects have been adequately covered and that all relevant individuals are fully aware of their responsibilities in the event of a disaster.

The Company also has taken following measures to ensure quick and smooth availability of data recovery:

- Live testing is also performed by the relevant department to respond spontaneously.
- Training of responsible staff is also carried out on regular basis.
- Daily data backup is stored in Bank Lockers at designated branch.

Implementing Governance Practices Exceeding Legal Requirements

The Company regularly provides training for its officers and departmental heads to comply with the relevant laws and regulations.

Company follows practice of good governance and compliance with the Code of Corporate Governance practices.

Energy Conservation

Every year, we do our in-house Energy Conservation Audit which is bench marked by monthly reports. In this way, we keep a close watch over our energy conservation. All electrical items used in our offices are energy-friendly. A rotation system is also introduced in which HVAC system (Gas Fired Cooling Towers) are turned on and off on set intervals. Lights are switched off during Lunch break.

Water Conservation

Water conservation system includes automatic water conservative taps that have resulted in reduction of water utilization, thus efficiently reducing unnecessary water usage.

Environmental Protection Measures

The Company is well aware of its social responsibility in regard to environmental protection. Therefore, we encourage healthy environment and take steps which could add value to our belief. Our experienced and qualified team makes sincere efforts to create a healthy environment for trade & industry in carrying out their business and the public in general. Since our business of covering the risk involves human intellectual skills, therefore, it does not have any adverse environmental impact. We have placed green beautiful plant pots on all floors in abundance for positive impact on environment and promote an eco-friendly workspace that has led to a considerable reduction of carbon emission from the environment.

Consumer Protection Measures

Emphasis on earning the trust of the customers is the keystone of EFU's corporate culture. It is the first thing that we inculcate in new inductees in our human resource. "Keep delivering on promises and customers will keep coming back" was our credo when we opened for business, it is our credo now, and will remain so for the future. With protection from EFU, business houses have grown and diversified, enhancing the country's economic progress and our business portfolio. It is no surprise that with many customers the status of EFU is that of a "family insurer". It is also gratifying that every year a noteworthy part of our new business comes from referrals by our existing customers, some of whom have been insuring with us for generations.

VIS and PACRA rate us "AA++" with Stable Outlook and A. M. Best has rated us as "B" with stable Outlook but the more valuable reflection for us is the way customers perceive us. Most often this is expressed in just three words; "My Insurance Company". This is the reason why we have slogan of "EFU - Your Insurance Company".

Procedure Adopted for Quality Assurance of Products Industrial Relations

EFU General believes that meeting customer expectations comes from consistently meeting standards and delivering consistent results is at the core of quality assurance procedures. It is our responsibility to ensure that every employee understands the quality definitions and how he / she is to make certain those standards are met. Measuring the quality that is delivered is critical for consistent results. Department / Branch Heads monitor work processes and maintain quality standards.

As per ISO 9001:2015 standards, EFU General has established procedures for quality assurance of services by continually improving the effectiveness of the quality management system through the use of:

- the quality policy,
- quality objectives,
- audit results,
- analysis of data,
- corrective and preventive actions,
- regular management reviews,
- trainings,
- customer feedback system and
- monitoring / measurement activities.

The old expression, "There is always room for improvement," rings true when it comes to quality assurance. To keep our business on the cutting edge, we always ask the question, "How can we make this better?" By tweaking the process where required or by raising standards each year, we will see our overall business quality improve to levels higher than ever before.

Employment of Special Persons

The Company is an equal opportunity employer, irrespective of their physical disability.

Occupational Safety and Health

Fire extinguishers have been installed at various points within the working premises. Further, the Company has a dedicated medical facility which includes clinic and a Chief Medical Officer at Karachi to take care of employees and their families' health matters and also advise on preventive health care.

Business Ethics and Anti-Corruption Measures

The Board has adopted the Statement of Ethics and Business Practices. All employees are informed of this and are required to observe these rules of conduct in relation to business and regulations.

Statement of Ethics and Business Practices are based on integrity, dignity, culture of excellence and ethical dealing with clients, peers and the public.

Community Investment and Welfare Schemes

We donate to different institutions mainly in health and education sectors to support various less privileged classes of our country.

Financial Contribution to the National Exchequer

Your Company contributes substantially to the national economy in terms of taxes and duties and the contribution is increasing as the Company is growing. This year the Company contributed Rs. 5.9 billion to the National Exchequer in the form of Federal Excise Duty, Sales Tax, Income Tax, Federal Insurance Fee, Custom Duties, and Policy Stamps etc.

Natural Catastrophe Impact

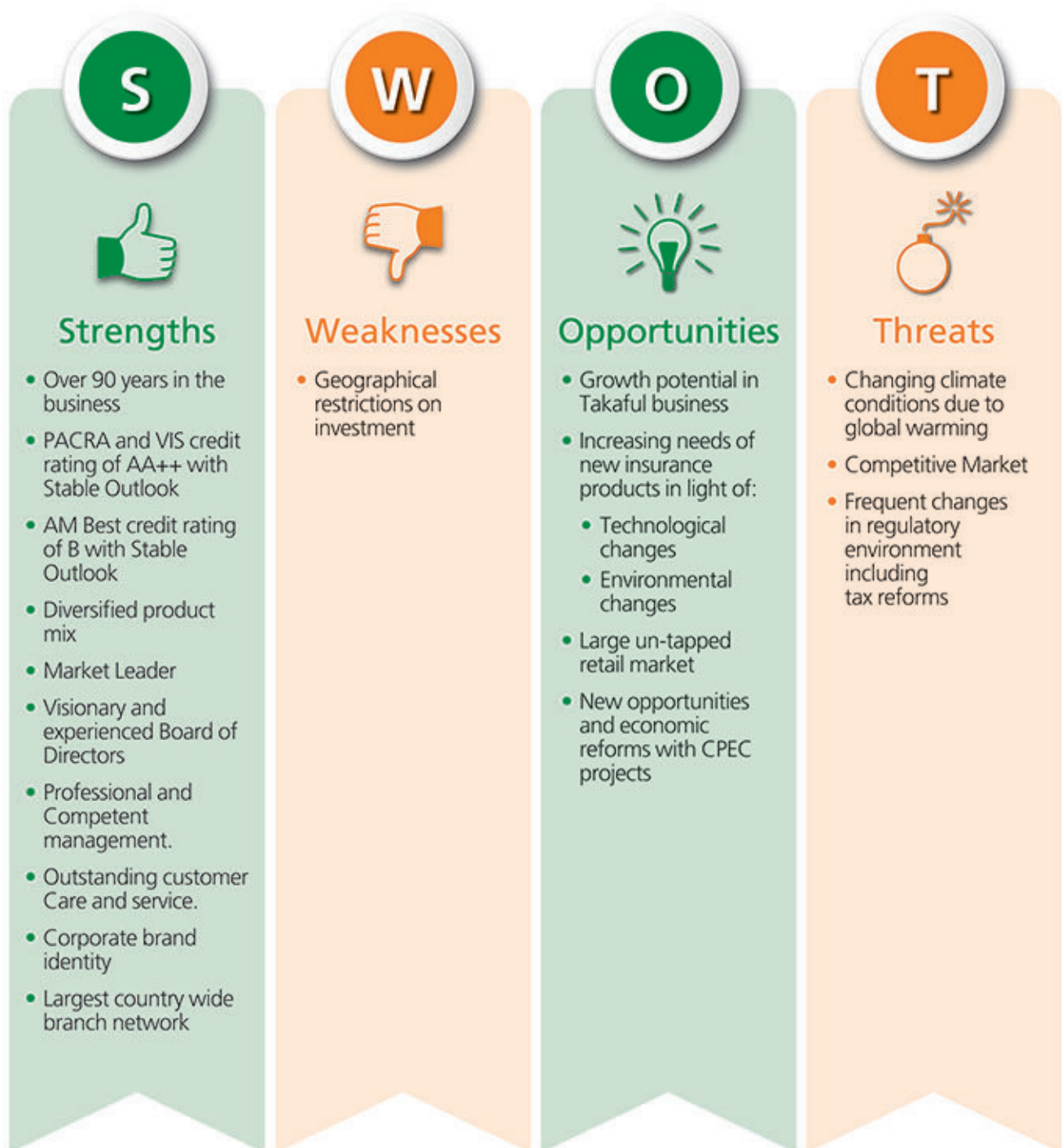
Natural disaster is an act of nature such as earthquakes, floods, and hurricanes which inflict serious damage to property and lives. In order to assess potential insured loss from natural catastrophe perils, various catastrophe models were designed like Risk Quantification & Engineering and Corporate Risk Solution. These models provide decision makers with a range of expert views of the risk aiding objective evaluation, benchmarking and decision making. Access to multiple models in Asia and particularly in Pakistan, is important given the potential high level of uncertainties in model outcomes due to the relatively low loss experience, access to quality data and the low level of insurance penetration making it historically difficult to build and calibrate models to local conditions. EFU ensures that property reinsurance program is designed in accordance with the recommendations made by such Catastrophe modelling. No natural catastrophe event happened during last five years.

History of Major Events during the year

Special Olympic Pakistan (SOP)	27 February 2022
11th Annual Corporate Social Responsibility Award 2022 (The Professional Network)	02 March 2022
2nd International Conference and Expo on Solar Clean Energy (NFEH)	15 March 2022
Best Leadership Award and 100 CEOs Book (CEO Club Pakistan)	18 March 2022
14th Corporate Social Responsibility Award 2022 (NFEH)	11 April 2022
19th Annual Environment Excellence Award 2022 (NFEH)	16 August 2022
PakWheels Car Mela	4 September 2022
16th Consumer Choice Award 2022 (Consumer Association of Pakistan)	16 September 2022
IAP Annual Award	24 September 2022
Best Corporate Report Award 2021 (ICMA)	27 September 2022
AKU Golf Tournament	06 November 2022
LRBT Golf Tournament	18 November 2022
Habib Metro Golf Tournament	10 December 2022
TCF Golf Tournament	11 December 2022

SWOT Analysis

The Company's brief SWOT analysis is follows:



Awards & Recognition



EXCELLENCE HONOURED

Our pursuit for the best continues to reap rewards year after year. The following are some of the major awards received in 2022.

- 01 National Forum for Environment & Health (NFEH)
19th Annual Environment Excellence Award 2022
- 02 Fire Protection Association of Pakistan & National Forum for Environment & Health (NFEH)
11th Annual Fire Safety Awards 2021
- 03 National Forum for Environment & Health (NFEH)
14th Corporate Social Responsibility Awards 2022
- 04 The Professionals Network (TPN)
11th Annual Corporate Social Responsibility Awards 2022
- 05 Consumers Association of Pakistan (CAP)
16th Consumers Choice Awards 2022
- 06 ICMA and ICAP
Certificate of Merit for Best Corporate Report Award 2021
- 07 CEO Club Pakistan
Best Leadership Award 2022

ISO 9001:2015 Certification

EFU General is proud of having received the Certification of Registration of ISO 9001:2015 which is an ongoing quality assessment of brands. EFU proved itself as a high quality brand in the field of insurance endorsing that the entity is strictly complying with the Quality Management System.

Membership of Industry, Associations and Trade Bodies

Key benefits of joining a trade association is the ability to support the mission of the organization and possibly influence legislation that affects the industry. These industry associations help provide a forum for networking, training and education, certifications, influence, spreading best practices, exchange of thoughts and information, building relationship across the board.

The Company is associated with various chambers of commerce, associations, forums, and trade bodies to be able to actively play key role in addressing the issues concerning the organization and business community at large.

EFU General Insurance Limited being the oldest Insurance Company feels pride in its association with the following bodies:

- Insurance Association of Pakistan
- Pakistan Business Council
- Management Association of Pakistan
- Pakistan Institute of Corporate Governance
- Federation of Pakistan German Chamber of Commerce & Industry
- Pakistan Belgium & Luxemburg Business Forum
- Karachi Chamber of Commerce and Industry
- Rawalpindi Chamber of Commerce and Industry
- Islamabad Chamber of Commerce and Industry
- Pak China Joint Chamber of commerce
- The Pakistan National Committee of the International Chamber of Commerce & Industry
- Pakistan Insurance Institute
- Employers Federation of Pakistan

Strategic Objectives

- Retain leadership position in the market.
- Explore opportunities by introducing new products and diversifying current product portfolio.
- Pursue continuous improvement and technological advancement.
- Enhance corporate capabilities and motivation through skill enhancement, management development and reward programs.

Resource Allocation

The Company believes in generating its own capital to implement the strategies or plans in order expand its business activities. Resources are budgeted and allocated for the management to operate professionally without Board's intervention in operations.

Corporate Restructuring, Expansion and Discontinuance

Currently, the Company has no such plans.

Changes in Objectives / Strategies from Prior Years

There are no significant changes in the Company's objectives / strategies as compared to prior years.

Key Measures for Key Performance Indicators (KPIs)

The Company is persistently endeavoring to lay emphasis on being the preferred insurer as well as maintaining its leadership position in the industry.

The key measures for KPIs against stated objectives of the Company are stated as under:

- Improving underwriting results - The business managers are continuously making efforts to increase business from their existing operational fields of operations and also explore untapped markets.
- Improved overheads - We continue to look at the expense base and control and try to make additional mileage from each rupee spent.
- Continue to be market leader - With nine decades of market presence, EFU is a brand name of Insurance in Pakistan. EFU General is the most powerful and trusted insurer in Pakistan.
- Customer satisfaction - At EFU General, customer service is a promise, a determination to do what is right for the customers. We have earned the trust of customers with our dedication to serve them in the best possible manner and always delivering on our promises.
- Increasing shareholders' wealth - Maximizing shareholders' wealth is among the core objectives of the Company. Increasing the Company's value would also satisfy the other goals.
- Managing investment income through investment mix according to economic & market conditions.

Capital Structure

The Company maintains strong financial base. The Company's solvency as at 31st December 2022 was Rs. 7.2 billion as against required solvency of Rs. 2.7 billion i.e. excess of Rs. 4.5 billion over minimum required solvency (which is more than 2.6 times the minimum required).

Liquidity Management Strategy

Your Company carefully administers its liquidity to ensure its ability to meet all its obligations efficiently. The Company operates and honours its obligations through the cash flow generated from its core business as well as investment and other income.

Significant Changes in Assets & Liabilities

The Company's performance, as compared to the preceding year, has shown improvement, details of which are in the Directors' Report. The Company's Total Assets rose by 20.4% over last year. Window Takaful Operations Assets showed a significant increase of 40% over last year.

Strategies in Place to Achieve Objectives

Our strategy is designed to deliver sustainable, profitable growth in a changing and competitive business environment in order to maintain leading position in the industry. To take EFU General to the greater height, in addition to writing normal conventional and takaful business, we are also focusing on the markets and customer segments where we have competitive edge and offer superior value proposition to our customers.

The Window Takaful Operations are also growing. We see further growth in Takaful market in the years to come. We have the highest takaful written contribution (premium) in the market not only in Window Takaful operating segment but even higher than dedicated takaful companies writing non-life business.

We continue to invest in our people and systems and processes to better understand our customer's needs, serve them in the way they require, increase collaboration and improve efficiency.

Analysis of Prior Period's Forward Looking Disclosure

Your Company had set financial targets for 2022 of being the largest and the best Company in the insurance sector and pleased to report that your Company continues to maintain the lead position inside Pakistan.

Progress in 2022

Despite macroeconomic headwinds during the year, your company remained the market leader.

During the year, gross written premium (including takaful contribution) registered 29.1% year-on-year growth at Rs. 31.9 billion as against Rs. 24.7 billion last year. The net premium revenue has been depicting consistent growth over the last several years, underlining the Company's sufficient capital adequacy coupled with financial strength. The net premium revenue for the year was Rs. 10.3 billion as against Rs. 9.7 billion for the last year.

For the year, investment & other income was Rs. 2.7 billion despite the heightened volatility in capital markets.

The key performance indicators devised for achieving the management objective were to be maximization of customer satisfaction, increasing shareholders wealth and continue to be market leader. At the same time, your company continued with the implementation of effective Enterprise Risk Management (ERM) program.

Prospects in 2023

Over the long term, Pakistan's general insurance industry is poised to undergo rapid growth over the next decade given favorable demographics and increasing urbanization. However, given the country's economic challenges, the situation under the short-term period is anticipated to remain critical.

A contraction in demand - on the back of higher taxes and interest rates - together with capacity constraints created by restricted import volumes is likely to reduce the industry output as well as capital expenditures. This has direct manifestation for the general insurance industry. Nonetheless, higher interest rates would bode well for the investment income and would likely offset the slowdown caused by underwriting business.

Despite challenges, EFU General Insurance will continue to embark upon high growth path, explore new avenues, build resilience and deliver sustainable value to its customers and shareholders alike.

Statement of Management Responsibilities Towards the Preparation and Presentation of Financial Statements

Management is responsible for the preparation and presentation of financial statements in accordance with accounting and reporting standards as applicable in Pakistan and requirements of Insurance Ordinance, 2000 and Companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement. 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. Board of Directors is responsible for overseeing the Company's financial reporting process.

The Management has established systems of internal control that are designed to provide reasonable assurance that assets are safeguarded from loss or un-authorized use, and to produce reliable accounting records for the preparation of financial information. The Management recognises its responsibility for conducting the Company's affairs in compliance with established financial standards and applicable laws, and maintains proper standards of conduct for its activities. The Financial Statements are duly audited by external auditors of the Company in accordance with the International Auditing Standards as applicable in Pakistan. The external auditors have confirmed that the financial statements have been prepared in conformity with the accounting and reporting standards as applicable in Pakistan. The financial statements of the Company have been duly signed, by Chairman, Chief Executive Officer, Chief Financial Officer and two Directors as required by law.

Government's Policies related to Insurance Sector and Impact on Performance

The Government of Pakistan has implemented various Ordinances, Rules and Regulation to express the goals, decisions, and actions adopted by government for political, social, and economic management. Other than Micro insurance Rules 2014, Insurance Rules, 2017, Insurance Ordinance, 2000, The Marine Insurance Act 2018 and Companies Act, 2017, the Government of Pakistan has passed (Anti Money Laundering and Countering Financing of Terrorism AML/CFT Regulations, 2020) which in addition to implementing suitable transaction monitoring measures also prevent insurance products from being used for criminal purposes, also help to ensure that Insurers AML/CFT programs include suitable customer due diligence (CDD) measures to verify the identities of their customers. Moreover, (Corporate Insurance Agents Regulations, 2020) lays down the requirement for any person working as an insurance agent in life and non-life business to comply with code of conduct, certification and training requirement without which they will not be able to operate.

Initiatives on Promoting and Enabling Innovation

Due to increase in cyber attacks and data breaches, the company has taken the initiative to implement the Information Security standard – IS27001-2013 which will enhance our IT/information security governance, risk management process, and security culture along with securing data/information at every level. The initiative also complies with the SECP Cyber security Framework, which had been rolled out in April 2020.

Redressal of investors' complaints

An investor can contact the Company Secretary about his grievance. The management tries to resolve all the complaints and queries of the investors to their satisfaction. An investor who is not satisfied can also approach the Securities & Exchange Commission of Pakistan (SECP) complaint cell through interactive link provided on our website.

Statement on operations of the board

The Board is responsible for all the tasks assigned under the Companies Act 2017, Code of Corporate Governance and other relevant laws. The Management is primarily responsible for implementing plans as approved by the Board of Directors. It is also the responsibility of the management, to prepare financial statements that fairly present financial position of the Company in accordance with applicable regulations, legal requirements and accounting standards.

Business Rationale for Major Capital Expenditure

The investment in Information Technology is the primary focus area of the Company, this is in order to have a state of the art IT environment that enables optimal use of technology thus saving operational cost and provision of timely services to the clients. Moreover, the Company has made significant investment in the renovation of branches and head office to deliver prompt services to our clients and to provide a better working environment to its employees respectively.

Competitive Landscape and Market Positioning

We adjust our market position and make strategies towards competition based on the following five forces:

Industry rivals

Several insurance players in the market with a sole drive of offering low price identical products and lower cost of clients switching from one rival to other leads to high rivalry in the market.

The Power of Buyers

With large numbers of insurance players in the market coupled with few new projects in the country and non-existence of regulatory control on pricing in general insurance industry enhance the bargaining power of the insurance hence leading to lower premium

The Power of Suppliers

Insurance companies are heavily dependent on the reinsurance arrangements, higher cost of reinsurance arrangements coupled with high inflation in the country leads to higher cost.

Potential entrants

High capital requirements set by the regulator, highly regulated industry, high cost, low profitability and lower demand of insurance products in the Country is a barrier to the new entrants, however, the changing demographic structure, technological disruption, insurtech provide an opportunity to the new players in the market.

Substitute products

Very few alternatives to the insurance/takaful products are available.

Critical Challenges to EFU and Responses

EFU General values all its stakeholders and have put in place various measures to address the interests of our stakeholders as well as to minimise risk to our shareholders. However, the external milieu is continuously changing and posing challenges. Some of the challenges such as advancements in information technology, cyber security, climatic changes, and economic volatility are seen as critical. The Company is well aware of these challenges and articulates various strategies to minimize the ramification of these challenges.

To address the issue of advancements in information technology, IT infrastructure is upgraded and strategies developed / reviewed to respond to the changing IT landscape. On ongoing basis cyber security policies and procedures to protect our assets, data of our employees and policyholders from external attacks are reviewed and altered.

In addition to economic & political challenges, we are also very well aware of the global responses to the climatic changes and its implications on our business portfolio in the future.

Over the years, EFU General has developed in house skills and expertise under the guidance of experienced Board of Directors that efficiently deal with the economic uncertainties.

Compliance with International Financial Reporting Standards (IFRS)

Your Company complies with the applicable International Accounting Standards (IAS)/IFRS vital for true and fair preparation and presentation of financial information. Compliance to IFRS encourages sufficient disclosures of the financial statements that are beneficial for informed decisions of stakeholders.

The International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board as applicable in Pakistan, have been followed in preparation of the financial statement. The adoption of IFRS status is explained in detail in note 2.1 of annexed unconsolidated and consolidated financial statements.

Adherence with the International Integrated Reporting Framework (IR)

With over 90 years of customers' trust, EFU stands as Pakistan's largest and the oldest general insurer, always ready to go the extra mile to serve better. EFU provides full range of insurance service for Fire, Engineering, Marine, Aviation, Motor, Other insurance and Takaful products.

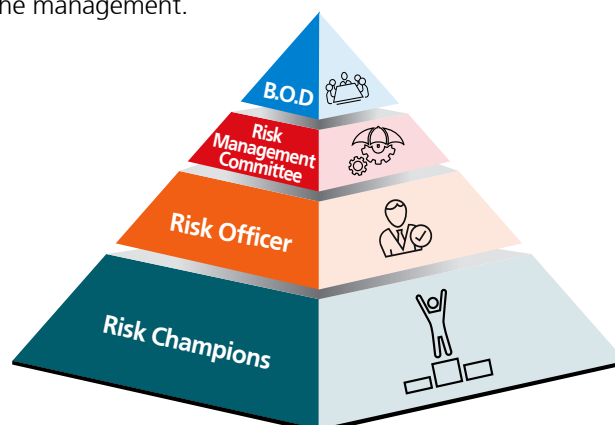
Our strategy is designed to deliver sustainable, profitable growth in competitive business environment and to maintain leading position in the country.

The management of your Company firmly believes in adherence to the best corporate governance practices and its reporting thereof is committed to generate greater value for the organization and its stakeholders.

Description of the Risk Management Framework including risk management methodology

Our Company places great importance on managing risks and has a built-in mechanism for identification, quantification, managing and reporting risks. The risk management of our Company consists of three lines of defense system. The first line of defense is implemented through the head of departments. The second line of defense is implemented through the Enterprise Risk Management (ERM) function that facilitate the identification, quantification, and management of risks across the organization and report key risks of the Company to the Board of Directors through the Risk Management and Compliance Committee (RMCC). The third line of defense of our Company is the internal audit function which conduct independent audit of the Company.

The Enterprise Risk Management (ERM) of our Company is based on two pillars; the governance and framework of ERM. The governance structure provides organizational and hierarchical structure, defines roles and responsibilities, and policies & procedures, whereas the framework outlines the processes to identify, quantify, manage, and report key risks of the Company to the management.



The organizational and hierarchical structure of the ERM consist of risk champions, Risk Officer, and RMCC. Each department has one or two risks champions who identify risks in their respective department and provide expert

opinion on the severity and likelihood of risks through risk registers and report risks of their respective department to the Risk Officer of the Company who independently quantify, monitor, and rank the risks. The risk officer report key risks to the RMCC. The RMCC makes tactical and strategic decisions to minimize, mitigate, avoid, or transfer key risks thereby enhancing the chances of achieving strategic objectives of the Company. The RMCC provides updates to the Board of Directors on key risks of the Company.

The risk management framework of our Company is based on six steps procedure:

Establishing the Context: Understanding the internal and external environment in which the company operates is key to risk identification. At our Company, we first establish the context in which we operate. This includes understanding business and economy, competitive environment, regulatory regime, geographical locations in which the Company operates, the demographic structure of population, technological & climatic changes, and political environment within the country.

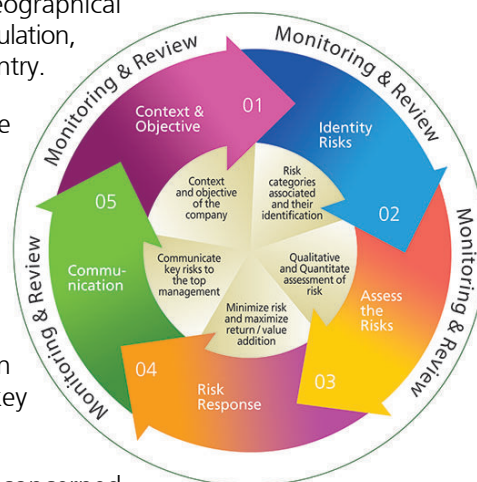
Risk Identification: The internal and external risks of the Company are identified by the risk champions of each department by considering the context of the Company.

Risk Quantification: Qualitative and quantitative tools are used to quantify all risks of the Company. The risks are ranked based on their quantification and top risks of the Company are determined.

Risk Management: The key risks of the Company are managed based on the risk appetite of the Company. The RMCC makes decisions on the key risks to achieve the desired strategic objectives of the Company.

Risk Communication: The RMCC decisions are communicated to the concerned functions/departments for implementation and Board of directors are kept aware of the key risks of the Company.

Monitoring and Review: The risk management process is continuously monitored to identify and manage the emerging risks and to proactively devise strategies for reducing the risk exposure of the Company.



Business Risk

The Company continuously monitors and controls risks to the business.

Risk Factors

Factors that materially affect the achievement of our strategic as well as operational objectives are termed as risk factors. The risk factor may arise from internal failed processes, people, or systems in place or as a result of changes in the economic, political, social, demographic, environmental, technological landscape and regulatory framework. We, at EFU General continuously identify various risks of the company. However, due to the continuous changes in the internal as well as external landscape, not all risks of the company could be identified. In addition, risks that are known to us and may affect our strategic as well as operational goals are outlined below:

Actual claims exceed our loss reserves

The results of our operations and financial condition is dependent upon our ability to accurately quantify the severity and frequency of the risks that we insure. Reserves are established for unpaid losses and loss associated expenses. This could be highly complex process which is subject to considerable variability.

The estimation of the reserves is based on many complex variables such as the current legal and regularity environment, settlements procedures, inflation and the severity and likelihood of the claims. The amount and timing of the settlement of the claims are uncertain and therefore, the actual payments could vary from the calculated loss reserves. In case, our reserves are lower than the required, we would be required to increase our reserves and therefore would have significant impact on our profitability.

Premium Risk

We have professional teams to determine prices of our product by considering our past history of claims and expense and considering the market prices. However, the future experience may behave differently than the past resulting in premium deficiencies which can expose us to significant premium risk.

Natural Disasters

Our company has substantial exposure to losses resulting from catastrophes which can be caused by various events such as earthquake, drought, hailstorm, floods, fire, war, terrorism, political instability, nuclear accidents and other natural or man-made catastrophes. The severity and likelihood of these catastrophes is unpredictable and can have significant impact on our business. Furthermore, the change in climate may increase the severity and frequency of the natural disasters which can have significant impact on our business. The occurrence of one or more such events can have adverse implications for our operations as well as financial position.

Emerging Claims

As a result of unexpected change in the external landscape such as regularity, judicial, financial, technological, climatic changes as well as insurance industry practices may lead to unexpected claims and coverage. These issue may increase either the frequency or the claim severity that could pose a significant risk to our company. In some instances, these changes may not become apparent until after we have issued insurance or reinsurance contracts that are affected by the changes. As a result, the full extent of liability under our insurance or reinsurance contracts may not be known for many years after issuance.

Reinsurance Risk

There is a possibility that we may not be able to purchase reinsurance for some of the risks and if we do so there is a possibility that the payments are not payable. We purchase reinsurance from high rated reinsurance companies, however there is a chance of nonpayment of claims by the reinsurer due to either their inability, insolvency or unwillingness. Although we have no such experience in past yet there is a chance of this risk which exposes us to a sever risk.

Credit Risk

We have exposure to counterparties through reinsurance and in various industries, including banks, and other investment vehicles that expose us to credit risk in the event our counterparty fails to perform its obligations. We also have exposure to financial institutions in the form of secured and unsecured debt instruments and equity securities. In accordance with industry practice, we generally pay amounts owed on claims to brokers who, in turn, remit these amounts to the insured or ceding insurer, if a broker fails to make such a payment, we might remain liable to the insured or ceding insurer for the deficiency. Conversely, in certain jurisdictions, if a broker does not remit premiums paid for these policies over to us, these premiums might be considered to have been paid and the insured or ceding insurer will no longer be liable to us for those amounts, whether or not we have actually received the premiums from the broker. Consequently, we assume a degree of credit risk associated with a broker with whom we transact business.

Investment Risk

Our investment assets are invested by our internal fund management professionals under the direction of investment committee and in accordance with the investment policy established and approved by the Board of Directors. Although our investment guidelines are based on diversification of risks and conservation of principal and liquidity, yet our investment portfolio could be subject to market risks such as interest rate risk, credit risk, and liquidity risk.

A decline in the stock market prices and other factors impacting the value of our investments, could result in impairments and could adversely affect our net income and other financial results.

Interest Rate Risk

Interest rates are highly sensitive to many factors, including inflation, monetary and fiscal policies, and domestic and international political conditions. Changing interest could impact the performance of our investment portfolio. We take necessary measures to mitigate/minimize the interest rate risks, however, we may not be able to effectively mitigate interest rate sensitivity. Our mitigation efforts maintaining a portfolio of fixed income investments in govt securities with a shorter duration to minimize the effect of interest rate changes.

Liquidity Risk

The volatile nature of losses could force us to liquidate our securities which may cause us to incur capital losses or reinvestments of assets. Losses in our investments would ultimately reduce our book value.

Credit Downgrade Rating Risk

A decline in our credit rating have manifold implications. For example, a downgrade in credit rating could affect our customers resulting in premium losses and hence earning of the company. A decline of credit rating may affect our competitive position as insurer resulting in loss of premium and market share.

Operational

The regulatory and political regimes under which we operate, and their volatility, could have an adverse effect on our business. Laws and regulations not specifically related to the insurance industry include trade sanctions that relate to anti-money laundering laws, and terrorism etc.

Political uncertainty

Political uncertainty in the country affect business, liquidity, financial condition, and stock price.

IT Risk

A failure in our operational systems or infrastructure or those of third parties, including due to security breaches or cyberattacks, could disrupt business, damage our reputation, and cause losses.

Model Risk

We use various statistical models developed on the basis of several assumptions. These models assist us in decision-making, however, the actual results may be materially different from the model outputs which exposes us to risk of loss.

Loss of Senior Executive and/or inability to hire and retain qualified personnel

EFU's key achievement is to attract, retain, and motivate our existing key executives who play a great role in our success both in the business operations and in the infrastructure of the company. The loss of the services of any of our key executives or the inability to hire and retain other highly qualified personnel in the future could adversely affect our ability to conduct or grow our business.

Employee error and misconduct

Losses, among other things, may result from, fraud, errors, failure to document transactions properly, failure to obtain proper internal authorization, failure to comply with underwriting or other internal guidelines, or failure to comply with regulatory requirements. Resultant losses could adversely affect our business, the results of operations, and our financial condition.

Strategic

Insurance markets are highly competitive, which could result in fewer submissions, lower premium rates, and less favorable policy terms and conditions. This could reduce our profit margins and may have adverse implications for income and shareholders' equity.

Advancements in technology are taking place in marketing, underwriting, distribution channels, claims, and operations at a fast pace. In addition, our competitors may use data analytics and technology as part of their business strategy. As a result, we could be at a competitive disadvantage if, over time, our competitors are more effective than us in their utilization of technology and evolving data analytics. If we do not anticipate or keep pace with these technological and other changes impacting the insurance industry, it could also limit our ability to compete in desired markets.

Tax

In case taxes in the country increase, net income attributable to shareholders may decrease.

Opportunity Report

As a leading insurance company of the country, the Company is in a position to avail and exploit a number of opportunities. Following is the summary of significant opportunities present to the Company:

- Expand general takaful solutions through window operations;
- Increasing reach to all parts of the country through expanding distribution network & exploring omni channel for mass marketing
- Develop micro insurance solutions for the socio economic group at the bottom of the pyramid;
- Focus on insurance awareness through continuous investments in communication channels and market education; and
- With increasing mobile penetration amongst the masses, utilize such platforms for customer interaction, awareness, marketing and sales.

Materiality Approach

Management believes materiality as a key component of an effective communication with stakeholders. In general, matters are considered to be material if, individually or in aggregate, they are expected to significantly affect the performance and profitability of the Company.

Key Sources of Estimating Uncertainty

The preparation of financial statements requires management and the Board of Directors to make estimates and judgments that affect reported amounts of assets, liabilities, revenues and expenses and related disclosures of contingencies. These estimates are based on experience and various other assumptions that management and the Board believes are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The key areas of estimating uncertainty, which may have a significant effect on the amounts recognized in the financial statements, are discussed below:

Provision for unearned premiums

The unearned premium reserve is the unexpired portion of the premium which relates to business in force at the balance sheet date. Unearned premiums have been calculated by applying 1/24th method as specified in the SEC (Insurance) Rules, 2002.

Premium deficiency reserve (liability adequacy test)

The expected future liability is estimated by reference to the experience during the expired period of the contracts, adjusted for significant individual losses which are not expected to recur during the remaining period of the policies, and expectations of future events that are believed to be reasonable. The movement in the premium deficiency reserve is recognized as an expense or income in the profit and loss account for the year.

Provision for outstanding claims (including IBNR)

A liability for outstanding claims is recognized in respect of all claims incurred up to the financial statement date, which is measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to claims reported but not settled, claims incurred but not reported (IBNR) and expected claims settlement costs. Reinsurance recoveries against outstanding claims are recognized as an asset and measured at the amount expected to be received.

Employees' retirement benefits

Your Company operates defined benefit pension fund and defined benefit gratuity fund for its eligible employees. The accounting treatment is carried out in accordance with International Accounting Standard (IAS) 19 - Employee Benefits. The amounts recognized in respect of the above schemes represent the present value of defined obligations adjusted for re-measured gains and losses as reduced by the fair value of plan assets.

Deferred taxation

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

Investments

As required by Insurance Rules, 2017, your Company commenced recording Investment in equities and fixed income securities at fair value effective January 2018. As a consequence, the Investments in Subsidiary is now accounted for at fair value and classified as available-for-sale investments in the unconsolidated condensed interim financial statements. The Company has changed its accounting policies for determination of income from Subsidiary / Associates from equity method of accounting to dividend accrual basis.

Both changes in accounting policies were applied retrospectively in accordance with the requirement of IAS.

Impairment in value of investments

All impairment losses are recognized in the profit and loss account. Reversal in impairment is taken to Other Comprehensive Income. Provisions for impairment are reviewed at each balance sheet date and are adjusted to reflect the current best estimates.

Investment properties

Valuation of investment properties are carried out by qualified independent valuers. The fair value is determined on the basis of professional assessment of the current prices in an active market for similar properties in the same location and condition.

Useful lives of fixed assets

The assets' residual values, useful lives and method for depreciation are reviewed at each financial year end and adjusted if impact on depreciation is significant. Land and building are revalued by independent professionally qualified valuer.

Premium due but unpaid

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if there is objective evidence that one or more events have had a negative effect on the estimated future cash flows of that asset.

Sensitivity Analysis of Company's Profitability

Main sources of income for the Company are underwriting income (net of reinsurance, claims and expenses) and investment income.

Underwriting - net of reinsurance

The Company's profit from underwriting not only depends on existing customer base but we also have diversified customer base. Careful scrutiny of expected claims, reinsurance cost and risk appetite are taken into consideration for underwriting policies.

Claims

Law and order situation, natural calamities and control weaknesses give rise to events leading towards claims to occur. The Company deters and manages the unforeseen situation with appropriate reinsurance arrangements.

The sensitivity of the Company's profitability to severity / size of claims has been given in the relevant notes to the financial statements.

Expenses

Management and general expenses represent the operational cost of the Company. The management expenses, in particular, are directly related to the business written during the period. The Company timely monitors and reports variations in expenses so that prompt action is taken. These variations are monitored against previous periods and the budgeted figures and are reviewed by the management on regular basis.

Investment Income

Equity Securities

Investment income generated from equity investments is correlated to equity market's performance. The mechanics of stock market depend on various factors and are beyond management's control. The company maintains a portfolio to benefit from dividend income and capital gain arising from investment in equity market.

Fixed Income Securities

Fixed income portfolio comprises of Pakistan Investment Bonds, Treasury Bills, Ijarah & Corporate Sukuks, Term Finance Certificates and Term Deposits. Return on fixed income securities is sensitive to interest rate risk.

Prospects of the Company Including Targets for Financial and Non-financial Measures

Over the years, quality of service, customer satisfaction and employees motivation are the key areas on which management continuously takes measures for improvement. The Company believes its strength lies in the satisfaction of its customers. During the year, management conducted various training courses for the development of employees at various levels.

Economic challenges could have impact on the business potential.

Window Takaful Business has expanded and has shown significant growth, which is expected to continue in the years to come.

Financial Measures	Non-Financial Measures
<p>The financial measures identified by the Company into consideration are as follows:</p> <ul style="list-style-type: none"> • Budgets • Monetary policy / discount rate • Taxes and levies • Inflation • Capital market's benchmarks 	<p>The non-financial measures identified by the Company taken into consideration are as follows:</p> <ul style="list-style-type: none"> • Customer trust and satisfaction • Company standing and brand name • Compliance with regulatory framework • Technological innovation • Employees training and development

Sensitivity to the Fluctuation in Foreign Currency Exchange Rates

The Company, at present is not materially exposed to the fluctuation of the foreign currency exchange rates as majority of the operations are carried out in Pakistani Rupees, hence the amount of assets, liabilities, revenues and expenditures are not materially sensitive to the fluctuation in exchange rates of foreign currencies.

Operations in Export Processing Zone (EPZ)

The Company operates through 53 branches (2021: 57) in Pakistan including a branch in Export Processing Zone (EPZ) and a branch in Gwadar Free Zone providing Insurance services to the entities situated there. A change in USD exchange

rate may increase or decrease the value of the Assets and Liabilities in EPZ which are reported by the Company in the financial statements after translating the same into local currency.

Reinsurance payments and recoveries

Premiums payable / receivable and claims receivable to / from reinsurers are generally denominated in Pak Rupees, thus the variation in exchange rate has no material impact at the time of settlement with reinsurers.

Overseas Claims Payment

The Company's certain claims and liabilities are settled through loss adjuster (third party) in foreign currencies at the prevailing exchange rates. The Company in parallel regularly monitors exchange rate fluctuations for these claims.

Human Resource Management Policy

Our policy rests on the belief that the success and accomplishment of our Company are determined by the success and accomplishment of our employees. The employees' knowledge, expertise, abilities, skill sets, and experience are invaluable and intangible assets in securing the future. We promote and encourage ethical behavior in our business activities.

Workplace Diversity

Diversity in the workplace refers to a workforce comprised of individuals of race, ethnicity, gender, age, religion, physical ability, and other demographics. Diverse organizations are more adaptable, show consistent growth, and set the standard as competitive industry leaders.

When considering our diversity goals, we encourage Gender Diversity in each area to promote employees' better performance.

Health and Sports Activities

EFU is probably one of the few corporates which has Doctor available at the Head Office of the company and basic health related issues are discussed by the employees for themselves and their families and patients are prescribed medicines and in case special attention is required they are referred to specialists or hospitals. Company has a state of the art in-house sports and recreational club. The club is equipped with gym facilities, machines and equipment. The club also maintains various in-house sports and other facilities like Table Tennis, Snooker, Chess, Carom and Draught. This helps better and cordial interactions at work place amongst all levels of employees.

As part of recreational activities EFU organizes tournaments from time to time like cricket and table tennis and other indoor games. EFU participates in Cricket matches organized by Insurance Association of Pakistan and table tennis tournaments held locally.

Shariah Compliance Mechanism for Window Takaful Operations

The Company, as Window Takaful Operator, carries out its Window Takaful Operations (WTO) in accordance with the prescribed regulations.

A fundamental requirement of WTO is that the whole business practices, products and operations are based on Shariah rules and principles under the regulatory framework and under the guidance and supervision of our Shariah Advisor,

The Shariah Compliance Officer, as required under Takaful Rules 2012, monitors Takaful operations and ensures compliance of procedures laid down by the Shariah Advisor. The Shariah Advisor regularly conducts compliance training of the relevant staff.

"Shariah Advisor's Report to the Board of Directors" and "Independent Reasonable Assurance Report to the Board of Directors on Statement of Management's Assessment of Compliance with the Shariah Principles" are also attached to this Annual Report.

IT Governance Policy

The Company has comprehensive IT Policy, approved by the Board of Directors. The significant features of IT policy are:

- 1) IT Security including network, applications, data and asset
- 2) IT Staff responsibilities
- 3) Backup, Maintain Disaster Site and Disaster Recovery Plan

Enterprise Resource Planning (ERP), its effective implementation and updation

EFU has in house developed ERP system integrated with Underwriting, Finance, HR, Re-Insurance, online web app, etc. This facilitates us to manage the operations in a single, unified system thereby improving efficiency and communication between departments.

Compliance Department regularly reviews the SECP and other related websites and for updates and amendments in laws and regulations.

ERP training

In house trainings are carried out by IT and other departments as part of continuous upscaling the operations.

ERP risk management

The company controls risk factors on ERP projects by implementing ISO-27001:2013 and SECP Cybersecurity Framework.

Cyber security and Board's oversight

IT security policies and procedures are in place to respond effectively and minimize deviations and continuous reviews and controls are placed based on experience and new knowledge. EFU was certified ISO-27001:2013 last year and continues to improve its security posture. Incident Response Plan (IRP), Business Continuity Plan (BCP), and Disaster Recovery Plan (DRP) in place for un-interrupted core operations.

IT governance and cybersecurity programs

ISO-27001:2013 and SECP Cybersecurity Framework have been implemented for governance and for the industry specific requirements in order to mitigate cyber risks and to prevent cyber-attacks.

By doing regular security assessments to ensure the security and integrity of our technology environment. Penetration Test is one example.

Contingency and disaster recovery plans

The contingency and disaster recovery plan includes a range of measures, such as regular backups, redundancy and failover measures, training and drills and Communication protocols in addition to ISO27001 guidelines and SECP Cybersecurity Framework.

Cyber security risk training programs

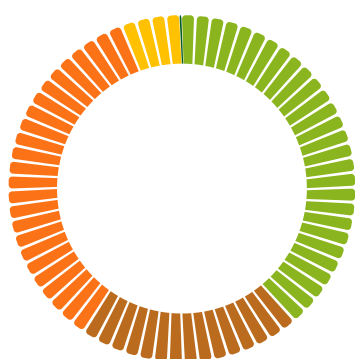
This includes regular reminders to employees about the importance of cybersecurity, as well as policy updates to ensure that all employees are aware of the company's expectations for protecting sensitive information. We also regularly conduct Cybersecurity awareness training sessions.

Statement of Value Added

Rupees in Million

	2022	2021
Wealth generated		
Net premium revenue	10 293	9 807
Investment income	1 925	1 826
Rental income	125	122
Other income	691	201
	13 034	11 956
Less: Claims, Commission & Expenses (excluding employees remuneration, depreciation and donations)	(7 877)	(5 952)
Profit / (loss) from general takaful operations - OPF	388	186
Net wealth generated	5 545	6 190
Wealth distribution		
Employees remuneration	2 165	2 024
Income tax	1 110	1 110
Contribution to society / donations	21	18
	3 296	3 152
Distribution		
Cash Dividend	2 000	2 000
	2 000	2 000
Retained in equity		
Depreciation	242	332
Retained earnings	7	706
	249	1 038
	5 545	6 190

Value Added - 2022



Employees Remuneration	39 %
Income Tax	20 %
Distribution	36 %
Depreciation	4 %
Retained Earnings	0 %
Total	100 %

Value Added - 2021



Employees Remuneration	33 %
Income Tax	18 %
Distribution	32 %
Depreciation	5 %
Retained Earnings	11 %
Total	100 %

Vertical Analysis of Statement of Financial Position & Profit and Loss Account

	2022		2021	
	Rupees	%	Rupees	%
Statement of Financial Position				
Assets				
Property, plant and equipment	3 102	5.48	2 887	6.14
Investment property	3 050	5.39	2 600	5.53
Investments in subsidiary / associate	9 517	16.81	9 644	20.52
Investments				
Equity Securities	2 718	4.80	3 705	7.88
Debt Securities	11 924	21.06	9 406	20.01
Term Deposits	552	0.97	679	1.44
Loans and other receivables	430	0.76	388	0.83
Insurance / reinsurance receivables	5 876	10.38	5 013	10.67
Reinsurance recoveries against outstanding claims	6 504	11.49	3 974	8.46
Salvage recoveries accrued	46	0.08	77	0.16
Deferred commission expense	1 112	1.96	773	1.64
Retirement benefit	-	-	-	-
Taxation - payments less provision	-	-	-	-
Prepayments	8 552	15.10	5 524	11.75
Cash and bank	1 635	2.89	1 190	2.53
Total Assets	55 018	97.17	45 860	97.57
Total assets of Window Takaful Operations - Operator's Fund	1 601	2.83	1 141	2.43
Total Assets	56 619	100.00	47 000	100.00
Equity and Liabilities				
Capital and reserves attributable to Company's equity holders				
Ordinary Share Capital	2 000	3.53	2 000	4.26
Reserves	15 099	26.67	18 384	39.11
Unappropriated profit	1 328	2.35	(1 111)	(2.36)
Total Equity	18 427	32.55	19 273	41.01
Surplus on revaluation of property and equipment	1 133	2.00	1 077	2.29
Liabilities				
Underwriting provisions				
Outstanding claims including IBNR	10 368	18.31	7 086	15.08
Unearned premium reserves	14 167	25.02	10 518	22.38
Unearned reinsurance commission	202	0.36	135	0.29
Retirement benefit obligation	14	0.02	9	0.02
Deferred taxation	20	0.04	278	0.59
Premium received in advance	79	0.14	27	0.06
Insurance / reinsurance payables	7 684	13.57	4 810	10.23
Other creditors and accruals	3 766	6.65	3 222	6.86
Taxation - provision less payments	35	0.06	51	0.11
Total Liabilities	36 335	64.17	26 136	55.61
Total Equity and Liabilities	55 896	98.72	46 486	98.91
Total liabilities of Window Takaful Operations - Operator's Fund	724	1.28	514	1.09
Total Equity and Liabilities	56 619	100.00	47 000	100.00

Rupees in Million

2020		2019		2018		2017	
Rupees	%	Rupees	%	Rupees	%	Rupees	%
2 819	6.15	2 967	6.49	2 616	6.10	1 289	2.95
2 518	5.50	2 341	5.12	1 879	4.38	1 847	4.23
9 299	20.30	10 169	22.25	9 898	23.09	10 999	25.20
4 481	9.78	3 271	7.16	4 970	11.59	6 419	14.71
10 273	22.42	9 655	21.13	8 229	19.20	8 527	19.53
683	1.49	444	0.97	507	1.18	431	0.99
345	0.75	259	0.57	100	0.23	119	0.27
3 640	7.95	4 013	8.78	3 577	8.34	2 819	6.46
3 856	8.42	4 082	8.93	3 363	7.85	3 539	8.11
55	0.12	45	0.10	42	0.10	68	0.16
678	1.48	599	1.31	601	1.40	690	1.58
34	0.07	30	0.06	–	–	–	–
–	–	22	0.05	–	–	110	0.25
4 864	10.62	5 851	12.80	5 199	12.13	5 202	11.92
1 329	2.90	1 192	2.61	1 267	2.95	1 164	2.67
44 874	97.95	44 940	98.34	42 248	98.55	43 223	99.01
939	2.05	760	1.66	621	1.45	431	0.99
45 813	100.00	45 699	100.00	42 869	100.00	43 654	100.00
2 000	4.37	2 000	4.38	2 000	4.67	2 000	4.58
16 184	35.33	15 766	34.50	14 523	33.88	15 639	35.82
1 396	3.05	1 530	3.35	2 775	6.47	3 202	7.34
19 580	42.74	19 296	42.22	19 298	45.02	20 841	47.74
1 013	2.21	1 000	2.19	859	2.00	–	–
7 112	15.52	6 273	13.73	5 177	12.08	5 572	12.76
9 411	20.54	9 144	20.01	8 354	19.49	8 497	19.46
152	0.33	431	0.94	395	0.92	462	1.06
–	–	–	–	63	0.15	72	0.16
724	1.58	668	1.46	825	1.92	1 123	2.57
44	0.10	68	0.15	57	0.13	31	0.07
4 559	9.95	6 068	13.28	5 333	12.44	4 992	11.44
2 683	5.86	2 356	5.16	2 055	4.79	1 814	4.16
93	0.20	–	–	47	0.11	–	–
24 778	54.09	25 009	54.72	22 304	52.03	22 563	51.69
45 371	99.04	45 305	99.14	42 462	99.05	43 405	99.43
442	0.96	394	0.86	408	0.95	250	0.57
45 813	100.00	45 699	100.00	42 869	100.00	43 654	100.00

Vertical Analysis of Statement of Financial Position & Profit and Loss Account

	2022		2021	
	Rupees	%	Rupees	%
Profit and Loss Account				
Written Premium	29 025		21 960	
Net Premium Revenue	10 293	100.00	9 807	100.00
Net Insurance Claims	(5 600)	(54.41)	(4 277)	(43.61)
Net Commission	(1 586)	(15.41)	(1 269)	(12.94)
Total Insurance claims and acquisition expenses	(7 186)	(69.81)	(5 546)	(56.55)
Management Expenses	(3 037)	(29.51)	(2 709)	(27.62)
Underwriting Results	70	0.68	1 552	15.83
Investment Income	1 925	18.70	1 826	18.62
Rental Income	125	1.21	122	1.24
Other Income	241	2.34	123	1.25
Changes in fair value of investment property	450	4.37	78	0.80
Other Expenses	(81)	(0.79)	(71)	(0.72)
Results of operating activities	2 730	26.52	3 630	37.01
Finance costs	-	-	-	-
Reversal of workers' welfare fund	-	-	-	-
Profit from Window Takaful Operations - Operator's Fund	386	3.77	186	1.90
Profit before Tax	3 116	30.27	3 817	38.92
Income Tax Expense	(1 110)	(10.78)	(1 110)	(11.32)
Profit after Tax	2 006	19.49	2 707	27.60

Horizontal Analysis of Statement of Financial Position & Profit and Loss Account

	2022	2021	2020	2019
Statement of Financial Position				
Assets				
Property, plant and equipment	3 102	2 887	2 819	2 967
Investment property	3 050	2 600	2 518	2 341
Investments in subsidiary / associate	9 517	9 644	9 299	10 169
Investments				
Equity Securities	2 718	3 705	4 481	3 271
Debt Securities	11 924	9 406	10 273	9 655
Term Deposits	552	679	683	444
Loans and other receivables	430	388	345	259
Insurance / reinsurance receivables	5 876	5 013	3 640	4 013
Reinsurance recoveries against outstanding claims	6 504	3 974	3 856	4 082
Salvage recoveries accrued	46	77	55	45
Deferred commission expense	1 112	773	678	599
Retirement benefit	-	-	34	30
Taxation - payments less provision	-	-	-	22
Prepayments	8 552	5 524	4 864	5 851
Cash and bank	1 635	1 190	1 329	1 192
Total Assets	55 018	45 860	44 874	44 940
Total assets of Window Takaful Operations - Operator's Fund	1 601	1 141	939	760
Total Assets	56 619	47 000	45 813	45 699

Rupees in Million

2020		2019		2018		2017	
Rupees	%	Rupees	%	Rupees	%	Rupees	%
20 241		19 774	–	18 780	–	18 838	–
8 617	100.00	7 460	100.00	7 562	100.00	7 615	100.00
(4 359)	(50.59)	(3 549)	(47.57)	(3 089)	(40.85)	(2 975)	(39.07)
(775)	(8.99)	(556)	(7.45)	(588)	(7.77)	(662)	(8.69)
(5 134)	(59.58)	(4 105)	(55.03)	(3 677)	(48.62)	(3 637)	(47.76)
(2 744)	(31.84)	(2 849)	(38.19)	(2 579)	(34.10)	(2 346)	(30.80)
739	8.58	506	6.78	1 307	17.28	1 632	21.44
2 185	25.36	2 262	30.32	1 612	21.32	1 512	19.86
117	1.36	112	1.50	104	1.38	97	1.27
128	1.49	219	2.94	161	2.13	118	1.54
170	1.97	434	5.82	11	0.14	299	3.92
(71)	(0.82)	(51)	(0.68)	(50)	(0.66)	(43)	(0.57)
3 268	37.93	3 482	46.68	3 145	41.59	3 615	47.47
–	–	(14)	(0.19)	–	–	–	–
–	–	146	1.96	–	–	–	–
186	2.16	214	2.87	117	1.55	47	0.62
3 454	40.08	3 828	51.31	3 262	43.14	3 662	48.09
(1 083)	(12.57)	(1 219)	(16.34)	(1 091)	(14.43)	(1 161)	(15.25)
2 371	27.52	2 609	34.97	2 171	28.71	2 500	32.84

Rupees in Million

% Increase / (decrease) over preceding year

2018	2017	2022	2021	2020	2019	2018	2017
2 616	1 289	7.45	2.41	(5.00)	13.45	102.92	12.34
1 879	1 847	17.31	3.26	7.54	24.61	1.73	19.32
9 898	10 999	(1.32)	3.71	(8.56)	2.74	(10.01)	18.46
4 970	6 419	(26.64)	(17.32)	36.97	(34.18)	(22.57)	(32.38)
8 229	8 527	26.77	(8.44)	6.41	17.33	(3.50)	62.06
507	431	(18.70)	(0.59)	53.71	(12.29)	17.67	(35.92)
100	119	10.82	12.46	33.37	157.98	(15.47)	(51.14)
3 577	2 819	17.22	37.72	(9.29)	12.18	26.89	(29.49)
3 363	3 539	63.66	3.06	(5.53)	21.36	(4.95)	3.33
42	68	(40.26)	40.00	23.46	5.30	(38.20)	86.91
601	690	43.86	14.01	13.25	(0.34)	(12.88)	22.13
–	–	–	(100.00)	14.52	100.00	–	–
–	110	–	–	(100.00)	100.00	(100.00)	100.00
5 199	5 202	54.82	13.57	(16.86)	12.54	(0.06)	23.65
1 267	1 164	37.39	(10.46)	11.52	(5.91)	8.79	(2.62)
42 248	43 223	19.97	2.20	(0.15)	6.37	(2.26)	5.23
621	431	40.32	21.51	23.59	22.28	44.27	61.84
42 869	43 654	20.47	2.59	0.25	6.60	(1.80)	5.59

Horizontal Analysis of Statement of Financial Position & Profit and Loss Account

	2022	2021	2020	2019
Equity and Liabilities				
Capital and reserves attributable to Company's equity holders				
Ordinary Share Capital	2 000	2 000	2 000	2 000
Reserves	15 099	18 384	16 184	15 766
Unappropriated profit	1 328	(1 111)	1 396	1 530
Total Equity	18 427	19 273	19 580	19 296
Surplus on revaluation of property and equipment	1 133	1 077	1 013	1 000
Liabilities				
Underwriting provisions				
Outstanding claims including IBNR	10 368	7 086	7 112	6 273
Unearned premium reserves	14 167	10 518	9 411	9 144
Unearned reinsurance commission	202	135	152	431
Retirement benefit obligation	14	9	–	–
Deferred taxation	20	278	724	668
Premium received in advance	79	27	44	68
Insurance / reinsurance payables	7 684	4 810	4 559	6 068
Other creditors and accruals	3 766	3 222	2 683	2 356
Taxation - provision less payments	35	51	93	–
Total Liabilities	36 335	26 136	24 778	25 009
Total Equity and Liabilities	55 895	46 486	45 371	45 305
Total liabilities of Window Takaful Operations - Operator's Fund	724	514	442	394
Total Equity and Liabilities	56 619	47 000	45 813	45 699
Profit and Loss Account				
Written Premium	29 025	21 960	20 241	19 774
Net Premium Revenue	10 293	9 807	8 617	7 460
Net Insurance Claims	(5 600)	(4 277)	(4 359)	(3 549)
Net Commission	(1 586)	(1 269)	(775)	(556)
Total Insurance claims and acquisition expenses	(7 186)	(5 546)	(5 134)	(4 105)
Management Expenses	(3 037)	(2 709)	(2 744)	(2 849)
Underwriting Results	70	1 552	739	506
Investment Income	1 925	1 826	2 185	2 262
Rental Income	125	122	117	112
Other Income	241	123	128	219
Changes in fair value of investment property	450	78	170	434
Other Expenses	(81)	(71)	(71)	(51)
Results of operating activities	2 730	3 630	3 268	3 482
Finance costs	–	–	–	(14)
Reversal of workers' welfare fund	–	–	–	146
Profit from Window Takaful Operations - Operator's Fund	386	186	186	214
Profit before Tax	3 116	3 816	3 454	3 828
Income Tax Expense	(1 110)	(1 110)	(1 083)	(1 219)
Profit after Tax	2 006	2 707	2 371	2 609

Rupees in Million						% Increase / (decrease) over preceding year	
2018	2017	2022	2021	2020	2019	2018	2017
2 000	2 000	–	–	–	–	–	–
14 523	15 639	(17.87)	13.59	2.65	8.56	(7.14)	1.27
2 775	3 202	(219.53)	(179.58)	(8.77)	(44.87)	(13.33)	(12.03)
19 298	20 841	(4.39)	(1.57)	1.47	(0.01)	(7.40)	(1.15)
859	–	5.20	6.32	1.26	16.45	100.00	–
5 177	5 572	46.32	(0.37)	13.37	21.18	(7.10)	2.91
8 354	8 497	34.69	11.76	2.92	9.45	(1.68)	15.00
395	462	49.63	(11.18)	(64.73)	9.14	(14.46)	34.20
63	72	55.56	–	–	(100.00)	(12.67)	12 111.73
825	1 123	(92.81)	(61.60)	8.39	(19.02)	(26.54)	(16.02)
57	31	192.59	(38.64)	(35.54)	20.79	79.48	584.95
5 333	4 992	59.75	5.51	(24.87)	13.78	6.83	39.26
2 055	1 814	16.88	20.09	13.87	14.68	13.24	(1.59)
47	–	(31.37)	(45.16)	–	(100.00)	100.00	(100.00)
22 304	22 563	39.02	5.48	(0.92)	12.13	(1.15)	12.12
42 462	43 405	20.24	2.46	0.15	6.70	(2.17)	5.33
408	250	40.86	16.29	12.14	(3.28)	63.27	85.47
42 869	43 654	20.47	2.59	0.25	6.60	(1.80)	5.59
18 780	18 838	32.17	8.49	2.36	5.29	(0.31)	17.00
7 562	7 615	4.96	13.81	15.51	(1.35)	(0.69)	5.13
(3 089)	(2 975)	30.93	(1.88)	22.82	14.90	3.83	10.43
(588)	(662)	24.98	63.74	39.39	(5.39)	(11.17)	12.48
(3 677)	(3 637)	29.57	8.02	25.07	11.65	1.10	10.80
(2 579)	(2 346)	12.11	(1.28)	(3.69)	10.47	9.95	8.01
1 307	1 632	(95.49)	110.01	46.05	(61.28)	(19.95)	(8.75)
1 612	1 512	5.42	(16.43)	(3.40)	40.29	6.62	(19.43)
104	97	2.46	4.27	4.46	7.70	7.22	(31.03)
161	118	95.93	(3.91)	(41.55)	35.83	37.21	526.60
11	299	476.92	(54.12)	(60.83)	3 963.29	(96.42)	100.00
(50)	(43)	14.08	–	39.22	1.74	15.92	(14.32)
3 145	3 615	(24.79)	11.08	(6.15)	10.72	(13.00)	(4.24)
–	–	–	–	(100.00)	(100.00)	–	–
–	–	–	–	(100.00)	100.00	–	–
117	47	107.53	–	(13.08)	82.20	150.67	691.87
3 262	3 662	(18.34)	10.48	(9.77)	17.34	(10.90)	(3.15)
(1 091)	(1 161)	–	2.49	(11.16)	11.72	(6.04)	(16.39)
2 171	2 500	(25.90)	14.17	(9.12)	20.16	(13.16)	4.53

Cash Flow Summary

Rupees in Million

	2022	2021	2020	2019	2018	2017
Cash Flow Summary						
Operating Activities	3 082	159	1 402	911	20	3 096
Investing Activities	(651)	1 705	748	1 152	2 016	(1 015)
Financing Activities	(1 986)	(2 003)	(2 012)	(2 139)	(1 934)	(2 113)
Cash and Cash Equivalents at year end	1 635	1 190	1 329	1 192	1 267	1 164

Financial Ratios

Rupees in Million

		2022	2021	2020	2019	2018	2017
Profitability							
Profit after Tax / Net Insurance Premium	%	19.49	27.60	27.52	34.97	28.71	32.84
Profit before Tax / Net Insurance Premium	%	30.27	38.92	40.08	51.31	43.14	48.09
Underwriting Result / Net Insurance Premium	%	0.68	15.83	8.58	6.78	17.28	21.44
Underwriting Result / Written Premium	%	0.24	7.07	3.65	2.56	6.96	8.67
Profit before Tax / Total Income	%	23.22	31.44	30.29	35.77	34.10	37.80
Profit after Tax / Total Income	%	14.95	22.29	20.79	24.38	22.69	25.81
Profit before Tax / Written Premium	%	10.74	17.38	17.06	19.36	17.37	19.44
Profit after Tax / Written Premium	%	6.91	12.33	11.71	13.19	11.56	13.27
Combined Ratio	%	99.32	84.90	92.25	94.09	83.38	79.13
Management Expenses / Net Insurance Premium	%	29.51	27.62	31.84	38.19	34.10	30.80
Net Claims / Net Insurance Premium	%	54.41	43.61	50.59	47.57	40.85	39.07
Net Commission / Net Insurance Premium	%	15.41	12.94	8.99	7.45	7.77	8.69
Other Expenses / Net Insurance Premium	%	0.79	0.72	0.82	0.87	0.66	0.57
Return to Shareholders							
Return on Assets	%	3.54	5.76	5.18	5.71	5.06	5.73
Return on Equity	%	10.26	13.30	11.51	12.85	10.77	12.00
Earnings per Share	Rs.	10.03	13.54	11.86	13.05	10.86	12.50
Earnings Growth	%	(25.90)	14.17	(9.12)	20.16	(13.16)	4.53
Price to Earnings Ratio	Times	9.22	7.76	10.12	8.46	9.21	12.23
Dividend Yield	%	10.81	9.52	8.33	9.07	10.00	6.54
Breakup Value per Share	Rs.	92.14	96.37	97.90	96.48	96.49	104.21

Rupees in Million

		2022	2021	2020	2019	2018	2017
Market Data							
Face Value (per share)	Rs.	10.00	10.00	10.00	10.00	10.00	10.00
Market Price per share at the end of the year	Rs.	92.50	105.00	120.00	110.30	100.00	152.90
Market Price per share - Highest during the year	Rs.	119.02	125.00	129.41	127.65	157.99	175.01
Market Price per share - Lowest during the year	Rs.	92.50	104.01	78.32	67.50	99.76	133.17
KSE 100 Index	Points	40 420	44 596	43 755	40 735	37 067	40 471
Market Capitalization	(Rs. M)	18 500	21 000	24 000	22 060	20 000	30 580
Price to Book Value	Times	1.00	1.09	1.23	1.14	1.04	1.47
Cash Dividend per Share	Rs.	10.00	10.00	10.00	10.00	10.00	10.00
Cash Dividend	%	100.00	100.00	100.00	100.00	100.00	100.00
Dividend Pay out as a % of profit after tax	%	99.70	73.88	84.35	76.66	92.11	79.99
Dividend Cover	Times	1.00	1.35	1.19	1.30	1.09	1.25
Performance / Liquidity							
Current Ratio	Times	1.08	1.19	1.26	1.21	1.30	1.36
Cash / Current Liabilities	%	4.50	4.60	5.53	4.90	5.90	5.43
Total Assets Turnover	Times	0.18	0.21	0.19	0.16	0.18	0.17
Fixed Assets Turnover	Times	5.50	4.79	5.32	6.13	5.67	5.73
Total Liabilities / Equity	Times	1.97	1.36	1.27	1.30	1.16	1.08
Paid-up Capital / Total Assets	%	32.55	41.01	42.74	42.22	45.02	47.74
Earning Assets / Total Assets	%	49.79	56.22	60.24	57.20	59.68	64.93
Equity / Total Assets	%	32.55	41.01	42.74	42.22	45.02	47.74
Return on Capital Employed	%	16.91	19.80	17.64	19.84	16.90	17.57

Free Cash Flow

Particulars	Rupees in Million	
	2022	2021
Net cash flow from operating activities	3 082	159
Net cash generated from / (used in) investing activities	(651)	1 705
Net cash outflow from financing activities	(1 986)	(2 003)
Free Cash Flows	<u>445</u>	<u>(139)</u>

Economic Value Added

Net Operating Profit after Tax	2 006	2 707
Less: Cost of Capital	-	-
Economic Value Added	<u>2 006</u>	<u>2 707</u>

Indicators and Performance Measures

Overall growth in the insurance industry has a positive relationship with growth in the economy. Insurance industry plays an important role in the economy by managing and indemnifying financial risk and by serving as institutional investor in the capital market.

The Company is continuously working towards exploring new horizons and avenues to increase the market base. The Company is offering both Conventional as well as Takaful products to its customers. We are not only the largest and oldest insurance Company in Pakistan but we are also the leading insurer in terms of market share in Pakistan.

Assumptions in Compiling Indicators

Being a service provider, the Company undertakes various considerations while compiling the indicators such as Company's financial position, financial performance, liquidity position, market standing and customer perception. These assumptions are reviewed, monitored and if needed, amended periodically.

Comments on Key Financial Data

Performance Ratios

The claim ratio and expense ratio for the year were 54.4 % (2021: 43.6 %) and 29.5 % (2021: 27.6 %) respectively. The combined ratio was 99.3 % as compared to 84.9 % last year.

The return on equity was 10.3 % (2021: 13.3 %) the return on capital employed was 16.9 % (2021: 19.8 %).

The Company has been maintaining a healthy dividend payout ratio.

Balance sheet

The Company's assets were at Rs. 56.6 billion compared to Rs. 47.0 billion last year. Total equity of the Company stood at Rs. 18.4 billion as compared to Rs.19.3 billion last year.

Profit and loss Account

During the year, gross written premium (including takaful contribution) continued its growth trajectory to clock in at Rs. 31.9 billion as against Rs. 24.7 billion last year.

Net premium revenue grew by 4.9 % despite challenging business scenarios and investment & other income was Rs. 2.7 billion.

Analysis of Financial Statements

Gross Premium - 2022



Fire & Property Damage	69 %
Marine, Aviation & Transport	12 %
Motor	13 %
Others	6 %
Total	100 %

Gross Premium - 2021



Fire & Property Damage	63 %
Marine, Aviation & Transport	14 %
Motor	15 %
Others	8 %
Total	100 %

Gross Claims - 2022



Fire & Property Damage	53 %
Marine, Aviation & Transport	10 %
Motor	28 %
Others	9 %
Total	100 %

Gross Claims - 2021



Fire & Property Damage	56 %
Marine, Aviation & Transport	10 %
Motor	24 %
Others	10 %
Total	100 %

Combined Expenses - 2022



Net Claims	55 %
Net Commission	15 %
Expenses	30 %
Total	100 %

Combined Expenses - 2021



Net Claims	52 %
Net Commission	15 %
Expenses	33 %
Total	100 %

Analysis of Income - 2022



Underwriting Profit	3 %
Investment & Other Income	97 %
Total	100 %

Analysis of Income - 2021



Underwriting Profit	41 %
Investment & Other Income	59 %
Total	100 %

Total Assets - 2022



Cash & Bank Deposits	3 %
Investment & Property	49 %
Other Assets including Reinsurance Recoveries	43 %
Fixed Assets	5 %
Total	100 %

Total Assets - 2021



Cash & Bank Deposits	3 %
Investment & Property	55 %
Other Assets including Reinsurance Recoveries	36 %
Fixed Assets	6 %
Total	100 %

Total Equity & Liabilities - 2022



Equity	35 %
Liabilities	65 %
Total	100 %

Analysis of Income - 2021



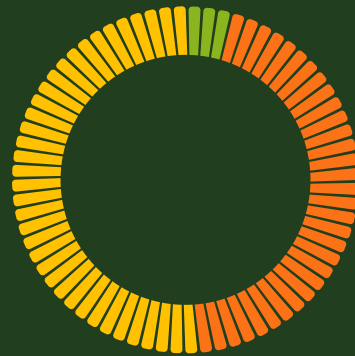
Equity	43 %
Liabilities	57 %
Total	100 %

Cash Flow Analysis - 2022



Operating Activities	56 %
Investing Activities	12 %
Financing Activities	32 %
Total	100 %

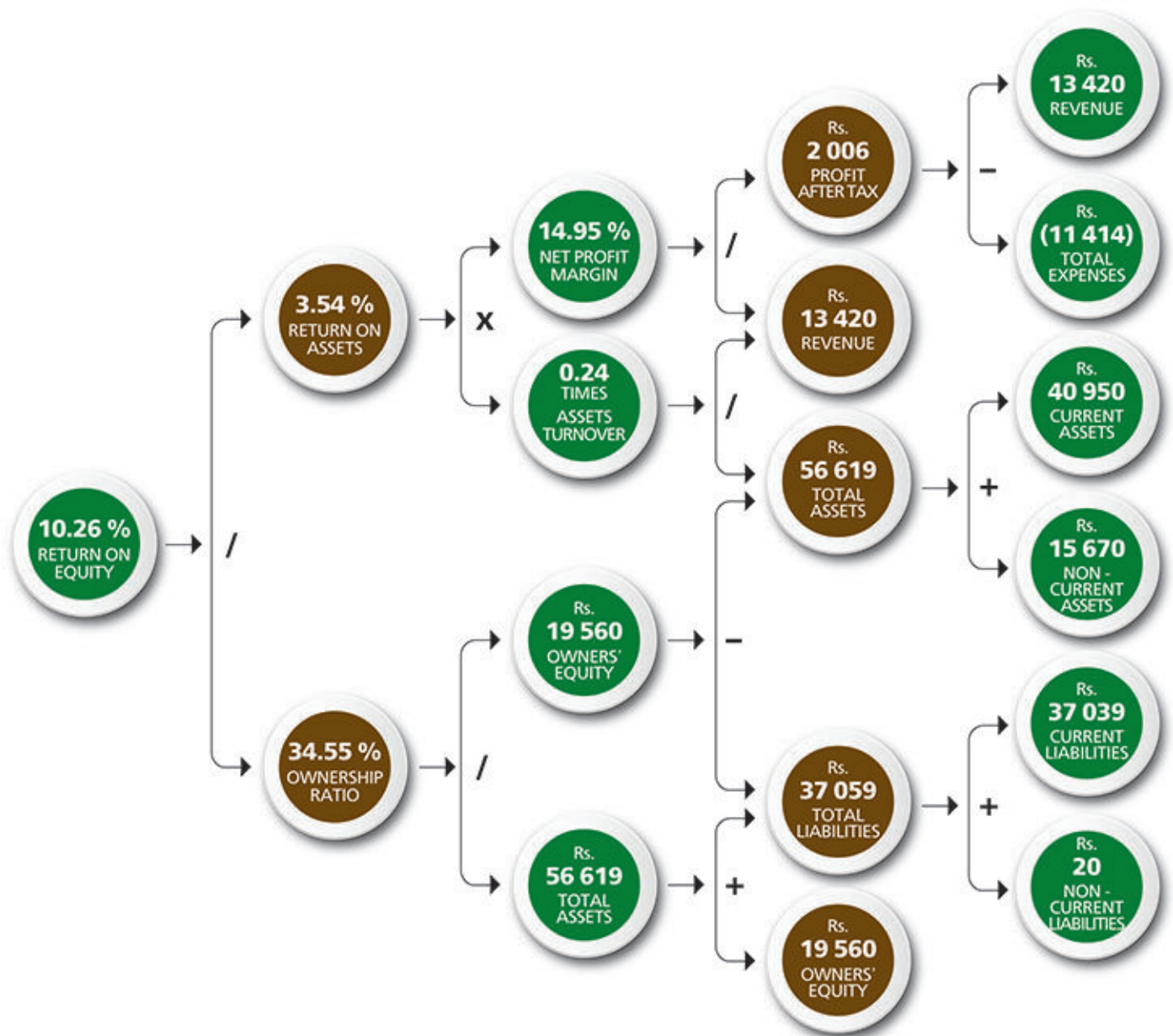
Cash Flow Analysis - 2021



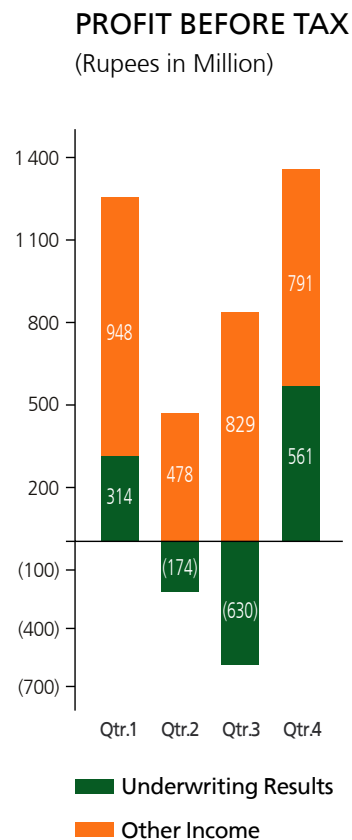
Operating Activities	4 %
Investing Activities	45 %
Financing Activities	51 %
Total	100 %

DuPont Analysis 2022

Rupees in Million



Analysis of Variation in Results Reported in Quarterly Accounts



Underwriting Results

During the year, the Company recorded 29.6% growth in written premium. The Company had Written Direct Premium and takaful business in Pakistan of Rs. 31.9 billion (inclusive of Rs. 2.9 billion of takaful contribution) as compared to Rs. 24.7 billion (inclusive of Rs. 2.7 billion of takaful contribution) in 2021, while the Net Premium Revenue grew by 4.9 % to Rs. 10.3 billion as compared to Rs. 9.8 billion in 2021.

Profit after Tax

Your Company's profit after tax for the year 2022 was Rs. 2.0 billion as compared to Rs. 2.7 billion in 2021. The earnings per share was Rs. 10.03 as against earnings per share of Rs. 13.53 last year.

Report of the Audit Committee For the year ended December 31, 2022

The Board Audit Committee comprises of three non-executive directors and two independent directors including Chairman of the committee.

The members of the Audit Committee are qualified professionals and possess enriched working experience at senior management levels. The Committee consists of one member with relevant financial experience and necessary knowledge relating to finance and accounting as required by the Code. Based on reviews and discussions in these meetings, the Committee reports that:

1. Four meetings of the Committee were held during the year 2022.
2. The Committee reviewed and approved interim and annual financial statements of the Company and recommended them for approval of the Board of Directors.
3. The Company issued a Statement of Compliance with the Code of Corporate Governance which has also been reviewed by the external auditors of the Company.
4. The Chief Executive Officer and the Chief Financial Officer have endorsed the standalone as well as consolidated financial statements of the Company and the Board of Directors Report. They acknowledge their responsibility for true and fair presentation of the financial statements and compliance with regulations and applicable accounting standards.
5. The financial statements have been prepared in accordance with approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, the Insurance Ordinance, 2000 and Insurance Rules, 2017.
6. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment. The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
7. Proper books of accounts have been maintained by the Company.
8. The Committee reviewed and approved all related party transactions and recommended them for approval of the Board of Directors.
9. The Committee oversees Company's risk management and internal control framework and reviews their adequacy in relation to the risks faced by the Company. The Company's system of internal control established at all levels is sound in design and is continually evaluated for effectiveness and adequacy.
10. For appraisal of internal controls and monitoring compliance, the Company has in place an appropriately staffed Internal Audit department. The Committee reviewed the resources of the Internal Audit department to ensure that they were adequate for the planned scope of the Internal Audit function.
11. The role of Internal Audit is to assess risk management processes and internal control as well as to ensure implementation of and compliance with the defined policies and procedures. Internal Audit submits its reports directly to audit committee for appropriate actions with timely follow-up on audit findings to ensure that corrective actions are taken in a timely manner.
12. The Committee on the basis of internal audit reports reviewed the adequacy of controls and compliance shortcomings in areas audited and discussed corrective actions in the light of management responses. This has ensured the continual evaluation of controls and improved compliance.
13. The Internal Auditor has full access to the Chairman of the Board Audit Committee, further internal auditor meets senior management to discuss internal audit reports and is fully independent to access the management any time to discuss audit issues in order to make the audit process transparent and effective and ensure that the identified

risks are mitigated to safeguard the interest of the Company. The Committee evaluates head of internal audit performance jointly with chief executive.

14. The external auditors EY Ford Rhodes, Chartered Accountants had direct access to the Committee and necessary coordination with internal auditors was ensured.
15. The Audit Committee has discussed with the external auditors and management, all the Key matters identified during external audit and has taken appropriate actions accordingly.
16. The Committee assessed the effectiveness of external audit process by evaluating the experience and technical excellence of auditors in the Company's business and the regulatory environment, demonstration of professional integrity and objectivity and timely communications and reports so as to allow committee to take appropriate actions.
17. The Committee recommended to the Board of Directors for appointment of EY Ford Rhodes, Chartered Accountants as external auditors and their remuneration for the year ending December 31, 2022.
18. The Committee is of the view that the annual report was fair, balanced and understandable and provide complete information for shareholders to assess the Company's position and performance, business model and strategy.
19. The Committee has complied with all the applicable provisions of Code of Corporate Governance, presence of sufficient commercial and financial experience and knowledge to carry out audit matters and assisted Board by delivering reports on timely basis.

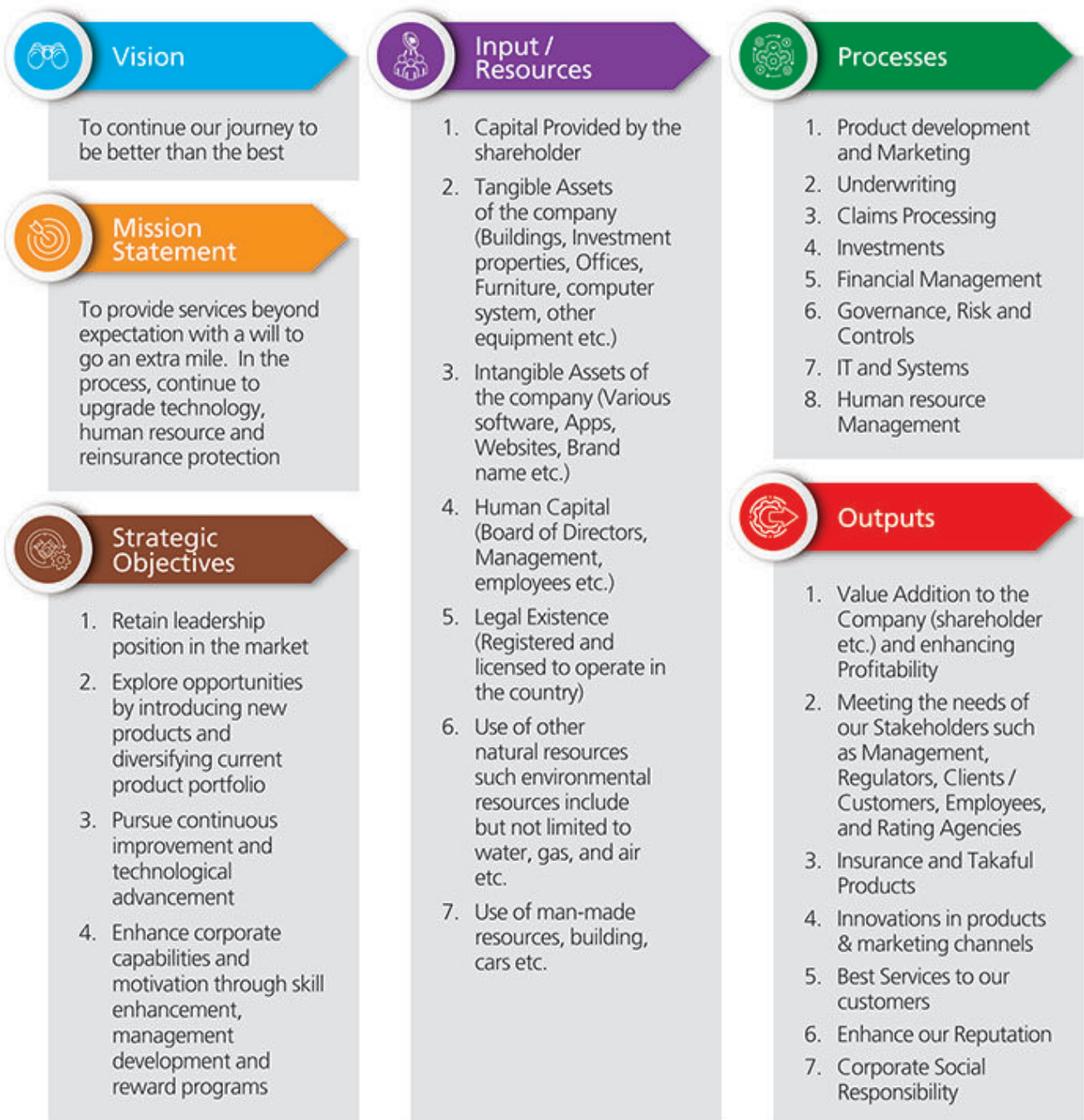
Profile of Shari'ah Advisor - Window Takaful Operations

Shari'ah Advisor of EFU General Insurance Limited - Window Takaful Operations is Mufti Ibrahim Essa, a well-known recognized Shari'ah Scholar in field of Islamic Finance and Takaful. Mufti Ibrahim Essa has completed his DarseNizami (Masters in Quran and Sunnah) and Takhassus Fil Ifta (Specialization in Islamic Jurisprudence) from Jamiah Darul Uloom Karachi.

Currently he is working as Teacher and Member of Darul Ifta Darul - Uloom Karachi. Mufti Ibrahim Essa is also associated as Chairman Shari'ah Board of UBL Ameen. He is also the Shari'ah Advisor of EFU Life Assurance Limited and Allianz EFU Health Insurance Limited. Mufti Ibrahim has also written more than Four thousand Fatawa on different topics.

Mufti Ibrahim Essa looks after the matters of Takaful in EFU General Insurance Limited.

BUSINESS MODEL



Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 & Listed Companies (Code of Corporate Governance) Regulations, 2019 For the year ended December 31, 2022

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (the Code) for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (CCG 2019).

The Company has applied the principles contained in the Code and CCG 2019 in the following manner:

1. The total numbers of Directors are ten as per the following:
 - a: Male: 9
 - b: Female: 1
2. The Insurer encourages representation of independent, non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Name
Independent Female Director	Ms. Yasmin Hyder
Independent Directors	Mr. Muhammed Iqbal Mankani Mr. Tanveer Sultan Moledina
Non-Executive Directors	Mr. Saifuddin N. Zoomkawala Mr. Rafique R. Bhimjee Mr. Taher G. Sachak Mr. Ali Raza Siddiqui Mr. Saad Bhimjee Mr. Mahmood Lotia
Executive Director	Mr. Hasanali Abdullah

The independent director meets the criteria of independence as laid down under the code and CCG 2019.

3. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies including this Company.
4. All the resident Directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a development financial institution or a non-banking financial institution or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.
5. A causal vacancy occurred on the Board on October 26, 2021 due to passing away of Mr. Abdur Rehman Haji Habib was filled up by appointment of Mr. Mahmood Lotia as Director with effect from January 20, 2022.
6. The Company has prepared a "Statement of Ethics and Business Practices" as Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
7. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
8. All powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / shareholders as empowered by the relevant provisions of the Act and CCG 2019. The decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of Chief Executive Officer and key Officers have been taken by the Board.

9. The meetings of the Board were presided over by the Chairman of the Board for this purpose. The Board met at least once in every quarter. The Board has complied with the requirement of the Act and CCG 2019 with respect to frequency, recording and circulating minutes of meeting of Board. Written notices of Board meetings, along with agenda and working papers were circulated at least seven days before the meeting.
10. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and CCG 2019.
11. All Directors of the Company have acquired certification under the Director's training program.
12. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the code.
13. The management of the Company has submitted a Booklet to the Board of Directors during the year to consider it as an orientation course for its Directors and to apprise them of their duties and responsibilities. The course Booklet also apprised the Directors about changes in Code of Corporate Governance and other laws Regulations.
14. There was no change of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year. The Board had approved the remuneration of Chief Financial Officer, Company Secretary and the Head of Internal Audit Department.
15. The Directors' Report for this year has been prepared in compliance with the requirements of the code and CCG 2019 and fully describes the salient matters required to be disclosed.
16. The financial statements of the company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
17. The Directors, Chief Executive Officer and Executives do not hold any interest in the shares of the company other than disclosed in the pattern of shareholding.
18. The company has complied with all the corporate and financial reporting requirements of the code and CCG 2019.
19. The Board has formed the following Board Committees:

Ethics, Human Resource and Remuneration Committee

Name of the Member	Category
Mr. Muhammed Iqbal Mankani	Chairman - Independent Director
Mr. Saifuddin N. Zoomkawala	Member - Non Executive Director
Mr. Hasanali Abdullah	Member - Executive Director

Investment Committee

Name of the Member	Category
Mr. Rafique R. Bhimjee	Chairman - Non Executive Director
Mr. Saifuddin N. Zoomkawala	Member - Non Executive Director
Mr. Hasanali Abdullah	Member - Managing Director & Chief Executive Officer
Mr. Taher G. Sachak	Member - Non Executive Director
Mr. Altaf Gokal	Member - Chief Financial Officer

20. The Board has formed an Audit Committee. It comprises of five members, of whom three are non-executive Directors and two are independent Director. The chairman of the Committee is an independent non-executive Director. The composition of the Audit Committee is as follows:

Audit Committee

Name of the Member	Category
Mr. Tanveer Sultan Moledina	Chairman - Independent Director
Mr. Rafique R. Bhimjee	Member - Non Executive Director
Mr. Ali Raza Siddiqui	Member - Non Executive Director
Mr. Taher G. Sachak	Member - Non Executive Director
Ms. Yasmin Hyder	Member - Independent Director

21. The Board has formed the following Management Committees:

Underwriting Committee:

Name of the Member	Category
Mr. Hasanali Abdullah	Chairman
Mr. Kamran Arshad Inam	Member
Mr. Imran Ahmed	Member - Secretary
Mr. Khurram Nasim	Member
Mr. Muhammad Sohail Nazir	Member

Claim Settlement Committee

Name of the Member	Category
Mr. Hasanali Abdullah	Chairman
Mr. Aftab Fakhruddin	Member - Secretary
Mr. Badar Amin Sissodia	Member
Mr. Farrukh Aamir Baig	Member
Ms. Fatima Bano	Member

Reinsurance & Co-insurance Committee

Name of the Member	Category
Mr. Hasanali Abdullah	Chairman
Mr. Kamran Arshad Inam	Member
Mr. Altaf Gokal	Member
Mr. Imran Ahmed	Member
Mr. Khurram Nasim	Member
Mr. Muhammad Sohail Nazir	Member
Mr. Pervez Ahmed	Member - Secretary

Risk Management & Compliance Committee

Name of the Member	Category
Mr. Hasanali Abdullah	Chairman
Mr. Kamran Arshad Inam	Member
Mr. Altaf Gokal	Member
Mr. Imran Ahmed	Member
Mr. Khurram Nasim	Member
Mr. Muhammad Sohail Nazir	Member
Mr. Abdul Qadir Memon	Member
Mr. Hameed Qureshi	Member
Mr. Atif Anwar	Member
Mr. Ali Ghulam Ali	Member
Mr. Amin Punjani	Member - Secretary

The functions of Nominations Committee are being performed by the Board.

22. The Quarterly meetings of audit committee were held prior to the approval of interim and final results of the company. The terms of references of the Committees have been formed and advised to the Committees for compliance. The frequency of meetings of the Committee were as follows:

Name of Meeting	Frequency
Ethics, Human Resource and Remuneration Committee	Twice a year
Investment Committee	Quarterly
Audit Committee	Quarterly
Underwriting Committee	Quarterly
Claim Settlement Committee	Quarterly
Reinsurance & Co-insurance Committee	Quarterly
Risk Management & Compliance Committee	Quarterly

23. The Board has set up an effective internal audit department which comprises of suitably qualified and experienced staff for the purpose and are conversant with the policies and procedures of the company and are involved in the internal audit function on a regular basis.

24. The Chief Executive Officer, Chief Financial Officer, Company Secretary & Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code. Moreover, the persons heading the underwriting, claim, reinsurance, risk management and grievance function possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

Name of the Person	Designation
Mr. Hasanali Abdullah	Chief Executive Officer
Mr. Kamran Arshad Inam	Head of Underwriting, Claims and Reinsurance
Mr. Altaf Gokal	Chief Financial Officer
Mr. Amin Punjani	Company Secretary, Compliance Officer and Risk Officer
Mr. Ali Ghulam Ali	Head of Internal Audit
Mr. M. Vaqaruddin	Head of Window Takaful Operations
Mr. Aftab Fakhruddin	Head of Grievance Function

25. The statutory auditors of the company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Directors of the Company.
26. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.
27. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code.
28. The Board ensures that the risk management system of the Company is in place as per the requirements of the Code.
29. The company has set up a Risk Management function, which carries out its tasks as covered under the code.
30. The Company has been rated by AM Best, PACRA and VIS and the rating assigned by these rating agencies on October 13, 2022, June 17, 2022 and November 23, 2022 respectively. PACRA and VIS has assigned rating of AA++ with stable outlook while AM Best has assigned rating of B with stable outlook.
31. The Board has set up Grievance function in compliance with the requirements of the code.
32. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of the requirements of the code.
33. We confirm that all requirements no. 3, 6, 7, 8, 27, 32, 33 and 36 of the CCG 2019 and all material requirement of Code have been complied with.

Regulation 6: The Board of the Company comprises of ten elected Directors and one-third works out to be 3.33. Presently, three (3) independent Directors were elected by the shareholders in terms of Section 166 of the Companies Act, 2017, which have requisite competencies, skills, knowledge, and experience to discharge and execute their duties competently as per laws and regulations under which, hereby, fulfill the requirements; not warrant the appointment of a forth independent Director.

MAHMOOD LOTIA
Director

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

MUFTI MUHAMMAD IBRAHIM ESSA

Graduate from Jamiah Darul Uloom Karachi, Pakistan
Shari'ah Advisor - EFU General Insurance Ltd - WTO

Email: mibrahimesa@yahoo.com
Phone: +92.322.2671867

المفتى ابراهيم عيسى
خريج الجامعة دارالعلوم كراتشي
المشير الشرعى للامور المالية الاسلامية

Annual Shari'ah Review Report For the year ended 31 December 2022

الحمد لله رب العالمين والعاقبة للمتقين والصلاة والسلام على اشرف الانبياء والمرسلين وعلى آله
واصحابه اجمعين - اما بعد

The company, EFU General Insurance Limited started its Window Takaful Operations on 6th May 2015. By the grace of Allah, the year under review was the seventh successful year of Takaful in EFU General. The Management, sales personnel and Board of Directors have shown their sincere efforts for the promotion of Takaful and underwritten good number in Takaful Alhamdulillah

Progress of the Year 2022:

During the period under review; EFU General Window Takaful Operations (EFU General-WTO) has achieved significant successes, details of which are as follow:

1. Dedicated Window Takaful Branches of Head office successfully recorded the Takaful contracts executed during the year.
2. Divisions and Branches fully participated in the business of Takaful in the different locations of the Country. Now a number of divisions have been allowed to underwrite and record the business independently. By this way, the Divisions, Branches have confidently underwritten the Takaful PMDs which increased the size of Takaful and they provided the excellent service of Takaful to their Participants.
3. Significant success has been achieved in the Takaful Agreements with Islamic Banks. At this stage, I am thankful to the Partner Banks for the confidence they have shown on EFU General-WTO's Takaful Products. During the year, a number of Islamic Banks entered into MOU with EFU General-WTO for the distribution of Takaful Products on behalf of EFU General-WTO.

Shari'ah Compliance:

As Shari'ah Advisor of EFU General-WTO and based on my review; I confirm that:

- I have reviewed all the product documents of EFU General-WTO including Waqf Deed, PTF Policies, Takaful PMDs, Brochures, MOUs with Islamic Banks, and Retakaful Agreements etc. and Alhamdulillah, I have found them in accordance with Shari'ah Principles. Further, I confirm that the Takaful PMDs issued during the year under review are in accordance with the guidelines of Shari'ah.
- All the investments of Takaful funds are undertaken in accordance with the consultation of undersigned and are according to the Shariah guidelines. Moreover, all Bank Accounts of Takaful are separate from the conventional insurance business and are maintained in Islamic Banks.
- Window Takaful Branch, Divisions and other related Departments of head office, before launching any Takaful Product, take guidance and advice of Shari'ah from the undersigned and always develop the Takaful Products in accordance with the guidelines provided by me as Shari'ah Advisor.
- Segregation of Window Takaful Operations is the essential part of valid Takaful contracts. I am pleased to state that EFU General has realized criticalities of this issue and from the day one, Alhamdulillah, all the Takaful Funds, Investments, Bank Accounts, Systems and other related issues are kept separate from its conventional insurance business, as per requirement of Shari'ah.

- Conducting Training and Development is an imperative for understanding the principles of Takaful and its practical outline. For this purpose EFU General-WTO fulfilled its responsibility and arranged classroom training sessions for takaful in all over Pakistan; from Head Office to the Distribution (Sales) force level working in their respective fields and I personally felt that participants gained significantly from these training sessions. I hope EFU General will continue this practice in the future.

While concluding; I state that the Shari'ah principles were followed in practical implementation of Takaful in EFU General-WTO this year. I am grateful to the Board of Directors of EFU General, Management, Head of Window Takaful Operations, Divisional and Branch Heads and all relevant departments who cooperated with me and provided me every possible support to ensure Shari'ah Compliance in our Takaful practices.

In the end; I pray to Allah Almighty to maintain the passion and dedication with which EFU General has launched its Window Takaful Operations. May Allah Almighty grant us success and help us at every step, keep us away from every hindrance and difficulty, and give financial success to EFU General Window Takaful Operations.

والسلام عليكم ورحمة الله وبركاته

Mufti Muhammad Ibrahim Essa
Shari'ah Advisor

EFU General Insurance Limited
Window Takaful Operations

06 February 2023

Independent Auditor's Report To the members of EFU General Insurance Limited Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of EFU General Insurance Limited (the Company), which comprise the unconsolidated statement of financial position as at 31 December 2022, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant 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 unconsolidated statement of financial position, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at 31 December 2022 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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 judgment, were of most significance in our audit of the financial statements for 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, and we do not provide a separate opinion on these matters.

S. No.	Key Audit Matter(s)	How the matter was addressed in our audit
1.	<p>Insurance Liabilities</p> <p>The Company's liability relating to outstanding claims including Incurred but not reported (IBNR) aggregating to Rs. 10,368 million, which represent 28.53% of the Company's total liabilities.</p> <p>Valuation of these claim liabilities involves Company's judgement regarding uncertainty in the estimation of claim payments, and assessment of frequency and severity of claims.</p> <p>Furthermore, the Company also maintains a provision for claims including IBNR based on the advice of an independent actuary. The actuarial valuation methodology involves estimates and the use of actuarial assumptions.</p>	<p>Our procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding and tested relevant controls over the process of capturing, processing and recording of information related to the claims. • Assessed the appropriateness of the Company's accounting policy for recording of claims in line with the requirements of applicable accounting and reporting standards; • Tested, on sample basis, claims transactions with the underlying documentation to evaluate whether the claims reported are recorded in accordance

S. No.	Key Audit Matter(s)	How the matter was addressed in our audit
	<p>Due to the significant judgment and estimation required to determine the obligations relating to outstanding claims including IBNR, we consider it to be a Key Audit Matter.</p> <p>Refer to note 3.15 and 24 to unconsolidated financial statements relating to outstanding claims including (IBNR).</p>	<p>with the Company's policy and applicable insurance regulations, and assessed the sufficiency of reserving claim liabilities;</p> <ul style="list-style-type: none"> • Obtained an understanding of the work performed by the management expert (actuary) for determining provision for claims Incurred But Not Reported and tested underlying data used; • Used an external actuarial specialist to assist us in evaluation of methodology, actuarial assumptions and basis adopted for actuarial valuations in respect of IBNR provisions; and • Examined the adequacy of the disclosures made by the Company with regard to applicable accounting and reporting standards.
2.	<p>Existence, Valuation and impairment of investments</p> <p>Refer to note 8 to 11 to the unconsolidated financial statements and the accounting policies in note 3.13 and 3.14 for investments.</p> <p>The Company's investment portfolio comprises of government debt securities, equity securities, other fixed income securities and term deposits.</p> <p>We identified the existence, valuation and impairment of investments as key audit matter because of the significance of investments in context of the total asset size of the Company.</p>	<p>Our procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • We obtained an understanding of Company's process over acquisition, disposals and periodic valuation of investment portfolio and evaluated / tested controls in those areas for the purpose of our audit. • We tested the valuation of investments, on sample basis, by agreeing the prices with quoted marked yields obtained from Reuters for Government securities, prices quoted on Pakistan Stock Exchange for equity securities and prices quoted by Mutual Funds Association of Pakistan for other debt securities; • We performed substantive audit procedures on year-end balances of investment portfolios including review of custodian's statement, related reconciliations and re-performance of investment valuations. • We assessed the appropriateness of impairment in the value of available for sale securities in accordance with the requirements of the applicable financial reporting standards. • Assessed the relevant disclosures made in the financial statements to determine whether these complied with the accounting and reporting standards as applicable in Pakistan.

Information Other than the 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, 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 unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of 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 unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement 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.
- Evaluate the overall presentation, structure and content of the unconsolidated 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 Requirement

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

- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Other matter

The annual unconsolidated financial statements of the Company for the year ended 31 December 2021 were audited by another firm of Chartered Accountants, whose audit report date 07 March 2022 expressed an unmodified opinion on the aforementioned financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Arslan Khalid.z

EY Ford Rhodes
Chartered Accountants

Date: 24 March 2023
Karachi
UDIN: AR202210191VD40hxiB

Independent Auditor's Report

To the members of EFU General Insurance Limited - Window Takaful Operations

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of EFU General Insurance Limited - Window Takaful Operations (the "Operator"), which comprise the statement of financial position as at 31 December 2022, the profit and loss account, the statement of comprehensive income, the statement of changes in fund and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant 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, the profit and loss account, the statement of comprehensive income, the statement of changes in 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 Operator's affairs as at 31 December 2022 and of the profit, total comprehensive income, the changes in 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 Auditor's 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 the 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 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, Companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of the 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 liquidate the Operator or 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.
- 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 and loss, the statement of comprehensive income, the statement of changes in fund 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 Operator's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other matter

The annual financial statements of the Operator for the year ended 31 December 2021 were audited by another firm of Chartered Accountants, whose audit report date 07 March 2022 expressed an unmodified opinion on the aforementioned financial statements.

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

EY Ford Rhodes
Chartered Accountants

Date: 24 March 2023

Karachi

UDIN: AR202210191P9DO6ARSJ

Independent Auditor's Review Report

To the members of EFU General Insurance Limited Review Report on the Statement of Compliance contained in the Code of Corporate Governance for Insurers, 2016 and Listed Companies (Code of Corporate Governance) Regulations, 2019 for the year ended 31 December 2022

We have reviewed the enclosed Statement of Compliance with the Code of Corporate of Governance for Insurers, 2016 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (combined called 'the Code') prepared by the Board of Directors of EFU General Insurance Limited (the Company) for the year ended 31 December 2022 in accordance with the requirements of the Code.

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

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

The Code require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Code as applicable to the Company for the year ended 31 December 2022.

EY Ford Rhodes
Chartered Accountants

Date: 24 March 2023

Karachi

UDIN: CR202210191zdBID3on

Statement of Compliance with the Shari'ah Principles

The financial arrangements, contracts and transactions, entered into by Window Takaful Operations of EFU General Insurance Limited ('the Company') for the year ended December 31, 2022 are in compliance with the Takaful Rules, 2012.

Further we confirmed that:

- 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.
- The Company has imparted trainings / orientations and ensured availability of all manuals / agreements approved by Shariah Advisor/ Board of Directors to maintain the adequate level of awareness, capacity and sensitisation of the staff and management;
- 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 Operations are in accordance with the policies approved by Shariah Advisor; and
- The assets and liabilities of Window Takaful Operations (Participants' 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.

This has been duly confirmed by the Shari'ah Advisor of the Company.

HASANALI ABDULLAH
Managing Director & Chief Executive

Karachi 16 March 2023

Independent Reasonable Assurance Report to the Board of Directors on the Statement of Management's Assessment of Compliance with the Takaful Rules, 2012

Scope

We have been engaged by EFU General Insurance Limited (the Operator) to perform a 'reasonable assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on the management's assessment of compliance of the Window Takaful Operations (Takaful Operations) of the Operator, as set out in the annexed Statement of Compliance (the Statement) prepared by the management for the year ended 31 December 2022 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Annual Report of Operator, and accordingly, we do not express an opinion on this information.

Criteria applied by the management

In preparing the Subject Matter, the management applied the criteria in accordance with the Takaful Rules, 2012 (Criteria).

The management's responsibilities

The management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express an opinion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000'), and the terms of reference for this engagement as agreed with the Operator on 12 May 2022. Those standards require that we plan and perform our engagement to obtain reasonable assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

- We checked that all the products and policies have been approved by Shariah Advisor and observed that the Operator has developed and implemented all the policies and procedures in accordance with The Takaful Rules, 2012 and Shariah Rules and Principles as determined by Shariah Advisor.

- We checked that the assets and liabilities of Window Takaful Operations (Participants' 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.
- We reviewed training certificates and attendance sheets to evaluate that the Operator has imparted necessary trainings and orientations to maintain the adequate level of awareness, capacity, and sensitization of the staff and management.
- We have designed and performed following verification procedures (including but not limited to) on various financial arrangements, based on judgmental and systematic samples with regard to the compliance with Takaful Rules, 2012 and Shariah Rules and Principles:
- We obtained details of investments made and checked that all investments made in Shariah Compliant stocks as determined by Shariah Advisor.
- We inquired regarding other investments like fixed deposits to confirm that all such contracts are executed with Islamic Financial Institutions.
- We reviewed re-takaful and co-takaful parties along with arrangements / contracts entered into by Window Takaful Operations to assess compliance with Shariah Advisor guidelines and Takaful Rules, 2012.
- We re-calculated Operator's profit share and Wakalah fee income to confirm that approved percentage are applied on income from investments and contribution respectively.

The procedures selected by us for the engagement depended on our judgment, including the assessment of the risks of the Operator's material non-compliance with the Takaful Rules 2012, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Operator's compliance with the Takaful Rules, 2012, in order to design assurance procedures that are appropriate in the circumstances but not for the purpose of expressing a conclusion as to the effectiveness of the Operator's internal control over the Takaful Operations' compliance with the Takaful Rules, 2012. A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with the Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with the Takaful Rules, 2012 will be met. Further, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

In performing our audit procedures necessary guidance on Shari'ah matters was provided by the internal Shari'ah experts.

Opinion

In our opinion, the Statement of Compliance of the Takaful Operations of the Operator as of 31 December 2022 is presented, in all material respects, in accordance with Takaful Rules, 2012.

EY Ford Rhodes
Chartered Accountants

Engagement Partner: Shaikh Ahmed Salman
Date: 24 March 2023
Karachi

Performance Integrity Prudence Excellence
Technology Discipline Thinking ahead
Entrepreneurial spirit Trust Teamwork

Leadership

Financial strength Caring and sharing
Good governance Strategic vision

Experience Excellence
Receptive Responsive Trust

Unconsolidated Financial Statements

For the year ended 31 December 2022

Strategic vision
Performance Integrity **Focus**

Talent Countrywide
branch network
Performance

Integrity Prudence Excellence Entrepreneurial
spirit Caring & sharing Financial strength

Performance Integrity Prudence **Future**
Technology Discipline Teamwork

Unconsolidated Statement of Financial Position As at 31 December 2022

	Note	31 December 2022	(Restated) 31 December 2021	(Restated) 01 January 2021
Rupees '000				
Assets				
Property and equipment	5	3 101 685	2 887 013	2 818 853
Intangible assets	6	–	–	–
Investment property	7	3 050 470	2 599 970	2 517 970
Investment in subsidiary	8	9 516 994	9 644 327	9 298 848
Investments				
Equity securities	9	2 718 022	3 705 178	4 480 733
Debt securities	10	11 923 983	9 405 824	10 273 302
Term deposits	11	551 692	678 785	683 006
Loans and other receivables	12	431 327	387 908	344 839
Insurance / reinsurance receivables	13	5 876 086	5 012 826	3 639 822
Reinsurance recoveries against outstanding claims	24	6 503 793	3 974 297	3 856 142
Salvage recoveries accrued		45 757	76 869	55 059
Deferred commission expense	25	1 111 775	772 985	678 039
Prepayments	14	8 551 868	5 523 607	4 864 069
Cash and bank	15	1 634 869	1 189 522	1 328 500
		<u>55 018 321</u>	<u>45 859 111</u>	<u>44 873 636</u>
Total assets of window takaful operations - Operator's Fund		<u>1 601 167</u>	<u>1 141 221</u>	<u>938 700</u>
Total assets		<u>56 619 488</u>	<u>47 000 332</u>	<u>45 812 336</u>
Equity and Liabilities				
Capital and reserves attributable to Company's equity holders				
Ordinary share capital	16	2 000 000	2 000 000	2 000 000
Reserves	17	15 099 111	18 384 411	19 065 817
Unappropriated profit / (loss)		1 327 614	(1 110 599)	(1 486 952)
Total equity		18 426 725	19 273 812	19 578 865
Surplus on revaluation of property and equipment		1 133 089	1 076 919	1 013 365
Liabilities				
Underwriting provisions				
Outstanding claims including IBNR	24	10 368 176	7 085 599	7 111 989
Unearned premium reserve	23	14 167 219	10 517 726	9 411 142
Unearned reinsurance commission	25	201 585	135 214	152 144
Retirement benefit obligations	18	14 009	9 038	–
Deferred taxation	19	20 483	278 253	724 126
Premium received in advance		79 385	26 779	43 747
Insurance / reinsurance payables	20	7 683 702	4 809 795	4 559 213
Other creditors and accruals	21	3 766 305	3 222 312	2 683 162
Taxation - provision less payments		35 035	50 910	92 583
Total liabilities		<u>36 335 899</u>	<u>26 135 626</u>	<u>24 778 106</u>
		<u>55 895 713</u>	<u>46 486 357</u>	<u>45 370 336</u>
Total liabilities of window takaful operations - Operator's Fund		<u>723 775</u>	<u>513 975</u>	<u>442 000</u>
Total equity and liabilities		<u>56 619 488</u>	<u>47 000 332</u>	<u>45 812 336</u>
Contingencies and commitments	22			

The annexed notes 1 to 44 form an integral part of these unconsolidated financial statements.

MAHMOOD LOTIA
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Unconsolidated Profit and Loss Account For the year ended 31 December 2022

	Note	2022	Rupees '000 (Restated) 2021
Net insurance premium	23	10 293 238	9 806 853
Net insurance claims	24	(5 600 092)	(4 276 597)
Net commission	25	(1 586 237)	(1 269 422)
Insurance claims and acquisition expenses		(7 186 329)	(5 546 019)
Management expenses	26	(3 037 369)	(2 709 138)
Underwriting results		69 540	1 551 696
Investment income	27	1 924 703	1 826 470
Rental income	28	124 712	122 193
Other income	29	241 283	122 601
Change in fair value of investment property	7	449 530	78 421
Other expenses	30	(81 387)	(70 767)
		2 658 841	2 078 918
Results of operating activities		2 728 381	3 630 614
Profit from window takaful operations - Operator's Fund	31	387 631	186 105
Profit before tax		3 116 012	3 816 719
Income tax expense	32		
Current year		(947 433)	(1 110 081)
Prior years		(162 857)	—
		(1 110 290)	(1 110 081)
Profit after tax		2 005 722	2 706 638
Earnings (after tax) per share - Rupees	33	10.03	13.53

The annexed notes 1 to 44 form an integral part of these unconsolidated financial statements.

MAHMOOD LOTIA
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Unconsolidated Statement of Comprehensive Income For the year ended 31 December 2022

	2022	Rupees '000 (Restated) 2021
Profit after tax	2 005 722	2 706 638
Other comprehensive income		
Total items that may be reclassified subsequently to profit and loss account		
Unrealized loss on available-for-sale investments during the year	(1 115 917)	(1 702 494)
Reclassification adjustments relating to available-for-sale investments disposed of during the year	95 644	72 970
Unrealized (loss) / gain on available-for-sale investments during the year of subsidiary company	(244 643)	211 513
Total unrealized loss on available-for-sale investments	(1 264 916)	(1 418 011)
Deferred tax on available-for-sale investments	298 346	472 570
Deferred tax on available-for-sale investments of subsidiary company	64 948	(61 339)
Effect of translation of foreign branch	82 744	21 279
Net unrealized loss on available-for-sale investment from window takaful operations - Operator's Fund (net of tax)	(1 727)	(1 584)
	(820 605)	(987 085)
Item not to be reclassified to profit and loss account in subsequent year:		
Actuarial losses on defined benefit plans	(54 860)	(34 998)
Related deferred tax	20 221	10 150
	(34 639)	(24 848)
Other comprehensive loss	(855 244)	(1 011 933)
Total comprehensive income for the year	1 150 478	1 694 705

The annexed notes 1 to 44 form an integral part of these unconsolidated financial statements.

MAHMOOD LOTIA
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Unconsolidated Cash Flow Statement For the year ended 31 December 2022

	2022	Rupees '000 (Restated) 2021
Operating cash flows		
a) Underwriting activities		
Insurance premium received	28 126 209	20 591 870
Reinsurance premium paid	(15 229 166)	(11 456 381)
Claims paid	(6 649 622)	(7 014 018)
Reinsurance and other recoveries received	1 921 980	2 549 293
Commission paid	(2 229 917)	(1 572 352)
Commission received	370 092	254 100
Management expenses paid	(2 790 974)	(2 345 509)
Net cash flow from underwriting activities	3 518 602	1 007 003
b) Other operating activities		
Income tax paid	(1 014 695)	(1 158 821)
Other operating payments	(37 830)	(152 488)
Other operating receipts	616 194	463 523
Loans advanced	(4 121)	(889)
Loans repayments received	3 414	750
Net cash flow used in other operating activities	(437 038)	(847 925)
Total cash flow from all operating activities	3 081 564	159 078
Investment activities		
Profit / return received	1 358 658	1 216 207
Dividend received	953 800	899 414
Rentals received	120 668	134 082
Payment for investments / investment properties	(12 067 767)	(16 522 680)
Proceeds from investments / investment properties	9 268 652	16 280 175
Fixed capital expenditures	(346 944)	(340 810)
Proceeds from sale of property and equipment	62 270	38 922
Total cash flow (used in) / from investing activities	(650 663)	1 705 310
Financing activities		
Payments against lease liabilities	(52 005)	(52 820)
Dividends paid	(1 933 549)	(1 950 546)
Total cash flow used in financing activities	(1 985 554)	(2 003 366)
Net cash flow from / (used in) all activities	445 347	(138 978)
Cash and cash equivalents at the beginning of year	1 189 522	1 328 500
Cash and cash equivalents at the end of year	1 634 869	1 189 522
Reconciliation to profit and loss account		
Operating cash flows	3 081 564	159 078
Depreciation expense	(259 082)	(349 154)
Financial charges expense	(13 128)	(10 707)
Profit on disposal of property and equipment	34 774	28 795
Profit on disposal of investments / investment properties	111 576	128 463
Rental income	124 712	122 193
Dividend Income	953 800	891 712
Other investment income	859 327	806 295
Profit on deposits	204 772	90 729
Other income	1 737	3 077
Change in fair value of investment properties	449 530	78 421
Increase in assets other than cash	6 703 123	2 318 662
Increase in liabilities other than borrowings	(10 634 614)	(1 747 031)
Profit after tax from conventional insurance operations	1 618 091	2 520 533
Profit from window takaful operations - Operator's Fund	387 631	186 105
Profit after tax	2 005 722	2 706 638

The annexed notes 1 to 44 form an integral part of these unconsolidated financial statements.

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Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Unconsolidated Statement of Changes in Equity For the year ended 31 December 2022

Rupees '000

	Attributable to equity holders of the Company							Total
	Share capital	Capital Reserve - Reserve for exceptional losses	General reserve	Revenue reserves			Unappropriated profit	
				Exchange translation reserve	Unrealized gain / (loss) on revaluation of available-for-sale investment-net	Unrealized gain on fair value of investment property		
Balance as at 01 January 2021	2 000 000	12 902	15 400 000	-	(852 863)	1 623 511	1 395 315	19 578 865
Restatement due to change in accounting policies (refer note 4) - net of deferred tax				59 916	2 822 351	-	(2 882 267)	-
Balance as at 01 January 2021 (restated)	2 000 000	12 902	15 400 000	59 916	1 969 488	1 623 511	(1 486 952)	19 578 865
Total comprehensive income for the year ended 31 December 2021								
Profit after tax (restated refer note 4)						55 679	2 650 959	2 706 638
Other comprehensive income (restated refer note 4)				21 279	(1 008 364)	-	(24 848)	(1 011 933)
Transferred from surplus on revaluation of property, and equipment on account				21 279	(1 008 364)	55 679	2 626 111	1 694 705
Transferred from surplus on revaluation of property, and equipment on account							242	242
Transactions with owners recorded directly in equity								
Final dividend for the year 2020 at the rate of Rs. 5.50 (55.00%) per share							(1 100 000)	(1 100 000)
1st Interim dividend paid for the year 2021 at the rate of Rs. 1.50 (15.00%) per share							(300 000)	(300 000)
2nd Interim dividend paid for the year 2021 at the rate of Rs. 1.50 (15.00%) per share							(300 000)	(300 000)
3rd Interim dividend paid for the year 2021 at the rate of Rs. 1.50 (15.00%) per share							(300 000)	(300 000)
Other transfer within equity								
Transfer to general reserve			250 000				(250 000)	-
Balance as at 31 December 2021	2 000 000	12 902	15 650 000	81 195	961 124	1 679 190	(1 110 599)	19 273 812
Balance as at 01 January 2022	2 000 000	12 902	15 650 000	-	(1 934 889)	1 679 190	1 866 609	19 273 812
Restatement due to change in accounting policies (refer note 4) - net of deferred tax				81 195	2 896 013	-	(2 977 208)	-
Balance as at 01 January 2022 (restated)	2 000 000	12 902	15 650 000	81 195	961 124	1 679 190	(1 110 599)	19 273 812
Total comprehensive income for the year ended 31 December 2022								
Profit after tax						206 583	1 799 139	2 005 722
Other comprehensive income				61 466	(903 349)	-	(13 361)	(855 244)
Transferred from surplus on revaluation of property, and equipment				61 466	(903 349)	206 583	1 785 778	1 150 478
Transferred from surplus on revaluation of property, and equipment							2 435	2 435
Transactions with owners recorded directly in equity								
Final dividend for the year 2021 at the rate of Rs. 5.50 (55.00%) per share							(1 100 000)	(1 100 000)
1st Interim dividend paid for the year 2022 at the rate of Rs. 1.50 (15.00%) per share							(300 000)	(300 000)
2nd Interim dividend paid for the year 2022 at the rate of Rs. 1.50 (15.00%) per share							(300 000)	(300 000)
3rd Interim dividend paid for the year 2022 at the rate of Rs. 1.50 (15.00%) per share							(300 000)	(300 000)
Other transfer within equity								
Transfer from general reserve			(2 650 000)				2 650 000	-
Balance as at 31 December 2022	2 000 000	12 902	13 000 000	142 661	57 775	1 885 773	1 327 614	18 426 725

The annexed notes 1 to 44 form an integral part of these unconsolidated financial statements.

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Chairman

Karachi 16 March 2023

Notes to the Unconsolidated Financial Statements For the year ended 31 December 2022

1. Legal status and nature of business

EFU General Insurance Limited (the Company) was incorporated as a public limited company on 02 September 1932. The Company is listed on the Pakistan Stock Exchange and is engaged in non-life insurance business comprising of fire and property damage, marine, aviation and transport, motor, miscellaneous etc.

The Registered Office of the Company is situated in Kamran Centre, 1st Floor 85, East, Jinnah Avenue Blue Area Islamabad while the principal place of business is located at EFU House, M.A. Jinnah Road, Karachi. The Company commenced Window Takaful Operations from 16 April 2015 as per Securities and Exchange Commission of Pakistan (SECP) Takaful Rules, 2012. The Company operates through 53 (2021: 59) branches in Pakistan including a branch in Export Processing Zone (EPZ) and a branch in Gwadar Free Zone.

- 1.1 In 2018, the Company had assessed its control position in relation to its investments in EFU Life Assurance Limited after its agreement with some shareholders of EFU Life Assurance Limited effective 31 March 2018, accordingly it was concluded that the Company has the ability to control the composition of the Board of Directors of EFU Life Assurance Limited, therefore EFU Life Assurance Limited has become the subsidiary of the Company from 31 March 2018.

2. Basis of preparation and statement of compliance

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

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

Provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations, 2017, General Takaful Accounting Regulations, 2019 and Takaful Rules, 2012.

In case requirement differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, Insurance Rules 2017, General Takaful Accounting Regulations, 2019 shall prevail.

Total assets, total liabilities and profit of the Window Takaful Operations of the Company referred to as the Operator's Fund has been presented in these unconsolidated financial statements in accordance with the requirements of Circular 25 of 2015 dated 09 July 2015. A separate set of financial statements of the General Window Takaful Operations has been reported which is annexed to these unconsolidated financial statements as per the requirements of the SECP Takaful Rules, 2012, General Takaful Accounting Regulations, 2019.

2.1 Basis of measurement

The unconsolidated financial statements have been prepared under the historical cost basis except for the available-for-sale investments, land and building and investment property that have been measured at fair value and the Company's liability under defined benefit plan that is determined based on present value of defined benefit obligation less fair value of plan assets.

2.2 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupees which is also the Company's functional currency. All financial information presented in Pakistani Rupees has been rounded to the nearest rupees in thousand, unless otherwise stated.

2.3 Standards, interpretations and amendments effective during the current year

The Company has adopted the accounting standards, interpretations and amendments of IFRSs and the improvements to accounting standards which became effective for the current year, however they do not have an impact on the Company's financial statements.

2.4 Standards, interpretations and amendments to approved accounting standards that are not yet effective

Following IFRS as notified under the Companies Act, 2017 and the amendments thereto will be effective for future accounting periods and not early adopted:

Amendments	Effective date (annual periods beginning on or after)
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	01-January-2023
Definition of Accounting Estimates - Amendments to IAS 8	01-January-2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	01-January-2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	01-January-2023
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	01-January-2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	Effective date (annual periods beginning on or after)
IFRS 1 First-time Adoption of International Financial Reporting Standards	January 01, 2024
IFRS 17 Insurance Contracts	January 01, 2023

The company has taken a benefit of temporary exemption of applying IFRS 9 "Financial Instrument" with IFRS 17 "Insurance Contracts" as allowed under IFRS.

3. Summary of significant accounting policies

The significant accounting policies and method of computation adopted in preparation of unconsolidated financial statements are consistent to all years presented in these unconsolidated financial statements except as disclosed in note 4.1.1 and 4.1.2.

3.1 Property and equipment

Land is measured at cost at the time of initial recognition and is subsequently carried at revalued amount. Building is initially measured at cost and upon revaluation, is carried at revalued amount less accumulated depreciation and impairment, if any; all other operating property and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

Land and building are revalued by independent professionally qualified valuer to ensure that the net carrying amount does not differ materially from the fair value. The surplus arising on revaluation of property and equipment is credited to the "surplus on revaluation of property and equipment in the year of valuation"

Depreciation is calculated on straight line basis at the rates specified in note 5.1 to these unconsolidated financial statements.

Depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and the depreciation charge for the year is taken to the profit and loss account and an amount equal to incremental depreciation for the year net-of deferred taxation is transferred from surplus on revaluation of assets to unappropriated profit through statement of changes in equity to record realisation of surplus to the extent of the incremental depreciation charges for the year.

The assets' residual values, useful lives and method for depreciation are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Depreciation on additions to property and equipment is charged from the month in which an asset is available for use, while no depreciation is charged for the month in which the asset is disposed off.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to profit and loss account.

Gains or losses on disposal of property and equipment are included in profit and loss account when incurred.

3.1.1 Leases

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company mainly lease properties for its operations and recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of the right-of-use asset or end of lease term. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate of the Company. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has elected not to recognize right-of-use assets and lease liabilities for short term and low value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term. The right-of-use assets are presented in the same line item as it presents underlying assets for the same nature it owns.

3.1.2 Capital work in progress

Capital work in progress is stated at cost less any impairment in value. It consists of advances made to suppliers in respect of tangible and intangible.

3.2 Intangible asset

Material computer software licenses acquired are capitalized on the basis of cost incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of three years using the straight-line method. Impairment losses, if any, are deducted from the carrying amount of the intangible assets.

Amortization on additions to intangibles is charged from the month in which an asset is available for use, while no amortization is charged for the month in which the asset is disposed off.

Cost associated with maintaining computer software programmes are recognized as an expense when incurred.

The assets' residual values, useful lives and method for amortization are reviewed at each financial year end and adjusted if impact on amortization is significant.

3.3 Investment properties

The investment properties are measured at purchase cost on initial recognition including directly attributable to the acquisition and subsequently at fair value with any change in therein recognized in profit and loss account for the year.

3.4 Insurance contracts

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

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

The Company underwrites non-life insurance contracts that can be categorized into fire and property damage, marine, aviation and transport, motor and miscellaneous contracts. 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. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards

reinsurance) of a facultative nature are included within the individual category of insurance contracts, other than those, which fall under Treaty. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insurer.

Fire and property damage insurance 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 insured properties in their business activities (business interruption cover).

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 liabilities to third parties and passengers arising from their use.

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

All other insurances like cash in hand, cash in transit, personal accident, infidelity, public liabilities, crop, livestock, travel, bankers and other financial institutions packages, product liabilities, professional indemnity, mobilization and performance bonds, workers compensation etc. are included under miscellaneous insurance cover.

3.5 Commission

3.5.1 Deferred commission expense

Commission expenses incurred in obtaining and recording policies is deferred and recognized as an expense in accordance with pattern of recognition of premium revenue by applying the 1/24th method.

3.5.2 Commission income

Commission from reinsurers is deferred and recognized as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit / commission, if any, under the terms of reinsurance arrangements is recognized when the Company's right to receive the same are established.

3.6 Premium

For all the insurance contracts, premiums / cover notes issued including administrative surcharge received / receivable under a policy / cover note are recognized as written from the date of attachment of the risk to the policy / cover note and over the period of the insurance from inception to the expiry of policy. Where premiums for a policy are payable in instalments, full premium for the duration of the policy is recognized as written at the inception of the policy and related assets set up for premiums receivable at a later date. Premiums are stated gross of commission payable to intermediaries and exclusive of taxes and duties levied on premiums.

3.6.1 Unearned premium reserves

The unearned premium reserve is the unexpired portion of the premium including administrative surcharge, which relates to business in force at the financial statement date. Unearned premiums have been calculated by applying 1/24th method as specified in the Insurance Rules, 2017.

3.7 Premium deficiency reserve (liability adequacy test)

At each financial statement date, liability adequacy tests are performed separately for each class of business to ensure the adequacy of the unearned premium liability for that class. It is performed by comparing the expected future liability, after reinsurance, from claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after financial statement date in respect of policies in force at financial statement date with the carrying amount of unearned premium liability. Any deficiency is recognized by establishing a provision (premium deficiency reserve) to meet the deficit.

The expected future liability is estimated with reference to the experience during the expired period of the contracts, adjusted for significant individual losses, which are not expected to recur during the remaining period of the policies, and expectations of future events that are believed to be reasonable.

The movement in the premium deficiency reserve is recognized as an expense or income in the profit and loss account for the year.

The expected ultimate net claim ratios for the unexpired periods of policies in force at financial statement date for each class of business is as follows:

	<u>2022</u>	<u>2021</u>
– Fire and property damage	48 %	44 %
– Marine, aviation and transport	39 %	41 %
– Motor	50 %	50 %
– Others	58 %	54 %

3.8 Reinsurance contracts

Contracts entered into by the Company with reinsurers 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.

Reinsurance premium is recognized as an expense at the time the reinsurance is ceded. Commission on reinsurance cessions are recognized in accordance with the policy of recognizing premium revenue.

Reinsurance assets represent balances due from reinsurance companies and reinsurance recoveries against outstanding claims. Reinsurance recoveries are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Reinsurance liabilities represent balances due to reinsurance companies and are primarily premiums payable for reinsurance contracts and are recognized at the same time when reinsurance premiums are recognized as an expense.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expired.

An impairment review of reinsurance assets is performed at each financial statement date. If there is objective evidence that the asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the profit and loss account.

3.9 Receivables and payables

3.9.1 Receivables and payables related to insurance contracts

Receivables and payables related to insurance contracts are recognized when due at cost which is the fair value of the consideration given less provision for impairment, if any. If there is objective evidence that the insurance receivable is impaired, as a result of one or more events that occurred after the initial recognition, the Company reduces the carrying amount of the insurance receivable accordingly and recognizes that impairment loss in the profit and loss account.

Provision for impairment in premium receivables is estimated on a systematic basis after analyzing the receivables as per their ageing.

3.9.2 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 the future for the goods and services received, whether or not billed to the Company.

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

3.10 Segment reporting

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

The Company presents 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 Company has four primary business segments for reporting purposes namely, fire and property damage, marine, motor and miscellaneous. The nature and business activities of these segments are disclosed in note no. 3.4.

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.

3.11 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.

3.12 Revenue recognition

3.12.1 Premium

The revenue recognition policy for premiums is given under note 3.6.

3.12.2 Commission income

The revenue recognition policy for commission income is given under note 3.5.2.

3.12.3 Investment income

Return on debt investments, profit and loss sharing accounts and bank deposits are recognized using effective interest rate method.

Profit or loss on sale of investments is recognized at the time of sale.

3.12.4 Dividend Income

Dividend income is recognized when right to receive such dividend is established.

3.13 Investments

- In subsidiary - available-for-sale
- In equity securities - available-for-sale
- In debt securities - available-for-sale
- In term deposits - held to maturity

3.13.1 Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs except for held for trading investments in which case transaction costs are charged to the profit and loss account. All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Company commits to purchase or sell the investments.

3.13.2 Measurement

3.13.2.1 Available-for-sale

Available-for-sale Investments are those non-derivative instruments that are designated as available-for-sale or are not classified in any other category.

At the time of acquisition, investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

Subsequent to initial measurement, these are remeasured at fair value. Surplus / (deficit) on revaluation from one reporting date to other is taken to other comprehensive income in the Statement of Comprehensive Income. On derecognition or impairment of available-for-sale investments, the cumulative gain or loss previously reported in other comprehensive income is transferred to profit and loss for the period within Statement of Comprehensive Income. Whereas, any reversal in impairment is taken in Statement of Comprehensive Income.

These are reviewed for impairment at each reporting date and any losses arising from impairment in values are charged to the profit and loss account.

3.13.2.2 Held to maturity

At the time of acquisition, investments with fixed maturity, where management has both the intent and the ability to held to maturity, are classified as held to maturity.

Subsequently, these are measured at amortized cost less provision for impairment in value, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition using the effective yield method.

The difference between the redemption value and the purchase price of the held to maturity investment is amortized and taken to the profit and loss account over the term of investment.

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

3.13.3 Derivatives

Derivative instruments held by the Company primarily comprise of future contracts in the capital market. These are initially recognized at fair value and are subsequently remeasured at fair value. The fair value of future contracts is calculated as being the net difference between the contract price and the closing price reported on the primary exchange of the future contracts. Derivatives with positive market values (unrealized gains) are included in assets and derivatives with negative market values (unrealized losses) are included in liabilities in the financial statement. The resultant gains and losses are included in the profit and loss account.

3.14 Offsetting of financial assets and financial liabilities

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

3.15 Claims

Claims are charged to income as incurred based on estimated liability for compensation owed under the insurance contracts. It includes claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

3.15.1 Provision for outstanding claims (including IBNR)

A liability for outstanding claims is recognized in respect of all claims incurred upto the financial statement date, which is measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to claims reported but not settled, claims incurred but not reported (IBNR) and expected claims settlement costs.

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

3.15.2 Claims reported but not settled

Provision for liability in respect of claims reported but not settled at the financial statement date is made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the sums insured. Case estimates are reviewed periodically to ensure that the recognized outstanding claim amounts are adequate to cover expected future payments including expected claims settlement costs and are updated as and when new information becomes available.

3.15.3 Claims incurred but not reported

The provision for claims incurred but not reported (IBNR) is made at the financial statement date. The Company takes actuarial advice for the determination of IBNR claims. IBNR claims have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF), which represents the extent of future development of claims to reach their ultimate level.

3.16 Taxation

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

3.16.1 Current

Provision for current taxation is based on taxable income determined in accordance with the prevailing law for taxation of income and is calculated using enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for the current taxation also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year or required by any other reason.

3.16.2 Deferred

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

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

3.17 Employees' retirement benefits

3.17.1 Defined benefit plans

The Company operates the following employee defined benefit plans:

- Funded gratuity scheme
The Company operates an approved gratuity fund for all employees who complete qualifying period of service.
- Funded pension scheme
Defined benefit funded pension for all eligible officers.

These funds are administered by trustees. The pension plan is a career average salary plan and the gratuity plan is a final basic salary plan. The actuarial valuation of both the plans is carried out on a yearly basis using the Projected Unit Credit Method and contributions to the plans are made accordingly.

Actuarial gains and losses are recognized in other comprehensive income in the year in which they arise.

3.17.2 Defined contribution plan

The Company contributes to a provident fund scheme, which covers all permanent employees. Both the Company and the employees make equal contributions to the fund at the rate of 8.33 % of basic salary.

3.18 Impairment

A financial asset is assessed at each financial statement date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if there is objective evidence that one or more events have had a negative effect on the estimated future cash flows of that asset.

If a decline in fair value is significant or prolonged, then there is objective evidence of impairment, regardless of how long management intends to hold the investment.

The carrying amount of non-financial assets is reviewed at each financial statement date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such asset is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

All impairment losses are recognized in the profit and loss account. Provisions for impairment are reviewed at each financial statement date and are adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense.

3.19 Dividend and bonus shares

Dividend to shareholders is recognized as liability in the period in which it is approved. Similarly, reserve for issue of bonus shares is recognized in the year in which such issue is approved.

3.20 Expenses of management

All expenses of management have been allocated between business of Company and window takaful operations - Operators' Fund to the various revenue accounts on equitable basis.

3.21 Rental income

Rental income on investment properties is recognized over the term of lease.

3.22 Compensated absences

The liability towards compensated absences accumulated by the employees is provided in the period in which they are earned.

3.23 Foreign currencies

The assets and liabilities of foreign operations are translated to Pak Rupees at the exchange rates prevailing at the reporting date. The income and expense of foreign operations are translated at rate of exchange prevailing during the year. Exchange gain or loss on such translation is taken to equity through statement of other comprehensive income under "exchange translation reserve".

3.24 Financial instruments

Financial instruments include cash and bank balances, loans to employees, investments, premiums due but unpaid, amount due from other insurers / reinsurers, accrued investment income, reinsurance recoveries against outstanding claims, security deposits, other receivables, outstanding claim liabilities, amount due to other insurers / reinsurers, accrued expenses, agents' balances, other creditors, deposits and unclaimed dividends.

All the financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognized 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 losses on de-recognition of financial assets and financial liabilities are taken to income directly.

3.25 Earnings per share

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

4. Accounting estimates and judgements

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

The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the results 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.

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the unconsolidated financial statements are:

	<u>Note</u>
– Property and equipment	3.1
– Lease liabilities	3.1.1
– Investment properties	3.3
– Premium deficiency reserve (liability adequacy test)	3.7
– Receivables related to insurance contracts	3.9.1
– Provision for outstanding claims (including IBNR)	3.15.1
– Taxation	3.16
– Employees' retirement benefits	3.17
– Impairment	3.18
– Contingencies	22

4.1 Prior period adjustment

4.1.1 In terms of the current accounting policy of the Company, the investment in its subsidiary company is accounted for as an available-for-sale investment based on the requirements of IAS 39 "Financial Instruments" read with IAS 27 "Separate Financial Statements". Under such accounting policy, the Company followed the impairment testing approach for the investment using the "value-in-use" model of IAS 36 "Impairment of Assets". Considering the interaction between IAS 27 and IAS 39 it follows that IAS 39 fair value-driven impairment method (applies in case of this investment) for details refer note no 3.13.2.1 in the case of this investment. The Company has revised the previous accounting treatment retrospectively in accordance with the requirements of IAS 8 'Accounting Policy, Change in Accounting Estimates and Error' and third balance sheet has been produced as per the requirement of applicable financial reporting framework.

4.1.2 During the year, the Company has changed its accounting treatment for the exchange difference arising on foreign operations / branch which were previously taken to profit and loss account.

The gain or loss arising on translation of income and expense during the year from average rate to the prevailing rate at the reporting date is now taken to other comprehensive income and transfer to equity under "exchange translation reserve". This change in accounting treatment has been applied retrospectively in accordance with the requirement of IAS 8 'Accounting Policy, Change in Accounting Estimates and Error' and comparatives have been restated accordingly.

4.1.3 The impacts of above corrections have been disclosed below;

	Rupees '000					
	31 December 2021			31 December 2020		
	Balance Previously Reported	Adjustment	Balance Restated	Balance Previously Reported	Adjustment	Balance Restated
Unappropriated profit	1 866 609	(2 977 208)	(1 110 599)	1 395 315	(2 882 267)	(1 486 952)
Unrealized gain / (loss) on revaluation of available-for-sale investments-net	(1 934 889)	2 896 013	961 124	(852 863)	2 822 351	1 969 488
Exchange translation reserve	-	81 195	81 195	-	59 916	59 916
						31 December 2021
Impact on Profit and Loss Account						(94 941)
Profit after tax						<u>(94 941)</u>
Impact on Statement of Comprehensive Income						94 941
Other comprehensive income- net of tax						<u>94 941</u>
Impact on earnings per share						<u>(0.47)</u>

5. Property and equipment

	Note	Rupees '000	
		2022	2021
Operating assets	5.1	3 101 685	2 887 013
		<u>3 101 685</u>	<u>2 887 013</u>

5.1 Operating assets

Rupees '000

2022											
	Cost / Revaluation					Rate %	Depreciation				Written down value
	As at 01 January	Additions	(Disposals) / Adjustments	Revaluation	As at 31 December		As at 01 January	For the year	(Disposals) / Adjustments	As at 31 December	As at 31 December
Land	1 525 670	-	-	46 944	1 572 614	0	-	-	-	-	1 572 614
Buildings	1 093 952	33 192	-	131 106	1 258 250	5	335 635	53 404	-	389 039	869 211
Right of use assets - building	198 650	43 222	(41 415)	-	200 457	lease term	63 449	44 760	(17 671)	90 538	109 919
Leasehold improvements	32 102	3 775	(5 291)	-	30 586	lease term	26 954	2 168	(5 291)	23 831	6 755
Furniture and fixtures	438 336	20 110	(110)	-	458 336	10	299 654	27 176	(91)	326 739	131 597
Office equipment	324 090	25 758	(7 343)	-	342 505	10	245 262	16 635	(7 096)	254 801	87 704
Computer equipment	118 738	13 141	(3 343)	-	128 536	30	86 993	17 780	(1 535)	103 238	25 298
Vehicles	782 460	207 746	(93 786)	-	896 420	20	592 769	97 159	(92 095)	597 833	298 587
Tracker equipment	120 640	-	(120 640)	-	-	33.33	96 909	-	(96 909)	-	-
	<u>4 634 638</u>	<u>346 944</u>	<u>(271 928)</u>	<u>178 050</u>	<u>4 887 704</u>		<u>1 747 625</u>	<u>259 082</u>	<u>(220 688)</u>	<u>1 786 019</u>	<u>3 101 685</u>
2021											
	Cost / Revaluation					Rate %	Depreciation				Written down value
	As at 01 January	Additions	(Disposals) / Adjustments	Revaluation	As at 31 December		As at 01 January	For the year	(Disposals) / Adjustments	As at 31 December	As at 31 December
Land	1 502 198	-	-	23 472	1 525 670	0	-	-	-	-	1 525 670
Buildings	932 158	95 413	-	66 381	1 093 952	5	287 444	48 191	-	335 635	758 317
Right of use assets - building	186 321	84 803	(72 474)	-	198 650	lease term	88 279	44 422	(69 252)	63 449	135 201
Leasehold improvements	29 935	2 167	-	-	32 102	lease term	23 187	3 767	-	26 954	5 148
Furniture and fixtures	438 483	18 632	(18 779)	-	438 336	10	284 245	31 694	(16 285)	299 654	138 682
Office equipment	304 148	21 662	(1 720)	-	324 090	10	226 487	19 809	(1 034)	245 262	78 828
Computer equipment	101 421	23 758	(6 441)	-	118 738	30	70 855	21 325	(5 187)	86 993	31 745
Vehicles	768 954	70 104	(56 598)	-	782 460	20	548 981	94 693	(50 905)	592 769	189 691
Tracker equipment	169 081	24 271	(72 712)	-	120 640	20	84 368	85 253	(72 712)	96 909	23 731
	<u>4 432 699</u>	<u>340 810</u>	<u>(228 724)</u>	<u>89 853</u>	<u>4 634 638</u>		<u>1 613 846</u>	<u>349 154</u>	<u>(215 375)</u>	<u>1 747 625</u>	<u>2 887 013</u>

5.1.1 Details of tangible assets disposed off during the year are as follows:

Category of Assets (Mode of disposal)	Rupees '000				Sold to
	Original cost	Accumulated depreciation	Book value	Sale proceeds	
Furniture & fixtures Written down value below Rs. 50 000	110	91	19	23	Various
	<u>110</u>	<u>91</u>	<u>19</u>	<u>23</u>	
Office equipments (Negotiation)	239	77	162	20	Gemco
	93	23	70	10	Gemco
Written down value below Rs. 50 000	7 011	6 996	15	2 314	Various
	<u>7 343</u>	<u>7 096</u>	<u>247</u>	<u>2 344</u>	
Computers (Negotiation)	171	115	56	65	Mr. Mushtaq Ahmed Khan Barakzai - Ex-employee
	156	59	97	131	Insurance Claim
	348	239	109	145	Zubair Electronics
	186	32	154	153	Flash Technologies
	339	169	170	297	Insurance Claim
	1 884	706	1 178	80	PC Professional
Written down value below Rs. 50 000	259	215	44	128	Various
	<u>3 343</u>	<u>1 535</u>	<u>1 808</u>	<u>999</u>	
Vehicles (Negotiation)	2 976	1 984	992	2 200	Darius H.Sidwa - Employee
	1 407	1 313	94	1 400	Furqan Ahmed
	1 729	1 124	605	1 850	Faisal Riaz
Written down value below Rs. 50 000	87 674	87 674	-	53 454	Various
	93 786	92 095	1 691	58 904	
Tracker equipments Written down value below Rs. 50 000	120 640	96 909	23 731	-	Adjustment
Total	<u>225 222</u>	<u>197 726</u>	<u>27 496</u>	<u>62 270</u>	
Right of use assets - building	41 415	17 671	23 744	-	Early termination
Leasehold improvements	5 291	5 291	-	-	Early termination

6. Intangible assets

Cost and accumulated amortization in respect of fully amortized intangible assets still in use at the end of the year amounting to Rs. 59.57 million (2021: Rs. 59.57 million).

Rupees '000

	2022	2021
7. Investment property		
Opening net book value	2 599 970	2 517 970
Additions and capital improvements	970	3 579
Unrealized fair value gain	449 530	78 421
Closing book value	3 050 470	2 599 970

Market value of these investment properties amounts to Rs. 3,050 million (2021: Rs. 2,600 million) based on a revaluation carried out by different valuer as at 31 December 2022 and revaluation gain of Rs. 450 million (2021: Rs. 78 million) has been recognized in the profit and loss.

The fair value of investment properties was determined by external, independent property valuers having appropriate recognized professional qualifications and experience. The independent valuers provide the fair value of the Company's investment properties every year.

7.1 Valuation Techniques

The valuers have arranged inquiries and verification from various estate agents, brokers and dealers, the location and condition of the property, size, utilization and current trends in price of real estate including assumptions that ready buyers are available in the current scenario and analyzed through detailed market surveys, the properties that have recently been sold or purchased or offered/quoted for sale into given vicinity to determine the better estimates of the fair value.

The fair value of the investment properties has been categorized as a Level 3 fair value (based on the inputs to the valuation techniques used).

8. Investment in subsidiary

Rupees '000

	2022			2021 (Restated refer note 4.1.1)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Subsidiary						
Listed shares	13 445 927	(3 928 933)	9 516 994	13 328 616	(3 684 289)	9 644 327
	13 445 927	(3 928 933)	9 516 994	13 328 616	(3 684 289)	9 644 327

During the year, the Company acquired 572,700 shares of EFU Life Assurance Limited for Rs. 117.31 million (2021: 1,291,467 shares for Rs. 237.68 million).

Name	Year	Country of Incorporation	Rupees '000					% Interest Held
			Assets	Liabilities	Revenues	Profit		
EFU Life Assurance Limited	2022	Pakistan	178 518 042	172 169 492	38 471 291	1 692 118	46.35	
EFU Life Assurance Limited	2021	Pakistan	163 179 955	157 001 576	36 350 499	1 508 197	45.78	

9. Investment in equity securities - available-for-sale

Rupees '000

	2022			2021		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Related Party*						
Listed shares	396 299	(117 849)	278 450	396 298	–	396 298
Others						
Listed shares	2 158 262	(410 879)	1 747 383	2 260 862	(160 216)	2 100 646
Unlisted shares	15 216	(15 216)	–	15 500	(15 500)	–
	2 173 478	(426 095)	1 747 383	2 276 362	(175 716)	2 100 646
Surplus on revaluation	–	–	692 189	–	–	1 208 234
	<u>2 569 777</u>	<u>(543 944)</u>	<u>2 718 022</u>	<u>2 672 660</u>	<u>(175 716)</u>	<u>3 705 178</u>

* The Company has not accounted for investment in related parties as associates under IAS 28 "Investment in Associates and Joint Ventures", as management has concluded that the Company does not have significant influence in these companies.

10. Investment in debt securities - available-for-sale

Rupees '000

Note	2022			2021		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Government Securities						
Pakistan Investment Bonds	8 994 569	–	8 994 569	9 010 397	–	9 010 397
Ijara Sukuks	2 592 228	–	2 592 228	–	–	–
Treasury Bills	944 243	–	944 243	445 256	–	445 256
	12 531 040	–	12 531 040	9 455 653	–	9 455 653
Term Finance Certificate						
Others						
New Allied Electronics Ltd.	10.1	3 481	(3 481)	–	–	–
Agritech Ltd. - 3rd Issue (B)	10.2	5 665	(5 665)	–	–	–
Agritech Ltd. - 3rd Issue (A)	10.3	34 972	(34 972)	–	–	–
Soneri Bank Limited	10.4	100 000	–	100 000	–	100 000
Habib Bank Limited	10.5	100 000	–	100 000	–	100 000
		244 118	(44 118)	200 000	–	200 000
Corporate Sukuks						
Others						
Dubai Islamic Bank Limited -Tier I	10.6	80 000	–	80 000	–	80 000
Engro Polymer & Chemicals Limited	10.7	–	–	50 000	–	50 000
The Hub Power Company Limited	10.8	25 000	–	25 000	–	25 000
Dubai Islamic Bank Limited -Tier II	10.9	22 000	–	22 000	–	22 000
		127 000	–	127 000	–	127 000
Deficit on revaluation		–	–	(934 057)	–	(934 057)
		<u>12 902 158</u>	<u>(44 118)</u>	<u>11 923 983</u>	<u>(44 118)</u>	<u>9 405 824</u>

Rupees '000

	No. of Certificate		Face Value	Value of Certificate	
	2022	2021		2022	2021
10.1 New Allied Electronics Ltd.	2 000	2 000	5000	–	–
10.2 Agritech Ltd. - 3rd Issue (B)	1 133	1 133	5000	–	–
10.3 Agritech Ltd. - 3rd Issue (A)	7 000	7 000	5000	–	–
10.4 Soneri Bank Limited	20 000	20 000	5000	100 000	100 000
10.5 Habib Bank Limited	1 000	1 000	100000	100 000	100 000
10.6 Dubai Islamic Bank Limited - Tier I	16 000	16 000	5000	80 000	80 000
10.7 Engro Polymer & Chemicals Limited	–	500	100000	–	53 803
10.8 The Hub Power Company Limited	250	500	100000	25 292	51 807
10.9 Dubai Islamic Bank Limited - Tier II	4 400	–	5000	22 000	–
	<u>51 783</u>	<u>48 133</u>		<u>327 292</u>	<u>385 610</u>

Name of investment	Maturity year	Effective yield %	Profit payment	Face value	2022
3 months Treasury Bills	2023	16.03	On maturity	967 900	944 209
3 Years Pakistan Investment Bonds	2023	17.15	Half yearly	300 000	299 851
5 Years Pakistan Investment Bonds	2023	11.26 to 13.80	Half yearly	164 300	157 050
5 Years Pakistan Investment Bonds	2024	7.52 - 11.52	Half yearly	8 321 500	7 473 231
5 Years GOP Ijara Sukuks	2027	15.48	Half yearly	2 575 500	2 564 329
10 Years Pakistan Investment Bonds	2028	13.43	Half yearly	200 000	158 021
					11 596 691

The amount of Pakistan Investment Bonds includes Rs. 235 million (2021: Rs. 235 million) deposited with the State Bank of Pakistan as required by Section 29 of the Insurance Ordinance, 2000 and Rs. 170 million deposited with NCCPL (2021: Rs. 170 million)

Name of investment	Maturity year	Effective yield %	Profit payment	Face value	2022
Term Finance Certificates (TFCs) - quoted					
New Allied Electronics Limited *	2012	12.92	Quarterly	3 481	–
Agritech Limited - 3rd Issue (B) *	2017	11.00	Half yearly	5 665	–
Agritech Limited - 3rd Issue (A) *	2019	13.35	Quarterly	34 972	–
Soneri Bank Limited	2026	18.97	Half yearly	100 000	100 000
Habib Bank Limited	Perpetual	18.66	Quarterly	100 000	100 000
					200 000
Corporate sukuks - quoted					
Dubai Islamic Bank Limited - Tier I	Perpetual	17.66	Monthly	80 000	80 000
The Hub Power Company Limited	2023	17.71	Quarterly	25 000	25 292
Dubai Islamic Bank Limited - Tier II	2032	17.51	Half yearly	22 000	22 000
					127 292
					<u>11 923 983</u>

Name of investment	Maturity year	Effective yield %	Profit payment	Face value	Rupees '000
					2021
6 months Treasury Bills	2022	7.38	On maturity	450 000	443 292
3 Years Pakistan Investment Bonds	2023	8.12	Half yearly	300 000	286 765
5 Years Pakistan Investment Bonds	2023	11.26 - 13.80	Half yearly	164 300	156 710
5 Years Pakistan Investment Bonds	2024	7.52 - 11.52	Half yearly	8 321 500	7 958 217
10 Years Pakistan Investment Bonds	2028	13.43	Half yearly	200 000	175 230
					9 020 214

The amount of Pakistan Investment Bonds includes Rs. 235 million (2020: Rs. 225 million) deposited with the State Bank of Pakistan as required by Section 29 of the Insurance Ordinance, 2000 and Rs. 170 million deposited with NCCPL (2020: Rs. 170 million)

Name of investment	Maturity year	Effective yield %	Profit payment	Face value	Rupees '000
					2021
Term Finance Certificates (TFCs) - quoted					
New Allied Electronics Limited*	2012	12.92	Quarterly	3 481	–
Agritech Limited - 3rd Issue (B)*	2017	11.00	Half yearly	5 665	–
Agritech Limited - 3rd Issue (A)*	2019	13.35	Quarterly	34 972	–
Soneri Bank Limited	2026	9.70	Half yearly	100 000	100 000
Habib Bank Limited	Perpetual	9.36	Quarterly	100 000	100 000
					200 000
Corporate Sukuks - quoted					
Dubai Islamic Bank Limited	2023	9.21	Monthly	80 000	80 000
The Hub Power Company Limited	2023	9.29	Quarterly	50 000	51 807
Engro Polymer & Chemicals Limited	2026	8.35	Quarterly	50 000	53 803
					185 610
					9 405 824

* The term finance certificates are held under non-performing status and full provision has been made against these term finance certificates.

	Note	Rupees '000	
		2022	2021
11. Investment in term deposits			
Held to maturity			
Deposits maturing within 12 months			
Term deposits certificates - local currency	11.1 & 11.3	88 500	288 500
Term deposits certificates - foreign currency	11.2	463 192	390 285
		551 692	678 785

11.1 The rate of return on term deposit certificates issued by various banks is 16.00 % per annum (2021: 7.70 % to 10.00 % per annum) depending on tenure. These term deposit certificates have maturities upto August 2023.

11.2 The rate of return on foreign currency term deposit certificates issued by various banks ranges from 0.85 % to 4.50 % per annum (2021: 0.15 % to 0.85 % per annum) depending on tenure. These term deposit certificates have maturities upto October 2023.

- 11.3 This includes an amount of Rs. 13 million (2021: Rs. 13 million) placed under lien with commercial banks against bank guarantees and credit facility of corporate credit cards.

Rupees '000

	Note	2022	2021
12. Loans and other receivables - considered good			
Loans to employees		2 700	1 993
Accrued investment income		315 983	246 992
Security deposits		19 154	17 969
Advances to suppliers		71 725	50 026
Advances to employees		6 027	7 200
Other receivables		15 738	63 728
		<u>431 327</u>	<u>387 908</u>
13. Insurance / reinsurance receivables - unsecured and considered good			
Due from insurance contract holders		5 869 227	4 918 382
Provision for impairment of receivables from insurance contract holders	13.1	(524)	(1 195)
		<u>5 868 703</u>	<u>4 917 187</u>
Due from other insurer / reinsurers		7 383	95 639
		<u>5 876 086</u>	<u>5 012 826</u>
13.1 Provision for impairment of receivables from insurance contract holders			
Balance as on 01 January		1 195	209 784
Reversal during the year		(671)	(5 928)
Written off		-	(202 661)
Balance as on 31 December		<u>524</u>	<u>1 195</u>
14. Prepayments			
Prepaid reinsurance premium ceded	23	8 489 684	5 468 998
Software and hardware support services		1 201	2 419
Prepaid charges for vehicle tracking devices		51 499	39 347
Others		9 484	12 843
		<u>8 551 868</u>	<u>5 523 607</u>
15. Cash and bank			
Cash and cash equivalents			
Policy and revenue stamps bond papers		36 587	19 588
Cash at bank			
Current accounts		136 857	164 974
Saving accounts	15.1 & 15.2	1 461 425	1 004 960
		<u>1 598 282</u>	<u>1 169 934</u>
		<u>1 634 869</u>	<u>1 189 522</u>
Cash and short term borrowing include following for the purposes of the cash flow statement:			
Cash and cash equivalents		<u>1 634 869</u>	<u>1 189 522</u>

- 15.1 The rate of return on saving accounts from various banks ranges from 14.50 % to 15.35 % per annum (2021: 7.25 % to 9.00 % per annum) depending on the size of average deposits.
- 15.2 This includes an amount of Rs. 45 million (2021: Rs. 45 million) under lien with commercial banks against bank guarantees.

16. Share capital

16.1 Authorized Capital

Number of shares '000		Rupees '000	
2022	2021	2022	2021
200 000	200 000	2 000 000	2 000 000

16.2 Issued, subscribed and paid-up share capital

Number of shares '000			Rupees '000	
2022	2021		2022	2021
250	250	Ordinary shares of Rs. 10 each, fully paid in cash	2 500	2 500
199 750	199 750	Ordinary shares of Rs. 10 each, issued as fully paid bonus shares	1 997 500	1 997 500
200 000	200 000		2 000 000	2 000 000

- 16.2.1 As at 31 December 2022, EFU Life Assurance Limited, a subsidiary undertaking, held 4,680,961 (2021: 4,680,961) ordinary shares of Rs. 10 each.

	Note	2022	(Restated) 2021
Rupees '000			
17. Reserves			
Capital reserve			
Reserve for exceptional losses	17.1	12 902	12 902
Revenue reserves			
General reserve		13 000 000	15 650 000
Revaluation reserve for unrealized loss on available-for-sale investments - net		57 775	961 124
Reserve for change in fair value of investment property - net		1 885 773	1 679 190
Exchange translation reserves		142 661	81 195
		15 099 111	18 384 411

- 17.1 The reserve for exceptional losses was created prior to 1979 and was charged to income in accordance with the provisions of the repealed Income Tax Act, 1922 and has been so retained to date.

18. Staff retirement benefits

The latest actuarial valuation as at 31 December 2022 uses a discount rate of 14.50 % (2021: 11.50 %) for defined benefit obligation and plan assets. Basic salary and pension increases to average 11.50 % and 0.00 % (2021: 8.50 % and 0.00 %) respectively per annum in the long term.

Rupees '000

	2022		2021	
	Pension	Gratuity	Pension	Gratuity
18.1 Reconciliation of the present value of defined benefit obligations				
At the beginning of the year	197 805	549 731	222 860	511 467
Current service cost	271	23 064	1 196	22 209
Interest cost	21 365	59 065	20 084	45 812
Remeasurement loss due to:				
Change in financial assumptions	(13 934)	–	(23 104)	–
Experience	3 763	31 873	(323)	28 713
Benefits paid	(24 045)	(72 242)	(22 908)	(58 470)
At the end of the year	<u>185 225</u>	<u>591 491</u>	<u>197 805</u>	<u>549 731</u>
18.2 Changes in fair value of plan assets				
At the beginning of the year	257 769	480 563	267 126	501 662
Interest income	28 317	55 088	24 343	45 346
Remeasurement gain / (loss) due to:				
Investment return	(8 566)	(24 592)	(11 931)	(17 780)
Contributions paid by Company	195	69 168	228	9 805
Contributions paid by employees	781	–	911	–
Benefits paid	(24 045)	(72 242)	(22 908)	(58 470)
At the end of the year	<u>254 451</u>	<u>507 985</u>	<u>257 769</u>	<u>480 563</u>
18.3 Charge to profit and loss account				
Service cost				
Current service cost	271	23 064	1 196	22 209
Employee contributions	(781)	–	(911)	–
Net interest (income) / cost	(6 952)	3 977	(4 259)	466
Chargeable in profit and loss account	(7 462)	27 041	(3 974)	22 675
18.4 Remeasurements recognized in other comprehensive income				
Change in financial assumptions	(13 934)	–	(23 104)	–
Experience on obligation	3 763	31 873	(323)	28 713
Investment return	8 566	24 592	11 931	17 780
Chargeable in statement of comprehensive income	(1 605)	56 465	(11 496)	46 493
Total defined benefit cost	<u>(9 067)</u>	<u>83 506</u>	<u>(15 470)</u>	<u>69 168</u>
18.5 (Asset) / liability on balance sheet				
At the beginning of the year	(59 964)	69 168	(44 266)	9 805
Defined benefit cost	(9 067)	83 506	(15 470)	69 168
Contributions paid by Company	(195)	(69 168)	(228)	(9 805)
At the end of the year	<u>(69 226)</u>	<u>83 506</u>	<u>(59 964)</u>	<u>69 168</u>
Reconciliation				
Obligation	185 225	591 491	197 805	549 731
Plan assets	(254 451)	(507 985)	(257 769)	(480 563)
Net (asset) / liability on balance sheet	<u>(69 226)</u>	<u>83 506</u>	<u>(59 964)</u>	<u>69 168</u>

18.6 Historical data

Rupees '000

	2021	2020	2019	2018	2017
Pension					
Present value of defined benefit obligation	197 805	222 860	218 468	208 041	280 809
Fair value of plan assets	(257 769)	(267 126)	(246 073)	(232 183)	(249 514)
(Surplus) / deficit	<u>(59 964)</u>	<u>(44 266)</u>	<u>(27 605)</u>	<u>(24 142)</u>	<u>31 295</u>
Experience adjustment					
- Actuarial (loss) / gain on obligation	<u>(323)</u>	<u>(3 874)</u>	<u>(1 325)</u>	<u>2 058</u>	<u>1 756</u>
- Actuarial (loss) / gain on assets	<u>(11 931)</u>	<u>13 945</u>	<u>7 143</u>	<u>(14 850)</u>	<u>(29 847)</u>
Gratuity					
Present value of defined benefit obligation	549 731	511 467	448 210	426 035	365 990
Fair value of plan assets	(480 563)	(501 662)	(450 294)	(339 062)	(325 311)
Surplus / (deficit)	<u>69 168</u>	<u>9 805</u>	<u>(2 084)</u>	<u>86 973</u>	<u>40 679</u>
Remeasurements due to:					
- Actuarial (loss) / gain on obligation	<u>28 713</u>	<u>18 549</u>	<u>(13 557)</u>	<u>45 279</u>	<u>15 080</u>
- Actuarial (loss) / gain on assets	<u>(17 780)</u>	<u>26 721</u>	<u>13 926</u>	<u>(22 136)</u>	<u>21 566</u>

18.7 Composition of fair value of plan assets

Fund investments	Pension				Gratuity			
	2022		2021		2022		2021	
Debt	97%	247 390	97%	250 354	95%	484 027	93%	447 696
Equity	2%	6 299	3%	7 151	5%	24 256	7%	31 274
Cash	1%	1 708	0%	265	0%	359	0%	1 594
	100%	255 397	100%	257 770	100%	508 642	100%	480 564

The expected charge to pension and gratuity fund for the year 2022 amounts to Rs. 20 million.

18.8 Sensitivity analysis on significant actuarial assumptions: Actuarial liability

Impact on obligation of 1 % change in assumptions

Rupees '000

Assumptions	1 % increase	1 % decrease
Discount rate	(32 583)	36 074
Salary increase	28 023	(25 615)
Pension increase	10 111	-
Weighted average duration of the plan is 5.3 years.		
Projected payments	Pension	Gratuity
Company contributions 2022	187	35 810
Benefit payments:		
2022	29 816	155 421
2023	29 659	58 402
2024	29 146	87 228
2025	28 212	54 391
2026	27 497	79 243
2027 - 2031	119 764	486 261

	2022	2021
		Rupees '000
19. Deferred taxation		
Deferred debits arising in respect of		
Premium due but unpaid	(173)	(346)
Impairment of TFC	(14 559)	(12 794)
Defined benefit plan	(35 575)	(15 355)
Right to use asset	(5 396)	(5 221)
Impairment of available-for-sale equity securities	(1 525 639)	(50 958)
Deferred credits arising in respect of		
Unrealized gain on available-for-sale investments	30 980	(788 918)
Fair value of investment property	928 813	685 866
Revaluation of property and equipment	558 089	439 868
Accelerated tax depreciation	43 188	26 111
Effect of translation of foreign branches	40 755	–
	<u>20 483</u>	<u>278 253</u>
20. Insurance / reinsurance payables		
Reinsurance companies	7 066 722	4 307 221
Coinsurance companies	616 980	502 574
	<u>7 683 702</u>	<u>4 809 795</u>

The Company has co-insurance and re-insurance arrangements with various insurance and a domestic re-insurance company. Under the above arrangements, the receivable and payable balances originate mainly due to premiums collected or claims settled by the lead insurer on behalf of other co-insurers, and in case of re-insurance, the premium ceded to and claims recoverable from the re-insurer under the respective contracts. As per the prevailing industry practices, settlements of balances under co-insurance arrangements are done between the respective insurance companies in normal course of business.

The Company believes that the current balances of co-insurers and re-insurer reflected in the records of the Company are based on the underlying contracts and transactions supported by appropriate evidence.

In this regard, the Company exchanged balance information with various co-insurers based on significance of the balances and the re-insurers. This information corroborates the balance position of the Company in all material respects.

	Note	2022	2021
			Rupees '000
21. Other creditors and accruals			
Federal insurance fee payable		18 789	13 513
Federal excise duty and sales tax payable		504 791	307 645
Accrued expenses		301 981	312 001
Agent commission payable		568 352	569 519
Unearned rentals		74 344	69 329
Other deposits		1 699 486	1 378 680
Unclaimed dividends		475 085	408 634
Lease liability	21.1	113 201	139 330
Others		10 276	23 661
		<u>3 766 305</u>	<u>3 222 312</u>
21.1 Lease liability			
Current		41 350	43 843
Non-current		71 851	95 487
		<u>113 201</u>	<u>139 330</u>

Rupees '000

	2022			2021		
	Minimum lease Payments	Financial charges for future periods	Principal outstanding	Minimum lease Payments	Financial charges for future periods	Principal outstanding
Not later than one year	43 085	1 735	41 350	45 492	1 649	43 843
Later than one year and not later than five years	65 494	14 831	50 663	94 337	20 374	73 963
Over five years	54 633	33 445	21 188	86 520	64 996	21 524
	<u>163 212</u>	<u>50 011</u>	<u>113 201</u>	<u>226 349</u>	<u>87 019</u>	<u>139 330</u>

22. Contingencies and commitments

The income tax assessment of the Company has been finalized up to the tax year 2022

The Income Tax Department has made an assessment order for the assessment years 1999-2000 and 2000-2001 by adding back provisions for the bonus to staff, provision for gratuity and excess management expenses. The Company had filed appeals before the Commissioner, of Inland Revenue (Appeals). The appeals have been decided in the favour of the Income Tax Department. The Company had filed appeals before the Income Tax Appellate Tribunal (ITAT). If the appeals are decided against the Company a tax liability of Rs. 13 million would arise.

The Income Tax Department (Audit) has made an assessment order for the assessment year 2002-2003 by adding certain items. The Company had filed an appeal before the Commissioner of Income Tax (Appeals). The appeal was decided in the favour of the Company. The Department had filed an appeal before the Income Tax Appellate Tribunal (ITAT) and the same has been decided in the favour of the Company. The Department has filed an appeal before the Honourable High Court of Sindh against the order of the Income Tax Appellate Tribunal (ITAT) in respect of the estimated liability of claims, excess perquisites and retrocession commission. If the appeal is decided against the Company a tax liability of Rs. 76 million would arise.

The Commissioner of Inland Revenue (Audit) has amended the tax assessment of the Company for the tax year 2005 to 2007 by disallowing prorated expenses. The Company has filed appeals before the Commissioner of Income Tax (Appeals). The appeals were decided in the favour of the Company. The Department then filed appeals before the Income Tax Appellate Tribunal (ITAT). The Income Tax Appellate Tribunal (ITAT) passed an order in favour of the Company. The Department then filed a reference before the Honourable High Court of Sindh. The Honourable High Court of Sindh maintained the decision of the Income Tax Appellate Tribunal (ITAT). The Department has filed appeals for the tax year 2005 to 2007 before the Honourable Supreme Court of Pakistan against the decision of the Honourable High Court of Sindh in respect of proration of expenses and if the appeals are decided against the Company, a tax liability of Rs. 37 million would arise.

The Commissioner Inland Revenue (Audit) has amended the tax assessment of the Company for the tax year 2008 by adding capital gain on investment, depreciation on leased assets, admissible expenses, re-insurance premium ceded, provision for leave encashment, amortization of premium relative to par and provision for outstanding claims (IBNR). The Company filed an appeal before the Commission of Income Tax (Appeals) against the order of the Income Tax Commissioner (Audit). The Appeal decided in favour of the Company except addition made on account of the reinsurance premium ceded. The Company has filed an appeal before the Income Tax Appellate Tribunal (ITAT) against the decision of the Income Tax Commissioner (Appeals) for maintaining the decision of the Income Tax Commissioner (Audit) with respect to confirming the addition made on account of reinsurance premium ceded. The Income Tax Appellate Tribunal

(ITAT) decided the case in favour of the Company. The Department filed an appeal in the Income Tax Appellate Tribunal (ITAT) against the decision of the Income Tax Commissioner (Appeals) for the deletion of Capital Gain on Investment, Provision for Leave Encashment, and Depreciation on Leased Asset. The Income Tax Appellate Tribunal (ITAT) decided the case in favour of the Company. The Department has filed appeals before the Honourable High Court of Sindh against the decision of the Income Tax Appellate Tribunal (ITAT) in respect of tax on reinsurance premium, deletion of Capital Gain on Investment, Provision for Leave Encashment, and Depreciation on Leased Asset. If the appeals are decided against the Company, a tax liability of Rs. 5,099 million would be payable. The Honourable High Court of Sindh has issued orders in favour of the assesses on identical cases.

The Department has filed an appeal for tax years 2014 to 2016 before the Income Tax Appellate Tribunal (ITAT) against the order of the Commissioner (Appeal) in respect of Dividend Income taxed at the reduced rate. If the appeal is decided against the Company, a tax liability of Rs. 355 million would arise.

The Commissioner of Inland Revenue (Audit) has made an addition to the income of Tax years 2017 and 2019 on account of the fair market value of motor vehicles. The Company has filed appeals before the Commissioner of Income Tax (Appeals). The Commissioner of Income Tax (Appeals) has confirmed the action of the Commissioner, of Inland Revenue (Audit). The Company then filed appeals before the Income Tax Appellate Tribunal (ITAT). If the appeal is decided against the Company, a tax liability of Rs. 2 million would arise. The Income-tax Appellate Tribunal (ITAT) has issued orders in favour of the Company on this issue in previous years.

The Commissioner of Inland Revenue (Audit) has made an addition to the income of the Tax year 2022 on account of expenses. The Company has filed appeals before the Commissioner of Income Tax (Appeals). If the appeal is decided against the Company, a tax liability of Rs. 3 million would arise. Further Company has deposited Rs. 163 million in protest on account of super tax under section 4C of income tax ordinance 2001 amended through Finance Act 2022. The Honourable High Court of Sindh has recently issued orders in favour of the other assesses on this issue, on the basis of the same the Company has included super tax issue in above appeal filed before Commission of Income Tax (Appeals).

In 2014, 2015, 2016, 2017 and 2018, Searle Company Limited issued bonus shares (453,612, 312,993, 664,632, 472,284 and 443,697 shares, respectively) after withholding 5 percent of bonus shares (22,680, 15,650, 34,981, 24,857 and 21,360 shares respectively). In this regard, a constitutional petition had been filed by the Company in the Honourable High Court of Sindh challenging the applicability of withholding tax provision on bonus shares received by the Company. The Honourable High Court of Sindh decided the case against the Company. Subsequently, the Company filed an appeal with a larger bench of the Honourable High Court of Sindh and in response; the Sindh High Court has suspended the earlier judgement until the next date of hearing, which has not yet been decided. Consequently, the Company has not paid/provided an amount of Rs. 37 million being withholding tax on bonus shares.

No provision has been made in these unconsolidated financial statements for the above contingencies, as the management, based on the tax advisor's opinion, is confident that the decision in this respect will be decided in favour of the Company.

There are no commitments as at 31 December 2022 (31 December 2021: Nil).

Rupees '000

	2022	2021
23. Net insurance premium		
Written gross premium	29 025 118	21 960 072
Add: Unearned premium reserve - opening	10 517 726	9 411 142
Less: Unearned premium reserve - closing	(14 167 219)	(10 517 726)
Premium earned	25 375 625	20 853 488
Less:		
Reinsurance premium ceded	18 103 073	11 706 963
Add: Prepaid reinsurance premium - opening	5 468 998	4 808 670
Less: Prepaid reinsurance premium - closing	(8 489 684)	(5 468 998)
Reinsurance expense	15 082 387	11 046 635
Net Insurance Premium	<u>10 293 238</u>	<u>9 806 853</u>
24. Net insurance claim expense		
Claim Paid	6 680 734	6 992 207
Add: Outstanding claims including IBNR - closing	10 368 176	7 085 599
Less: Outstanding claims including IBNR - opening	(7 085 599)	(7 111 989)
Claims expense	9 963 311	6 965 817
Less:		
Reinsurance and other recoveries received	1 833 723	2 571 065
Add: Reinsurance and other recoveries in respect of outstanding claims - opening	(3 974 297)	(3 856 142)
Less: Reinsurance and other recoveries in respect of outstanding claims - closing	6 503 793	3 974 297
Reinsurance and other recoveries revenue	4 363 219	2 689 220
Net Insurance claim expense	<u>5 600 092</u>	<u>4 276 597</u>

24.1 Claim development

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 period of time. All amounts are presented in gross numbers before reinsurance.

	2018 and prior	2019	2020	2021	2022 (including IBNR)	Total
Estimate of ultimate claims costs:						
– At end of accident year	10 133 259	7 326 981	7 040 966	8 543 736	11 723 775	
– One year later	8 800 195	6 350 034	6 017 883	7 306 943	–	
– Two years later	8 807 340	6 017 506	5 735 141	–	–	
– Three years later	8 585 036	5 843 166	–	–	–	
– Four years later	8 518 445	–	–	–	–	
Current estimate of cumulative claims	<u>8 518 445</u>	<u>5 843 166</u>	<u>5 735 141</u>	<u>7 306 943</u>	<u>11 723 775</u>	39 127 470
Cumulative payments to date	<u>7 548 529</u>	<u>5 411 617</u>	<u>5 349 874</u>	<u>5 771 104</u>	<u>4 678 170</u>	28 759 294
Liability recognized in statement of financial position	<u>969 916</u>	<u>431 549</u>	<u>385 267</u>	<u>1 535 839</u>	<u>7 045 605</u>	<u>10 368 176</u>

24.2 The provision for IBNR on the basis of actuarial valuation carried out as at 31 December 2022 amounting to Rs. 292 million (2021: Rs. 281 million).

	Note	2022	Rupees '000 2021
25. Net commission expense			
Commission paid or payable		2 228 749	1 635 395
Add: Deferred commission expense - opening		772 985	678 039
Less: Deferred commission expense - closing		(1 111 775)	(772 985)
Net commission		1 889 959	1 540 449
Less:			
Commission received or recoverable		370 093	254 097
Add: Unearned reinsurance commission - opening		135 214	152 144
Less: Unearned reinsurance commission - closing		(201 585)	(135 214)
Commission from reinsurers		303 722	271 027
Net commission expense		1 586 237	1 269 422
26. Management expenses			
Salaries, wages and benefits	26.1	2 014 020	1 879 747
Bonus		151 081	144 061
Gratuity		22 982	19 355
Rent, rates and taxes		2 886	1 680
Telephone		24 353	22 922
Postage and telegram		11 348	8 551
Gas, electricity and fuel		70 379	53 517
Printing and stationery		47 946	37 259
Travelling, club and entertainment		93 065	32 934
Depreciation		241 682	331 734
Repair and maintenance		178 659	68 436
Publicity		20 266	21 284
Service charges		(93 776)	(80 802)
Bank charges and commission		4 102	3 617
Tracker monitoring		121 377	90 168
Bad debts		16 942	(5 928)
Inspection fee		12 394	8 860
Annual supervision fee of SECP		32 311	31 602
Training		4 768	3 694
Insurance		5 026	3 795
Levy to IAP		2 000	2 000
Business procurement		(1 722)	7 424
Security service		8 477	8 068
Meeting and conferences		28 831	648
Conveyance		13 716	11 117
Miscellaneous		4 256	3 395
		3 037 369	2 709 138

26.1 These include Rs. 34.35 million (2021: Rs. 32.32 million) being contribution for employees' provident fund.

	Note	2022	Rupees '000 (Restated) (Refer Note 4.1.1) 2021
27. Investment income			
Income from subsidiary - available-for-sale Dividend income		688 222	668 627
Income from equity securities - available-for-sale Dividend income		265 578	223 085
Income from debt securities - available-for-sale Return on debt securities		1 211 976	1 049 072
Income from term deposits Return on term deposits		16 808	9 641
		2 182 584	1 950 425
Net realized gains / (losses) on investments available-for-sale financial assets			
Realized gains on:			
Equity securities		118 376	200 946
Realized losses on:			
Equity securities		(6 800)	(72 483)
		111 576	128 463
		2 294 160	2 078 888
Impairment in value of available-for-sale equity securities		(368 542)	(251 167)
Investment related expenses		(915)	(1 251)
Total investment income		1 924 703	1 826 470
28. Rental income			
Rental income		187 618	175 499
Less: Expenses of investment property		(62 906)	(53 306)
		124 712	122 193
			(Restated) (Refer Note 4.1.2)
29. Other income			
Gain on sale of property and equipment		58 505	28 795
Return on loans to employees		222	127
Exchange difference		(28 945)	2 249
Gain on early termination of lease agreements		6 729	701
Return on bank balances		204 772	90 729
		241 283	122 601
30. Other expense			
Legal and professional fee other than business related		15 784	16 622
Auditors' remuneration	30.1	7 572	5 263
Subscription to association		23 475	19 791
Charity and donations	30.2	21 428	18 384
Finance cost		13 128	10 707
		81 387	70 767
30.1 Auditors' remuneration			
Audit fee		3 520	2 700
Special certifications and sundry advisory services		3 217	1 913
Out-of-pocket expenses		835	650
		7 572	5 263

30.2 Donations

30.2.1 Donations include the following in whom the directors are interested:

Rupees '000

Name of Director	Interest in donee	Name and address of donee	2022	2021
Saifuddin N. Zoomkawala	Board member	Shaukat Khanum Memorial Trust 7A Block R-3, M.A. Johar Town, Lahore	9 000	9 000
Saifuddin N. Zoomkawala	Board member	SIUT Civil Hospital New Labour Colony Nanakwara, Karachi	500	500
Saifuddin N. Zoomkawala and Ali Raza Siddiqui	Board member	Fakhr-e-Imdad Foundation Mirpurkhas Digri Road, Mirwah Gorchani, Mirpurkhas	500	500
Hasanali Abdullah	Board member	The Aga Khan Hospital and Medical College Foundation Stadium Road, Karachi	1 500	–

30.2.2 Donations to a single party exceeding Rs. 500,000

Name of donee	2022	2021
Layton Rehmatullah Benevolant Trust	1 100	500
Memon Medical Institute	1 000	1 650
Aga Khan Cultural Service Pakistan	1 000	–
Anjuman Kashana-e-Atfal-o-Naunihal	600	–
Citizens Foundation	500	600
Patients' Behbud Society for Aga Khan University Hospital	500	500
Bait ul Sukoon Cancer Hospital	500	–
Patient's Aid Foundation	–	500
Tameer-e-Millat Foundation	–	500

31. Profit from Window takaful operations - Operator's Fund

Wakala fee	941 037	773 685
Commission expense	(322 878)	(304 514)
General, administrative and management expenses	(399 223)	(348 734)
Modarib's share of PTF investment income	72 379	32 145
Investment income	91 614	31 116
Direct expenses	(1 076)	(763)
Other income	5 778	3 170
	<u>387 631</u>	<u>186 105</u>

32. Taxation

For current year		(Restated) (refer note 4.1)
Current	862 499	1 163 359
Deferred	(34 832)	(53 278)
Super tax	119 766	–
	947 433	1 110 081
For prior year(s)		
Super tax	162 565	–
Prior years tax	292	–
	<u>162 857</u>	<u>–</u>
	<u>1 110 290</u>	<u>1 110 081</u>

32.1 Relationship between tax expense and accounting profit

	2022	2021
Profit before taxation	3 116 012	3 816 719
Tax at the applicable rate	903 643	1 106 849
Tax effects of permanent differences	5 835	3 232
Tax effects of change in tax rate	(81 811)	-
Prior years tax	162 857	-
Average effective tax rate charged on income	990 524	1 110 081
Effect of super tax of current year	119 766	-
Total average effective tax rate	1 110 290	1 110 081

Rupees '000

33. Earnings per share

	2022	2021
Profit (after tax) for the year (Rupees '000)	2 005 722	2 370 823
Weighted average number of ordinary shares (Numbers '000)	200 000	200 000
Earnings per share (Rupees)	10.03	13.53

(Restated)
(refer note 4.1)

There are no dilutive potential ordinary shares outstanding as at 31 December 2022 (31 December 2021: Nil).

34. Compensation of directors and executives

The aggregate amount charged in the accounts for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

	2022				2021			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
Fees	-	6 375	-	6 375	-	3 700	-	3 700
Managerial remuneration	43 080	-	492 353	535 433	40 680	-	424 491	465 171
Leave encashment	-	-	35 353	35 353	-	-	29 137	29 137
Bonus	-	-	79 885	79 885	-	-	73 020	73 020
Retirement benefits	-	-	32 193	32 193	-	-	29 783	29 783
Utilities	808	-	39 600	40 408	670	-	32 763	33 433
Medical expenses	952	-	17 114	18 066	801	-	14 575	15 376
Leave passage	-	-	5 418	5 418	-	-	5 804	5 804
Total	44 840	6 375	701 916	753 131	42 151	3 700	609 573	655 424
Number of persons	1	9	248	258	1	8	220	229

Rupees '000

34.1 The Chief Executive Officer is provided with Company maintained cars, furnished accommodation and medical insurance cover. The Executives are provided with free use of Company cars, medical insurance cover and certain items of household furniture and fixtures in accordance with their entitlements. The Chief Executive is not given any rent allowance but is provided with maintained furnished accommodation. The Chairman is provided with free use of Company car, maintained furnished accommodation, medical insurance cover and residential utilities.

The Non-Executive Directors were paid Directors meeting fee of Rs. 6.4 million (2021: Rs. 3.7 million). No other remuneration was paid to Non-Executive Directors.

35. Related party transactions

Related parties comprise of directors, major shareholders, key management personnel, associated companies, subsidiary company, and entities with common directors and employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms. The transactions and balances with related parties during the year other than those which have been specifically disclosed elsewhere in these unconsolidated financial statements are as follows:

	Rupees '000	
	2022	2021
Transactions		
Subsidiary Company		
Premium written	29 524	27 063
Premium paid	13 743	11 624
Claims paid	1 957	2 283
Dividend received	688 222	668 627
Dividend paid	46 810	46 810
Associated companies		
Premium written	209 023	458 126
Premium paid	25 870	21 521
Claims paid	168 759	243 120
Dividend paid	680 073	665 419
Bank deposit (withdrawn) / made	(200 000)	5 000
Key management personnel		
Premium written	883	1 094
Claims paid	168	220
Dividend paid	8 976	8 700
Compensation	240 935	216 777
Others		
Premium written	82 004	91 028
Claims paid	18 361	11 972
Dividend paid	656 927	659 973
Brokerage paid	539	1 812
Employees' funds		
Contribution to provident fund	34 348	32 352
Contribution to gratuity fund	26 769	22 507
Contribution released to pension fund	(7 461)	(3 979)
Dividend paid	4 494	5 137
Balances		
Others		
Balances receivable	21 450	18 513
Balances payable	406	555
Bank deposits maturity within 12 months	88 500	288 500
Bank balances	417 141	168 016
Employees' funds receivable / (payable)		
EFU gratuity fund	(83 233)	(69 001)
EFU pension fund	69 224	59 963

35.1 Following are the particulars of the related parties other than employee retirement benefit plans, key management personnel and Directors of the Company at the reporting date.

Name of Related Party	Basis of relationship	Aggregate % of Shareholding in the Company
EFU Life Assurance Limited	Subsidiary Company	46.35%
EFU Services Private limited	Common Directorship	–
Intimate Fashions FZC Sharjah	Common Directorship	–
Jahangir Siddiqui & Company limited	Common Directorship	2.15%
Mahvash & Jahangir Siddiqui Foundation	Common Directorship	–
Fakhr-e-Imdad Foundation	Common Directorship	–
Organisation for Social Development Initiatives	Common Directorship	–
Manzil Pakistan	Common Directorship	–
New World Concepts	Common Directorship	–
Allianz EFU Health Insurance limited	Common Directorship	–
Tourism Promotion Services (Pakistan) limited,	Common Directorship	–
Aga Khan University Foundation (Pakistan Branch)	Common Directorship	–
The Aga Khan Hospital & Medical College Foundation	Common Directorship	–
MIM Business Consultants	Common Directorship	–
Shaukat Khanum Memorial Trust	Common Directorship	–
Burhani Hospital	Common Directorship	–
Sindh Institute of Urology and Transplantation	Common Directorship	–
Fakhr e Imdad Foundation	Common Directorship	–
JS Bank Limited	Associated Company	–
JS Investment Limited	Other Related Parties	–
JS Abamco Commodities Limited	Other Related Parties	–
JS Global Capital Limited	Other Related Parties	–
JS Infocom Limited	Associated Company	–
Energy Infra Instructure Holding (Private) Limited	Associated Company	–
JS Petroleum Limited	Other Related Parties	–
JS Fuel (Private) Limited	Other Related Parties	–
JS land	Other Related Parties	–
JS Engineering Investment 1 (Private) Limited	Other Related Parties	–
JS & Sons	Other Related Parties	–
Quality Energy Solution (PVT.) Limited	Associated Company	–
Khairpur Solar Power (PVT.) Limited	Other Related Parties	–
JS International Limited	Associated Company	–
Bank islami	Associated Company	0.60%
Azgard nine	Associated Company	0.57%

36. Segment information

Rupees '000

Current year	For the year ended 31 December 2022					Total
	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	
Premium receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	22 725 095	4 195 140	4 340 699	2 013 042	–	33 273 976
Less: Sales tax	2 544 163	445 753	524 589	237 885	–	3 752 390
Stamp duty	515	203 557	1 216	1 107	–	206 395
Federal insurance fee	199 721	35 099	37 774	17 479	–	290 073
Gross written premium (inclusive of administrative surcharge)	19 980 696	3 510 731	3 777 120	1 756 571	–	29 025 118
Gross direct premium	19 931 032	3 454 576	3 584 370	1 731 969	–	28 701 947
Facultative inward premium	13 357	718	–	8 706	–	22 781
Administrative surcharge	36 307	55 437	192 750	15 896	–	300 390
Insurance premium earned	16 596 876	3 383 594	3 640 755	1 754 400	–	25 375 625
Insurance premium ceded to reinsurers	(13 005 710)	(1 516 704)	(23 682)	(536 291)	–	(15 082 387)
Net insurance premium	3 591 166	1 866 890	3 617 073	1 218 109	–	10 293 238
Commission income	245 557	17 378	5	40 782	–	303 722
Net underwriting income	3 836 723	1 884 268	3 617 078	1 258 891	–	10 596 960
Insurance claims	(6 432 731)	(856 890)	(1 867 550)	(806 140)	–	(9 963 311)
Insurance claims recovered from reinsurers	4 241 389	73 902	1 176	46 752	–	4 363 219
Net claims	(2 191 342)	(782 988)	(1 866 374)	(759 388)	–	(5 600 092)
Commission expense	(1 142 852)	(307 840)	(330 407)	(108 860)	–	(1 889 959)
Management expenses	(1 095 835)	(521 895)	(1 066 111)	(353 528)	–	(3 037 369)
Net insurance claims and expenses	(4 430 029)	(1 612 723)	(3 262 892)	(1 221 776)	–	(10 527 420)
Underwriting result	(593 306)	271 545	354 186	37 115	–	69 540
Net investment income						1 924 703
Rental income						124 712
Other income						241 283
Other expenses						(81 387)
Change in fair value of investment property						449 530
Profit from window takaful operations - Operator's Fund						387 631
Profit before tax						3 116 012

	As at 31 December 2022					Rupees '000
Current year	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Total
Corporate segment assets	18 675 990	1 963 179	595 833	843 592	–	22 078 594
Corporate segment assets - Takaful OPF	157 225	17 208	365 513	17 761	–	557 707
Corporate unallocated assets						32 939 727
Corporate unallocated assets - Takaful OPF						1 043 460
Total assets						56 619 488
Corporate segment liabilities	24 933 928	3 300 167	2 746 514	3 787 296	–	34 767 905
Corporate segment liabilities - Takaful OPF	152 456	16 489	479 499	27 619	–	676 063
Corporate unallocated liabilities						1 567 994
Corporate unallocated liabilities - Takaful OPF						47 712
Total liabilities						37 059 674
Location						External premium less reinsurance by geographical segments 2022
Pakistan						10 261 126
EPZ *						32 112
Total						10 293 238

* This represents US Dollar Equivalent in Pak Rupees

	For the year ended 31 December 2021					Rupees '000
Prior year	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	(Restated) Total
Premium receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	15 897 391	3 626 553	4 012 256	1 919 253	–	25 455 453
Less: Sales tax	2 001 229	387 939	484 389	235 986	–	3 109 543
Stamp duty	495	163 681	1 193	918	–	166 287
Federal insurance fee	137 539	30 436	34 919	16 657	–	219 551
Gross written premium (inclusive of administrative surcharge)	13 758 128	3 044 497	3 491 755	1 665 692	–	21 960 072
Gross direct premium	13 718 708	2 989 308	3 279 768	1 651 147	–	21 638 931
Facultative inward premium	4 209	827	–	–	–	5 036
Administrative surcharge	35 211	54 362	211 987	14 545	–	316 105
Insurance premium earned	13 070 308	2 854 664	3 344 621	1 583 895	–	20 853 488
Insurance premium ceded to reinsurers	(9 295 940)	(1 226 030)	(21 034)	(503 631)	–	(11 046 635)
Net insurance premium	3 774 368	1 628 634	3 323 587	1 080 264	–	9 806 853
Commission income	212 452	16 793	45	41 737	–	271 027
Net underwriting income	3 986 820	1 645 427	3 323 632	1 122 001	–	10 077 880
Insurance claims	(3 923 318)	(714 398)	(1 630 379)	(697 722)	–	(6 965 817)
Insurance claims recovered from reinsurers	2 498 548	114 647	(100)	76 125	–	2 689 220
Net claims	(1 424 770)	(599 751)	(1 630 479)	(621 597)	–	(4 276 597)
Commission expense	(849 318)	(274 811)	(304 849)	(111 471)	–	(1 540 449)
Management expenses	(1 032 466)	(424 672)	(959 586)	(292 414)	–	(2 709 138)
Net insurance claims and expenses	(3 306 554)	(1 299 234)	(2 894 914)	(1 025 482)	–	(8 526 184)
Underwriting result	680 266	346 193	428 718	96 519	–	1 551 696
Net investment income						1 826 470
Rental income						122 193
Other income						122 601
Other expenses						(70 767)
Change in fair value of investment property						78 421
Profit from window takaful operations - Operator's Fund						186 105
Profit before tax						3 816 719

Prior year	As at 31 December 2021					Rupees '000
	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Total
Corporate segment assets	11 948 826	1 950 272	668 558	802 029	-	15 369 685
Corporate segment assets - Takaful OPF	91 055	11 820	244 001	11 127	-	358 003
Corporate unallocated assets						30 489 426
Corporate unallocated assets - Takaful OPF						783 218
Total assets						47 000 332
Corporate segment liabilities	15 887 724	2 795 937	2 593 290	3 246 362	-	24 523 313
Corporate segment liabilities - Takaful OPF	95 867	13 030	375 669	12 660	-	497 226
Corporate unallocated liabilities						1 612 313
Corporate unallocated liabilities - Takaful OPF						16 749
Total liabilities						26 649 601
Location						External premium less reinsurance by geographical segments 2021
Pakistan						9 762 648
EPZ *						44 205
Total						9 806 853

* This represents US Dollar equivalent in Pak Rupees

37. Movement in investment

Name of investment	Held to maturity	Available-for-sale subsidiary	Available-for-sale debt securities	Available-for-sale equity securities	Total
At beginning of previous year	683 006	9 298 848	10 273 302	4 480 733	24 735 889
Additions	4 963 205	237 673	8 998 559	2 319 664	16 519 101
Disposals (sale and redemptions)	(4 967 426)	-	(9 155 590)	(2 028 695)	(16 151 711)
Fair value net gains / (losses)					
(excluding net realized losses)	-	211 555	(710 447)	(919 108)	(1 418 000)
Impairment losses	-	(103 749)	-	(147 416)	(251 165)
At beginning of current year	678 785	9 644 327	9 405 824	3 705 178	23 434 114
Additions	1 026 288	117 309	10 692 090	231 110	12 066 797
Disposals (sale and redemptions)	(1 153 381)	-	(7 669 702)	(333 993)	(9 157 076)
Fair value net gains / (losses)					
(excluding net realized gains / losses)	-	(244 642)	(504 229)	(516 045)	(1 264 916)
Impairment gains / (losses)	-	-	-	(368 228)	(368 228)
At end of current year	551 692	9 516 994	11 923 983	2 718 022	24 710 691

38. Management of insurance and financial risk

38.1 Insurance risk

The principal risk the Company faces under insurance contracts is the possibility that the insured event occurs, the uncertainty of the amount of the resulting claims i.e. the frequency and severity of claims and that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. By the vary nature of an insurance contract, this risk is random and therefore unpredictable. The objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy aims to minimise insurance risks with a balanced mix and spread of business classes and by observing underwriting guidelines and limits. The Company underwrites mainly property, motor, marine cargo and transportation and other miscellaneous business. These classes of insurance are generally regarded as short-term insurance contracts where claims are normally intimated and settled within a short time span, usually one year. This helps to mitigate insurance risk.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. For large risks, particularly in property segment of business, risk inspections are carried out before accepting the risks. Similarly, in case of large risks, annual renewals are also preceded by on-site surveys. Where needed, risk mitigation measures are identified and communicated to the clients to improve the risk to an acceptable level.

Reinsurance arrangements in place include treaty and facultative arrangements, on proportional and non-proportional basis and also include catastrophe cover. The effect of such reinsurance arrangements is that the Company may not suffer ultimate net insurance losses beyond the Company's risk appetite in any one year.

The Company's arrangement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor the operations of the Company are substantially dependent upon any single reinsurance contract. The Company obtains reinsurance cover only from companies with sound financial health.

38.1.1 Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical, atmospheric disturbances, natural disasters, concentration of risks, civil riots etc. The Company manages these risks through the measures described above. The Company has limited its exposure to catastrophic and riot events by use of reinsurance arrangements.

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 at financial statement date:

Class	2022				2021			
	Gross claims liabilities	Net claims liabilities	Gross premium liabilities	Net premium liabilities	Gross claims liabilities	Net claims liabilities	Gross premium liabilities	Net premium liabilities
	%	%	%	%	%	%	%	%
Fire and property damage	69	46	74	51	57	52	68	49
Marine, aviation & transport	13	15	8	8	19	14	8	8
Motor	8	21	13	32	11	24	16	34
Miscellaneous	10	18	5	9	13	10	8	9
	100	100	100	100	100	100	100	100

The Company also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighbouring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk.

The Company evaluates the concentration of exposures to individual and cumulative insurance risks and establishes its reinsurance policy to reduce such exposures to levels acceptable to the Company.

The Company's class wise major gross risk exposure is as follows:

Class	Rupees '000	
	2022	2021
Fire and property damage	479 247 570	339 467 000
Marine aviation and transport	170 527 500	138 171 000
Motor	104 000	137 600
Miscellaneous	46 800 000	35 325 000

Since the Company operates in Pakistan only, hence, all the insurance risks relate to policies written in Pakistan.

38.1.2 Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the financial statement 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 possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming and economic conditions. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the financial statement date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the financial statement date.

38.1.3 Process used to decide on assumptions

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

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, in which case information about the claim event is available. IBNR provisions are initially estimated at a gross level and a separate calculation is carried out to estimate the size of the reinsurance recoveries. The estimation process takes into account the past claims reporting pattern and details of reinsurance programs.

The premium liabilities have been determined such that the total premium liability provisions (unearned premium reserve and premium deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of financial statement date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

38.1.4 Sensitivity analysis

The Company believes that the claim liabilities under insurance contracts outstanding at the yearend are adequate. However, these amounts are not certain and actual payments may differ from the claim's liabilities provided in the unconsolidated financial statements. The impact on the profit before tax and shareholders' equity of the changes in the claim liabilities net of reinsurance is analysed below. The sensitivity to changes in claim liabilities net of reinsurance is determined separately for each class of business while keeping all other assumptions constant.

	Rupees '000			
	Profit before tax		Shareholders' equity	
	2022	2021	2022	2021
Impact of change in claim liabilities by +10 %				
Fire and property damage	(179 075)	(147 637)	(127 143)	(104 822)
Marine, aviation and transport	(59 306)	(37 916)	(42 107)	(26 920)
Motor	(81 357)	(79 564)	(57 763)	(56 490)
Miscellaneous	(66 701)	(46 013)	(47 358)	(32 669)
	<u>(386 439)</u>	<u>(311 130)</u>	<u>(274 371)</u>	<u>(220 901)</u>
Impact of change in claim liabilities by -10 %				
Fire and property damage	179 075	147 637	127 143	104 822
Marine, aviation and transport	59 306	37 916	42 107	26 920
Motor	81 357	79 564	57 763	56 490
Miscellaneous	66 701	46 013	47 358	32 669
	<u>386 439</u>	<u>311 130</u>	<u>274 371</u>	<u>220 901</u>

38.2 Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (comprising of currency risk, interest rate risk and other price risk). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

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

38.2.1 Credit risk

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The management monitors exposure to credit risk through regular review of credit exposure, undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet contractual obligations in similar manner. Due to the nature of financial assets, the Company believes it is not exposed to any major concentration of credit risk.

The carrying amounts of the following financial assets represent the Company's maximum exposure to credit risk:

	Rupees '000	
	2022	2021
Financial assets:		
Term deposits	551 692	678 785
Loans and other receivables	431 327	387 908
Insurance / reinsurance receivables	5 876 086	5 012 826
Reinsurance recoveries against outstanding claims	6 503 793	3 974 297
Cash and bank	1 634 869	1 189 522
Investment in subsidiary	9 516 994	9 644 327
Investment in equity securities	2 718 022	3 705 178
Investment in debt securities	11 923 983	9 405 824
	<u>39 156 766</u>	<u>33 998 667</u>

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

Rating	Rupees '000	
	2022	2021
AAA	524 907	518 731
AA+	652 275	382 078
AA	1 067	67 114
AA	417 713	169 703
A+	1	27 104
A	2 319	5 204
	<u>1 598 282</u>	<u>1 169 934</u>

The credit quality of Company's investment in term finance certificates can be assessed with reference to external credit ratings as follows:

Rating	Short Term	Rating Agency	Rupees '000	
			2022	2021
Agritech Limited - 3rd Issue (B)	N/A	–	5 665	5 665
Agritech Limited - 3rd Issue (A)	N/A	–	34 972	34 972
New Allied Electronics Limited	N/A	–	3 481	3 481
Soneri Bank Limited	AA-	PACRA	100 000	100 000
Habib Bank Limited	AAA	VIS	100 000	100 000
Dubai Islamic Bank limited	AA-	VIS	102 000	80 000
The Hub Power Company Limited	AA+	PACRA	25 292	51 807
Engro Polymer & Chemicals Limited	AA	VIS	–	53 803
			<u>371 410</u>	<u>429 728</u>

The management monitors exposure to credit risk in premium receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables. As at 31 December 2022, the premiums due but unpaid (other than impaired balances) includes amount receivable within one year and above one year amounting to Rs. 5,869 million (2021: Rs. 4,918 million) and Rs. Nil million (2021: Rs. Nil million) respectively.

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

Rating	Rupees '000			
	2022		2021	
	Amounts due from insurers / reinsurers	Reinsurance recoveries against outstanding claims	Amounts due from insurers / reinsurers	Reinsurance recoveries against outstanding claims
A or above (including Pakistan Reinsurance Company Limited)	7 284	5 776 568	77 425	3 657 624
B or above	98	608 566	18 089	150 205
Others	1	118 659	125	166 468
	<u>7 383</u>	<u>6 503 793</u>	<u>95 639</u>	<u>3 974 297</u>

As at 31 December 2022, the amounts due from insurers / reinsurers includes amount receivable within one year and above one year amounting to Rs. 7.38 million (2021: Rs. 95.64 million) and Rs. Nil (2021: Rs. Nil) respectively.

38.2.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. In respect of major loss event, there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected reinsurance recoveries.

The objective of the Company's liquidity management process is to ensure, as far as possible, that it will always have sufficient liquidity to meet its claim and other liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation. It includes measuring and monitoring the future cash flows on daily, monthly and quarterly basis, maintaining sufficient cash reserves in bank accounts and a portfolio of highly marketable financial assets that can be easily liquidated in the event of an unforeseen interruption to cash flows.

The table below provides the maturity analysis of the Company's liabilities as at financial statement date. All liabilities are presented on a contractual cash flow basis except for the provision of outstanding claims (including IBNR), which are presented with their expected cash flows;

Rupees '000

	2022		
	Carrying amount	Up to one year	Greater than one year
Financial liabilities:			
Outstanding claims including IBNR	10 368 176	10 368 176	–
Retirement benefit obligations	14 009	14 009	–
Insurance / reinsurance payable	7 683 702	7 683 702	–
Other creditors and accruals	3 766 305	3 766 305	–
	<u>21 832 192</u>	<u>21 832 192</u>	<u>–</u>
	2021		
	Carrying amount	Up to one year	Greater than one year
Financial liabilities:			
Outstanding claims including IBNR	7 085 599	7 085 599	–
Retirement benefit obligations	9 038	9 038	–
Insurance / reinsurance payable	4 809 795	4 809 795	–
Other creditors and accruals	3 222 312	3 222 312	–
	<u>15 126 744</u>	<u>15 126 744</u>	<u>–</u>

38.2.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices such as interest rates, foreign exchange rates and equity prices.

The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in Government securities, equity and term finance certificates markets. In addition, the Company actively monitors the key factors that affect the underlying value of these securities.

38.2.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company has securities and deposits that are subject to interest rate risk. The Company limits interest rate risk by monitoring changes in interest rates in the currencies in which its financial assets are denominated.

Sensitivity analysis

As on 31 December 2022, the Company had no financial instruments valued at fair value through profit or loss. For cash flow sensitivity analysis of variable rate instruments, a hypothetical change of 100 basis points in interest rates during the year would have decreased / increased profit for the year by the amounts shown below.

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

		Change in basis points	Effect on profit and loss before tax	Effect on shareholders' equity
				Rupees '000
31 December 2022	{	100	14 614	9 792
		(100)	(14 614)	(9 792)
31 December 2021	{	100	10 045	7 132
		(100)	(10 045)	(7 132)

38.2.3.2 Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pakistani Rupees.

38.2.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest 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 Company's equity investments amounting to Rs. 12,235 million are susceptible to market price risk arising from uncertainty about the future value of investment securities. The Company limits market risk by diversifying its equity investment portfolio and by actively monitoring the developments in equity and money markets.

The above investments include strategic equity investments in its subsidiary amounting to Rs. 9,516 million which is held for long term. The management monitors these strategic investments based on the underlying business and economic characteristic of the investee rather than the short term price fluctuations.

The table below summarises Company's market price risk as of 31 December 2022 and 2021. It shows the effect of a 10 % increase and 10 % decrease in the market prices of equity investments as on those dates on Company's profit and equity.

Had all equity investments, other than subsidiary / associate, been measured at fair values as required by IAS 39, Financial Instruments: Recognition and Measurement, the impact of hypothetical change would be as follows:

	Fair value	Price change	Estimated fair value	Effect on profit and loss before tax	Effect on shareholders' equity
					Rupees '000
31 December 2022	3 705 178	{	2 989 824	–	182 107
			2 446 220	–	(182 107)
31 December 2021	4 480 733	{	4 075 696	–	263 068
			3 334 660	–	(263 068)

38.3 Fair value

38.3.1 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.

38.3.2 All assets and liabilities for which fair value is measured or disclosed in the unconsolidated 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 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

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

Following are the assets where fair value is only disclosed and is different from their carrying value:

Rupees '000

As at 31 December 2022								
	Available- for-sale	Loan & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Equity securities - quoted	2 718 022				2 718 022	2 718 022		
Debt securities	11 923 983				11 923 983		11 923 983	
Investment in subsidiary	9 516 994				9 516 994	9 516 994		
Financial assets not measured at fair value								
Term deposits *			551 692		551 692			
Loans and other receivables *		431 327			431 327			
Insurance / reinsurance receivables *		5 876 086			5 876 086			
Reinsurance recoveries against outstanding claims *		6 503 793			6 503 793			
Cash and bank *			1 634 869		1 634 869			
Total assets of window takaful operations - Operator's fund *	948 921	432 194	48 929		1 430 044		948 921	
	25 107 920	13 243 400	2 235 490		40 586 810	12 235 016	12 872 904	-
Financial liabilities not measured at fair value								
Outstanding claims including IBNR *				(10 368 176)	(10 368 176)			
Premium received in advance *				(79 385)	(79 385)			
Insurance / reinsurance payables *				(7 683 702)	(7 683 702)			
Other creditors and accruals *				(3 766 305)	(3 766 305)			
Total liabilities of window takaful operations - Operator's Fund *				(109 733)	(109 733)			
	25 107 920	13 243 400	2 235 490	(22 007 301)	18 579 509	12 235 016	12 872 904	-

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

Rupees '000

As at 31 December 2021

	Available- for-sale	Loan & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Equity securities - quoted	3 705 178				3 705 178	3 705 178		
Debt securities	9 405 824				9 405 824		9 405 824	
Investment in subsidiary	9 644 327				9 644 327	9 644 327		
Financial assets not measured at fair value								
Term deposits *			678 785		678 785			
Loans and other receivables *		387 908			387 908			
Insurance / reinsurance receivables *		5 012 826			5 012 826			
Reinsurance recoveries against outstanding claims *		3 974 297			3 974 297			
Cash and bank *			1 189 522		1 189 522			
Total assets of window takaful operations - Operator's fund *	643 122	231 571	109 883		984 576		643 122	
	23 398 451	9 606 602	1 978 190		34 983 243	13 349 505	10 048 946	-
Financial liabilities not measured at fair value								
Outstanding claims including IBNR *				(7 085 599)	(7 085 599)			
Premium received in advance *				(26 779)	(26 779)			
Insurance / reinsurance payables *				(4 809 795)	(4 809 795)			
Other creditors and accruals *				(3 222 312)	(3 222 312)			
Total liabilities of window takaful operations - Operator's Fund *				(94 683)	(94 683)			
	23 398 451	9 606 602	1 978 190	(15 239 168)	19 744 075	13 349 505	10 048 946	-

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

38.4 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern and meet the regulatory, solvency and paid up capital requirements so that it can continue to provide returns for shareholders and benefits for other stakeholders.

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

39. Statement of Solvency

Rupees '000

**31 December
2022**
Assets

Property and equipment	3 101 685
Investment property	3 050 470
Investments in subsidiary Investments	9 516 994
Equity securities	2 718 022
Debt securities	11 923 983
Term deposits	551 692
	15 193 697
Loans and other receivables	2 700
Current Assets - Others	
Insurance / reinsurance receivables	5 868 703
Amounts due from other insurers/reinsurers	7 383
Salvage recoveries accrued	45 757
Reinsurance recoveries against outstanding claims	6 503 793
Accrued investment income	315 983
Deferred commission expenses	1 111 775
Prepayments	8 551 868
Security deposits	19 154
Other receivables	93 490
	22 517 906
Cash and bank	1 634 869
Total assets	55 018 321
Total assets of window takaful operations - Opertors' Fund	1 601 167
Total assets	56 619 488

Rupees '000

31 December
2022**In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000**

Loans to employees	2 244
Premium due since more than three months	2 151 664
Deferred tax - Operators' fund	5 572
Bank deposits related to guarantees	1 699 486
Bank deposits related to liens	58 105
Shares in any one Company or any group of related companies	7 919 605
Vehicles, furnitures, fixtures, office equipments	549 941
Vehicles, furnitures, fixtures, office equipments - Operators' fund	2 111
Total of In-admissible assets	12 388 728
Total Admissible Assets	44 230 760

Total Liabilities**Underwriting provisions**

Outstanding claims including IBNR	10 368 176
Unearned premium reserves	14 167 219
Unearned reinsurance commission	201 585
Deferred taxation	20 483
Premium received in advance	79 385
Insurance / reinsurance payables	7 683 702
Taxation - payments less provision	35 035
Retirement benefit obligation	14 009
Other creditors and accruals	3 766 305
Total liabilities	36 335 899
Total liabilities of window takaful operations - Operators' Fund	723 775
Total liabilities	37 059 674

Total Net Admissible Assets	7 171 086
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Minimum Solvency Requirement (higher of following)	2 725 678
---	------------------

Method A - U/s 36(3)(a)	150 000
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Method B - U/s 36(3)(b)	2 723 240
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Method C - U/s 36(3)(c)	2 725 678
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Excess in Net Admissible Assets over Minimum Requirements	4 445 408
--	------------------

40. Non-adjusting event after the financial statement date

The Board of Directors in its meeting held on 16 March 2023 have announced a final cash dividend in respect of the year ended 31 December 2022 of Rs. 5.50 per share, 55.00 % (2021: Rs. 5.50 per share, 55.00 %). In addition, the Board of Directors have also approved the transfer to general reserve from un-appropriated profit amounting to Rs. Nil (2021: Rs. 750 million). These unconsolidated financial statements for the year ended 31 December 2022 do not include the effect of these appropriations, which will be accounted for subsequent to the year end.

41. Number of employees

The total average number of employees during the year end as at 31 December 2022 and 2021 are as follows.

	2022	2021
At year end	1 128	1 144
Average during the year	1 146	1 171

42. Corresponding Figures

42.1 Corresponding figures have been restated as disclosed in note 4 and rearranged and reclassified, wherever necessary, to facilitate comparisons.

43. General

Figures have been rounded off to the nearest thousand rupees.

44. Date of authorization for issue of unconsolidated financial statements

These unconsolidated financial statements were authorized for issue by the Board of Directors in its meeting held on 16 March 2023.

MAHMOOD LOTIA
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 16 March 2023

Performance Integrity Prudence Excellence
Technology Discipline Thinking ahead
Entrepreneurial spirit Trust Teamwork

Leadership

Financial strength Caring and sharing
Good governance Strategic vision

Experience Excellence
Receptive Responsive Trust

Consolidated Financial Statements

For the year ended 31 December 2022

Strategic vision
Performance Integrity **Focus**

Talent Countrywide
branch network
Performance

Integrity Prudence Excellence Entrepreneurial
spirit Caring & sharing Financial strength

Performance Integrity Prudence **Future**
Technology Discipline Teamwork

Directors' Report to the Members on Consolidated Financial Statements

We are pleased to present the consolidated financial statements of EFU General Insurance Limited and our subsidiary, EFU Life Assurance Limited (EFU Life).

Performance Review

Consolidated Gross Written Premium was Rs. 68.5 billion (including Takaful of Rs. 11.4 billion), net premium was Rs. 48.7 billion and profit after tax was Rs. 1.1 billion. The consolidated Total Assets were Rs. 235 billion (31 December 2021: Rs. 212 billion) and consolidated Total Investments stood at Rs. 180 billion (31 December 2021: Rs. 165 billion).

Movement of Reserves

Rupees '000

**31 December
2022
(Audited)**

Unappropriated profit brought forward (as previously reported)	136 672
Restatement due to prior period adjustment (refer note 4) - net of deferred tax	(828 120)
Unappropriated loss brought forward (Restated)	(691 448)
Profit attributable to ordinary shares	201 525
Transferred to surplus on revaluation of property and equipment	18 904
Acquisition of Non-Controlling Interest (NCI) without a change in control	(72 280)
	148 149
Loss before appropriations	(543 299)
Appropriations	
Cash dividend - Final 2021	(1 100 000)
Cash dividend - 1st Interim 2022	(300 000)
Cash dividend - 2nd Interim 2022	(300 000)
Cash dividend - 3rd Interim 2022	(300 000)
Transferred from General Reserves	2 650 000
	650 000
Unappropriated profit carried forward	106 701
Earnings per share (Rupees)	2.11

Economic Review

The GDP of Pakistan during the fiscal year 2022 registered a growth of 5.97%. Macroeconomic developments have led to inflationary pressure on the economy. In order to address the external account situation and to reduce the inflationary wave, the State Bank of Pakistan during the course of the year raised Policy rate by 6.25 % to 16 %. Going forward, with further foreign repayment obligations of USD 75bn during FY24-26, the external account would likely remain in a tight spot where the resumption of the IMF program would be of utmost critical importance.

MAHMOOD LOTIA
Director

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

مجموعی مالیاتی حسابات پر شیئر ہولڈرز کیلئے ڈائریکٹرز کی رپورٹ

ہم بسمت ای ایف یوجیزل انشورنس لمیٹڈ اور اپنے ذیلی ادارے ای ایف یولائف انشورنس کمپنی لمیٹڈ (ای ایف یولائف) کے مالیاتی حسابات کیجا کر کے پیش کر رہے ہیں۔

کارکردگی کا جائزہ

کیجا شدہ مجموعی تحریری پریمیئم ۶۸۵ بلین روپے (بشمول کنال کے ۱۱ بلین روپے) خالص پریمیئم ۴۸۷ بلین روپے اور منافع بعد از ٹیکس ۱۱ بلین روپے رہا۔ کیجا شدہ مجموعی اثاثہ جات ۲۳۵ بلین روپے تھے (۳۱ دسمبر ۲۰۲۱ء: ۲۱۲ بلین روپے) اور کیجا شدہ مجموعی سرمایہ کاری ۱۸۰ بلین روپے پر تھی (۳۱ دسمبر ۲۰۲۱ء: ۱۶۵ بلین روپے)۔

اثاثہ جات کی نقل و حمل

روپے ہزاروں میں

۳۱ دسمبر ۲۰۲۲ء
(آڈٹ شدہ)

۱۳۶ ۶۷۲
(۸۲۸ ۱۴۰)

(۶۹۱ ۴۴۸)

۲۰۱ ۵۲۵

۱۸ ۹۰۴

(۷۲ ۲۸۰)

۱۴۸ ۱۳۹

(۵۴۳ ۲۹۹)

(۱۱۰۰ ۰۰۰)

(۳۰۰ ۰۰۰)

(۳۰۰ ۰۰۰)

(۳۰۰ ۰۰۰)

۲ ۶۵۰ ۰۰۰

۶۵۰ ۰۰۰

۱۰۶ ۷۰۱

۲۶۱۱

آگے منتقل کئے جانے والے غیر مختص شدہ منافع (جیسا کہ پہلے رپورٹ کیا جا چکا ہے) پیشگی مدت سے قبل منہائی (بحوالہ نوٹ ۴) میں تبدیلی کے باعث ری اسٹیٹمنٹ۔ ڈیفنڈ ٹیکس کا خالص آگے منتقل کئے جانے والا غیر مختص شدہ خسارہ (دو بارہ بیان کردہ)

عمومی شیئرز سے منسوب منافع
پراپرٹی اور ایکویٹی کی ری ویلیویشن پر سپر پلس سے منتقل شدہ
کنٹرول میں کسی تبدیلی کے بغیر نان-کنٹرولنگ انٹرسٹ (این سی آئی) کا حصول

پہلے سے مختص کردہ خسارہ

مختص کردہ تناسب

نقد منافع منقسمہ - حتمی ۲۰۲۱ء

نقد منافع منقسمہ - پہلا عیوری ۲۰۲۲ء

نقد منافع منقسمہ - دوسرا عیوری ۲۰۲۲ء

نقد منافع منقسمہ - تیسرا عیوری ۲۰۲۲ء

عمومی ریزروز کے لئے منتقل شدہ

آگے منتقل کیا جانے والا غیر مختص شدہ منافع

آمدنی فی شیئر (روپے)

اقتصادی جائزہ

مالیاتی سال ۲۰۲۲ء کے دوران پاکستان کے جی ڈی پی نے ۵.۹ فیصد کی شرح نمو حاصل کی۔ میکرو اکنامکس میں پیش رفت کے نتیجے میں معیشت پر افراط زر کا دباؤ پڑا۔ بیرونی اکاؤنٹ کی صورت حال اور افراط زر کی لہر سے نمٹنے کے لئے اسٹیٹ بینک آف پاکستان نے سال گزرنے کے دوران پالیسی ریٹ کو ۲.۲۵ فیصد سے ۱۶ فیصد تک بڑھا دیا۔ آگے بڑھتے ہوئے مزید غیر ملکی ادائیگیوں کی ذمہ داریاں مالی سال ۲۰۲۲-۲۰۲۳ء کے دوران ۵ بلین امریکی ڈالر ہو جائیں گی۔ بیرونی اکاؤنٹ ممکنہ طور پر سخت نقطے پر برقرار رہے گا جہاں آئی ایم ایف پروگرام کی بحالی انتہائی اہمیت کی حامل ثابت ہوگی۔

سیف الدین این۔ زومکا والا
چیرمین

حسن علی عبداللہ
ٹیچنگ ڈائریکٹر و چیف ایگزیکٹو

طاہر جی ساچک
ڈائریکٹر

محمود لوٹیا
ڈائریکٹر

کراچی ۱۲ مارچ ۲۰۲۳ء

Independent Auditor's Report

To the members of EFU General Insurance Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of EFU General Insurance Limited and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant 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 consolidated statement of financial position, the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated 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 Group's affairs as at 31 December 2022 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group 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 Matter(s)

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

S. No.	Key audit matters	How the matter was addressed in our audit
1.	<p>Insurance Liabilities of Life insurance business</p> <p>The Group's insurance liabilities represent 79% of its total liabilities. We considered this area a key audit matter as valuation of insurance / takaful contract liabilities involve significant judgment, actuarial assumptions such as; mortality, persistency, morbidity, investment returns, expense levels and inflation, and the use of methods adopted for actuarial valuations.</p> <p>Refer to note 18 to consolidated financial statements relating to insurance liabilities.</p>	<p>Our procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding, assessed the design and tested the operating effectiveness of controls established for unit linked business for allocation and surrender of units and calculation of net asset value per unit; • Assessed the adequacy of net asset value of allocated units of unit linked business, by applying the net asset value per unit to the total number of units outstanding at the year end;

S. No.	Key audit matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> • Reviewed the report submitted by the Appointed Actuary to the Board of Directors of the Company in respect of the Policy Holder Liabilities and the related methods and assumptions used for this purpose and the comments on the solvency margins; • Tested the accuracy and completeness of the underlying data utilized for the purposes of measurement of insurance liabilities by reference to its source; • Used an external specialist to assist us in reviewing the general principles, actuarial assumptions and methods adopted for actuarial valuations by the appointed actuary of the Company as well as the computations of Policy Holder Liabilities; and • Assessed the relevant disclosures made in the financial statements to determine whether these complied with the accounting and reporting standards as applicable in Pakistan.
2.	<p>Outstanding claims (including IBNR) of General Insurance Business</p> <p>The Company's liability relating to outstanding claims including Incurred but not reported (IBNR) aggregating to Rs. 10,368 million, which represent 5% of the Group's total liabilities.</p> <p>Valuation of these claim liabilities involves Group judgement regarding uncertainty in the estimation of claim payments, and assessment of frequency and severity of claims.</p> <p>Furthermore, the Group also maintains a provision for claims including IBNR based on the advice of an independent actuary. The actuarial valuation methodology involves estimates and the use of actuarial assumptions.</p> <p>Due to the significant judgment and estimation required to determine the obligations relating to outstanding claims including IBNR, we consider it to be a Key Audit Matter.</p>	<p>Our procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding and tested relevant controls over the process of capturing, processing and recording of information related to the claims. • Assessed the appropriateness of the Group's accounting policy for recording of claims in line with the requirements of applicable accounting and reporting standards; • Tested, on sample basis, claims transactions with the underlying documentation to evaluate whether the claims reported are recorded in accordance with the Group's policy and applicable insurance regulations, and assessed the sufficiency of reserving claim liabilities; • Obtained an understanding of the work performed by the management expert (actuary) for determining provision for claims Incurred But Not Reported and tested underlying data used;

S. No.	Key audit matters	How the matter was addressed in our audit
	<p>Refer to note 3.19 and 24 to consolidated financial statements relating to outstanding claims including (IBNR).</p>	<ul style="list-style-type: none"> • Used an external actuarial specialist to assist us in evaluation of methodology, actuarial assumptions and basis adopted for actuarial valuations in respect of IBNR provisions; and • Examined the adequacy of the disclosures made by the Company with regard to applicable accounting and reporting standards.
3.	<p>Impairment of goodwill</p> <p>As disclosed in note 6.1 to the consolidated financial statements, the Group's intangible assets includes goodwill with carrying value of Rs. 5,188 million (after impairment), as at 31 December 2022 in relation to its Subsidiary Company.</p> <p>During the year, the Group has recognized an impairment of Rs. 1,969 million against such goodwill.</p> <p>The impairment test of goodwill is considered to be a key audit matter due to its significant impact on the financial statements.</p>	<p>Our key audit procedures included the following:</p> <ul style="list-style-type: none"> • Assessed the appropriateness of the accounting policy used by the management for testing of goodwill for impairment in accordance with the requirements of applicable financial reporting standards; • Checked the basis of determining the recoverable amount of the Cash Generating Unit - CGU (EFU Life Assurance Limited) to which the goodwill is allocated; • In relation to the fair value of CGU, checked the market value as quoted on Pakistan Stock Exchange; • In respect of the value-in-use (VIU) estimates used for the CGU, we evaluated the underlying business cashflows as well as the assumptions used to determine VIU. • testing the mathematical accuracy and performing sensitivity analyses of VIU models; and • we assessed the adequacy of the related disclosures in the financial statements.
4.	<p>Existence, Valuation, and impairment of investments</p> <p>Refer to note 8 to 10 to the consolidated financial statements and the accounting policies in note 3.17 and 3.14 for investments.</p> <p>The Group's investment portfolio comprises of government debt securities, equity securities, other fixed income securities and term deposits.</p>	<p>Our procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • We obtained an understanding of Group's process over acquisition, disposals and periodic valuation of investment portfolio and evaluated / tested controls in those areas for the purpose of our audit. • We tested the valuation of investments, on sample basis, by agreeing the prices with quoted marked yields obtained from Reuters for Government

S. No.	Key audit matters	How the matter was addressed in our audit
	We identified the existence, valuation and impairment of investments as key audit matter because of the significance of investments in context of the total asset size of the Group.	<p>securities, prices quoted on Pakistan Stock Exchange for equity securities and prices quoted by Mutual Funds Association of Pakistan for other debt securities;</p> <ul style="list-style-type: none"> • We performed substantive audit procedures on year-end balances of investment portfolios including review of custodian's statement, related reconciliations and re-performance of investment valuations. • We assessed the appropriateness of impairment in the value of available for sale securities in accordance with the requirements of the applicable financial reporting standards; and • Assessed the relevant disclosures made in the financial statements to determine whether these complied with the accounting and reporting standards as applicable in Pakistan.

Information Other than the 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, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and, Companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Group'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 Group'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 Group'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 Group to cease to continue as a going concern.
- 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.

Other matter

The annual consolidated financial statements of the Group for the year ended 31 December 2021 were audited by another firm of Chartered Accountants, whose audit report dated 07 March 2022, expressed an unmodified opinion, on the aforementioned financial statements.

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

EY Ford Rhodes
Chartered Accountants

Date: 24 March 2023
Karachi
UDIN: AR202210191j32RV6XbH

Consolidated Statement of Financial Position As at 31 December 2022

	Note	31 December 2022	(Restated) 31 December 2021	Rupees '000 (Restated) 01 January 2021
Assets				
Property and equipment	5	9 206 377	8 649 723	8 050 240
Intangible assets	6	6 051 090	8 416 816	8 818 984
Investment property	7	3 050 470	2 599 970	2 517 970
Investments				
Equity securities	8	23 291 856	37 023 851	45 405 929
Debt securities	9	141 556 899	102 612 901	92 718 140
Term deposits	10	14 978 121	25 055 214	19 745 006
Loans and other receivables	11	4 756 358	3 094 087	2 982 790
Insurance / reinsurance receivables	12	6 595 126	5 469 946	3 840 408
Reinsurance recoveries against outstanding claims	25	6 503 793	3 974 297	3 856 142
Salvage recoveries accrued		45 757	76 869	55 059
Deferred commission expense	26	1 111 775	772 985	678 039
Retirement benefit	19	–	–	34 454
Taxation - payments less provision		1 071 919	1 238 260	762 071
Prepayments	13	8 701 054	5 658 476	4 945 735
Cash and bank	14	6 193 736	5 797 647	6 663 591
		<u>233 114 331</u>	<u>210 441 042</u>	<u>201 074 558</u>
Total assets of window general takaful operations - Operator's Fund		1 601 167	1 141 221	938 700
Total assets		<u>234 715 498</u>	<u>211 582 263</u>	<u>202 013 258</u>
Equity and Liabilities				
Capital and reserves attributable to Company's equity holders				
Ordinary share capital	15	2 000 000	2 000 000	2 000 000
Reserves	16	14 952 263	18 067 986	18 901 778
Unappropriated profit /(loss)		106 701	(691 448)	(845 083)
Capital and reserve attributable to Company's equity holders		17 058 964	19 376 538	20 056 695
Non-controlling interest		4 279 886	4 424 870	4 725 329
Total equity		<u>21 338 850</u>	<u>23 801 408</u>	<u>24 782 024</u>
Surplus on revaluation of property and equipment	17	2 343 385	1 986 146	1 574 691
Liabilities				
Insurance liabilities - life insurance business	18	166 382 685	151 757 625	143 513 015
Underwriting provisions - general insurance business				
Outstanding claims including IBNR	25	10 368 176	7 085 599	7 111 989
Unearned premium reserves	24	14 167 219	10 517 726	9 411 142
Unearned reinsurance commission	26	201 585	135 214	152 144
Retirement benefit obligations	19	14 009	9 038	–
Deferred taxation	20	2 932 554	3 357 490	3 767 574
Premium received in advance		1 281 718	1 175 071	1 263 853
Insurance / reinsurance payables	21	8 047 592	4 886 033	4 742 653
Other creditors and accruals	22	6 913 950	6 356 938	5 252 173
		<u>43 926 803</u>	<u>33 523 109</u>	<u>31 701 528</u>
Total liabilities		<u>210 309 488</u>	<u>185 280 734</u>	<u>175 214 543</u>
		<u>233 991 723</u>	<u>211 068 288</u>	<u>201 571 258</u>
Total liabilities of window general takaful operations - Operator's Fund		723 775	513 975	442 000
Total equity and liabilities		<u>234 715 498</u>	<u>211 582 263</u>	<u>202 013 258</u>
Contingencies and commitments	23			

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

MAHMOOD LOTIA
Director

TAHER G. SACHAK
Director

ALTAf GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Consolidated Profit and Loss Account For the year ended 31 December 2022

	Note	2022	Rupees '000 (Restated) 2021
Net insurance premium	24	48 721 262	46 117 841
Net insurance claims	25	(31 116 685)	(27 294 322)
Net commission and other acquisition costs	26	(9 481 795)	(9 175 200)
Insurance claims and acquisition expenses		(40 598 480)	(36 469 522)
Management expenses	27	(6 134 439)	(5 534 520)
Net change in insurance liabilities (other than outstanding claims)		(14 167 035)	(8 430 692)
Underwriting result		(12 178 692)	(4 316 893)
Investment income	28	20 447 542	13 130 884
Net realized fair value gains on financial assets	29	207 791	2 179 495
Net fair value losses on financial assets at fair value through profit and loss	30	(4 978 573)	(6 667 972)
Rental income	31	124 712	122 193
Other income	32	357 548	237 020
Change in fair value of investment property	7	449 530	78 421
Impairment of goodwill	6.1	(1 968 922)	-
Other expenses	33	(123 813)	(108 658)
		14 515 815	8 971 383
Results of operating activities		2 337 123	4 654 490
Profit from window general takaful operations - Operator's Fund	34	387 631	186 105
Profit before tax		2 724 754	4 840 595
Income tax expense	35		
Current period		(1 357 932)	(1 592 635)
Prior period		(241 011)	(15 918)
		(1 598 943)	(1 608 553)
Profit after tax		1 125 811	3 232 042
Profit attributable to:			
Equity holders of the parent		421 469	2 605 797
Non-controlling interest		704 342	626 245
		1 125 811	3 232 042
Earnings (after tax) per share - Rupees	36	2.11	13.03

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

MAHMOOD LOTIA
Director

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Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Consolidated Statement of Comprehensive Income For the year ended 31 December 2022

	2022	Rupees '000 (Restated) 2021
Profit after tax	1 125 811	3 232 042
Other comprehensive income		
Total items that may be reclassified subsequently to profit and loss account		
Unrealized loss on available-for-sale investments during the year	(1 155 410)	(1 730 966)
Reclassification adjustments relating to available-for-sale investments disposed of during the year	105 190	94 502
Total unrealized loss for the year	(1 050 220)	(1 636 464)
Deferred tax on available-for-sale investments	306 347	474 574
Effect of translation of foreign branch (net of tax)	82 744	21 279
Net unrealized loss from window takaful operations - Operator's Fund (net of deferred tax)	(1 727)	(1 584)
Other comprehensive loss for the year	(662 856)	(1 142 195)
Item not to be reclassified to profit and loss account in subsequent years:		
Actuarial losses on defined benefit plans	(54 860)	(34 998)
Related deferred tax	20 221	10 150
	(34 639)	(24 848)
Other comprehensive loss for the year	(697 495)	(1 167 043)
Total comprehensive income for the year	428 316	2 064 999
Total comprehensive income attributable to:		
Equity holders of the parent	(264 198)	1 441 478
Non-controlling interest	692 514	623 521
	428 316	2 064 999

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

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Director

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Director

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Chief Financial Officer

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Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Consolidated Cash Flow Statement For the year ended 31 December 2022

	2022	Rupees '000 (Restated) 2021
Operating cash flows		
a) Underwriting activities		
Insurance premium / contribution received	67 886 338	57 904 743
Reinsurance premium / retakaful contribution paid	(16 163 200)	(12 804 376)
Claims paid	(32 845 858)	(31 105 916)
Reinsurance and other recoveries received	2 749 387	3 361 348
Commission paid	(6 948 931)	(6 610 243)
Commission received	370 092	254 100
Management expenses paid	(8 961 343)	(7 315 409)
Net cash flow from underwriting activities	6 086 485	3 684 247
b) Other operating activities		
Income tax paid	(1 790 798)	(2 144 238)
Other operating payments	(569 211)	(114 549)
Other operating receipts	616 194	430 753
Loans advanced	(467 159)	(245 995)
Loans repayments received	493 594	225 470
Net cash flow used in other operating activities	(1 717 380)	(1 848 559)
Total cash flow from all operating activities	4 369 105	1 835 688
Investment activities		
Profit / return received	17 343 280	10 993 900
Dividend received	2 882 844	2 439 321
Rentals received	120 668	134 082
Payment for investments / investment properties	(106 785 750)	(109 392 010)
Proceeds from investments / investment properties	76 047 400	102 090 442
Fixed capital expenditures	(708 400)	(782 101)
Proceeds from sale of property and equipment	155 240	122 755
Total cash flow (used in) / from investing activities	(10 944 718)	5 606 389
Financing activities		
Payments against lease liabilities	(232 971)	(211 673)
Dividends paid	(2 745 327)	(2 781 919)
Total cash flow used in financing activities	(2 978 298)	(2 993 592)
Net cash flow (used in) / from all activities	(9 553 911)	4 448 485
Cash and cash equivalents at beginning of year	30 174 076	25 725 591
Cash and cash equivalents at end of year	20 620 165	30 174 076
Reconciliation to profit and loss account		
Operating cash flows	4 369 105	1 835 688
Depreciation / amortization expense	(1 376 908)	(1 418 506)
Finance cost	(74 015)	(62 441)
Profit on disposal of property and equipment	98 982	82 197
Profit on disposal of investments / investment properties	319 367	2 307 958
Rental income	124 712	122 193
Dividend income	2 874 064	2 417 691
Other investment income	17 863 743	10 731 231
Profit on lease termination	5 755	11 797
Profit on deposits	204 772	90 729
Other income	30 032	35 821
Change in fair value of investment properties	449 530	78 421
Depreciation in market value of investments	(4 416 119)	(6 056 001)
Impairment in the value of available-for-sale equity investments	(19 961)	(19 929)
Impairment of goodwill	(1 968 922)	-
Increase in assets other than cash	7 991 063	3 165 721
Increase in liabilities other than running finance	(25 737 020)	(10 276 633)
Profit after tax from conventional insurance operations	738 180	3 045 937
Profit from window takaful operations - Operator's Fund	387 631	186 105
Profit after tax	1 125 811	3 232 042

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

MAHMOOD LOTIA
Director

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Director

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Chief Financial Officer

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Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Consolidated Statement of Changes in Equity For the year ended 31 December 2022

Rupees '000

	Attributable to equity holders of the Company									
	Share capital	Capital Reserve - Reserve for exceptional losses	General reserve	Revenue reserves					Non-controlling interest	Total (Restated)
				Exchange translation reserve	Unrealized gain/(loss) on revaluation of available-for-sale investment-net	Unrealized gain on fair value of investment property	Un-appropriated profit	Equity attributable to equity holder of parent		
Balance as at 01 January 2021 as previously reported	2 000 000	12 902	15 400 000	-	1 805 449	1 399 579	(190 774)	20 427 156	4 130 931	24 558 087
Restatement due to prior period adjustment (refer note 4) - net of deferred tax				59 916	-	223 932	(654 309)	(370 461)	594 398	223 937
Balance as at 01 January 2021 (restated)	2 000 000	12 902	15 400 000	59 916	1 805 449	1 623 511	(845 083)	20 056 695	4 725 329	24 782 024
Total comprehensive income for the year ended 31 December 2021										
Profit after tax (restated refer no 4)				21 279	(1 160 750)	55 679	2 550 118	2 605 797	626 245	3 232 042
Other comprehensive income (restated refer note 4)				21 279	(1 160 750)	55 679	(24 848)	(1 164 319)	(2 724)	(1 167 043)
Transferred from surplus on revaluation of property and equipment - net of tax							2 525 270	1 441 478	623 521	2 064 999
Loss on Group Life PTF							10 610	10 610	12 823	23 433
Acquisition of NCI without a change in control							67	67	(67)	-
Transactions with owners recorded directly in equity							(132 312)	(132 312)	(105 363)	(237 675)
Final dividend for the year 2020 at the rate of Rs. 5.50 (55.00%) per share										(1 100 000)
Final dividend for the year 2020 at the rate of Rs. 10.50 (105.00%) per share										(582 878)
1st Interim dividend paid for the year 2021 at the rate of Rs. 1.50 (15.00%) per share										(300 000)
1st Interim dividend paid for the year 2021 at the rate of Rs. 1.50 (15.00%) per share										(82 919)
2nd Interim dividend paid for the year 2021 at the rate of Rs. 1.50 (15.00%) per share										(300 000)
2nd Interim dividend paid for the year 2021 at the rate of Rs. 1.50 (15.00%) per share										(82 858)
3rd Interim dividend paid for the year 2021 at the rate of Rs. 1.50 (15.00%) per share										(300 000)
3rd Interim dividend paid for the year 2021 at the rate of Rs. 1.50 (15.00%) per share										(82 718)
Other transfer within equity										
Transfer to general reserve			250 000					(250 000)		
Balance as at 31 December 2021	2 000 000	12 902	15 650 000	81 195	644 699	1 679 190	(691 448)	19 376 538	4 424 870	23 801 408
Balance as at 01 January 2022 as previously reported	2 000 000	12 902	15 650 000	-	644 699	1 455 258	136 672	19 899 531	4 019 263	23 918 794
Restatement due to prior period adjustment (refer note 4) - net of deferred tax				81 195	-	223 932	(828 120)	(522 993)	405 607	(117 386)
Balance as at 01 January 2022 (restated)	2 000 000	12 902	15 650 000	81 195	644 699	1 679 190	(691 448)	19 376 538	4 424 870	23 801 408
Total comprehensive income for the year ended 31 December 2022										
Profit after tax				61 466	(733 772)	206 583	214 886	421 469	704 342	1 125 811
Other comprehensive income				61 466	(733 772)	206 583	(13 361)	(685 667)	(11 828)	(697 495)
Transferred from surplus on revaluation of property and equipment							201 525	(264 198)	692 514	428 316
Acquisition of NCI without a change in control							18 904	18 904	19 310	38 214
Transactions with owners recorded directly in equity							(72 280)	(72 280)	(45 030)	(117 310)
Final dividend for the year 2021 at the rate of Rs. 5.50 (55.00%) per share										(1 100 000)
Final dividend for the year 2021 at the rate of Rs. 10.50 (105.00%) per share										(569 302)
1st Interim dividend paid for the year 2022 at the rate of Rs. 1.50 (15.00%) per share										(300 000)
1st Interim dividend paid for the year 2022 at the rate of Rs. 1.50 (15.00%) per share										(81 091)
2nd Interim dividend paid for the year 2021 at the rate of Rs. 1.50 (15.00%) per share										(300 000)
2nd Interim dividend paid for the year 2021 at the rate of Rs. 1.50 (15.00%) per share										(80 815)
3rd Interim dividend paid for the year 2021 at the rate of Rs. 1.50 (15.00%) per share										(300 000)
3rd Interim dividend paid for the year 2021 at the rate of Rs. 1.50 (15.00%) per share										(80 570)
Other transfer within equity										
Transfer from general reserve			(2 650 000)					2 650 000		-
Balance as at 31 December 2022	2 000 000	12 902	13 000 000	142 661	(89 073)	1 885 773	106 701	17 058 964	4 279 886	21 338 850

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

MAHMOOD LOTIA
Director

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Director

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SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 16 March 2023

Notes to the Consolidated Financial Statements For the year ended 31 December 2022

1. Legal status and nature of business

1.1 EFU General Insurance Limited (The Company) has assessed its control position in relation to its investments in EFU Life Assurance Limited after its agreement with some shareholders of EFU Life Assurance Limited effective 31 March 2018, accordingly it has been concluded that the Company has the ability to control the composition of the Board of Directors of EFU Life Assurance Limited, therefore EFU Life Assurance Limited has become the subsidiary of the Company from 31 March 2018. The consolidated financial statements have been prepared and are presented as per the requirements of Section 228 of the Companies Act 2017.

1.2 The group comprises of:

1.2.1 EFU General Insurance Limited (Holding Company)

EFU General Insurance Limited was incorporated as a public limited company on 02 September 1932. The Holding Company is listed on the Pakistan Stock Exchange Limited and is engaged in non-life insurance business comprising of fire and property damage, marine, aviation and transport, motor, miscellaneous etc.

The Registered Office of the Holding Company is situated at Kamran Centre, 1st Floor 85, East, Jinnah Avenue Blue Area Islamabad while the principal place of business is located at EFU House, M.A. Jinnah Road, Karachi. The Holding Company commenced Window Takaful Operations from 16 April 2015 as per Securities and Exchange Commission of Pakistan (SECP) Takaful Rules, 2012. The Holding Company operates through 53 (2021: 59) branches in Pakistan including a branch in Export Processing Zone (EPZ) and a branch in Gwadar Free Zone.

1.2.2 EFU Life Assurance Limited (Subsidiary Company)

EFU Life Assurance Limited with 46.35 % effective holding was incorporated as public limited company on 09 August 1992 and started its operations from 18 November 1992. The Subsidiary Company is listed on Pakistan Stock Exchange Limited and is engaged in life insurance business including ordinary life business, pension fund business and accident and health business and has established following statutory funds, as required by the Insurance Ordinance, 2000:

- Investment linked business (includes individual life business)
- Conventional business (includes group life and individual life businesses)
- Pension business (unit-linked) *
- Accident and health business
- Family takaful investment linked business
- Family takaful protection business

* The Subsidiary Company has discontinued pension business and accordingly no new business has been written under this fund.

The Registered Office of the Subsidiary Company is located at Al-Malik Centre, 70W, F-7/G-7 Jinnah Avenue, Islamabad while principal place of business is located at Plot No.112, 8th East Street, Phase-I, DHA, Karachi. The Subsidiary Company commenced Window Takaful Operations on 06 February 2015 as per Securities and Exchange Commission of Pakistan (SECP) Takaful Rules, 2012.

2. Basis of preparation and statement of compliance

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

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

Provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations, 2017, Takaful Rules, 2012 and General Accounting Regulation, 2019; and

Islamic Financial Accounting Standards (IFAS) (as a lease) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Act, 2017.

In case the requirement differs, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, Insurance Rules 2017, General Accounting Regulation, 2019 shall prevail.

Total assets, total liabilities and profit of the Window Takaful Operations of the Holding Company referred to as the General Takaful Operator's Fund has been presented in these consolidated financial statements in accordance with

the requirements of Circular 25 of 2015 dated 09 July 2015. A separate set of financial statements of the General Window Takaful Operations has been reported which is annexed to these consolidated financial statements as per the requirements of the SECP Takaful Rules, 2012, General Takaful Accounting Regulations, 2019.

2.1 Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis except for the available-for-sale investments, land and building and investment property that have been measured at fair value and the Group's liability under defined benefit plan that is determined based on present value of defined benefit obligation less fair value of plan assets.

2.2 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees which is also the Group's functional currency. All financial information presented in Pakistani Rupees has been rounded to the nearest rupees in thousand, unless otherwise stated.

2.3 Standards, interpretations and amendments effective in the current year

The Group has adopted the accounting standards, interpretations and amendments of IFRSs and the improvements to accounting standards which became effective for the current year, however they do not have an impact on the Group's financial statements.

2.4 Standards, interpretations and amendments to approved accounting standards that are not yet effective

Following IFRS as notified under the Companies Act, 2017 and the amendments thereto will be effective for future accounting periods and not early adopted:

Amendments	Effective date (annual periods beginning on or after)
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	01-January-2023
Definition of Accounting Estimates - Amendments to IAS 8	01-January-2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	01-January-2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	01-January-2023
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	01-January-2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	Effective date (annual periods beginning on or after)
IFRS 1 First-time Adoption of International Financial Reporting Standards	January 01, 2024
IFRS 17 Insurance Contracts	January 01, 2023

The company has taken a benefit of temporary exemption of applying IFRS 9 "Financial Instrument" with IFRS 17 "Insurance Contracts" as allowed under IFRS.

3. Summary of significant accounting policies

The significant accounting policies and method of computation adopted in preparation of consolidated financial statements are consistent to all years presented in these consolidated financial statements except as disclosed in note 4.1 and 4.2.

3.1 Basis of Consolidation

The consolidated financial statements include the financial statements of the Holding Company and its Subsidiary Company. Subsidiary Company is fully consolidated from the date on which the power to control the Subsidiary Company is established.

The financial statements of the Subsidiary Company are prepared for the same reporting period as the Holding Company, using accounting policies that are consistent with those of the Holding Company.

The assets and liabilities of the Subsidiary Company have been consolidated with those of the Holding Company on a line by line basis and the carrying value of the Holding Company's investment in the Subsidiary Company is eliminated against the Subsidiary Company's share capital and pre-acquisition reserves in these consolidated financial statements. Non-controlling interest represents that part of the net results of operations and of the net assets of the Subsidiary Company that is not owned by the Group. All material intra-group balances and transactions have been eliminated. Acquisitions of non-controlling interest (NCI) are measured at the proportionate share of the NCI in the fair value of the net assets of the Subsidiary Company.

3.2 Business Combination

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any; acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the Subsidiary Company's share of identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired, the difference is recognized directly in the consolidated profit and loss account.

3.3 Goodwill

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at its cost less accumulated impairment losses, if any, for the purpose of impairment testing. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

3.4 Property and equipment

Land is measured at cost at the time of initial recognition and is subsequently carried at revalued amount. Building is initially measured at cost and upon revaluation, is carried at revalued amount less accumulated depreciation and impairment, if any; all other operating property and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

Land and building are revalued by an independent professionally qualified valuer to ensure that the net carrying amount does not differ materially from the fair value. The surplus arising on revaluation of property and equipment is credited to the "surplus on revaluation of property and equipment".

Depreciation is calculated on straight line basis at the rates specified in note 5.1 to these consolidated financial statements.

Depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account and an amount equal to incremental depreciation for the year net of deferred taxation is transferred from surplus on revaluation of assets to unappropriated profit through statement of changes in equity to record realization of surplus to the extent of the incremental depreciation charges for the year.

The assets' residual values, useful lives and method for depreciation are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Depreciation on additions to property and equipment is charged from the month in which an asset is available for use, while no depreciation is charged for the month in which the asset is disposed off.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefit associated with the item will flow to the Group and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to profit and loss account currently.

Gains or losses on disposal of property and equipment are included in consolidated profit and loss account.

3.4.1 Leases

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company mainly leases properties for its operations and recognizes a right-

of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of end of the useful life of the right-of-use asset or end of lease term. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate of the Company. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has elected not to recognise right-of-use assets and lease liabilities for short term and low value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term. The right-of-use assets are presented in the same line item as it presents underlying assets for the same nature it owns.

3.4.2 Capital work in progress

Capital work in progress is stated at cost less any impairment in value. It consists of advances made to suppliers in respect of tangible and intangible property and equipment.

3.5 Intangible asset

Intangible assets consist of customer relationships which arises as a result of access to existing customers, the fair value of these is recognized as a separately identifiable intangible asset upon business combination. The carrying value of the intangible asset is amortized on a straight-line basis over 7 years. The expected economic life of this intangible is determined by the Group considering factors such as remaining terms of agreement, the normal lives of related product and the competitive position.

Further, it also includes material computer software licenses acquired are capitalized on the basis of cost incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of three years using the straight-line method.

Impairment losses, if any, are deducted from the carrying amount of the intangible assets.

Amortization on additions to intangibles is charged from the month in which an asset is available for use, while no amortization is charged for the month in which the asset is disposed off.

Cost associated with maintaining computer software programmes are recognized as an expense when incurred.

The assets' residual values, useful lives and method for amortization are reviewed at each financial year end and adjusted if impact on amortization is significant.

3.6 Investment properties

Investment properties are measured at purchase cost on initial recognition including directly attributable cost on the acquisition of the investment property and subsequently at fair value with any change therein recognized in consolidated profit and loss account.

Subsequently cost is included in the carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the items will flow to the Holding Company and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to consolidated profit and loss account.

3.7 Insurance contracts

3.7.1 Holding Company

Insurance contracts are those contracts where the Holding Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

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

The Holding Company underwrites non-life insurance contracts that can be categorized into fire and property damage, marine, aviation and transport, motor and miscellaneous contracts. 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. Insurance contracts entered into by the Holding Company under which the contractholder is another insurer (inwards reinsurance) of a facultative nature are included within the individual category of insurance contracts, other than those, which fall under Treaty. The insurance risk involved in these contracts is similar to the contracts undertaken by the Holding Company as insurer.

Fire and property insurance 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 insured properties in their business activities (business interruption cover).

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 liabilities to third parties and passengers arising from their use.

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

All other insurances like cash in hand, cash in transit, personal accident, infidelity, public liabilities, crop, livestock, travel, bankers and other financial institutions packages, product liabilities, professional indemnity, mobilization and performance bonds, workers compensation etc. are included under miscellaneous insurance cover.

3.7.2 Subsidiary Company

Classification

The Subsidiary Company currently issues contracts that are classified as insurance and takaful contracts as they transfer significant insurance risk (against death, disability and sickness) from the policyholder to the Company. All contracts which include an investment element are unit-linked contracts linked to unit linked funds.

The Subsidiary Company classifies its business into individual life and group life businesses, in both cases the form of contract consisting of main plans and supplementary riders (which are generally optional).

Individual life business mainly consists of unit-linked products and conventional protection products, in both cases with optional supplementary riders which generally provide protection only. Group life business consists primarily of protection products and a relatively small number of unit-linked policies.

Contract details and measurement

The insurance contracts offered by the Subsidiary Company are described below.

Individual life policies

These consist of the following types of policies:

(a) Unit-linked product

These are medium to long term unit-linked plans designed to address a variety of future policyholder needs, such as retirement planning, education planning for children, marriage planning for children, life protection and investments and savings for future. Premiums received from policyholders and after deduction of specified charges including risk charges, are invested in unit linked funds of the Subsidiary Company. The basic plan contains life cover over and above the unit value, with additional protection (for death, disability and sickness) being provided through the addition of optional riders.

(b) Conventional protection products:

Two types of products are offered under Individual life conventional business, these being medium to long term contracts with level premiums being paid over the policy period. The Subsidiary Company offers a standard term life assurance product that offers protection in event of death as well as a decreasing term life assurance policy that covers outstanding loan balances.

(c) Family takaful investment linked products:

These are medium to long term unit-linked plans operated through Window Takaful Operations of the Subsidiary Company.

The Subsidiary Company offers unit-linked takaful plans which provide shariah compliant financial protection and investment vehicle to individual participants. These plans carry cash value, and offer investment choices to the participants to direct their investment related contributions based on their risk / return objectives. The investment risk is borne by the participants.

(d) Accident and health products:

These consist of long term and short term accident and health products providing cover against accidental death, disability, sickness and critical illness, offered both as long term as well as yearly renewable plans.

(e) Other Supplementary Benefits:

The Subsidiary Company also offers a variety of supplementary benefits attached with main plans including additional term life assurance, income benefits, critical illness, sickness and accidental death and disability related benefits.

Group life and group family takaful protection policies

(a) Nature of contracts:

The Subsidiary Company's group life and group takaful business consists of one year term life contracts which provide coverage, in the event of death or disability, to:

- employees of a common employer, benefits payable under these contracts being either fixed, in case of death, or linked to the extent of loss incurred by the policyholder, in case of disability;
- customers of financial institutions, the contracts being issued to financial institutions to protect their customers' outstanding loan balances, such as on personal loan, mortgages and credit cards.

Unit-linked group life policies are similar in nature to individual life unit-linked products.

3.8 Commission

3.8.1 Deferred commission expense

Commission expenses incurred in obtaining and recording policies is deferred and recognized as an expense in accordance with pattern of recognition of premium revenue by applying the 1/24th method.

3.8.2 Commission income

Commission from reinsurers is deferred and recognized as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit / commission, if any, under the terms of reinsurance arrangements is recognized when the Group's right to receive the same are established.

3.8.3 Acquisition costs

These are costs incurred in acquiring insurance policies, maintaining such policies, and include without limitation all forms of remuneration paid to insurance agents.

Commissions and other expenses are recognized as an expense in the earlier of the financial year in which they are paid and financial year in which they become due and payable, except that commission and other expenses which are directly referable to the acquisition or renewal of specific contracts are recognized not later than the period in which the premium to which they refer is recognized as revenue.

3.9 Premium

For all the insurance contracts, premiums / cover notes issued including administrative surcharge received / receivable under a policy / cover note are recognized as written from the date of attachment of the risk to the policy / cover note and over the period of the insurance from inception to the expiry of policy. Where premiums for a policy are payable in instalments, full premium for the duration of the policy is recognized as written at the inception of the

policy and related assets set up for premiums receivable at a later date. Premiums are stated gross of commission payable to intermediaries and exclusive of taxes and duties levied on premiums.

3.10 Unearned premiums reserves

The unearned premium reserve is the unexpired portion of the premium including administrative surcharge, which relates to business in force at the consolidated financial statements date. Unearned premiums have been calculated by applying 1/24th method as specified in the Insurance Rules, 2017.

3.11 Premium deficiency reserve (liability adequacy test)

At each consolidated financial statement date, liability adequacy tests are performed separately for each class of business to ensure the adequacy of the unearned premium liability for that class. It is performed by comparing the expected future liability, after reinsurance, from claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after consolidated financial statements date in respect of policies in force at consolidated financial statements date with the carrying amount of unearned premium liability. Any deficiency is recognized by establishing a provision (premium deficiency reserve) to meet the deficit.

The expected future liability is estimated with reference to the experience during the expired period of the contracts, adjusted for significant individual losses, which are not expected to recur during the remaining period of the policies, and expectations of future events that are believed to be reasonable.

The movement in the premium deficiency reserve is recognized as an expense or income in the profit and loss account for the year.

3.12 Reinsurance contracts

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

Reinsurance premium is recognized as an expense at the time the reinsurance is ceded. Commission on reinsurance cessions are recognized in accordance with the policy of recognising premium revenue.

Reinsurance assets represent balances due from reinsurance companies and reinsurance recoveries against outstanding claims. Reinsurance recoveries are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Reinsurance liabilities represent balances due to reinsurance companies and are primarily premiums payable for reinsurance contracts and are recognized at the same time when reinsurance premiums are recognized as an expense.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expired.

An impairment review of reinsurance assets is performed at each consolidated financial statement date. If there is objective evidence that the asset is impaired, the Holding Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the profit and loss account.

The Subsidiary Company has entered into reinsurance / retakaful (hereinafter referred to as "reinsurance") arrangements, for both its individual and group businesses, in order to manage risks associated with the frequency and severity of claims. These arrangements include cover under treaties as well as on a facultative basis. The terms of reinsurance treaties vary by the type of business, the objective being to maintain a reasonable risk profile suiting the risk appetite and overall exposure to adverse movements in mortality or morbidity.

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

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

3.13 Receivables and payables

3.13.1 Receivables and payables related to insurance contracts

Receivables and payables related to insurance contracts are recognized when due at cost which is the fair value of the consideration given less provision for impairment, if any. If there is objective evidence that the insurance receivable

is impaired, as a result of one or more events that occurred after the initial recognition, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the consolidated profit and loss account.

Provision for impairment in premium receivables is estimated on a systematic basis after analysing the receivables as per their ageing.

3.13.2 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 the future for the goods and services received, whether or not billed to the Group.

Provisions are recognized when the Group has a legal or constructive obligation as a result of a past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, the provisions are reviewed at each consolidated financial statement date and adjusted to reflect current best estimates.

3.14 Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. The Group 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 Holding Company has four primary business segments for reporting purposes namely, fire and property, marine, motor and miscellaneous. The nature and business activities of these segments are disclosed in note no. 40.

Based on its classification of Insurance contracts issued, the Subsidiary Company has six business segments namely investment linked business, conventional business, pension business, accident and health business, Family takaful investment linked business and Family takaful protection business.

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.

3.15 Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents include cash at bank in current and saving accounts, cash and stamps in hand and deposits maturity upto three months.

3.16 Revenue recognition

3.16.1 Premium

3.16.1.1 The Holding Company

The revenue recognition policy for premiums is given under note 3.9.

3.16.1.2 The Subsidiary Company's First year individual life premiums / contributions are recognised once the related policies have been issued and the premium is received. Renewal premiums are recognised upon receipt of premium provided the policy is still in force. Single premiums are recognised once the related policies are issued against the receipts of premium.

Group life premiums are recognised when due. A provision for unearned premiums is included in the policyholders' liabilities.

Interest / profit on bank deposits is recognised on time proportion basis, using effective interest rate method.

Fixed income securities are recorded on a time proportion basis using effective interest rate method.

Dividend income is recognised when right to receive such dividend is established.

3.16.1.3 Experience refund of premium payable to policyholders except for individual life unit linked is included in outstanding claims.

3.16.1.4 Reinsurance expense is recognised as a liability in accordance with the treaty arrangement of reinsurers.

3.16.2 Commission income

The revenue recognition policy for commission income is given under note 3.8.2

3.16.3 Investment income

Return on investments, profit and loss sharing accounts and bank deposits are recognized using effective interest rate method.

Profit or loss on sale of investments is recognized at the time of sale.

3.16.4 Dividend Income

Dividend income is recognized when right to receive such dividend is established.

3.17 Investments

- In equity securities
 - (a) Available-for-sale
 - (b) Fair Value through profit and loss
 - (c) Fair / market value measurements
- In debt securities
 - (a) Available-for-sale
 - (b) Fair Value through profit and loss
 - (c) Held to maturity
- In term deposits - Held to maturity

3.17.1 Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs except for held for trading investments in which case transaction costs are charged to the profit and loss account. All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Group commits to purchase or sell the investments.

3.17.2 Measurement

3.17.2.1 Available-for-sale

Available-for-sale Investments are those non-derivative instruments that are designated as available-for-sale or are not classified in any other category.

At the time of acquisition, investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

Subsequent to initial measurement, these are remeasured at fair value. Surplus / (deficit) on revaluation from one reporting date to other is taken to other comprehensive income in the consolidated statement of comprehensive income. On derecognition or impairment of available-for-sale investments, the cumulative gain or loss previously reported in consolidated other comprehensive income is transferred to consolidated profit and loss for the year within statement of consolidated comprehensive income. Whereas, any reversal in impairment is taken in consolidated statement of comprehensive income.

These are reviewed for impairment at each reporting date and any losses arising from impairment in values are charged to the profit and loss account.

3.17.2.2 Investments in debt securities relating to units assigned to policies of investment linked business, pension business and Family takaful investment linked business are subsequently measured at their fair values and the difference taken in fair value through profit and loss account and the investment related to non-unit-linked fund subsequently measured at fair value through other comprehensive income.

3.17.2.3 Held to maturity

At the time of acquisition, investments with fixed maturity, where management has both the intent and the ability to held to maturity, are classified as held to maturity.

Subsequently, these are measured at amortized cost less provision for impairment in value, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition using the effective yield method.

The difference between the redemption value and the purchase price of the held to maturity investment is amortized and taken to the profit and loss account over the term of investment.

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

3.17.2.4 Fair value through profit and loss

Investments in equity securities, debt securities and mutual funds relating to units assigned to policies of investment linked business, pension business and Family takaful investment linked business are subsequently measured at their fair values and the difference is charged to statement of profit and loss account under the heading 'Fair value through profit or loss'.

3.17.2.5 Fair / market value measurements

For investments in Government securities, fair / market value is determined by reference to quotations obtained from The Reuters page (PKRV) where applicable. For investments in quoted marketable securities, other than Term Finance Certificates, fair / market value is determined by reference to Stock Exchange quoted market price at the close of business on balance sheet date. The fair market value of Term Finance Certificates is as per the rates issued by the Mutual Funds Association of Pakistan (MUFAP).

3.17.3 Derivatives

Derivative instruments held by the Group primarily comprise of future contracts in the capital market. These are initially recognized at fair value and are subsequently remeasured at fair value. The fair value of future contracts is calculated as being the net difference between the contract price and the closing price reported on the primary exchange of the future contracts. Derivatives with positive market values (unrealized gains) are included in assets and derivatives with negative market values (unrealized losses) are included in liabilities in the consolidated financial statements. The resultant gains and losses are included in the consolidated profit and loss account.

3.18 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the consolidated financial statements only when there is legally enforceable right to set off the recognized amount and the Group intends either to settle on a net basis or realise the assets and settle the liabilities simultaneously.

3.19 Claims

Claims are charged to income as incurred based on estimated liability for compensation owed under the insurance contracts. It includes claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

3.19.1 Provision for outstanding claims (including IBNR)

A liability for outstanding claims is recognized in respect of all claims incurred up to the consolidated financial statements date, which is measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to claims reported but not settled, claims incurred but not reported (IBNR) and expected claims settlement costs.

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

3.19.2 Claims reported but not settled

Provision for liability in respect of claims reported but not settled at the consolidated financial statements date is made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the sums insured. Case estimates are reviewed periodically to ensure that the recognized outstanding claim amounts are adequate to cover expected future payments including expected claims settlement costs and are updated as and when new information becomes available.

3.19.3 Claims incurred but not reported

The provision for claims incurred but not reported (IBNR) is made at the consolidated financial statements date. The Group takes actuarial advice for the determination of IBNR claims. IBNR claims have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF), which represents the extent of future development of claims to reach their ultimate level.

3.20 Taxation

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

3.20.1 Current

Provision for current taxation is based on taxable income determined in accordance with the prevailing law for taxation of income and is calculated using enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for the current taxation also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year or required by any other reason.

3.20.2 Deferred

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

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

3.21 Employees' retirement benefits

3.21.1 Holding Company

3.21.1.1 Defined benefit plans

The Holding Company operates the following employee defined benefit plans:

- Funded gratuity scheme
The Holding Company operates an approved gratuity fund for all employees who complete qualifying period of service.
- Funded pension scheme
Defined benefit funded pension for all eligible officers.

These funds are administered by trustees. The pension plan is a career average salary plan and the gratuity plan is a final basic salary plan. The actuarial valuation of both the plans is carried out on a yearly basis using the Projected Unit Credit Method and contributions to the plans are made accordingly.

Actuarial gains and losses are recognized in other comprehensive income in the year in which they arise.

3.21.1.2 Defined contribution plan

The Holding Company contributes to a provident fund scheme, which covers all permanent employees. Both the Holding Company and the employees make equal contributions to the fund at the rate of 8.33 % of basic salary.

3.21.2 Subsidiary Company

3.21.2.1 The Subsidiary Company operates a contributory provident fund for all eligible employees to which equal monthly contributions at the rate of 8.33% of basic salary are made by both the Subsidiary Company and the employees. The contributions are recognized as employee benefit expense when they are due.

3.21.2.2 The Subsidiary Company also operate an approved funded contributory pension scheme, whereby, fixed monthly contributions at the rate of 10% of the basic salary are made by the Subsidiary Company and the employees also have an option to contribute in the fund at the rate of 5%. At the time of retirement, employees are paid in full for their contribution, if any, and Subsidiary Company's contribution accumulated in the fund is paid to employees over the period of time in accordance with the rules of the fund.

3.22 Impairment

A financial asset is assessed at each consolidated financial statements date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if there is objective evidence that one or more events have had a negative effect on the estimated future cash flows of that asset.

The carrying amount of non financial assets is reviewed at each consolidated financial statements date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such asset is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

All impairment losses are recognized in the consolidated profit and loss account. Provisions for impairment are reviewed at each consolidated financial statements date and are adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense.

3.23 Dividend and bonus shares

Dividend to shareholders is recognized as liability in the period in which it is approved. Similarly, reserve for issue of bonus shares is recognized in the year in which such issue is approved.

3.24 Expenses of management

All expenses of management have been allocated between business of Holding Company and Window Takaful Operations - General Takaful Operators' Fund to the various revenue accounts on equitable basis.

3.25 Rental income

Rental income on investment properties is recognized over the term of lease.

3.26 Commission from reinsurers

The revenue recognition policy for commission from reinsurer is given under note 3.12.

3.27 Compensated absences

The liability towards compensated absences accumulated by the employees is provided in the period in which they are earned.

3.28 Foreign currencies

The assets and liabilities of foreign operations are translated to Pak Rupees at the exchange rates prevailing at the reporting date. The income and expense of foreign operations are translated at rate of exchange prevailing during the year. Exchange gain or loss on such translation is taken to equity through statement of other comprehensive income under "exchange translation reserve".

3.29 Financial instruments

Financial instruments include cash and bank balances, loans to employees, investments, premiums due but unpaid, amount due from other insurers / reinsurers, accrued investment income, reinsurance recoveries against outstanding claims, security deposits, other receivables, outstanding claim liabilities, amount due to other insurers / reinsurers, accrued expenses, agents balances, other creditors, deposits and unclaimed dividends.

All the financial assets and liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument and derecognized when the Group 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 losses on derecognition of financial assets and financial liabilities are taken to income directly.

3.30 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group 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.

3.31 Policyholder Liability

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

The basic liability consists of the estimated actuarial liability against each contract which is in force. To this are added:

- (a) The cash value of policies which have lapsed over the last two years and where the liability would be reinstated in case of the policy being revived; and
- (b) A reserve for potential losses on a policy by policy basis.

Policyholder liabilities consist of the following components

Net unearned premium reserve

The unearned premium reserve is the portion of premium that had been booked in the current period but pertains to a period that extends beyond the valuation date. The fraction of premium that is to be consumed in the succeeding period is considered to be unearned. The unearned premium is the aggregate for both posted and fluctuations in the unearned premium.

The unearned premium reserve is computed both gross and net of reinsurance, the methodology used for both being similar.

Unit-link group life policies

Policyholder Liabilities for these policies are measured as the sum of the fair value of units attached and the unearned part of any risk premiums charged.

Profit Commission Reserve (Accrued for Policyholders)

This is the total accrued profit commission that is payable to Policyholders at a future date. Profit commission for any policy normally becomes payable at the end of three policy years. However, accrued profit commission is calculated at the end of each policy year to account for the liability that has been created for that year. The sum of all such accrued profit commissions for all schemes is the Profit Commission reserve.

Profit Commission Reserve (Accrued from Reinsurer)

This is the total profit commission due from reinsurer on all reinsured schemes. Profit commission rates are applied on insured groups, based on their size. The total profit commission accrued from reinsurer is the sum of profit commissions for each group.

Premium Deficiency Reserve

The need for premium deficiency reserve arises when the Group expects to incur claims in excess of reserves set aside using conventional methods. The Group analyzed its current portfolio of group contracts and evaluated loss ratios of group business. The Group does not expect excessive claims on any schemes and hence no provision for Premium Deficiency Reserve is set aside.

Incurred but not reported (IBNR) reserve

The IBNR (incurred but not reported) reserve is an estimate of those claims that might have occurred but not yet reported. This is estimated by using the claim intimation lag from the date of death for the claims that have been reported in the last two years. The system generated IBNR triangle report is used to calculate the ratio of delay to estimate the probable claims pertaining to and not reported up to the valuation date.

3.32 Statutory funds

The Subsidiary Company maintains statutory funds for all classes of life insurance business. Assets, liabilities, revenues and expenses are recorded in respective funds, if referable, or, on the basis of actuarial advice if not referable. Other assets, liabilities, revenues and expenses are allocated to shareholders' fund. Policyholders' liabilities have been included in statutory funds on the basis of the actuarial valuation carried out by the appointed actuary of the Subsidiary Company on the balance sheet date as required by Section 50 of the Insurance Ordinance, 2000. A capital transfer provided to statutory funds by the shareholders' fund is recorded as a reduction in the shareholders' equity. Changes in the amount of capital contributed to statutory funds is recorded by the shareholders' funds directly in equity.

3.33 Significant accounting policies - Window family takaful operations - Subsidiary Company

3.33.1 Takaful contracts

The takaful contracts are based on the principles of Wakala Waqf Model. Takaful is a program based on shariah compliant, approved concept founded on the principles of mutual cooperation, solidarity and brotherhood.

The obligation of Waqf for Waqf participants' liabilities is limited to the amount available in the Waqf fund. In the event where there is insufficient funds in Waqf to meet their current payments less receipts, the deficit is funded by way of an interest free loan (Qard-e-Hasna) from the operator sub fund to participant takaful fund and group family takaful. The amount of Qard-e-Hasna is refundable to the operator sub fund.

Technical reserves are stated at a value determined by the appointed actuary through an actuarial valuation carried out as at each balance sheet date, in accordance with section 50 of the Insurance Ordinance, 2000.

3.33.2 Group takaful

The group family takaful contracts are issued typically on yearly renewable term basis. The Subsidiary Company offers group term life and group credit plans to its participants.

3.33.3 Individual takaful contracts unit-linked

The Company offers unit-linked takaful plans which provide shariah compliant financial protection and investment vehicle to individual participants contribution received from policyholders, after deducting specific charges and takaful donations, are invested in unit linked funds of the Subsidiary Company.

The basic plan contains family takaful cover over and above the unit value with additional protection.

3.33.4 Retakaful

These contracts are entered into by the Subsidiary Company with retakaful operator under which the retakaful operator cedes the takaful risk assumed during normal course of its business and according to which the Waqf is compensated for losses on contract issued by it are classified as retakaful contracts held.

- Retakaful contribution

Retakaful contribution is recorded at the time the retakaful is ceded.

- Retakaful expenses

Retakaful expenses are recognised as a liability in accordance with the pattern of recognition of related contribution.

- Retakaful assets and liabilities

Retakaful assets represent balances due from retakaful operators. Recoverable amounts are estimated in a manner consistent with the associated retakaful treaties.

Retakaful liabilities represent balances due to retakaful operators. Amounts payable are calculated in a manner consistent with the associated retakaful treaties.

Retakaful assets are not offset against related retakaful liabilities. Income or expenses from retakaful contract are not offset against expenses or income from related retakaful contracts as required by Insurance Ordinance, 2000.

Retakaful assets and liabilities are derecognised when the contractual rights are extinguished or expired.

3.33.5 Business segment - Window family takaful operation

The Subsidiary Company has two primary business segment for reporting purposes; family takaful investment linked business and family takaful protection business.

- a) The family takaful investment linked business segments provides family takaful coverage to individuals under unit - linked policies issued by the participants' takaful fund.

- b) The family takaful protection business segment provides family takaful coverage to member of business enterprises, corporate entities and common interest groups under group family takaful scheme operated by the Subsidiary Company.

3.33.6 Takaful operator's fee

The shareholders of the Subsidiary Company manage the family takaful operations for the participants and act as Wakeel of the Waqf fund. The Company is entitled for the wakala fee for the management of takaful operation under Waqf fund to meet its general and administrative expenses.

The window takaful operator is also entitled for Wakalt-ul-Istismar fee as it manages participant investment fund.

The window takaful operator is also entitled for mudarib fee as it manages participant takaful fund.

3.33.7 Revenue recognition

Individual first year contribution are recognised once the related policies have been issued and the contribution received. Renewal contribution are recognised upon receipt of contribution provided the policy is still in force. Individual single contribution are recognised once the related policies are issued against the receipts of contribution.

Group contribution are recognised when due. A provision for unearned contribution is included in the policyholders' liabilities.

4. Accounting estimates and judgements

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

The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the results 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.

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are:

	<u>Note</u>
– Property and equipment	3.4
– Leases	3.4.1
– Investment properties	3.6
– Premium deficiency reserve (liability adequacy test)	3.11
– Receivables related to insurance contracts	3.13.1
– Provision for outstanding claims (including IBNR)	3.19.1
– Taxation	3.20
– Employees' retirement benefits	3.21
– Impairment	3.22
– Policyholder liability and underlying actuarial assumptions	3.31
– Contingencies	23

Change in assumptions;

Conventional business / Family takaful protection business of Subsidiary Company

Expected Loss Ratio (ELR) assumptions being used for IBNR claim reserve pertaining to conventional group life business have been revised to provide for possible decrease in incidence of reporting of claims. Furthermore, the methodology for third quarter have been moved from Chain Ladder (CL) to ELR.

Prior period adjustment

- 4.1 The Holding Company obtained control of EFU Life Assurance Limited (the Subsidiary) in the year 2018. As a result of obtaining such control, the Group recognized assets acquired and liabilities assumed in its consolidated financial statements for the year ended 31 December 2018. The difference between the consideration transferred and fair value of the identifiable asset was recognized as goodwill at the date of acquisition. As per IFRS 3 "Business Combination",

the acquirer shall recognize, separately from goodwill, the identifiable intangible assets acquired in a business combination. The group considers that the customer relationships of the life insurance business was eligible for recognition as a separate asset at the date of acquisition. Hence, during the year the Group has retrospectively adjusted these financial statements for recognizing intangible assets separately from Goodwill, from the date of acquisition, in accordance with the requirements of IAS 8 'Accounting Policy, Change in Accounting Estimates and Error'.

- 4.2 During the year, the Holding Company has changed its accounting treatment for the exchange difference arising on foreign operations / branch which were previously taken to profit and loss account.

The gain or loss arising on translation of income and expense during the year from average rate to the prevailing rate at the reporting date is now taken to other comprehensive income and transfer to equity under "exchange translation reserve". This change in accounting treatment has been applied retrospectively in accordance with the requirement of IAS 8 'Accounting Policy, Change in Accounting Estimates and third balance sheet has been produced as per the requirement of applicable financial reporting framework. Further, an investment which was eliminated with policy holder liabilities is now reinstated.

- 4.3 The impacts of above corrections have been disclosed below;

	31 December 2021			31 December 2020			Rupees '000
	Balance Previously Reported	Adjustment	Balance Restated	Balance Previously Reported	Adjustment	Balance Restated	
Intangibles	7 999 293	417 523	8 416 816	8 019 617	799 367	8 818 984	
Investments - Equity securities	36 532 351	491 500	37 023 851	44 844 214	561 715	45 405 929	
Unappropriated profit / (loss)	136 672	(828 120)	(691 448)	(190 774)	(654 309)	(845 083)	
Non-Controlling interest	4 019 263	405 607	4 424 870	4 130 931	594 398	4 725 329	
Exchange translation reserve	–	81 195	81 195	–	59 916	59 916	
Insurance Liabilities	151 091 103	666 522	151 757 625	142 846 493	666 522	143 513 015	
Deferred tax	2 997 603	359 887	3 357 490	3 296 951	470 623	3 767 574	
Unrealized gain on fair value of investment property	1 455 258	223 932	1 679 190	1 399 579	223 932	1 623 511	
							31 December 2021
Impact on Profit and Loss Account							
Management expense						(381 844)	
Net fair value losses on financial assets at fair value through profit and loss						(70 215)	
Other income						(31 760)	
Income tax expense						121 217	
Profit after tax						(362 602)	
Impact on Statement of Comprehensive Income							
Other comprehensive income- net of tax						21 279	
Impact on earnings per share						(1.81)	

5. Property and equipment

	Note	2022	2021	Rupees '000
Operating assets	5.1	9 206 377	8 649 723	
		9 206 377	8 649 723	

5.1 Operating assets

Rupees '000

2022											
	Cost / Revaluation				As at 31 December	Rate %	Depreciation				Written down value
	As at 01 January	Additions	(Disposals)/ Adjustments	Revaluation			As at 01 January	For the year	(Disposals)/ Adjustments	As at 31 December	As at 31 December
Land	2 721 650	–	–	59 964	2 781 614	0	–	–	–	–	2 781 614
Buildings	4 520 109	33 192	–	700 486	5 253 787	5	829 648	224 928	–	1 054 576	4 199 211
Right of use assets - building	1 155 855	220 045	(72 444)	–	1 303 456	lease term	451 050	194 854	(19 787)	626 117	677 339
Leasehold improvements *	355 994	45 425	(5 291)	–	396 128	lease term	238 369	49 705	(5 291)	282 783	113 345
Furniture and fixtures	697 861	33 852	(185)	–	731 528	10	394 749	53 833	(162)	448 420	283 108
Office equipments	631 049	46 264	(9 492)	–	667 821	10	373 528	50 732	(7 995)	416 265	251 556
Computers	578 064	72 763	(8 526)	–	642 301	30	324 863	134 505	(5 882)	453 486	188 815
Vehicles	1 596 425	433 682	(197 629)	–	1 832 478	20	1 018 808	271 547	(169 266)	1 121 089	711 389
Tracker equipments	120 640	–	(120 640)	–	–	20	96 909	–	(96 909)	–	–
	<u>12 377 647</u>	<u>885 223</u>	<u>(414 207)</u>	<u>760 450</u>	<u>13 609 113</u>		<u>3 727 924</u>	<u>980 104</u>	<u>(305 292)</u>	<u>4 402 736</u>	<u>9 206 377</u>
2021											
	Cost / Revaluation				As at 31 December	Rate %	Depreciation				Written down value
	As at 01 January	Additions	(Disposals)/ Adjustments	Revaluation			As at 01 January	For the year	(Disposals)/ Adjustments	As at 31 December	As at 31 December
Land	2 590 298	–	–	131 352	2 721 650	0	–	–	–	–	2 721 650
Buildings	3 943 530	95 413	–	481 166	4 520 109	5	630 672	198 976	–	829 648	3 690 461
Right of use assets - building	882 538	390 126	(116 809)	–	1 155 855	lease term	343 684	180 613	(73 247)	451 050	704 805
Leasehold improvements *	295 071	60 923	–	–	355 994	lease term	181 677	56 692	–	238 369	117 625
Furniture and fixtures	680 505	36 135	(18 779)	–	697 861	10	352 912	58 122	(16 285)	394 749	303 112
Office equipments	596 055	37 194	(2 200)	–	631 049	10	321 663	53 166	(1 301)	373 528	257 521
Computers	355 381	230 153	(7 470)	–	578 064	30	213 888	117 190	(6 215)	324 863	253 201
Vehicles	1 521 088	212 667	(137 330)	–	1 596 425	20	854 443	265 784	(101 419)	1 018 808	577 617
Tracker equipments	169 081	24 271	(72 712)	–	120 640	20	84 368	85 253	(72 712)	96 909	23 731
	<u>11 033 547</u>	<u>1 086 882</u>	<u>(355 300)</u>	<u>612 518</u>	<u>12 377 647</u>		<u>2 983 307</u>	<u>1 015 796</u>	<u>(271 179)</u>	<u>3 727 924</u>	<u>8 649 723</u>

5.1.1 Details of tangible assets disposed off during the year are as follows:

Category of Assets (Mode of disposal)	Rupees '000				Sold to
	Original cost	Accumulated depreciation	Book value	Sale proceeds	
Furniture & fixtures (Negotiation)					
Written down value below Rs. 50 000	185	162	23	49	Various
	<u>185</u>	<u>162</u>	<u>23</u>	<u>49</u>	
Office equipments (Negotiation)	239	77	162	20	Gemco
	93	23	70	10	Gemco
Written down value below Rs. 50 000	9 160	7 895	1 265	3 070	Various
	<u>9 492</u>	<u>7 995</u>	<u>1 497</u>	<u>3 100</u>	
Computers (Negotiation)	171	115	56	65	Mushtaq Ahmed Khan Barakzai
	156	59	97	131	Insurance Claim
	348	239	109	145	Zubair Electronics
	186	32	154	153	Flash Technologies
	339	169	170	297	Insurance Claim
	1 884	706	1 178	80	PC Professional
Written down value below Rs. 50 000	5 442	4 562	880	318	Various
	<u>8 526</u>	<u>5 882</u>	<u>2 644</u>	<u>1 189</u>	
Vehicles (Negotiation)	2 976	1 984	992	2 200	Darius H. Sidwa
	1 407	1 313	94	1 400	Furqan Ahmed
	1 729	1 124	605	1 850	Faisal Riaz
	448	353	95	575	Majid Aziz
	448	353	95	550	Syed Fahad Ali
	448	353	95	575	Sadia Akram
	2 200	2 004	196	2 600	Ali Asghar Khandwala
	1 709	1 557	152	1 800	M. Hasan
	742	495	247	648	Adbul Rasool Sajwani
	1 270	1 129	141	969	Abbas Hussain
	1 391	1 113	278	1 092	Imad Ali Qureshi
	1 270	1 016	254	953	Ahmer Hassan
	1 203	962	241	953	Sheikh Irfan Zafar
	795	676	119	950	Haider Shah External
	795	636	159	557	Abbas Zaidi
	1 671	1 337	334	921	Imran Saleem
	1 541	1 233	308	1 050	Muzaffar Bhugio
	1 743	1 307	436	1 173	Asadul Hadi
	1 880	1 410	470	1 418	Kashif Khan
	2 093	1 465	628	1 709	Syed Athar Shah
	2 756	2 067	689	1 755	Sikandar Arshad

Category of Assets (Mode of disposal)	Rupees '000				Sold to
	Original cost	Accumulated depreciation	Book value	Sale proceeds	
Vehicles	1 421	1 066	355	1 125	Bheero Mal
(Negotiation)	1 618	1 213	405	1 037	Burhan Zahid
	2 229	1 783	446	1 751	Ghulam Haider Mohsin
	2 304	1 843	461	1 384	Babar Mehmood
	4 090	2 659	1 431	3 408	Ashfaqe Ahmed EFU
	1 721	1 033	688	1 331	Jibran Masood
	1 721	1 119	602	989	M. Hanif Raza
	1 638	1 065	573	1 250	Suneel Kumar
	1 531	1 072	459	1 155	Khalid Mehmood
	1 691	1 184	507	1 395	Shahzad Hanif
	1 691	1 099	592	1 217	Laraib Fawad
	2 729	1 501	1 228	2 322	Mohd Abbas
	1 498	824	674	1 305	Farah Mushtaq
	1 491	1 044	447	1 100	Adnan Gul
	1 786	982	804	1 492	Nasir Feroz
	2 124	1 168	956	1 797	Rizwan Bukhari
	2 679	1 607	1 072	2 277	Hassan Shaikh
	1 721	947	774	1 338	Mariam Ahmed
	846	592	254	330	Adeel Ahmed
	1 540	924	616	1 341	Shahzad Ahmed
	2 917	1 604	1 313	2 322	Sajjad Hussain
	1 406	632	774	1 247	Shahan Khan
	1 406	632	774	1 241	Nafees-ul-Haq
	1 406	703	703	1 241	Ambreen Azmat
	1 620	810	810	1 284	Asif Akhtar
	3 750	1 500	2 250	3 300	Nilofer Sohail
	2 525	1 010	1 515	2 100	Irfan Junejo
Written down value below Rs. 50 000	114 015	113 763	252	83 125	Various
	<u>197 629</u>	<u>169 266</u>	<u>28 363</u>	<u>150 902</u>	
Tracker equipments	120 640	96 909	23 731	-	Adjustment
	<u>336 472</u>	<u>280 214</u>	<u>56 258</u>	<u>155 240</u>	
Right of use assets	<u>72 444</u>	<u>19 787</u>	<u>52 657</u>	<u>-</u>	Lease termination
Leasehold improvements	<u>5 291</u>	<u>5 291</u>	<u>-</u>	<u>-</u>	Lease termination
	<u>414 207</u>	<u>305 292</u>	<u>108 915</u>	<u>155 240</u>	

6. Intangible assets

Rupees '000

2022											
Note	Cost				As at 31 December	Rate %	Amortization / Impairment				Written down value
	As at 01 January	Additions	(Disposals) / Adjustments	Revaluation			As at 01 January	For the year	(Disposals) / Adjustments	As at 31 December	As at 31 December
Computer softwares	145 671	-	-	-	145 671	33	127 295	14 960	-	142 255	3 416
Goodwill 6.1	7 157 434	-	-	-	7 157 434	-	-	1 968 922	-	1 968 922	5 188 512
Customer relationships	2 672 921	-	-	-	2 672 921	14.29	1 431 915	381 844	-	1 813 759	859 162
	<u>9 976 026</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9 976 026</u>		<u>1 559 210</u>	<u>2 365 726</u>	<u>-</u>	<u>3 924 936</u>	<u>6 051 090</u>

2021 (Restated) (refer to note 4.2)

Note	Cost				As at 31 December	Rate %	Amortization / Impairment				Written down value
	As at 01 January	Additions	(Disposals) / Adjustments	Revaluation			As at 01 January	For the year	(Disposals) / Adjustments	As at 31 December	As at 31 December
Computer softwares	145 129	542	-	-	145 671	33	106 429	20 866	-	127 295	18 376
Goodwill 6.1	7 157 434	-	-	-	7 157 434	-	-	-	-	-	7 157 434
Customer relationships	2 672 921	-	-	-	2 672 921	14.29	1 050 071	381 844	-	1 431 915	1 241 006
	<u>9 975 484</u>	<u>542</u>	<u>-</u>	<u>-</u>	<u>9 976 026</u>		<u>1 156 500</u>	<u>402 710</u>	<u>-</u>	<u>1 559 210</u>	<u>8 416 816</u>

6.1 The management has carried out an annual impairment assessment for goodwill at reporting date. For this purpose, the management has considered the fair value less cost to sale as well as value in use (VIU) for the purpose of determining recoverable amount of the underlying cash generating unit (CGU) (life insurance business). As a result of impairment assessment, the management identified an impairment of Rs. 1,969 million (2021: Nil) in the carrying value of goodwill as of reporting date. Fair value of the cash generating unit (CGU) was determined based on the market price of shares as of 31 December 2022 which resulted in a recoverable amount of Rs.20.530 million.

For the purpose of value in use (VIU), the discount rate applied to the cashflow projections was 17.50% (which was further sensitized to 18.90% percent) and the growth rate used to extrapolate the cashflows beyond the five year period is 5 percent. The discount rate reflects current market assessment of the rate of return required for the business and is calculated using the Capital Asset Pricing Model. The discount rate reflects the target Weighted Average Cost of Capital of the Group. The key assumptions are based on business plan approved by the Board of Directors which includes revenue improvements and maintenance of adequate claim ratio etc.

Rupees '000

	2022	2021
7. Investment property		
Opening net book value	2 599 970	2 517 970
Additions and capital improvements	970	3 579
Unrealized fair value gain	449 530	78 421
Closing net book value	<u>3 050 470</u>	<u>2 599 970</u>

Market value of these investment properties amounts to Rs. 3,050 million (2021: Rs. 2,600 million) based on a revaluation carried out by different valuer as at 31 December 2022 and revaluation gain of Rs. 450 million (2021: Rs. 78 million) has been recognized in the profit and loss.

The fair value of investment properties was determined by external, independent property valuers having appropriate recognized professional qualifications and experience. The independent valuers provide the fair value of the Holding Company's investment properties every year.

7.1 Valuation Techniques

The valuers have arranged inquiries and verification from various estate agents, brokers and dealers, the location and condition of the property, size, utilization and current trends in price of real estate including assumptions that ready buyers are available in the current scenario and analyzed through detailed market surveys, the properties that have recently been sold or purchased or offered / quoted for sale into given vicinity to determine the better estimates of the fair value.

The fair value of the investment properties has been categorized as a Level 3 fair value (based on the inputs to the valuation techniques used).

8. Investment in equity securities

Rupees '000

Note	2022			2021 (Restated)		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
At available-for-sale						
Related Party *						
Listed shares	600 521	(180 052)	314 051	600 520	(166 433)	434 087
Mutual funds	523	–	523	523	–	523
	601 044	(180 052)	314 574	601 043	(166 433)	434 610
Others						
Listed shares	2 346 383	(549 660)	1 796 723	2 407 213	(188 326)	2 218 887
Unlisted shares	30 927	(30 419)	508	31 508	(15 500)	508
Mutual funds	183 034	(32 361)	150 673	127 075	(18 544)	108 531
	2 560 344	(612 440)	1 947 904	2 565 796	(222 370)	2 327 926
Surplus on revaluation	–	–	724 803	–	–	1 270 795
	3 161 388	(792 492)	2 987 281	3 166 839	(388 803)	4 033 331
At fair value through profit and loss - designated upon initial recognition						
Related Party *						
Listed shares	8.1 476 556	–	496 431	480 640	–	596 851
Mutual funds	158 817	–	143 459	1 247	–	1 136
	635 373	–	639 890	481 887	–	597 987
Others						
Listed shares	23 979 659	–	19 579 186	31 623 510	–	31 067 535
Mutual funds	74 062	–	85 499	1 174 048	–	1 324 998
	24 053 721	–	19 664 685	32 797 558	–	32 392 533
	24 689 094	–	20 304 575	33 279 445	–	32 990 520
	27 850 482	(792 492)	23 291 856	36 446 284	(388 803)	37 023 851

8.1 Includes investment of Rs. 432.98 million held by statutory fund of the subsidiary (a related party). Securities and Exchange Commission of Pakistan (SECP) vide its letter ID/MDPR/EFULife/2022/2353 has allowed the subsidiary company to consider such investment as allowable for the purpose of computing solvency of the subsidiary company.

* The Group has not accounted for investment in related parties as associates under IAS 28 "Investment in Associates and Joint Ventures", as management has concluded that the Group does not have significant influence in these companies.

9. Investment in debt securities

Rupees '000

	Note	2022			2021		
		Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Held to maturity	9.1						
Government securities		9 189 216	–	9 189 216	7 903 248	–	7 903 248
Available-for-sale	9.2						
Government securities		12 531 040	–	12 531 040	9 455 653	–	9 455 653
Term Finance Certificate		244 118	(44 118)	200 000	244 118	(44 118)	200 000
Corporate Sukuks		127 000	–	127 000	180 000	–	180 000
Deficit on revaluation		–	–	(934 057)	–	–	(429 829)
		12 902 158	(44 118)	11 923 983	9 879 771	(44 118)	9 405 824
Fair value through profit and loss (Designated-upon initial recognition)	9.3						
Government securities		113 403 106	–	112 140 361	80 016 058	–	79 419 004
Term Finance Certificates		5 586 539	–	5 586 539	2 992 793	–	2 992 793
Corporate Sukuks		1 682 051	(37 500)	1 644 551	2 519 532	(37 500)	2 482 032
Certificates of investment		1 072 249	–	1 072 249	410 000	–	410 000
		121 743 945	(37 500)	120 443 700	85 938 383	(37 500)	85 303 829
		143 835 319	(81 618)	141 556 899	103 721 402	(81 618)	102 612 901

9.1 Held to maturity

Name of investment	2022				
	Maturity year	Effective yield %	Amortized cost	Principal repayments	Carrying value
03 Months Treasury Bills	2023	15.5-17.00	2 773 377	2 862 000	2 773 377
06 Months Treasury Bills	2023	15.10-15.20	338 704	340 125	338 704
12 Months Treasury Bills	2023	15.60-16.77	2 108 093	2 369 100	2 108 093
02 Years Pakistan Investment Bonds	2023	3.92	249 341	250 000	249 341
03 Years Pakistan Investment Bonds	2023	3.92	2 566 977	2 575 000	2 566 977
02 Years Pakistan Investment Bonds	2024	4.22	123 725	125 000	123 725
20 Years Pakistan Investment Bonds	2024	5.00	53 871	53 700	53 871
10 Years Pakistan Investment Bonds	2028	4.38	12 628	15 000	12 628
05 years government ijara	2025	8.37-15.48	290 585	289 628	290 585
05 years government ijara	2027	15.69	29 497	29 498	29 497
10 Years Pakistan Energy Sukuk I	2029	16.80	190 820	197 160	190 820
10 Years Pakistan Energy Sukuk II	2030	7.39	451 598	452 700	451 598
			9 189 216	9 558 911	9 189 216

Rupees '000

2021

Name of investment	Maturity year	Effective yield %	Amortized cost	Principal repayments	Carrying value
06 Months Treasury Bills	2022	11.00	248 040	250 000	248 040
03 Years Pakistan Investment Bond	2022	11.42	3 795 519	3 835 000	3 795 519
14 Days Pakistan Investment Bond	2023	9.25	298 908	300 000	298 908
03 Years Pakistan Investment Bond	2023	7.64	2 559 207	2 575 000	2 559 207
20 Years Pakistan Investment Bond	2024	12.36	53 980	53 700	53 980
10 Years Pakistan Investment Bond	2028	11.62	12 348	15 000	12 348
Government Ijara	2025	6.27	290 101	289 628	290 101
10 Years Pakistan Energy Sukuk I	2029	8.05	193 004	197 160	193 004
10 Years Pakistan Energy Sukuk II	2030	7.25	452 141	452 700	452 141
			<u>7 903 248</u>	<u>7 968 188</u>	<u>7 903 248</u>

9.2 Available-for-sale

Name of investment	Maturity year	Effective yield %	Profit payment	Face value	2022
3 months Treasury Bills	2023	16.03	On maturity	967 900	944 209
3 Years Pakistan Investment Bonds	2023	17.15	Half yearly	300 000	299 851
5 Years Pakistan Investment Bonds	2023	11.26 to 13.80	Half yearly	164 300	157 050
5 Years Pakistan Investment Bonds	2024	7.52 - 11.52	Half yearly	8 321 500	7 473 231
5 Years GOP Ijara Sukuks	2027	15.48	Half yearly	2 575 500	2 564 329
10 Years Pakistan Investment Bonds	2028	13.43	Half yearly	200 000	158 021
					<u>11 596 691</u>

The amount of Pakistan Investment Bonds includes Rs. 235 million (2021: Rs. 235 million) deposited with the State Bank of Pakistan as required by Section 29 of the Insurance Ordinance, 2000 and Rs. 170 million deposited with NCCPL (2021: Rs. 170 million).

Name of investment	Maturity year	Effective yield %	Profit payment	Face value	2022
Term Finance Certificates (TFCs) - quoted					
New Allied Electronics Limited *	2012	12.92	Quarterly	3 481	-
Agritech Limited - 3rd Issue (B) *	2017	11.00	Half yearly	5 665	-
Agritech Limited - 3rd Issue (A) *	2019	13.35	Quarterly	34 972	-
Soneri Bank Limited	2026	18.97	Half yearly	100 000	100 000
Habib Bank Limited	Perpetual	18.66	Quarterly	100 000	100 000
					<u>200 000</u>
Corporate Sukuks - quoted					
Dubai Islamic Bank Limited - Tier I	Perpetual	17.66	Monthly	80 000	80 000
The Hub Power Company Limited	2023	17.71	Quarterly	25 000	25 292
Dubai Islamic Bank Limited - Tier II	2032	17.51	Half yearly	22 000	22 000
					<u>127 292</u>
					<u>11 923 983</u>

* The term finance certificates are held under non-performing status and full provision has been made against these term finance certificates.

Rupees '000

Name of investment	Maturity year	Effective yield %	Profit payment	Face value	2021
6 months Treasury Bills	2022	7.38	On maturity	450 000	443 292
3 Years Pakistan Investment Bonds	2023	8.12	Half yearly	300 000	286 765
5 Years Pakistan Investment Bonds	2023	11.26 - 13.80	Half yearly	164 300	156 710
5 Years Pakistan Investment Bonds	2024	7.52 - 11.52	Half yearly	8 321 500	7 958 217
10 Years Pakistan Investment Bonds	2028	13.43	Half yearly	200 000	175 230
					<u>9 020 214</u>

The amount of Pakistan Investment Bonds includes Rs. 235 million (2020: Rs. 225 million) deposited with the State Bank of Pakistan as required by Section 29 of the Insurance Ordinance, 2000 and Rs. 170 million deposited with NCCPL (2020: Rs. 170 million).

Name of investment	Maturity year	Effective yield %	Profit payment	Face value	Rupees '000 2021
Term Finance Certificates (TFCs) - quoted					
New Allied Electronics Limited *	2012	12.92	Quarterly	3 481	–
Agritech Limited - 3rd Issue (B) *	2017	11.00	Half yearly	5 665	–
Agritech Limited - 3rd Issue (A) *	2019	13.35	Quarterly	34 972	–
Soneri Bank Limited	2026	9.70	Half yearly	100 000	100 000
Habib Bank Limited	Perpetual	9.36	Quarterly	100 000	100 000
					200 000
Corporate Sukuks - quoted					
Dubai Islamic Bank Limited	2023	9.21	Monthly	80 000	80 000
The Hub Power Company Limited	2023	9.29	Quarterly	50 000	51 807
Engro Polymer & Chemicals Limited	2026	8.35	Quarterly	50 000	53 803
					185 610
					<u>9 405 824</u>

* The term finance certificates are held under non-performing status and full provision has been made against these term finance certificates.

9.3 Fair value through profit and loss (designated upon initial recognition)

Name of investment	Maturity year	Effective yield %	2022		
			Amortized cost	Principal repayments	Carrying value
Government Securities					
06 months treasury bills	2023	15.20-15.95	1 269 160	1 289 175	1 267 549
12 months treasury bills	2023	15.60-16.77	42 223 945	47 287 900	41 675 783
03 months treasury bills	2023	15.66-16.90	7 057 822	7 193 000	7 059 117
2 Years Pakistan Investment Bonds	2023	3.93	4 737 606	4 750 000	4 725 775
2 Years Pakistan Investment Bonds	2023	4.24	248 799	250 000	248 525
3 Years Pakistan Investment Bonds	2023	3.20	8 973	9 000	8 935
3 Years Pakistan Investment Bonds	2023	3.92	37 538 202	37 653 000	37 381 898
3 Years Pakistan Investment Bonds	2023	4.25	74 754	75 000	74 460
3 Years Pakistan Investment Bonds	2023	8.65	1 125 513	1 125 000	1 124 550
5 Years Pakistan Investment Bonds	2023	4.00	1 194 572	1 206 000	1 152 575
3 Years Pakistan Investment Bonds	2024	3.50	3 201 272	3 400 000	2 959 986
3 Years Pakistan Investment Bonds	2024	3.77	1 363 651	1 375 000	1 352 313
2 Years Pakistan Investment Bonds	2024	4.2	49 490	50 000	49 485
10 Years Pakistan Investment Bonds	2024	5.0	230 207	398 400	333 634
20 Years Pakistan Investment Bonds	2024	5.0	390 855	392 000	361 241
5 Years Pakistan Investment Bonds	2025	3.75	115 262	125 000	102 412
5 Years Pakistan Investment Bonds	2026	7.86	493 183	500 000	483 250
5 Years Pakistan Investment Bonds	2027	5.25	351 378	400 000	351 378
10 Years Pakistan Investment Bonds	2029	6.0	100 746	100 000	93 972
10 Years Pakistan Investment Bonds	2030	4.0	302 874	414 100	302 874
05 years government ijara sukuk	2025	14.44-15.63	1 828 036	1 830 211	1 822 868
05 years government ijara sukuk	2026	11.40-15.59	4 712 275	4 718 540	4 549 231
05 years government ijara sukuk	2027	15.69-15.89	3 802 315	3 802 779	3 778 550
10 years Pakistan energy sukuk I	2029	6.17	932 038	963 159	830 000
10 years Pakistan energy sukuk II	2030	15.76	50 178	50 300	50 000
			<u>113 403 106</u>	<u>119 357 564</u>	<u>112 140 361</u>

Rupees '000					
2021					
Name of investment	Maturity year	Effective yield %	Amortized Cost	Principal Repayments	Carrying Value
Government securities					
6 Months Treasury Bills	2022	7.46	236 834	250 000	236 804
10 Years Pakistan Investment Bond	2022	11.62	2 105 442	2 100 000	2 107 261
3 Years Pakistan Investment Bond	2022	11.42	25 048 546	25 156 500	24 757 107
2 Years Pakistan Investment Bond	2023	9.25	4 722 580	4 750 000	4 718 175
5 Years Pakistan Investment Bond	2023	11.46	1 174 950	1 206 000	1 150 283
3 Years Pakistan Investment Bond	2023	8.64	1 358 559	1 375 000	1 354 650
2 Years Pakistan Investment Bond	2023	11.08	247 788	250 000	247 800
3 Years Pakistan Investment Bond	2023	7.64	38 637 263	38 862 000	38 525 578
20 Years Pakistan Investment Bond	2024	12.36	389 782	392 000	381 082
10 Years Pakistan Investment Bond	2024	11.62	101 172	100 000	101 307
5 Years Pakistan Investment Bond	2026	8.80	491 890	500 000	490 200
10 Years Pakistan Investment Bond	2029	11.62	116 797	125 000	115 302
3 Years Government Ijara	2025	5.95	4 391 465	4 389 744	4 353 455
10 Years Pakistan Energy Sukuk	2029	8.05	942 752	963 159	830 000
Pakistan Energy Sukuk	2030	7.25	50 238	50 300	50 000
			80 016 058	80 469 703	79 419 004

Rupees '000						
Maturity	No. of Certificate		Face Value	Value of Certificate		
	2022	2021		2022	2021	
Term finance certificate						
Fair value through profit or loss						
Others						
Bank Alfalah	2024	100 000	100 000	5	462 573	464 463
TPL Trakker	2026	25	25	1 000	18 146	23 729
Bank Al Habib Limited	2028	20 000	20 000	5	99 840	103 601
Khushhali Microfinance Bank	2032	1 400	–	100	150 000	–
Lucky Electric Power Company	2023	1	–	250 000	250 000	–
Bank of Punjab	2032	5 000	–	100	500 000	–
Bank Al Habib Limited	2032	40 000	40 000	5	200 000	200 000
United Bank Limited	2029	250 000	250 000	5	1 250 000	1 250 000
Soneri Bank Limited	Perpetual	10 000	10 000	5	50 000	50 000
Habib Bank Limited	2029	2 000	2 000	100	200 000	200 000
TPL Corporation	2027	200	–	100	20 000	–
Bank Alfalah Limited	Perpetual	20 000	20 000	5	100 000	100 000
Askari Bank Limited	2030	100	100	1 000	100 980	101 000
Bank Al Habib Limited	Perpetual	40 000	–	5	200 000	–
Bank Al Habib	2032	77 000	–	5	385 000	–
Bank Alfalah	Perpetual	100 000	–	5	500 000	–
K-Electric Limited	2029	120 000	–	5	600 000	–
Askari Bank Limited	Perpetual	450	450	1 000	450 000	450 000
					5 536 539	2 942 793
Held to maturity						
Askari Bank Limited	2028	50	50	1 000	50 000	50 000

Rupees '000

	Maturity	No. of Certificate		Face Value	Value of Certificate	
		2022	2021		2022	2021
Corporate sukuks						
Fair value through profit or loss						
Others						
Hascol Petroleum Limited *	2022	30 000	30 000	3	37 500	37 500
Byco Petroleum Pakistan Limited	2023	583	1 000	100	8 353	8 404
HUBCO	2023	50 000	3 500	7	177 048	362 651
Pakistan Services Limited	2024	–	250	1 000	–	230 562
Engro Polymer and Chemicals Limited	2026	–	2 050	–	–	220 591
TPL Corporation	2027	200	–	100	20 000	–
PSL Restructured	2027	250	–	1 000	207 506	–
Neelum Jhelum Hydropower Company Limited	2026	12 500	12 500	100	491 329	721 806
Meezan Bank Limited	Perpetual	100 000	500	5	500 000	500 000
Dubai Islamic Bank Pakistan Limited	2028	20 000	20 000	5	100 000	100 000
					1 541 736	2 181 514
Related Parties						
K-Electric Limited	–	–	352 233	–	–	177 703
Bank Islami Pakistan Limited	2030	28 063	28 063	5	140 315	140 315
					140 315	318 018
Held to maturity						
Engro Polymer and Chemicals Limited	–	–	–	200	–	20 000
Certificates of investment						
Pak Kuwait Investment Company	2023	2	1	200 000	400 000	150 000
First Habib Modarba Limited	2023	4	1	154 737	618 947	210 000
Pak Oman Company Limited	2023	1	1	53 302	53 302	50 000
					1 072 249	410 000
					8 340 839	5 922 325
				Note	2022	2021
10. Investment in term deposits						
Held to maturity						
Deposits maturing within 12 months						
Term deposits certificates - local currency				10.1 & 10.3	14 514 929	24 664 929
Term deposits certificates – foreign currency				10.2	463 192	390 285
					14 978 121	25 055 214

- 10.1 The rate of return on term deposit certificates issued by various banks ranges from 13.50 % to 16.25 % per annum (2021: 6.50 % to 12.50 % per annum) depending on tenure. These term deposit certificates have maturities upto August 2023.
- 10.2 The rate of return on foreign currency term deposit certificates issued by various banks ranges from 0.85 % to 4.50 % per annum (2021: 0.15 % to 0.85 % per annum) depending on tenure. These term deposit certificates have maturities upto October 2023.
- 10.3 This includes an amount of Rs. 13 million (2021: Rs. 13 million) placed under lien with commercial banks against bank guarantees credit facility of corporate credit cards.

Rupees '000

	Note	2022	2021
11. Loan and other receivables - considered good			
Loans to employees		80 132	104 381
Accrued investment income		3 422 242	2 313 942
Security deposits		75 168	70 925
Advances to suppliers		625 329	123 569
Advances to employees		122 444	134 243
Other receivables		431 043	347 027
		<u>4 756 358</u>	<u>3 094 087</u>
12. Insurance / reinsurance receivables - unsecured and considered good			
Due from insurance contract holders		6 251 058	5 166 605
Provision for impairment of receivables from insurance contract holders	12.1	(524)	(1 195)
		<u>6 250 534</u>	<u>5 165 410</u>
Due from other insurer / reinsurers		344 592	304 536
		<u>6 595 126</u>	<u>5 469 946</u>
12.1. Provision for impairment of receivables from insurance contract holders			
Balance as on 01 January		1 195	209 784
Reversal during the year		(671)	(5 928)
Written off		-	(202 661)
Balance as on 31 December		<u>524</u>	<u>1 195</u>
13 Prepayments			
Prepaid reinsurance premium ceded		8 489 684	5 468 998
Software support service		1 201	2 419
Prepaid tracker expense		51 499	39 347
Others		158 670	147 712
		<u>8 701 054</u>	<u>5 658 476</u>

Rupees '000

	Note	2022	2021
14. Cash and bank			
Cash in hand		101	173
Policy and revenue stamps, bond papers		36 854	22 295
		36 955	22 468
Cash at bank			
Current accounts		1 371 461	1 326 512
Saving accounts	14.1 & 14.2	4 785 320	4 448 667
		6 156 781	5 775 179
		6 193 736	5 797 647

Cash and short term borrowing include following for the purposes of the cash flow statement:

	2022	2021
Cash and cash equivalents		
Cash and others	36 955	22 468
Cash at bank	6 156 781	5 775 179
Term deposit maturing within three months	14 426 429	24 376 429
	20 620 165	30 174 076

14.1 The rate of return on saving accounts from various banks ranges from 8.25 % to 15.35 % per annum (2021: 5.50 % to 9.00 % per annum) depending on the size of average deposits.

14.2 This includes an amount of Rs. 45 million (2021: Rs. 45 million) under lien with commercial banks against bank guarantees.

15. Share capital

15.1 Authorized capital

Number of shares '000		Rupees '000	
2022	2021	2022	2021
200 000	200 000	2 000 000	2 000 000

15.2 Issued, subscribed and paid-up share capital

Number of shares '000			Rupees '000	
2022	2021		2022	2021
250	250	Ordinary shares of Rs. 10 each, fully paid in cash	2 500	2 500
199 750	199 750	Ordinary shares of Rs. 10 each, issued as fully paid bonus shares	1 997 500	1 997 500
<u>200 000</u>	<u>200 000</u>		<u>2 000 000</u>	<u>2 000 000</u>

	Note	2022	Rupees '000 (Restated) (refer to note 4.1) 2021
16. Reserves			
Capital reserve			
Reserve for exceptional losses	16.1	12 902	12 902
Revenue reserves			
General reserve		13 000 000	15 650 000
Revaluation reserve for unrealized gain on available-for-sale investments - net		(89 073)	644 699
Reserve for change in fair value of investment property - net		1 885 773	1 679 190
Exchange translation reserves		142 661	81 195
		<u>14 952 263</u>	<u>18 067 986</u>

16.1 The reserve for exceptional losses was created prior to 1979 and was charged to income in accordance with the provisions of the repealed Income Tax Act, 1922 and has been so retained to date.

	2022	Rupees '000 2021
17. Surplus on revaluation of property and equipment		
Surplus arising on revaluation of property and equipment - net of tax		
Equity holders	1 641 778	1 477 664
Non-controlling interest	701 607	508 482
	<u>2 343 385</u>	<u>1 986 146</u>

	Note	2022	Rupees '000 (Restated) 2021
18. Insurance liability - life insurance business			
Reported outstanding claims	18.1	3 835 327	3 378 978
Incurred but not reported claims	18.2	1 185 211	880 319
Investment component of unit-linked and account value policies	18.3	158 534 057	145 791 909
Liabilities under individual conventional insurance contracts	18.4	962 770	989 072
Liabilities under group insurance contracts (other than investment linked)	18.5	1 398 328	415 452
Participant's Takaful Fund Balance		466 992	301 895
		<u>166 382 685</u>	<u>151 757 625</u>
18.1 Reported outstanding claims			
Gross of reinsurance			
Payable within one year		3 331 484	2 873 458
Payable over a period of time exceeding one year		894 303	887 283
		<u>4 225 787</u>	<u>3 760 741</u>
Recoverable from reinsurers			
Receivable over a period of time exceeding one year		(390 460)	(381 763)
		<u>(390 460)</u>	<u>(381 763)</u>
Net reported outstanding claims		<u>3 835 327</u>	<u>3 378 978</u>
18.2 Incurred but not reported claims			
Gross of reinsurance		1 485 969	1 054 712
Reinsurance recoveries		(300 758)	(174 393)
Net of reinsurance		<u>1 185 211</u>	<u>880 319</u>
18.3 Investment component of unit-linked and account value policies			
Investment component of unit linked policies		158 534 057	145 791 909
		<u>158 534 057</u>	<u>145 791 909</u>
18.4 Liabilities under individual conventional insurance contracts			
Gross of reinsurance		1 187 321	1 197 514
Reinsurance credit		(224 551)	(208 442)
Net of reinsurance		<u>962 770</u>	<u>989 072</u>
18.5 Liabilities under group insurance contracts (other than investment linked)			
Gross of reinsurance		1 550 978	532 869
Reinsurance credit		(152 650)	(117 417)
Net of reinsurance		<u>1 398 328</u>	<u>415 452</u>

19. Retirement benefit obligations

The latest actuarial valuation as at 31 December 2022 uses a discount rate of 14.50 % (2021: 11.50 %) for defined benefit obligation and plan assets. Basic salary and pension increases to average 11.50 % and 0.00 % (2021: 8.50 % and 0.00 %) respectively per annum in the long term.

Rupees '000

	2022		2021	
	Pension	Gratuity	Pension	Gratuity
19.1.1 Reconciliation of the present value of defined benefit obligations				
At the beginning of the year	197 805	549 731	222 860	511 467
Current service cost	271	23 064	1 196	22 209
Interest cost	21 365	59 065	20 084	45 812
Remeasurement loss due to:				
Change in financial assumptions	(13 934)	–	(23 104)	–
Experience	3 763	31 873	(323)	28 713
Benefits paid	(24 045)	(72 242)	(22 908)	(58 470)
At the end of the year	<u>185 225</u>	<u>591 491</u>	<u>197 805</u>	<u>549 731</u>
19.1.2 Changes in fair value of plan assets				
At the beginning of the year	257 769	480 563	267 126	501 662
Interest income	28 317	55 088	24 343	45 346
Remeasurement gain / (loss) due to:				
Investment return	(8 566)	(24 592)	(11 931)	(17 780)
Contributions paid by Company	195	69 168	228	9 805
Contributions paid by employees	781	–	911	–
Benefits paid	(24 045)	(72 242)	(22 908)	(58 470)
At the end of the year	<u>254 451</u>	<u>507 985</u>	<u>257 769</u>	<u>480 563</u>
19.1.3 Charge to profit and loss account				
Service cost				
Current service cost	271	23 064	1 196	22 209
Employee contributions	(781)	–	(911)	–
Net interest (income) / cost	(6 952)	3 977	(4 259)	466
Chargeable in profit and loss account	(7 462)	27 041	(3 974)	22 675
19.1.4 Remeasurements recognized in other comprehensive income				
Change in financial assumptions	(13 934)	–	(23 104)	–
Experience on obligation	3 763	31 873	(323)	28 713
Investment return	8 566	24 592	11 931	17 780
Chargeable in statement of comprehensive income	(1 605)	56 465	(11 496)	46 493
Total defined benefit cost	<u>(9 067)</u>	<u>83 506</u>	<u>(15 470)</u>	<u>69 168</u>
19.1.5 (Asset) / liability on balance sheet				
At the beginning of the year	(59 964)	69 168	(44 266)	9 805
Defined benefit cost	(9 067)	83 506	(15 470)	69 168
Contributions paid by Company	(195)	(69 168)	(228)	(9 805)
At the end of the year	<u>(69 226)</u>	<u>83 506</u>	<u>(59 964)</u>	<u>69 168</u>
Reconciliation				
Obligation	185 225	591 491	197 805	549 731
Plan assets	(254 451)	(507 985)	(257 769)	(480 563)
Net (asset) / liability on balance sheet	<u>(69 226)</u>	<u>83 506</u>	<u>(59 964)</u>	<u>69 168</u>

19.1.6 Historical data

Rupees '000

	2021	2020	2019	2018	2017
Pension					
Present value of defined benefit obligation	197 805	222 860	218 468	208 041	280 809
Fair value of plan assets	(257 769)	(267 126)	(246 073)	(232 183)	(249 514)
(Surplus) / deficit	<u>(59 964)</u>	<u>(44 266)</u>	<u>(27 605)</u>	<u>(24 142)</u>	<u>31 295</u>
Experience adjustment					
- Actuarial (loss) / gain on obligation	<u>(323)</u>	<u>(3 874)</u>	<u>(1 325)</u>	<u>2 058</u>	<u>1 756</u>
- Actuarial (loss) / gain on assets	<u>(11 931)</u>	<u>13 945</u>	<u>7 143</u>	<u>(14 850)</u>	<u>(29 847)</u>
Gratuity					
Present value of defined benefit obligation	549 731	511 467	448 210	426 035	365 990
Fair value of plan assets	(480 563)	(501 662)	(450 294)	(339 062)	(325 311)
Surplus / (deficit)	<u>69 168</u>	<u>9 805</u>	<u>(2 084)</u>	<u>86 973</u>	<u>40 679</u>
Remeasurements due to:					
- Actuarial (loss) / gain on obligation	<u>28 713</u>	<u>18 549</u>	<u>(13 557)</u>	<u>45 279</u>	<u>15 080</u>
- Actuarial (loss) / gain on assets	<u>(17 780)</u>	<u>26 721</u>	<u>13 926</u>	<u>(22 136)</u>	<u>21 566</u>

19.1.7 Composition of fair value of plan assets

Fund investments	Pension				Gratuity			
	2022		2021		2022		2021	
Debt	97%	247 390	97%	250 354	95%	484 027	93%	447 696
Equity	2%	6 299	3%	7 151	5%	24 256	7%	31 274
Cash	1%	1 708	0%	265	0%	359	0%	1 594
	100%	255 397	100%	257 770	100%	508 642	100%	480 564

The expected charge to pension and gratuity fund for the year 2022 amounts to Rs. 20 million.

19.1.8 Sensitivity analysis on significant actuarial assumptions: Actuarial liability

Impact on obligation of 1 % change in assumptions

Rupees '000

Assumptions	1 % increase	1 % decrease
Discount rate	(32 583)	36 074
Salary increase	28 023	(25 615)
Pension increase	10 111	-

Weighted average duration of the plan is 5.3 years.

Projected payments	Rupees '000	
	Pension	Gratuity
Company contributions 2022	187	35 810
Benefit payments:		
2022	29 816	155 421
2023	29 659	58 402
2024	29 146	87 228
2025	28 212	54 391
2026	27 497	79 243
2027 - 2031	119 764	486 261

19.2.1 Provident fund

The following information of Subsidiary Company based on unaudited financial statements of their fund as at 31 December 2022:

	Rupees '000		Percentage	
	2022	2021	2022	2021
Size of the fund - total assets	678 468	627 747	–	–
Cost of investments	648 401	596 500	95.57	95.02
Fair value of investments	670 328	618 063	98.80	98.46
The breakup of fair value of investment in Provident Fund is as follows:				
Government securities	534 871	493 744	20.12	79.88
Open end mutual fund	134 883	123 534	0.09	19.99
Shares	574	785	79.79	0.13

The above investments out of provident fund have been made in accordance with the requirement of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

19.2.2 Pension fund

	Rupees '000		Percentage	
	2022	2021	2022	2021
Size of the fund - total assets	582 823	497 817	–	–
Cost of investments	567 406	481 522	97.35	96.73
Fair value of investments	577 233	495 576	99.04	99.60
The breakup of fair value of investment in Pension Fund is as follows:				
Government securities	504 923	427 725	87.47	86.31
Open end mutual fund	72 137	67 581	12.50	13.64
Shares	173	270	0.03	0.05

Rupees '000
(Restated)
(Refer note 4)
2021

	2022	2021
20. Deferred taxation		
Deferred debits arising in respect of		
Premium due but unpaid	(173)	(346)
Impairment of TFC	(14 559)	(12 794)
Define benefit plan	(35 575)	(15 355)
Unrealized gain on available-for-sale investments	(43 872)	-
Right of use asset	(41 694)	(28 414)
Impairment of available-for-sale equity securities	(148 595)	(50 958)
Impairment of goodwill	(649 744)	-
Deferred credits arising in respect of		
Fair value of investment property	928 813	685 866
Revaluation of property and equipment	1 707 510	1 343 738
Accelerated tax depreciation / amortization	262 614	397 991
Unrealized gain on available-for-sale investments	-	293 171
Retained earning ledger Account D	927 074	744 591
Effect of translation of foreign branches	40 755	-
	<u>2 932 554</u>	<u>3 357 490</u>
21. Insurance / reinsurance payable		
Reinsurance companies	7 430 612	4 383 459
Coinsurance companies	616 980	502 574
	<u>8 047 592</u>	<u>4 886 033</u>

The Group has co-insurance and re-insurance arrangements with various insurance and a domestic re-insurance company. Under the above arrangements, the receivable and payable balances originate mainly due to premiums collected or claims settled by the lead insurer on behalf of other co-insurers, and in case of re-insurance, the premium ceded to and claims recoverable from the re-insurer under the respective contracts. As per the prevailing industry practices, settlements of balances under co-insurance arrangements are done between the respective insurance companies in normal course of business.

The Group believes that the current balances of co-insurers and re-insurer reflected in the records of the Group are based on the underlying contracts and transactions supported by appropriate evidence.

In this regard, the Group exchanged balance information with various co-insurers based on significance of the balances and the re-insurers. This information corroborates the balance position of the Group in all material respects.

	Note	2022	2021
22. Other creditors and accruals			
Federal insurance fee payable		18 789	13 513
Federal excise duty and sales tax payable		504 791	307 645
Accrued expenses		1 415 952	1 462 124
Agent commission payable		1 478 734	1 542 426
Unearned rentals		74 344	69 329
Other deposits		1 699 486	1 378 680
Unclaimed / unpaid dividends		542 968	470 506
Lease liability	22.1	784 858	788 911
Others		394 028	323 804
		<u>6 913 950</u>	<u>6 356 938</u>
22.1 Lease liability			
Current		182 752	158 550
Non-current		602 106	630 361
		<u>784 858</u>	<u>788 911</u>

23. Contingencies and commitments

The income tax assessment of the Holding Company and its Subsidiary Company has been finalized up to tax year 2022.

23.1 Holding Company

- The Income Tax Department has made an assessment order for the assessment years 1999-2000 and 2000-2001 by adding back provisions for the bonus to staff, provision for gratuity and excess management expenses. The Holding Company had filed appeals before the Commissioner, of Inland Revenue (Appeals). The appeals have been decided in the favour of the Income Tax Department. The Holding Company had filed appeals before the Income Tax Appellate Tribunal (ITAT). If the appeals are decided against the Holding Company a tax liability of Rs. 13 million would arise.
- The Income Tax Department (Audit) has made an assessment order for the assessment year 2002-2003 by adding certain items. The Holding Company had filed an appeal before the Commissioner of Income Tax (Appeals). The appeal was decided in the favour of the Holding Company. The Department had filed an appeal before the Income Tax Appellate Tribunal (ITAT) and the same has been decided in the favour of the Holding Company. The Department has filed an appeal before the Honourable High Court of Sindh against the order of the Income Tax Appellate Tribunal (ITAT) in respect of the estimated liability of claims, excess perquisites and retrocession commission. If the appeal is decided against the Holding Company a tax liability of Rs. 76 million would arise.
- The Commissioner of Inland Revenue (Audit) has amended the tax assessment of the Holding Company for the tax year 2005 to 2007 by disallowing prorated expenses. The Holding Company has filed appeals before the Commissioner of Income Tax (Appeals). The appeals were decided in the favour of the Holding Company. The Department then filed appeals before the Income Tax Appellate Tribunal (ITAT). The Income Tax Appellate Tribunal (ITAT) passed an order in favour of the Holding Company. The Department then filed a reference before the Honourable High Court of Sindh. The Honourable High Court of Sindh maintained the decision of the Income Tax Appellate Tribunal (ITAT). The Department has filed appeals for the tax year 2005 to 2007 before the Honourable Supreme Court of Pakistan against the decision of the Honourable High Court of Sindh in respect of proration of expenses and if the appeals are decided against the Holding Company, a tax liability of Rs. 37 million would arise.
- The Commissioner Inland Revenue (Audit) has amended the tax assessment of the Holding Company for the tax year 2008 by adding capital gain on investment, depreciation on leased assets, admissible expenses, re-insurance premium ceded, provision for leave encashment, amortization of premium relative to par and provision for outstanding claims (IBNR). The Holding Company filed an appeal before the Commission of Income Tax (Appeals) against the order of the Income Tax Commissioner (Audit). The Appeal decided in favour of the Holding Company except addition made on account of the reinsurance premium ceded. The Holding Company has filed an appeal before the Income Tax Appellate Tribunal (ITAT) against the decision of the Income Tax Commissioner (Appeals) for maintaining the decision of the Income Tax Commissioner (Audit) with respect to confirming the addition made on account of reinsurance premium ceded. The Income Tax Appellate Tribunal (ITAT) decided the case in favour of the Holding Company. The Department filed an appeal in the Income Tax Appellate Tribunal (ITAT) against the decision of the Income Tax Commissioner (Appeals) for the deletion of Capital Gain on Investment, Provision for Leave Encashment, and Depreciation on Leased Asset. The Income Tax Appellate Tribunal (ITAT) decided the case in favour of the Holding Company. The Department has filed appeals before the Honourable High Court of Sindh against the decision of the Income Tax Appellate Tribunal (ITAT) in respect of tax on reinsurance premium, deletion of Capital Gain on Investment, Provision for Leave Encashment, and Depreciation on Leased Asset. If the appeals are decided against the Holding Company, a tax liability of Rs. 5,099 million would be payable. The Honourable High Court of Sindh has issued orders in favour of the assesses on identical cases.
- The Department has filed an appeal for tax years 2014 to 2016 before the Income Tax Appellate Tribunal (ITAT) against the order of the Commissioner (Appeal) in respect of Dividend Income taxed at the reduced rate. If the appeal is decided against the Holding Company, a tax liability of Rs. 355 million would arise.
- The Commissioner of Inland Revenue (Audit) has made an addition to the income of Tax years 2017 and 2019 on account of the fair market value of motor vehicles. The Holding Company has filed appeals before the

Commissioner of Income Tax (Appeals). The Commissioner of Income Tax (Appeals) has confirmed the action of the Commissioner, of Inland Revenue (Audit). The Holding Company then filed appeals before the Income Tax Appellate Tribunal (ITAT). If the appeal is decided against the Holding Company, a tax liability of Rs. 2 million would arise. The Income-tax Appellate Tribunal (ITAT) has issued orders in favour of the Holding Company on this issue in previous years.

- The Commissioner of Inland Revenue (Audit) has made an addition to the income of the Tax year 2022 on account of expenses. The Holding Company has filed appeals before the Commissioner of Income Tax (Appeals). If the appeal is decided against the Holding Company, a tax liability of Rs. 3 million would arise. Further Holding Company has deposited Rs. 163 million in protest on account of super tax under section 4C of income tax ordinance 2001 amended through Finance Act 2022. The Honourable High Court of Sindh has recently issued orders in favour of the other assesses on this issue, on the basis of the same the Holding Company has included super tax issue in above appeal filed before Commission of Income Tax (Appeals).
- In 2014, 2015, 2016, 2017 and 2018, Searle Company Limited issued bonus shares (453,612, 312,993, 664,632, 472,284 and 443,697 shares, respectively) after withholding 5 percent of bonus shares (22,680, 15,650, 34,981, 24,857 and 21,360 shares respectively). In this regard, a constitutional petition had been filed by the Company in the Honourable High Court of Sindh challenging the applicability of withholding tax provision on bonus shares received by the Holding Company. The Honourable High Court of Sindh decided the case against the Holding Company. Subsequently, the Holding Company filed an appeal with a larger bench of the Honourable High Court of Sindh and in response; the Sindh High Court has suspended the earlier judgement until the next date of hearing, which has not yet been decided. Consequently, the Holding Company has not paid/provided an amount of Rs. 37 million being withholding tax on bonus shares.

23.2 Subsidiary Company

- In 2013, Income Tax Department imposed an additional tax demand under section 151(1)(d) on account of non-deduction of withholding tax on surrender and maturity amounting to Rs.14 million and Rs.15 million for Tax Years 2012 and 2013 respectively. The Subsidiary Company filed an appeal before Commissioner Inland Revenue (Appeals) and the same was dismissed. The Subsidiary Company filed second appeal before the Appellate Tribunal against the order of CIT. The Learned Appellate Tribunal Inland revenue had decided the case in Subsidiary Company's favour. Subsequent to it, the department has filed review application against the order in Honourable Court of Sindh. The decision is still pending. The Subsidiary Company expects a favourable decision.
- In 2015 and 2016, The Searle Company Limited (Searle) issued bonus shares (76,031 shares and 342,480 shares respectively) after withholding 5 percent of bonus shares (3,802 shares and 17,124 shares respectively) and the IBL Healthcare Limited issued bonus shares (46,625 shares and 80,311 shares respectively) after withholding 5 percent of bonus shares (2,331 shares and 4,016 shares respectively). In this regard, a constitutional petition had been filed by Searle in Sindh High Court challenging the applicability of withholding tax provision on bonus shares received by the Subsidiary Company. The honorable high court decided the case against Searle. Subsequently, Searle filed an appeal with a larger bench of the Sindh High Court and in response the Sindh High Court has suspended the earlier judgment until the next date of hearing, which has not yet been decided. The Subsidiary Company is of the view that the case will be decided in its favour. The amount involved is Rs. 3 million.
- SRB through notification no. SRB-3-4/17/2021 dated 30 June 2021 has revoked its previous exemption of life insurance, granted through SRB-3-4/5/2019 dated 08 May 2019, which is now taxable at a rate of 3%. However, exemption for health insurance has been extended till 30 June 2023.

The Subsidiary Company, along with other life insurance industry players, based on the advice of its tax consultants filed petitions in the Honorable High Courts of Lahore and Sindh, challenging the levy of Punjab Sales Tax (PST) and Sindh Sales Tax (SST) on life insurance in Punjab and Sindh. The petitions were filed on the strength of legal advice that:

Substantiating the Subsidiary Company's view that insurance is not a service, but in fact, in sum and substance, a contingent contract under which payment is made on the occurrence of an event, specified in the terms of contract or policy;

A question of constitutionality arose on the levy of provincial sales tax on life insurance, which in their view, was a Federal subject, since the Federation has retained a legislative mandate over all laws relating to insurance under Entry 29 of the said List, therefore, only the Federation is entitled to levy any tax in relation to insurance business; and

Without prejudice to the main contentions as stated above, even otherwise, the legal advisors had expressed a further illegality that there is a critical flaw in the context of the manner in which the entire premium payment has been charged to the levy of provincial sales tax. Even the component of the premium which is to form part of a policyholder's investment account is subjected to the levy.

The Honorable Lahore and Sindh High Courts have directed that no coercive measure will be taken until the next date of hearing.

Further subsequent to filing petition, all the provincial tax authorities i.e. SRB, PRA and BRA called a meeting of the industry representatives on 11 January 2020 in Karachi to discuss the matters relating to sales tax on premium. The matter was discussed in details and it was agreed to form a joint committee of the industry representatives as well as from all the provincial tax authorities. Further the committee formed met on 05 February 2020 in Lahore at PRA office to work out the way forward. Thereafter, due to the COVID 19 situation and consequential lockdown, further meetings of the Joint committee are not being held.

SRB through notification no. SRB-3-4/13/2020 dated 22 June 2020 exempted the life insurance services conditionally from 01 July 2019 to 30 June 2020 subject to e-depositing SST due, on such services for the tax periods from 01 July 2020 onward.

Further in Sindh, on 29 June 2020 SRB through another notification No SRB-3-4/18/2020 has amended the responsibility of withholding agent rules requiring a Subsidiary Company also to withheld SST on Services of Life Insurance.

The Subsidiary Company with other life insurance companies has filed another petition in this regard in the Honorable Sindh High Court. The Honorable SHC has directed that no coercive measure will be taken until the next date of hearing.

In continuation to the petition filed in Sindh High Court, a hearing was scheduled to be conducted during 2021, however no hearing was held during the period amid rising cases due to the pandemic and annual vacations of the judges.

Furthermore, Khyber Pakhtunkhwa Revenue Authority (KPRA) through Khyber Pakhtunkhwa Finance Act 2021 has imposed sales tax on life insurance at the rate of 15%, from 01 July 2021, which was previously exempt, for the reason of economic documentation. The matter has been taken up by the IAP with KPRA explaining that 'Insurance' is a Federal subject, hence law in respect of insurance should not be made by the province.

Based on the legal opinion obtained the Subsidiary Company considers that it has a reasonably strong case on the merits in the Constitutional petition and the writ petition filed in the High Courts. In view of the above the Subsidiary Company has not started billing or withholding sales tax to its customers. The amount of sales tax involved is around Rs. 2,626 million (2021: Rs. 1,816 million) computed on the basis of risk based premium excluding the investment amount allocated to unit linked policies. The management contends that in case the administrative efforts fail, the amount will be charged to the policyholders.

- Bank guarantees amounting to Rs. 56 million have been given in respect of Group Life coverage. These bank guarantees will expire on 30 December 2023.

23.3 No provision has been made in these consolidated financial statements for the above contingencies, as the management, based on tax advisor's opinion, is confident that the decision in this respect will be received in favour of the Group.

23.4 There are no commitments as at 31 December 2022 (31 December 2021: Nil).

Rupees '000

	2022	2021
24. Net insurance premium		
Written gross premium	68 546 515	59 327 437
Unearned premium reserve - opening	10 517 726	9 411 142
Unearned premium reserve - closing	(14 167 219)	(10 517 726)
Premium earned	64 897 022	58 220 853
Less:		
Reinsurance premium ceded	19 196 446	12 763 340
Prepaid reinsurance premium - opening	5 468 998	4 808 670
Prepaid reinsurance premium - closing	(8 489 684)	(5 468 998)
Reinsurance expense	16 175 760	12 103 012
	48 721 262	46 117 841
25. Net insurance claim expense		
Claims Paid	33 016 741	30 808 596
Outstanding claims including IBNR - closing	10 368 176	7 085 599
Outstanding claims including IBNR - opening	(7 085 599)	(7 111 989)
Claims expense	36 299 318	30 782 206
Less:		
Reinsurance and other recoveries received	2 653 137	3 369 729
Reinsurance and other recoveries in respect of outstanding claims - opening	(3 974 297)	(3 856 142)
Reinsurance and other recoveries in respect of outstanding claims - closing	6 503 793	3 974 297
Reinsurance and other recoveries revenue	5 182 633	3 487 884
	31 116 685	27 294 322

25.1 Claim development

The Holding 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.

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. All amounts are presented in gross numbers before reinsurance. Claims of last five years are given below:

	2018 and prior	2019	2020	2021	2022 (including IBNR)	Total
Estimate of ultimate claims costs:						
- At end of accident year	10 133 259	7 326 981	7 040 966	8 543 736	11 723 775	
- One year later	8 800 195	6 350 034	6 017 883	7 306 943	-	
- Two years later	8 807 340	6 017 506	5 735 141	-	-	
- Three years later	8 585 036	5 843 166	-	-	-	
- Four years later	8 518 445	-	-	-	-	
Current estimate of cumulative claims	8 518 445	5 843 166	5 735 141	7 306 943	11 723 775	39 127 470
Cumulative payments to date	7 548 529	5 411 617	5 349 874	5 771 104	4 678 170	28 759 294
Liability recognized in statement of financial position	969 916	431 549	385 267	1 535 839	7 045 605	10 368 176

Rupees '000

- 25.2 For Subsidiary Company's investment linked, conventional and accidental and health business, claim experience over the past 5 years indicates that claims reported after the end of the year in which the claim event occurred were less than 10% threshold therefore, the claim development table for all statutory funds is not disclosed.
- 25.3 For Subsidiary Company's individual family takaful, claim experience over the past 5 years indicates that claims reported after the end of the year in which the claim event occurred were less than 10% threshold therefore the claim development table is not disclosed.
- 25.4 Statement of Age wise Break up of Unclaimed Insurance Benefits as on 31 December 2022:

This represents outstanding claims in respect of which cheques have been issued by the Subsidiary Company for claim settlement. However, the same have not been encashed by the claimant. Following is the aging as required by the SECP Circular no.11 of 2014 dated 19 May 2014:

Particulars	Rupees '000					
	Total Amount	1 to 6 months	7 to 12 months	13 to 24 months	25 to 35 months	Beyond 36 months
Unclaimed maturity benefits	990 347	462 425	208 545	214 829	58 900	45 648
Unclaimed death benefits	-	-	-	-	-	-
Unclaimed disability benefits	-	-	-	-	-	-
Claims not encashed	52 016	18 685	2 756	5 679	15 371	9 525
Other unclaimed benefits	-	-	-	-	-	-
Total	1 042 363	481 110	211 301	220 508	74 271	55 173

	Rupees '000	
	2022	2021
26. Net commission expense and other acquisition cost		
Commission paid or payable	8 971 552	8 606 780
Deferred commission expense - opening	772 985	678 039
Deferred commission expense - closing	(1 111 775)	(772 985)
Net commission	8 632 762	8 511 834
Less:		
Commission received or recoverable	370 093	254 097
Unearned reinsurance commission - opening	135 214	152 144
Unearned reinsurance commission - closing	(201 585)	(135 214)
Commission from reinsurers	303 722	271 027
Other acquisition cost	1 152 755	934 393
	9 481 795	9 175 200

	Note	2022	Rupees '000 2021
27. Management expenses			
Salaries wages and benefits	27.1	3 134 688	2 798 620
Bonus		151 081	144 061
Gratuity		22 982	19 355
Rent rates and taxes		13 685	29 599
Telephone		24 353	22 922
Postage and telegram		94 115	95 619
Gas electricity and fuel		144 864	104 442
Printing and stationery		122 850	116 438
Travelling club and entertainment		186 171	124 047
Depreciation / amortization		1 069 125	1 112 231
Repair and maintenance		479 513	279 389
Publicity		129 548	207 717
Service charges		(93 776)	(80 802)
Bank charges and commission		14 974	28 170
Tracker monitoring		121 377	90 168
Bad debts		16 942	(5 928)
Inspection fee		12 394	8 860
Annual supervision fee of SECP		82 311	81 601
Training		4 768	3 694
Insurance		5 026	3 795
Levy to IAP		2 000	2 000
Business procurement		(1 722)	7 424
Security service		8 477	8 068
Meeting and conferences		28 831	648
Conveyance		13 716	11 117
Legal and professional charges - business related		135 700	120 588
Appointed actuary fees		18 986	16 951
Fees and subscription		66 485	55 235
Miscellaneous		124 975	128 491
		<u>6 134 439</u>	<u>5 534 520</u>

27.1 These include Rs. 34.35 million (2021: Rs. 32.32 million) being contribution for employees' provident fund.

	Rupees '000	
	2022	2021
28. Investment income		
Income from equity securities		
– Available-for-sale		
Dividend income	284 707	246 296
– Fair value through profit and loss		
Dividend income	2 598 137	2 185 323
Income from debt securities		
– Available-for-sale		
Return on debt securities	1 211 976	1 049 072
– Held to maturity		
On government securities	661 393	622 540
Return on debt securities	154 702	157 880
– Fair value through profit and loss		
Return on debt securities	1 293 881	821 912
On government securities	12 117 748	6 665 655
Income from term deposits		
– Return on term deposits	2 382 879	1 402 412
	<u>20 705 423</u>	<u>13 151 090</u>
Net realized gains / (losses) on investments		
Available-for-sale financial assets		
Realized gains on:		
Equity securities	118 376	200 946
Realized losses on:		
Equity securities	(6 800)	(72 483)
Net unrealized gains on investments	111 576	128 463
Impairment in value of available-for-sale equity securities	(368 542)	(147 418)
Investment related expenses	(915)	(1 251)
Total Investment income	<u>20 447 542</u>	<u>13 130 884</u>
29. Net realized fair value gains on financial assets		
Realized gain on:		
Equity securities	1 341 672	4 043 415
Government securities	456 808	5 651
Realized losses on		
Equity securities	(1 590 689)	(1 869 571)
	<u>207 791</u>	<u>2 179 495</u>

Rupees '000

(Restated)
2021

	Note	2022	(Restated) 2021
30. Net fair value gains / losses on financial assets at fair value through profit or loss			
Net unrealized losses on investments in financial assets			
- government securities and debt securities (designated upon initial recognition)		(916 821)	(1 772 564)
Net unrealized losses on investments at fair value through profit or loss (designated upon initial recognition)			
- Equity Securities		(4 094 575)	(4 896 097)
Total investment loss		(5 011 396)	(6 668 661)
Exchange gain		52 938	22 261
Impairment in value of available-for-sale securities		(19 961)	(19 929)
Investment related expenses		(154)	(1 643)
		<u>(4 978 573)</u>	<u>(6 667 972)</u>
31. Rental income			
Rental income		187 618	175 499
Less: Expenses of investment property		(62 906)	(53 306)
		<u>124 712</u>	<u>122 193</u>
			(Restated)
32. Other income			
Gain on sale of property and equipment		122 713	82 197
Return on loans to employees		28 517	32 871
Exchange difference		(28 945)	2 249
Return on bank balances		204 772	90 729
Gain on early termination of lease contracts		12 484	12 498
Fees charged to Policyholders		17 961	16 463
Others		46	13
		<u>357 548</u>	<u>237 020</u>
33. Other expense			
Legal and professional fee other than business related		15 784	16 622
Auditors' remuneration	33.1	16 636	14 293
Subscription to association		23 475	19 791
Charity and donations	33.2	43 829	43 295
Printing and Stationery		2 191	-
Advertisements and publicity		1 752	-
Out of pocket expenses		368	-
Directors' fees		6 650	3 950
Finance cost		13 128	10 707
		<u>123 813</u>	<u>108 658</u>
33.1. Auditors' remuneration			
Audit fee		6 734	5 225
Special certifications and sundry advisory services		8 014	7 089
out-of-pocket expenses		1 888	1 979
		<u>16 636</u>	<u>14 293</u>

33.2 Donations

33.2.1 Donations include the following in whom the directors are interested:

Rupees '000

Name of Director	Interest in donee	Name and address of donee	2022	2021
Saifuddin N. Zoomkawala	Board member	Shaukat Khanum Memorial Trust	17 500	9 500
Saifuddin N. Zoomkawala	Board member	SIUT Civil Hospital	3 198	4 756
Saifuddin N. Zoomkawala and Ali Raza Siddiqui	Board member	Fakhr-e-Imdad Foundation	500	500
Hasanali Abdullah	Board member	The Aga Khan Hospital and Medical College Foundation	2 750	–
Syed Salman Rashid	Spouse (Trustee)	Anjuman Kashana-e-Atfal-o-Naunihal	–	100

33.2.2 Donations to a single party exceeding Rs. 500 000

Name of donee	2022	2021
Citizens Foundation	3 439	2 008
Afzaal Memorial Thalassemia Foundation	1 500	–
Layton Rehmatullah Benevolant Trust	1 100	2 316
Shahid Afridi Foundation	1 072	–
Memon Medical Institute	1 000	3 300
Aga Khan Cultural Service Pakistan	1 000	–
Edhi Foundation	1 000	–
NOWPDP	1 000	–
Kiran Foundation	720	518
Anjuman Kashana-e-Atfal-o-Naunihal	600	–
SOS Children's Villages of Sindh	600	–
Patients' Behbud Society for Aga Khan University Hospital	500	500
Bait ul Sukoon Cancer Hospital	500	–
Helping Hand For Relief and Development	500	–
Patient's Aid Foundation	–	500
Tameer-e-Millat Foundation	–	500
Family Educational Services Foundation	–	793
Dr. Jameel Jalibi Foundation	–	2 000

34. Profit from Window Takaful Operations - general Operator's fund

Wakala fee	941 037	773 685
Commission expense	(322 878)	(304 514)
General, administrative and management expenses	(399 223)	(348 734)
Modarib's share of PTF investment income	72 379	32 145
Investment income	91 614	31 116
Direct expenses	(1 076)	(763)
Other income	5 778	3 170
	<u>387 631</u>	<u>186 105</u>

		Rupees '000	
			(Restated) (refer note 4.1)
35. Taxation		2022	2021
For current period			
Current		1 755 553	1 724 378
Deferred		(517 387)	(99 907)
Super tax		119 766	-
		1 357 932	1 624 471
For prior year(s)			
Prior year tax		292	2 982
Deferred		-	(18 900)
Super tax		240 719	-
		241 011	(15 918)
		<u>1 598 943</u>	<u>1 608 553</u>

35.1 Relationship between tax expense and accounting profit

		Rupees '000	
		2022	2021
Profit before taxation		2 724 754	4 840 595
Tax at the applicable rate		790 179	1 403 773
Tax effects of permanent differences		132 798	186 988
Tax effects of change in tax rate		201 505	17 792
Prior years tax		241 011	-
Effect of super tax of current year		233 450	-
		<u>1 598 943</u>	<u>1 608 553</u>

		(Restated) (refer note 4.1)	
36. Earnings per share - basic and diluted		2022	2021
Profit (after tax) for the year	(Rupees '000)	421 469	2 605 797
Weighted average number of ordinary shares	(Numbers '000)	200 000	200 000
Earnings per share	(Rupees)	2.11	13.03

37. Compensation of directors and executive

Rupees '000

	2022				2021			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
Fees	–	13 025	–	13 025	–	7 650	–	7 650
Managerial remuneration	78 474	–	1 103 470	1 181 944	73 674	–	961 828	1 035 502
Leave encashment	–	–	35 353	35 353	–	–	29 137	29 137
Bonus	6 648	–	134 664	141 312	6 916	–	124 003	130 919
Retirement benefits	5 810	–	70 199	76 009	5 416	–	63 430	68 846
Utilities	1 320	–	41 086	42 406	1 464	–	34 642	36 106
Medical expenses	1 748	–	29 002	30 750	1 473	–	25 028	26 501
Leave passage	1 018	–	5 866	6 884	797	–	7 012	7 809
Total	<u>95 018</u>	<u>13 025</u>	<u>1 419 640</u>	<u>1 527 683</u>	<u>89 740</u>	<u>7 650</u>	<u>1 245 080</u>	<u>1 342 470</u>
Number of persons	<u>2</u>	<u>16</u>	<u>332</u>	<u>350</u>	<u>2</u>	<u>15</u>	<u>297</u>	<u>314</u>

37.1 The Chief Executive Officer of the Holding Company is provided with Holding Company maintained cars, furnished accommodation and medical insurance cover. The Executives are provided with free use of Holding Company cars, medical insurance cover and certain items of household furniture and fixtures in accordance with their entitlements. The Chief Executive is not given any rent allowance but is provided with maintained furnished accommodation. The Chairman is provided with free use of Holding Company car, maintained furnished accommodation, medical insurance cover and residential utilities.

37.2 The Chief Executive is provided with Subsidiary Company maintained cars, furnished accommodation and medical insurance cover. The Executives are provided with Subsidiary Company maintained cars, medical insurance cover and in certain cases, household items and furniture in accordance with their terms of employment. The Chairman is provided with free use of Subsidiary Company car, medical insurance cover and residential utilities.

The Non-Executive Directors were paid Directors meeting fee of Rs. 13.025 million (2021: Rs. 7.650 million). No other remuneration was paid to Non-Executive Directors.

38. Non-Controlling Interest

38.1 Acquisition of Non-controlling Interest

During the year, the Group acquired an additional 572,700 shares of EFU Life Assurance Limited i.e. 0.573 % from Non-Controlling Interest, increasing its ownership from 45.78 % to 46.35 % for Rs. 117.31 million.

38.2 Summary of non-controlling Interest

	2022	(Restated) (Refer note 4) 2021
Opening balance	4 424 870	4 725 329
Profit for the year	692 514	623 454
Acquisition of shares by Holding Company without change in control	(45 030)	(105 363)
Dividend distribution	(811 778)	(831 373)
Transfer from surplus on revaluation of property and equipment	19 310	12 823
	<u>4 279 886</u>	<u>4 424 870</u>

39. Related party transactions

Related parties comprise of directors, major shareholders, key management personnel, associated companies, and entities with common directors and employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms. The transactions and balances with related parties other than those which have been specifically disclosed elsewhere in these consolidated financial statements are as follows:

	Rupees '000	
	2022	2021
Transactions		
Associated Companies		
Premium written	371 462	571 670
Premium paid	70 784	53 869
Claims paid	225 177	317 196
Commission paid	140 624	191 867
Travelling expenses	3 864	11 215
Donation paid	12 448	12 856
Dividend received	680 073	665 419
Dividend paid	647 602	647 621
Interest on bank deposits	1 225 964	807 114
Purchase of vehicle	151 236	89 465
Investment sold	11 180 239	3 039 642
Investment brought	700 000	335 915
Bank deposit	7 828 429	6 105 000
Payment to K-Electric	31 139	59 142
Key management personnel		
Premium written	8 515	12 263
Claims paid	168	220
Dividend paid	10 135	10 951
Loan to key employees	413	5 000
Loan recovered	7 523	10 164
Compensation	302 746	272 603
Others		
Premium written	82 004	91 028
Claims paid	18 361	11 972
Dividend paid	656 927	659 973
Brokerage paid	539	1 812
Employees' funds		
Contribution to provident fund	83 949	76 916
Contribution to gratuity fund	26 769	22 507
Contribution to pension fund	35 274	34 878
Dividend paid	4 494	5 137
Balances		
Others		
Balances receivable	46 984	50 015
Balances payable	37 588	37 773
Bank deposits	7 816 929	11 076 929
Bank balances	1 972 396	1 333 983
Employees' funds receivable / (payable)		
EFU gratuity fund	(83 233)	(69 001)
EFU pension fund	69 224	59 963

40. Segment Information

Rupees '000

Current year	For the year ended 31 December 2022									
	General Insurance					Life Assurance			Total	
	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Aggregate General Insurance	Shareholders' Fund	Statutory Fund		Aggregate Life Assurance
Premium Receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	22 707 048	4 195 140	4 333 575	2 008 689	-	33 244 452	-	39 550 921	39 550 921	72 795 373
Less: Sales tax	2 544 163	445 753	524 589	237 885	-	3 752 390	-	-	-	3 752 390
Stamp duty	515	203 557	1 216	1 107	-	206 395	-	-	-	206 395
Federal insurance fee	199 721	35 099	37 774	17 479	-	290 073	-	-	-	290 073
Gross Written Premium (inclusive of administrative surcharge)	19 962 649	3 510 731	3 769 996	1 752 218	-	28 995 594	-	39 550 921	39 550 921	68 546 515
Gross direct premium	19 912 985	3 454 576	3 577 246	1 727 616	-	28 672 423	-	39 550 921	39 550 921	68 223 344
Facultative inward premium	13 357	718	-	8 706	-	22 781	-	-	-	22 781
Administrative surcharge	36 307	55 437	192 750	15 896	-	300 390	-	-	-	300 390
Insurance premium earned	16 578 829	3 383 594	3 633 631	1 750 047	-	25 346 101	-	39 550 921	39 550 921	64 897 022
Insurance premium ceded to reinsurers	(13 005 710)	(1 516 704)	(23 682)	(536 291)	-	(15 082 387)	-	(1 093 373)	(1 093 373)	(16 175 760)
Net insurance premium	3 573 119	1 866 890	3 609 949	1 213 756	-	10 263 714	-	38 457 548	38 457 548	48 721 262
Commission income	245 557	17 378	5	40 782	-	303 722	-	-	-	303 722
Net underwriting income	3 818 676	1 884 268	3 609 954	1 254 538	-	10 567 436	-	38 457 548	38 457 548	49 024 984
Insurance claims	(6 432 731)	(856 890)	(1 867 474)	(806 140)	-	(9 963 235)	-	(26 336 083)	(26 336 083)	(36 299 318)
Insurance claims recovered from reinsurers	4 241 389	73 902	1 176	46 752	-	4 363 219	-	819 414	819 414	5 182 633
Net claims	(2 191 342)	(782 988)	(1 866 298)	(759 388)	-	(5 600 016)	-	(25 516 669)	(25 516 669)	(31 116 685)
Commission expense	(1 142 852)	(307 840)	(330 407)	(108 860)	-	(1 889 959)	-	(7 895 558)	(7 895 558)	(9 785 517)
Management expenses	(1 091 051)	(519 395)	(1 061 277)	(351 903)	-	(3 023 626)	-	(3 110 813)	(3 110 813)	(6 134 439)
Net insurance claims and expenses	(4 425 245)	(1 610 223)	(3 257 982)	(1 220 151)	-	(10 513 601)	-	(36 523 040)	(36 523 040)	(47 036 641)
Net Change in Insurance Liabilities (Other than outstanding Claims)	-	-	-	-	-	-	-	(14 167 035)	(14 167 035)	(14 167 035)
Underwriting result	(606 569)	274 045	351 972	34 387	-	53 835	-	(12 232 527)	(12 232 527)	(12 178 692)
Net investment income	-	-	-	-	-	1 236 481	-	19 211 061	19 211 061	20 447 542
Net realized fair value gain on financial assets	-	-	-	-	-	-	-	207 791	207 791	207 791
Net fair value loss on financial assets at fair value through profit and loss	-	-	-	-	-	-	-	(4 978 573)	(4 978 573)	(4 978 573)
Rental income	-	-	-	-	-	124 712	-	-	-	124 712
Other income	-	-	-	-	-	241 283	-	116 265	116 265	357 548
Change in fair value of investment property	-	-	-	-	-	449 530	-	-	-	449 530
Impairment of goodwill	-	-	-	-	-	(1 968 922)	-	-	-	(1 968 922)
Other expense	-	-	-	-	-	(81 387)	-	(42 426)	(42 426)	(123 813)
Profit before tax from general takaful operations - OPF	-	-	-	-	-	387 631	-	-	-	387 631
Profit before tax	-	-	-	-	-	443 163	-	2 281 591	2 281 591	2 724 754

Rupees '000

Current year	As at 31 December 2022									
	General Insurance					Life Assurance				Total
	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Aggregate General Insurance	Shareholders' Fund	Statutory Fund	Aggregate Life Assurance	
Corporate segment assets-conventional	18 675 990	1 963 179	595 833	843 592	-	22 078 594	-	177 589 020	177 589 020	199 667 614
Corporate segment assets - Takaful OPF	157 225	17 208	365 513	17 761	-	557 707	-	-	-	557 707
Corporate unallocated assets-conventional						28 576 210	4 870 507	-	4 870 507	33 446 717
Corporate unallocated assets - Takaful OPF						1 043 460	-	-	-	1 043 460
Consolidated total assets						<u>52 255 971</u>	<u>4 870 507</u>	<u>177 589 020</u>	<u>182 459 527</u>	<u>234 715 498</u>
Corporate segment liabilities	24 933 928	3 300 167	2 746 514	3 787 296	-	34 767 905	-	171 491 705	171 491 705	206 259 610
Corporate segment liabilities - Takaful OPF	152 456	16 489	479 499	27 619	-	676 063	-	-	-	676 063
Corporate unallocated liabilities						2 178 418	1 871 460	-	1 871 460	4 049 878
Corporate unallocated liabilities - Takaful OPF						47 712	-	-	-	47 712
Consolidated total liabilities						<u>37 670 098</u>	<u>1 871 460</u>	<u>171 491 705</u>	<u>173 363 165</u>	<u>211 033 263</u>
Location										External premium less reinsurance by geographical segments 2022
Pakistan										48 689 150
* EPZ										32 112
Total										<u>48 721 262</u>

* This represents US Dollar Equivalent in Pak Rupees

Rupees '000

For the year ended 31 December 2021

Prior year	General Insurance					Life Assurance			(Restated) Total	
	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Aggregate General Insurance	Shareholders' Fund	Statutory Fund		Aggregate Life Assurance
Premium Receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	15 881 707	3 626 553	4 004 886	1 915 244	-	25 428 390	-	37 394 428	37 394 428	62 822 818
Less: Sales tax	2 001 229	387 939	484 389	235 986	-	3 109 543	-	-	-	3 109 543
Stamp duty	495	163 681	1 193	918	-	166 287	-	-	-	166 287
Federal insurance fee	137 539	30 436	34 919	16 657	-	219 551	-	-	-	219 551
Gross Written Premium (inclusive of administrative surcharge)	13 742 444	3 044 497	3 484 385	1 661 683	-	21 933 009	-	37 394 428	37 394 428	59 327 437
Gross direct premium	13 703 024	2 989 308	3 272 398	1 647 138	-	21 611 868	-	37 394 428	37 394 428	59 006 296
Facultative inward premium	4 209	827	-	-	-	5 036	-	-	-	5 036
Administrative surcharge	35 211	54 362	211 987	14 545	-	316 105	-	-	-	316 105
Insurance premium earned	13 054 624	2 854 664	3 337 251	1 579 886	-	20 826 425	-	37 394 428	37 394 428	58 220 853
Insurance premium ceded to reinsurers	(9 295 940)	(1 226 030)	(21 034)	(503 631)	-	(11 046 635)	-	(1 056 377)	(1 056 377)	(12 103 012)
Net insurance premium	3 758 684	1 628 634	3 316 217	1 076 255	-	9 779 790	-	36 338 051	36 338 051	46 117 841
Commission income	212 452	16 793	45	41 737	-	271 027	-	-	-	271 027
Net underwriting income	3 971 136	1 645 427	3 316 262	1 117 992	-	10 050 817	-	36 338 051	36 338 051	46 388 868
Insurance claims	(3 923 416)	(714 398)	(1 628 241)	(697 479)	-	(6 963 534)	-	(23 818 672)	(23 818 672)	(30 782 206)
Insurance claims recovered from reinsurers	2 498 548	114 647	(100)	76 125	-	2 689 220	-	798 664	798 664	3 487 884
Net claims	(1 424 868)	(599 751)	(1 628 341)	(621 354)	-	(4 274 314)	-	(23 020 008)	(23 020 008)	(27 294 322)
Commission expense	(849 318)	(274 811)	(304 849)	(111 471)	-	(1 540 449)	-	(7 905 778)	(7 905 778)	(9 446 227)
Management expenses	(1 027 682)	(422 599)	(955 365)	(291 044)	-	(2 696 690)	-	(2 837 830)	(2 837 830)	(5 534 520)
Net insurance claims and expenses	(3 301 868)	(1 297 161)	(2 888 555)	(1 023 869)	-	(8 511 453)	-	(33 763 616)	(33 763 616)	(42 275 069)
Net Change in Insurance Liabilities (Other than outstanding Claims)	-	-	-	-	-	-	-	(8 430 692)	(8 430 692)	(8 430 692)
Underwriting result	669 268	348 266	427 707	94 123	-	1 539 364	-	(5 856 257)	(5 856 257)	(4 316 893)
Net Investment income						1 261 592	-	11 869 292	11 869 292	13 130 884
Net realized fair value losses on financial assets						-	-	2 179 495	2 179 495	2 179 495
Net fair value loss on financial assets at fair value through profit and loss						-	-	(6 667 972)	(6 667 972)	(6 667 972)
Rental income						122 193	-	-	-	122 193
Other income						122 601	-	114 419	114 419	237 020
Other expense						(70 767)	-	(37 891)	(37 891)	(108 658)
Profit before tax from general takaful operations - OPF						186 105	-	-	-	186 105
Profit before tax						3 239 509	-	1 601 086	1 601 086	4 840 595

Rupees '000

Prior year	As at 31 December 2021									
	General Insurance					Life Assurance				
	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Aggregate General Insurance	Shareholders' Fund	Statutory Fund	Aggregate Life Assurance	Total
Corporate segment assets-conventional	11 948 826	1 950 272	668 558	802 029	-	15 369 685	-	160 644 159	160 644 159	176 013 844
Corporate segment assets - Takaful OPF	91 055	11 820	244 001	11 127	-	358 003	-	-	-	358 003
Corporate unallocated assets-conventional						28 775 106	4 743 069	-	4 743 069	33 518 175
Corporate unallocated assets - Takaful OPF						783 218	-	-	-	783 218
Consolidated total assets						<u>45 286 012</u>	<u>4 743 069</u>	<u>160 644 159</u>	<u>165 387 228</u>	<u>210 673 240</u>
Corporate segment liabilities	15 887 724	2 795 937	2 593 290	3 246 362	-	24 523 313	-	156 092 115	156 092 115	180 615 428
Corporate segment liabilities - Takaful OPF	95 867	13 030	375 669	12 660	-	497 226	-	-	-	497 226
Corporate unallocated liabilities						2 628 502	1 010 395	-	1 010 395	3 638 897
Corporate unallocated liabilities - Takaful OPF						16 749	-	-	-	16 749
Consolidated total liabilities						<u>27 665 790</u>	<u>1 010 395</u>	<u>156 092 115</u>	<u>157 102 510</u>	<u>184 768 300</u>
Location										External premium less reinsurance by geographical segments 2021
Pakistan										46 073 636
* EPZ										44 205
Total										<u>46 117 841</u>

* This represents US Dollar Equivalent in Pak Rupees

41. Movement in investment

Name of investment	Held to maturity	Available-for-sale	Fair value through P & L	Total
At beginning of previous year	24 914 646	18 719 068	114 235 361	157 869 075
Additions	158 761 001	54 478 109	42 243 793	255 482 903
Disposals (sale and redemptions)	(150 428 255)	(54 868 574)	(35 502 084)	(240 798 913)
Fair value net gains / (losses)				
(excluding net realized gains / (losses))	-	(1 638 266)	(6 057 317)	(7 695 583)
Impairment losses	-	(165 515)	-	(165 515)
At beginning of current year	<u>33 247 392</u>	<u>16 524 822</u>	<u>114 919 753</u>	<u>164 691 967</u>
Additions	119 906 944	11 486 431	92 959 274	224 352 649
Disposals (sale and redemptions)	(134 690 321)	(8 068 774)	(60 604 116)	(203 363 211)
Fair value net gains				
(excluding net realized gains / (losses))	-	(1 003 948)	(4 462 393)	(5 466 341)
Impairment losses	-	(388 188)	-	(388 188)
At end of current year	<u>18 464 015</u>	<u>18 550 343</u>	<u>142 812 518</u>	<u>179 826 876</u>

42. Management of insurance and financial risk

42.1 Insurance risk

The principal risk the Group faces under insurance contracts is the possibility that the insured event occurs, the uncertainty of the amount of the resulting claims i.e. the frequency and severity of claims and that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. By the vary nature of an insurance contract, this risk is random and therefore unpredictable. The objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy aims to minimize insurance risks with a balanced mix and spread of business classes and by observing underwriting guidelines and limits.

The Holding Company underwrites mainly property, motor, marine cargo and transportation and other miscellaneous business. These classes of insurance are generally regarded as short-term insurance contracts where claims are normally intimated and settled within a short time span, usually one year. This helps to mitigate insurance risk.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Holding Company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. For large risks, particularly in property segment of business, risk inspections are carried out before accepting the risks. Similarly, in case of large risks, annual renewals are also preceded by on-site surveys. Where needed, risk mitigation measures are identified and communicated to the clients to improve the risk to an acceptable level.

Reinsurance arrangements in place include treaty and facultative arrangements, on proportional and non-proportional basis and also include catastrophe cover. The effect of such reinsurance arrangements is that the Holding Company may not suffer ultimate net insurance losses beyond the Holding Company's risk appetite in any one year.

The Holding Company's arrangement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor the operations of the Holding Company are substantially dependent upon any single reinsurance contract. The Holding Company obtains reinsurance cover only from companies with sound financial health.

For Subsidiary Company, the occurrence of any single claim and amount paid on a single claim is a random event. However, as the number of contracts and independent lives increase, the estimated claim amounts and the number of claims get closer to the actual figures. This phenomenon is observed when pool of contracts is large enough and lives are independent. To manage this risk, Subsidiary Company monitors its concentration risk, on several parameters, and maintains diversity in its portfolio of insurance contracts.

In order to maintain this diversification, the Subsidiary Company takes a number of steps to manage the overall insurance risk of its portfolio of insurance contracts. The risk of an individual life is broadly assessed in light of its: medical condition, which include living habits, physical health and medical history; occupational condition, which assesses an individual's job profile and whether any characteristics of the job could have a significant impact on that individual's mortality; financial condition, which determines the individual's ability and affordability to purchase and maintain an insurance contract over the long-term.

The Subsidiary Company identifies and defines parameters in its underwriting strategy to clearly identify individuals (sub-standard lives) which could potentially increase the overall risk of insurance portfolio. Based on certain parameters, such individuals pay an extra charge called Extra Mortality Premium, in order to compensate for extra risk added to existing pool of insured individuals. These measures allow the Subsidiary Company to charge an individual life in line with the risk contributed to its insurance portfolio. These underwriting measures also discourage accumulation of sub-standard lives in the insured pool, thereby managing the overall insurance risk of Subsidiary Company in the long-term.

The Subsidiary Company also manages its geographical concentration of risk. Currently the Subsidiary Company's geographical concentration of risk for its Individual Life sales force business is as follows:

Individual Conventional Business:

	Diversification of risk portfolio	
	Before reinsurance	After reinsurance
Azad Kashmir	2.45%	2.99%
Balochistan	4.86%	5.82%
Gilgit Baltistan	1.82%	2.62%
Khyber Pakhtunkhwa	1.53%	1.85%
Punjab	38.48%	38.52%
Sindh	50.86%	48.20%

Individual family takaful business:

	Diversification of risk portfolio	
	Before reinsurance	After reinsurance
Azad Kashmir	2.30%	3.42%
Balochistan	0.53%	0.52%
Gilgit Baltistan	0.11%	0.13%
Khyber Pakhtunkhwa	1.87%	2.96%
Punjab	45.31%	46.84%
Sindh	49.89%	46.13%

For Group Life business, the Subsidiary Company's geographical concentration of risk is as follows:

	Diversification of risk portfolio	
	Before reinsurance	After reinsurance
Conventional Business		
Sindh	49.13%	60.76%
Punjab	40.87%	39.24%
Group Family Takaful Business		
Punjab	82.92%	72.67%
Sindh	17.08%	27.33%

The Subsidiary Company also has reinsurance arrangements with its reinsurance partners, to whom the Subsidiary Company passes any excess insurance risk beyond its retention levels. Limits are continually monitored and kept in line with the overall risk tolerance. This allows the Subsidiary Company to retain the risk according to its risk capacity and minimizes excessive claim payouts. Currently, the total risk retained on individual life products is Rs. 2,000,000 per life for the death risk, Rs. 1,000,000 for individual takaful policies and Rs. 1,000,000 for risks associated with critical illness plans. For Group Life, the Subsidiary Company currently retains Rs. 2,000,000 of total life risk on each life and Rs. 1,000,000 for Group Family Takaful business. For critical life cover, 50% of the sum covered is retained for both, Group Life and Group Family Takaful business.

42.1.1 Frequency and severity of claims

Holding Company

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical, atmospheric disturbances, natural disasters, concentration of risks, civil riots etc. The Holding Company manages these risks through the measures described above. The Holding Company has limited its exposure to catastrophic and riot events by use of reinsurance arrangements.

The Holding 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 at consolidated financial statements date:

The Holding Company also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighbouring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk.

The Holding Company evaluates the concentration of exposures to individual and cumulative insurance risks and establishes its reinsurance policy to reduce such exposures to levels acceptable to the Holding Company.

The Holding Company's class wise major gross risk exposure is as follows:

Rupees '000

Class	2022	2021
Fire and property damage	479 247 570	339 467 000
Marine aviation and transport	170 527 500	138 171 000
Motor	104 000	137 600
Miscellaneous	46 800 000	35 325 000

Since the Holding Company operates in Pakistan only, hence, all the insurance risks relate to policies written in Pakistan.

Subsidiary Company

Frequency and severity can have a significant impact on total claims paid out by the Subsidiary Company. High frequency of claims could occur due to adverse experience of mortality or disability. Adverse mortality experience, in short-term, could be due to a wide-range spread of fatal contagious disease, an epidemic. Over a longer term, overall health practices, eating and living habits could potentially have an adverse effect on mortality.

About 90% of Subsidiary Company's business is concentrated in the provinces of Sindh and Punjab. This concentration is largely in line with the population of these provinces relative to country's total population. The Subsidiary Company's diversified portfolio of contracts helps limit the frequency and severity of claims. However, in event of large number of deaths or disabilities, Subsidiary Company does face the risk of paying out excessive claims. To manage and mitigate this exposure, arrangements in form of reinsurance and catastrophe cover are in place.

In Group life business, frequency and severity of claims can be affected by concentration of business in a specifically risky class of industry. Claim frequency can rise substantially from businesses in industries that are more prone to accidents due to the nature of work they perform. Likewise, severity of claims can also be associated with business concentration in a specific class of industry. The Subsidiary Company continually monitors its concentration risk and takes measures to keep its business portfolio well diversified.

Contracts in group life, are mainly one year term life contracts, where premium rates are generally guaranteed for one year only. The Subsidiary Company retains the right of changing premium rates by incorporating the claim experience of a group insured, thereby allowing the Subsidiary Company to charge a specific group in line with its claim experience.

The Subsidiary Company regularly carries out an exercise to monitor time lags between intimation and settlement claim dates. The study reveals that a significant portion of claims are settled within twelve months of claim intimation.

42.1.2 Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the balance sheet 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 possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming and economic conditions. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the balance sheet date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the balance sheet date.

42.1.3 Process used to decide on assumptions

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

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Subsidiary Company, in which case information about the claim event is available. IBNR

provisions are initially estimated at a gross level and a separate calculation is carried out to estimate the size of the reinsurance recoveries. The estimation process takes into account the past claims reporting pattern and details of reinsurance programs.

The premium liabilities have been determined such that the total premium liability provisions (unearned premium reserve and premium deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of balance sheet date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

42.1.4 Mortality, Disability and Critical Illness

Mortality and disability rates are basic assumptions used in valuation of policyholder liabilities. For mortality, life table EFU (61-66) is being currently used. The life table was published more than 40 years ago and may not reflect mortality improvements. For reserving purposes, a 10% mortality loading is used over EFU (61-66) rates to build in conservatism. An analysis of past mortality experience, reveals that 10% mortality loading for reserving purposes is appropriate to ensure prudence.

Sudden adverse experience in mortality might occur due to epidemics, causing deaths on a mass scale due to incurable contagious illnesses. Mortality may also deteriorate over a period of time, due to wide-scale changes in living life styles, eating and health habits.

Sensitivity test with respect to mortality is carried out and impact on policyholder liabilities is observed. When mortality rates increase by 10%, policyholder liabilities increase by 0.063%. Likewise, when mortality rates decrease by 10%, policyholder liabilities decrease by 0.063%.

In absence of credible disability and critical illness incidence rates, the Subsidiary Company uses reinsurance rates for actuarial liability valuation of disability and critical illness benefits.

42.1.5 Investment income - Statutory fund

Investment income is an important assumption for valuation of long-term conventional plans. This is the rate at which future expected benefits and expected premiums are discounted. Currently, the valuation assumption used for investment income is 3.75% p.a.

Sensitivity test with respect to investment income is carried out and its impact on policyholder liabilities observed. When investment rate is increased by 10%, policyholder liabilities decrease by 0.002%. Likewise, when investment income rate is decreased by 10%, policyholder liabilities increase by 0.002%.

42.1.6 Sources of uncertainty in estimation of future benefit payments and life insurance premium receipts

The uncertainty with respect to future premiums and benefits may arise due to unexpected changes in mortality or disability experience. Adverse mortality experience will result in excess benefit payments, and reduced future premium income.

Likewise, unexpected changes in surrender and lapse could also have a significant impact on future realized premiums. Estimates of lapses and surrenders are based on internal experience studies carried out annually. Factors that could affect policyholder behavior include market factors such as interest rates, policyholder preferences in terms of the monetary value that a policyholder relates with the insurance policy, the frequency of premium payments and the age of the individual.

42.1.7 Process used to decide on assumptions

Assumptions used to determine policyholder liabilities include, mortality / disability / critical illness rates, investment returns for conventional business, investment returns for investment linked business, expenses and mortality loading.

Mortality assumptions should in principle reflect adequate conservatism in liabilities. The Subsidiary Company considers EFU (61-66) life table to be appropriate for actuarial valuation of policyholder liabilities.

Disability and Critical illness rates used for liability valuation are the reinsurance rates provided by the reinsurer. Due to lack of sufficient claim experience for these disabilities and critical illnesses, the Subsidiary Company considers this as the best estimate available.

The Subsidiary Company uses an investment return assumption of 3.75% per annum to evaluate actuarial liabilities of its conventional plans. Liabilities of conventional products should in principle reflect a long term conservative interest rate, to reflect adequate conservatism. An investment return of 6.00% per annum is hence considered appropriate.

For Unit-linked products where the death benefit is paid in form of annuity, the Company uses a discount rate of 6% to evaluate present value of future stream of cash flows. In principle, the interest rate assumption set to discount cash flows

should reflect the expected returns on assets backing these liabilities. The Subsidiary Company expects to earn at least a 6% return on assets backing these unit-linked liabilities.

In valuation of unearned premium reserve for unit-linked plans a loading of 10% is applied on rates from efu (61-66). In opinion of Subsidiary Company's management and appointed actuary this assumption is prudent.

Since from Annual 2014 onwards the Subsidiary Company shall maintain 100% retention on its books on account of Solvency Margin, the Subsidiary Company will no longer keep an extra reserve on account of mortality fluctuation. It is the opinion of Subsidiary Company's management and appointed actuary that this assumption is prudent.

The Subsidiary Company reserves for any increase in actuarial liability resulting from the possible reinstatement of lapsed policies. The current liability valuation also takes into account cash value of units pertaining to policies lapsed in last 2 years. A unit-linked policy lapses when the second annual premium of policy is not received. In principle, cash value of a lapsed policy is not surrenderable, as per provisions and conditions, unless the second premium is paid and policy is reinstated. However, the Subsidiary Company recognizes the possibility of these lapsed policies to be reinstated and hence carries out periodic studies to determine expected renewals. In opinion of the Subsidiary Company's management and appointed actuary assumptions used to set aside a liability against these lapsed policies is prudent.

For the purpose of liability adequacy tests the Subsidiary Company makes assumptions relating to expenses. For this purpose, regular expense analyzes are carried out based on actual expenses and transaction volumes.

	Rupees '000	
	Policyholder liabilities on existing valuation basis	Policyholder liabilities using best estimate assumptions
Assumption		
Mortality	161 658 211	161 406 390
Investment returns	161 658 211	161 460 539

42.1.8 Sensitivity analysis

The Holding Company believes that the claim liabilities under insurance contracts outstanding at the yearend are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the consolidated financial statements. The impact on the profit before tax and shareholders' 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 other assumptions constant.

	Profit before tax		Shareholders' equity	
	2022	2021	2022	2021
Impact of change in claim liabilities by +10				
Fire and property damage	(179 075)	(147 637)	(127 143)	(104 822)
Marine, aviation and transport	(59 306)	(37 916)	(42 107)	(26 920)
Motor	(81 357)	(79 564)	(57 763)	(56 490)
Miscellaneous	(66 701)	(46 013)	(47 358)	(32 669)
	<u>(386 439)</u>	<u>(311 130)</u>	<u>(274 371)</u>	<u>(220 901)</u>
Impact of change in claim liabilities by -10				
Fire and property damage	179 075	147 637	127 143	104 822
Marine, aviation and transport	59 306	37 916	42 107	26 920
Motor	81 357	79 564	57 763	56 490
Miscellaneous	66 701	46 013	47 358	32 669
	<u>386 439</u>	<u>311 130</u>	<u>274 371</u>	<u>220 901</u>

The basic assumptions used in valuation of liabilities are mortality, disability, critical illness rates and investment returns assumed in discounting future cash flows. The table below presents sensitivity results with respect to above mentioned factors, with their impact observed on policyholder liabilities:

	% change in sensitivity variable	% change in policyholder liabilities
Worsening of mortality and critical illness rates	10%	0.043%
Improvement in mortality and critical illness rates	10%	(0.043%)
Increase in investment returns	10%	(0.001%)
Decrease in investment returns	10%	0.002%

42.2 Financial risk

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (comprising of currency risk, interest rate risk and other price risk). The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

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

42.2.1 Credit risk

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The management monitors exposure to credit risk through regular review of credit exposure, undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet contractual obligations in similar manner. Due to the nature of financial assets, the Group believes it is not exposed to any major concentration of credit risk.

The carrying amounts of the following financial assets represent the Group's maximum exposure to credit risk:

	Rupees '000	
	2022	2021
Financial assets		
Term deposits	14 978 121	25 055 214
Loans and other receivables	4 756 358	3 094 087
Insurance / reinsurance receivables	6 595 126	5 469 946
Reinsurance recoveries against outstanding claims	6 503 793	3 974 297
Cash and bank	6 193 736	5 797 647
	<u>39 027 134</u>	<u>43 391 191</u>

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

	Rupees '000	
Financial assets	2022	2021
Rating		
AAA	988 099	909 016
AA+	652 275	382 078
AA	1 067	67 114
AA-	506 213	458 203
A+	–	2 827 104
A-	1	5 204
A	2 319	–
A-1+	13 854 858	19 544 085
A-1	5 007 132	6 625 671
A-2	122 938	11 918
	<u>21 134 902</u>	<u>30 830 393</u>

The credit quality of Group's investment in term finance certificates can be assessed with reference to external credit ratings as follows:

			Rupees '000	
Rating	Short Term	Rating Agency	2022	2021
Agritech Limited - 3rd Issue (B)	N/A	–	5 665	5 665
Agritech Limited - 3rd Issue (A)	N/A	–	34 972	34 972
New Allied Electronics Limited	N/A	–	3 481	3 481
Soneri Bank Limited	AA-	PACRA	100 000	100 000
Habib Bank Limited	AAA	VIS	100 000	100 000
Dubai Islamic Bank limited	AA-	VIS	80 000	80 000
The Hub Power Company Limited	AA+	PACRA	51 807	51 807
Engro Polymer & Chemicals Limited	AA	VIS	53 803	53 803
Bank AL Habib Limited	AAA	PACRA	684 840	103 601
Bank Alfalah Limited	AA-	PACRA	100 000	100 000
United Bank Limited	AA+	VIS	1 250 000	1 250 000
Soneri Bank Limited	A+	PACRA	50 000	50 000
Askari Bank Limited	AA+	PACRA	100 980	101 000
Habib Bank Limited	AA+	VIS	200 000	200 000
Askari Bank Limited	AA+	PACRA	500 000	500 000
TPL Trakker Limited	A	PACRA	18 146	23 729
Bank Alfalah Limited	AA-	PACRA	462 573	464 463
Khushhali Microfinance Bank	BB-	VIS	150 000	–
Lucky Electric Power Company	A1+	PACRA	250 000	–
Bank of Punjab	AA+	PACRA	500 000	–
TPL Corporation	A1	PACRA	20 000	–
			<u>5 416 267</u>	<u>3 422 521</u>

Investment in Government securities are not exposed to any credit risk.

The management monitors exposure to credit risk in premium receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables. As at 31 December 2022, the premiums due but unpaid (other than impaired balances) includes amount receivable within one year and above one year amounting to Rs. 5,869 million (2021: Rs. 4,918 million) and Rs. Nil (2021: Rs. Nil million) respectively.

In life insurance business, liquidity risk is the risk that the Subsidiary Company is unable to meet its funding requirements, without incurring a material loss in disposing off its illiquid assets. To guard against this risk, the Subsidiary Company maintains a healthy balance of cash and cash equivalents and readily marketable securities. Liquidity is monitored regularly and assets are frequently rebalanced to maintain a certain level of liquidity at all times. Going forward, the Subsidiary Company also plans to set up a contingency plan, whereby alternate sources of liquidity will be identified and assets would be analyzed and ranked in their liquidity order, to determine which assets would need to be disposed off first in case of a liquidity crisis.

The expected payouts in liabilities along with maturity profile of assets and liabilities are monitored to ensure that adequate liquidity is maintained within the Subsidiary Company, to avoid the need of liquidating assets below their actual market value.

The following extract, classifies the assets and liabilities of the Subsidiary Company by type of product in each Statutory Fund as at 31 December 2022. The table below also presents details of assets under Shareholder's Fund:

	Investment linked products (all unit main linked plans)	Conventional products (individual, group life, riders)	Shareholder's fund	Rupees '000 Total
Available-for-sale:				
– Government securities	115 927 658	–	–	115 927 658
– Other fixed income securities	8 240 036	–	–	8 240 036
Held to maturity:				
– Government securities	–	4 025 909	1 376 009	5 401 918
– Other fixed income securities	–	53 302	10 001	63 303
Available-for-sale:				
– Listed equities	20 157 634	2 631	21 978	20 182 243
– Mutual funds	236 294	–	154 788	391 082
– Unlisted equities and mutual funds	–	–	508	508
Loans and receivables	–	–	207 626	207 626
– Insurance receivables	–	381 831	–	381 831
Reinsurance assets	–	341 683	–	341 683
TDR and Bank Balances	17 992 103	962 485	30 340	18 984 928
Cash and stamps	367	1	–	368
Investment income accrued	3 033 565	53 607	19 087	3 106 259
Advances and deposits	776 125	63 046	–	839 171
Income tax asset	1 540	1 540	1 103 874	1 106 954
Prepayments	136 814	12 372	–	149 186
Sundry receivables	118 635	2 508	50 833	171 976
Fixed assets	1 125 847	–	1 895 465	3 021 312
Total assets	167 746 618	5 900 915	4 870 509	178 518 042
Long-term insurance contracts and investment contracts:				
Fixed term	99 431 217	351 442	–	99 782 659
Whole of life	60 037 554	–	–	60 037 554
Short-term insurance contracts	–	1 574 646	–	1 574 646
Riders	–	263 352	–	263 352
Equity	–	–	4 186 995	4 186 995
Other liabilities	8 277 847	3 711 475	683 514	12 672 836
Total liabilities	167 746 618	5 900 915	4 870 509	178 518 042

42.2.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices such as interest rates, foreign exchange rates and equity prices.

The Holding Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in Government securities, equity and term finance certificates markets. In addition, the Holding Company actively monitors the key factors that affect the underlying value of these securities.

In addition, the Subsidiary Company is exposed to market risk in relation to its investments with respect to products other than unit-linked products (in unit-linked products, investment risk is borne by the policyholder). The Subsidiary Company limits market risk by maintaining a diversified portfolio and by continuously monitoring developments in government securities, equity and term finance certificates. The Subsidiary Company, along with minimizing market risk by careful diversification in assets, also periodically carries out an Asset Liability management exercise, to match its duration of assets and liabilities.

42.2.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Group has securities and deposits that are subject to interest rate risk. The Group limits interest rate risk by monitoring changes in interest rates in the currencies in which its financial assets are denominated.

The information about Group's exposure to interest rate risk based on contractual reprising or maturity dates whichever is earlier is as follows:

Maturity profile of financial assets and liabilities

Rupees '000

	2022						
	Interest / mark-up bearing			Non-interest / non-mark-up bearing			Total
	Maturity upto one year	Maturity above one year	Sub total	Maturity upto one year	Maturity above one year	Sub total	
Financial assets							
Investments	122 202 973	34 332 047	156 535 020	20 573 834	2 718 022	23 291 856	179 826 876
Loans and other receivables	31 346	354 930	386 276	4 370 082	–	4 370 082	4 756 358
Cash and bank deposits	6 020 025	–	6 020 025	896 958	–	896 958	6 916 983
Insurance / reinsurance receivables	–	–	–	5 876 353	–	5 876 353	5 876 353
Reinsurance recoveries against outstanding claims	–	–	–	6 503 793	–	6 503 793	6 503 793
	<u>128 254 344</u>	<u>34 686 977</u>	<u>162 941 321</u>	<u>38 221 020</u>	<u>2 718 022</u>	<u>40 939 042</u>	<u>203 880 363</u>
Financial liabilities							
Outstanding claims including IBNR	–	–	–	10 368 176	–	10 368 176	10 368 176
Premium received in advance	–	–	–	1 202 333	–	1 202 333	1 202 333
Insurance / reinsurance payables	–	–	–	8 052 066	–	8 052 066	8 052 066
Other creditors and accruals	–	–	–	6 913 950	–	6 913 950	6 913 950
	<u>–</u>	<u>–</u>	<u>–</u>	<u>26 536 525</u>	<u>–</u>	<u>26 536 525</u>	<u>26 536 525</u>

Rupees '000

2021

	Interest / mark-up bearing			Non-interest / non-mark-up bearing			Total
	Maturity upto one year	Maturity above one year	Sub total	Maturity upto one year	Maturity above one year	Sub total	
Financial assets							
Investments	25 983 350	101 684 765	127 668 115	33 318 674	3 705 178	37 023 852	164 691 967
Loans and other receivables	27 383	325 073	352 456	2 741 631	–	2 741 631	3 094 087
Cash and bank deposits	5 608 185	–	5 608 185	189 462	–	189 462	5 797 647
Insurance / reinsurance receivables	–	–	–	5 469 946	–	5 469 946	5 469 946
Reinsurance recoveries against outstanding claims	–	–	–	3 974 297	–	3 974 297	3 974 297
	<u>31 618 918</u>	<u>102 009 838</u>	<u>133 628 756</u>	<u>45 694 010</u>	<u>3 705 178</u>	<u>49 399 188</u>	<u>183 027 944</u>
Financial liabilities							
Outstanding claims including IBNR	–	–	–	7 085 599	–	7 085 599	7 085 599
Premium received in advance	–	–	–	1 148 292	–	1 148 292	1 148 292
Insurance / reinsurance payables	–	–	–	4 886 033	–	4 886 033	4 886 033
Other creditors and accruals	–	–	–	6 356 936	–	6 356 936	6 356 936
	<u>–</u>	<u>–</u>	<u>–</u>	<u>19 476 860</u>	<u>–</u>	<u>19 476 860</u>	<u>19 476 860</u>

Sensitivity analysis

As on 31 December 2022, the Holding Company had no financial instruments valued at fair value through profit or loss. For cash flow sensitivity analysis of variable rate instruments, a hypothetical change of 100 basis points in interest rates during the year would have decreased / increased profit for the year by the amounts shown below.

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

Rupees '000

	Change in basis points	Effect on profit and loss before tax	Effect on shareholder's equity
31 December 2022	100	47 853	32 062
	(100)	(47 853)	(32 062)
31 December 2021	100	44 487	31 586
	(100)	(44 487)	(31 586)

42.2.3.2 Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Group, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pakistani Rupees.

42.2.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest 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 Group's equity investments amounting to Rs. 22,859 million are susceptible to market price risk arising from uncertainty about the future value of investment securities. The Group limits market risk by diversifying its equity investment portfolio and by actively monitoring the developments in equity and money markets.

The table below summarises Group's market price risk as of 31 December 2022 and 2021. It shows the effect of a 10 % increase and 10 % decrease in the market prices of equity investments as on those dates on Group's profit and equity.

Had all equity investments, other than associate, been measured at fair values as required by IAS 39, Financial Instruments: Recognition and measurement, the impact of hypothetical change would be as follows:

				Rupees '000	
	Fair value	Price change	Estimated fair value	Effect on profit and loss before tax	
				Effect on shareholder's equity	
31 December 2022	22 858 867	10 % increase	25 144 754	–	2 285 887
		10 % decrease	20 572 980	–	(2 285 887)
31 December 2021	36 532 351	10 % increase	49 328 635	–	3 183 939
		10 % decrease	40 359 793	–	(3 183 939)

42.2.3.4 Other risks

The Subsidiary Company faces a number of financial risks in its assets and liabilities, apart from insurance risk. These risks can be broadly categorized as expense risk, lapse risk, market risk, credit risk and liquidity risk. This section describes these risks on the Subsidiary Company level and identifies and describes the processes and strategy of management to manage these risks.

42.2.3.5 Expense risk

The risk that the Subsidiary Company faces is that future expenses may be higher than those used in pricing of products causing an expense overrun. The Subsidiary Company mitigates this risk by incorporating a certain level of acceptable conservatism in building future policy expense factors in pricing and expects to maintain its actual expenses within these limits. Regular monitoring of expenses allows the Subsidiary Company to adjust its pricing in time to account for higher than expected expenses.

The Subsidiary Company closely monitors its expenses by regularly carrying out an expense analysis for its business. The assumptions for future policy expense levels are determined from the Subsidiary Company's most recent annual expense analysis, with an extra margin built-in to account for variability in future expenses. A review of product pricing is carried out each year based on the latest available expense factors. Constant monitoring of expenses enables the Subsidiary Company to take corrective actions in time.

Based on the results of expense analysis, the Subsidiary Company apportions its management expenses to different lines of business.

42.2.3.6 Lapse risk

The risk the Subsidiary Company faces is that future persistency rates may be lower than assumed in pricing, thus impacting the emergence of profit from its portfolio of individual life policies. The Subsidiary Company however is confident that this risk is insignificant as the Subsidiary Company places tremendous emphasis on quality customer services and retention of clients by making persistent standard an integral part of the sales force culture. The Subsidiary Company has been consistently maintaining good levels of persistency and will continue a similar trend in future.

The Subsidiary Company has robust systems in place to regularly monitor the lapse experience. Regular focus on persistency is embedded in the Subsidiary Company culture and is an integral part of the monitoring of the sales force performance and remuneration

42.3 Fair value

42.3.1 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.

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

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

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

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

Following are the assets where fair value is only disclosed and is different from their carrying value:

Rupees '000

As at 31 December 2022										
	Available-for-sale	Fair value through profit and loss	HTM	Loan & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
								Level 1	Level 2	Level 3
Financial assets measured at fair value										
Investments										
Equity securities - quoted	3 811 804	20 075 617					23 887 421	23 887 421		
Equity securities - unquoted	508						508			508
Government securities		112 140 361					112 140 361	112 140 361		
Mutual funds	162 125	228 958					391 083		391 083	
Sukuk Bonds		1 644 551					1 644 551		1 644 551	
Debt securities	11 923 983	5 586 539					17 510 522		17 510 522	
Financial assets not measured at fair value										
Term deposits *					551 692		551 692			
Government securities			9 189 216				9 189 216			
Loans and other receivables *				431 327			431 327			
Insurance / reinsurance receivables *				5 876 086			5 876 086			
Reinsurance recoveries against outstanding claims *				6 503 793			6 503 793			
Advances *				193 849			193 849			
Other assets *					4 131 182		4 131 182			
Certificate of investment *			1 072 249				1 072 249			
Cash and bank *		18 984 928			1 634 869		20 619 797			
Total assets of window takaful operations - Operator's fund *	948 921			432 194	48 929		1 430 044		948 921	
	16 847 341	158 660 954	10 261 465	13 437 249	6 366 672	-	205 573 681	23 887 421	132 635 438	508
Financial liabilities not measured at fair value										
Outstanding claims including IBNR *						(10 368 176)	(10 368 176)			
Premium received in advance *						(1 281 718)	(1 281 718)			
Insurance / reinsurance payables *						(8 047 592)	(8 047 592)			
Other creditors and accruals *						(6 913 947)	(6 913 947)			
Total liabilities of window takaful operations - Operator's fund *						(109 733)	(109 733)			
	16 847 341	158 660 954	10 261 465	13 437 249	6 366 672	(26 721 168)	178 852 513	23 887 421	132 635 438	508
As at 31 December 2021										
	Available-for-sale	Fair value through profit and loss	HTM	Loan & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
								Level 1	Level 2	Level 3
Financial assets measured at fair value										
Investments										
Equity securities - quoted	3 904 381	31 664 387					35 568 768	35 568 768		
Equity securities - unquoted	508						508			508
Government securities		79 419 004					79 419 004		79 419 004	
Mutual funds	128 442	1 326 134					1 454 576		1 454 576	
Sukuk Bonds		2 482 032					2 482 032		2 482 032	
Debt securities	9 405 824	2 992 793					12 398 617		12 398 617	
Financial assets not measured at fair value										
Term deposits *					678 785		678 785			
Government securities			7 903 248				7 903 248			
Loans and other receivables *				387 908	409 799		797 707			
Insurance / reinsurance receivables *				5 012 826			5 012 826			
Reinsurance recoveries against outstanding claims *				3 974 297			3 974 297			
Advances *				229 430			229 430			
Other assets *					2 066 950		2 066 950			
Certificate of investment *			410 000				410 000			
Cash and bank *					30 171 196		30 171 196			
Total assets of window takaful operations - Operator's fund *	643 122			231 571	109 883		984 576		643 122	
	14 082 277	117 884 350	8 313 248	9 836 032	33 436 613	-	183 552 520	35 568 768	96 397 351	508
Financial liabilities not measured at fair value										
Outstanding claims including IBNR *						(7 085 599)	(7 085 599)			
Premium received in advance *						(1 175 071)	(1 175 071)			
Insurance / reinsurance payables *						(4 886 033)	(4 886 033)			
Other creditors and accruals *						(6 356 938)	(6 356 938)			
Total liabilities of window takaful operations - Operator's fund *						(94 683)	(94 683)			
	14 082 277	117 884 350	8 313 248	9 836 032	33 436 613	(19 598 324)	163 954 196	35 568 768	96 397 351	508

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

42.4 Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern and meet the regulatory, solvency and paid up capital requirements so that it can continue to provide returns for shareholders and benefits for other stakeholders.

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

43. Solvency position

Rupees '000

	2022
Holding Company	
Total Net Admissible Assets	7 171 086
Minimum Solvency Requirement (higher of following)	2 725 678
Method A - U/s 36(3)(a)	150 000
Method B - U/s 36(3)(b)	2 723 240
Method C - U/s 36(3)(c)	2 725 678
Excess in Net Admissible Assets over Minimum Requirements	4 445 408

Subsidiary Company

Shareholder fund and statutory fund of life business comply with the solvency requirement of the Ordinance.

44. Non-adjusting event after the financial statement date

The Board of Directors in its meeting held on 16 March 2023 have announced a final cash dividend in respect of the year ended 31 December 2022 of Rs. 5.50 per share, 55.00 % (2021: Rs. 5.50 per share, 55.00 %). In addition, the Board of Directors have also approved the transfer to general reserve from un-appropriated profit amounting to Rs. Nil (2021: Rs. 750 million). These consolidated financial statements for the year ended 31 December 2022 do not include the effect of these appropriations, which will be accounted for subsequent to the year end.

45. Number of employees

The total average number of employees during the year end as at 31 December 2022 and 2021 are as follows.

	2022	2021
At year end	3 630	3 838
Average during the year	3 744	3 848

46. Corresponding Figures

46.1 Corresponding figures have been rearranged and reclassified, wherever necessary, to facilitate comparisons. There were no material reclassifications report except as disclosed in note 4.1-4.3.

47. General

Figures have been rounded off to the nearest thousand rupees.

48. Date of authorization for issue of consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors in its meeting held on 16 March 2023.

MAHMOOD LOTIA
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 16 March 2023

Performance Integrity Prudence Excellence
Technology Discipline Thinking ahead
Entrepreneurial spirit Trust Teamwork

Leadership

Financial strength Caring and sharing
Good governance Strategic vision

Experience Excellence
Receptive Responsive Trust

**Window Takaful Operations
Financial Statements**
For the year ended 31 December 2022

Strategic vision
Performance Integrity **Focus**
Countrywide
branch network
Performance

Talent Integrity Prudence Excellence Entrepreneurial
spirit Caring & sharing Financial strength

Performance Integrity Prudence **Future**
Technology Discipline Teamwork

EFU General Insurance Limited – Window Takaful Operations
Statement of Financial Position
As at 31 December 2022

Rupees '000

	Note	Operator's Fund		Participants' Takaful Fund	
		2022	2021	2022	2021
Assets					
Property and equipment	5	2 111	2 777	–	–
Investments					
Debt securities	6	948 921	643 122	2 394 006	1 735 650
Term deposits	7	–	9 000	–	120 000
Loans and other receivables	8	3 139	967	2 217	1 283
Takaful / retakaful receivables	9	14 791	7 410	379 772	321 441
Retakaful recoveries against outstanding claims / benefits	19	–	–	746 866	541 251
Salvage recoveries accrued		–	–	44 020	50 080
Deferred commission expense	20	163 440	149 495	–	–
Receivable from PTF	10	392 211	211 809	–	–
Accrued investment income		22 053	11 385	49 814	24 980
Deferred wakala fee		–	–	572 278	410 961
Deferred taxation	11	5 572	4 373	–	–
Prepayments	12	–	–	388 124	325 790
Cash and bank	13	48 929	100 883	195 563	239 302
Total assets		1 601 167	1 141 221	4 772 660	3 770 738
Funds and liabilities					
Operator's Fund					
Statutory fund		100 000	100 000	–	–
Revaluation reserve - available-for-sale investments		(5 123)	(3 396)	–	–
Accumulated profit		782 515	530 643	–	–
Total Operator's Fund		877 392	627 247	–	–
Participants' Takaful Fund (PTF)					
Cede money		–	–	500	500
Revaluation reserve - available-for-sale investments		–	–	(20 909)	(16 099)
Accumulated surplus		–	–	1 159 390	871 978
Balance of Participants' Takaful Fund		–	–	1 138 981	856 379
Liabilities					
PTF Underwriting provisions					
Outstanding claims / benefits including IBNR	19	–	–	1 282 538	1 088 118
Unearned contribution reserves		–	–	1 438 843	1 304 837
Reserve for unearned retakaful rebate	18	–	–	65 847	63 362
Contribution received in advance		–	–	4 488	4 467
Takaful / retakaful payables	14	1 743	2 039	423 452	212 227
Unearned wakala fee		572 278	410 961	–	–
Payable to OPF	10	–	–	392 211	211 809
Taxation - provision less payments		40 021	6 291	–	–
Other creditors and accruals	15	109 733	94 683	26 300	29 539
Total liabilities		723 775	513 974	3 633 679	2 914 359
Total equity and liabilities		1 601 167	1 141 221	4 772 660	3 770 738
Contingencies and commitments	16				

The annexed notes 1 to 34 form an integral part of these financial statements.

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Chairman

Karachi 16 March 2023

EFU General Insurance Limited – Window Takaful Operations
Profit and Loss Account
For the year ended 31 December 2022

Rupees '000

	Note	2022	2021
Participants' Takaful Fund - (PTF)			
Contributions earned		1 856 772	1 791 429
Less: Contributions ceded to retakaful		(710 501)	(573 275)
Net contribution revenue	17	1 146 271	1 218 154
Retakaful rebate earned	18	134 194	97 759
Net underwriting income		1 280 465	1 315 913
Net claims reported / settled - IBNR	19	(1 127 349)	(1 047 116)
Other direct expenses		(82 811)	(135 672)
Surplus before investment income		70 305	133 125
Investment Income	22	272 109	109 837
Other income	23	17 377	10 447
Less: Modarib's share of investment income		(72 379)	(32 145)
Surplus transferred to accumulated surplus		287 412	221 264
Operator's Fund - (OPF)			
Wakala fee		941 037	773 685
Commission expense	20	(322 878)	(304 514)
General, administrative and management expense	21	(399 223)	(348 734)
		218 936	120 437
Modarib's share of PTF investment income		72 379	32 145
Investment income	22	91 614	31 116
Direct expenses	24	(1 076)	(763)
Other income	23	5 778	3 170
Profit before taxation		387 631	186 105
Taxation	25	(135 759)	(53 974)
Profit after taxation		251 872	132 131

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EFU General Insurance Limited – Window Takaful Operations
Statement of Comprehensive Income
For the year ended 31 December 2022

Rupees '000

	2022	2021
Participants' Takaful Fund - (PTF)		
Surplus for the year	287 412	221 264
Other comprehensive income		
Unrealized loss on available-for-sale investments during the year - net	(4 810)	(1 998)
Total comprehensive income for the year	282 602	219 266
Operator's Fund - (OPF)		
Profit after tax for the year	251 872	132 131
Other comprehensive income		
Fair value loss on available-for-sale investments during the year	(2 863)	(2 231)
Deferred tax on available-for-sale investments	1 136	647
Total items that may be reclassified subsequently to profit and loss account	(1 727)	(1 584)
Total comprehensive income for the year	250 145	130 547

The annexed notes 1 to 34 form an integral part of these financial statements.

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Chairman

Karachi 16 March 2023

EFU General Insurance Limited – Window Takaful Operations
Cash Flow Statement
For the year ended 31 December 2022

Rupees '000

	Operator's Fund		Participants' Takaful Fund	
	2022	2021	2022	2021
Operating cash flows				
a) Takaful activities				
Contributions received	–	–	2 878 807	2 650 463
Retakaful contribution paid	–	–	(568 344)	(583 710)
Claims / benefits paid	–	–	(1 219 053)	(1 323 229)
Retakaful and other recoveries received	–	–	81 268	282 574
Commission paid	(319 598)	(313 762)	–	–
Retakaful rebate received	–	–	136 678	131 269
Wakala fee received / (paid)	923 976	796 695	(923 976)	(796 695)
Modarib received / (paid)	70 355	33 057	(70 355)	(33 057)
Net cash flow from takaful activities	674 733	515 990	315 025	327 615
b) Other operating activities				
Income tax paid	(102 093)	(54 856)	–	–
General and other expenses paid	(401 963)	(352 636)	(82 811)	(135 673)
Other operating payments	(9 551)	(1 916)	5 802	44 822
Other operating receipts	(132)	(14 397)	(3 271)	13 207
Net cash flow used in other operating activities	(513 739)	(423 805)	(80 280)	(77 644)
Total cash flow from all operating activities	160 994	92 185	234 745	249 971
Investment activities				
Profit / return received	86 714	42 406	264 682	127 177
Payment for investments	(370 708)	(459 680)	(895 034)	(974 254)
Proceeds from investments	71 046	370 260	351 868	738 609
Fixed capital expenditure	(10)	(2 117)	–	–
Proceeds from disposal of property and equipment	10	–	–	–
Total cash flow used in investing activities	(212 948)	(49 131)	(278 484)	(108 468)
Net cash flow (used in) / from all activities	(51 954)	43 054	(43 739)	141 503
Cash and cash equivalents at the beginning of the year	100 883	57 829	239 302	97 799
Cash and cash equivalents at the end of the year	48 929	100 883	195 563	239 302
Reconciliation to profit and loss account				
Operating cash flow	160 994	92 185	234 745	249 971
Depreciation expense	(676)	(587)	–	–
Other investment income	91 614	31 116	272 109	109 837
Other income	5 778	3 170	17 407	9 813
Increase / (decrease) in assets other than cash	203 963	78 220	482 470	(29 715)
Increase in liabilities other than borrowings	(209 801)	(71 973)	(719 319)	(118 642)
Profit / surplus after tax for the year	251 872	132 131	287 412	221 264
Attributed to				
Operator's Fund	251 872	132 131	–	–
Participants' Takaful Fund	–	–	287 412	221 264
	251 872	132 131	287 412	221 264

The annexed notes 1 to 34 form an integral part of these financial statements.

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EFU General Insurance Limited – Window Takaful Operations

Notes to the Financial Statements

For the year ended 31 December 2022

1. Legal status and nature of business

EFU General Insurance Limited (the Operator) was allowed to undertake Window Takaful Operations (the Operations) on 16 April 2015 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan.

For the purpose of carrying on the takaful business, the Operator has formed a Waqf / Participants' Takaful Fund (PTF) on 06 May 2015 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

This financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

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

Provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations 2017, General Takaful Accounting Regulation, 2019 and Takaful Rules 2012;

In case requirement differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, Insurance Rules 2017, Takaful Rules, 2012, General Takaful Accounting Regulations, 2019 shall prevail.

2.1 Basis of measurement

The financial statements have been prepared under the historical cost basis except for the available-for-sale investments that have been measured at fair value.

2.2 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is also the Operator's functional currency. All financial information presented in Pakistani Rupees has been rounded off to the nearest rupees in thousand, unless otherwise stated.

2.3 Standards, interpretations and amendments effective during the current period

2.3.1 Adoption of amendments and improvements to approved accounting standards effective during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except as described below:

Amendments to approved accounting standards

IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (Amendments)

IAS 37 Onerous Contracts - Costs of Fulfilling a Contract (Amendments)

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IAS 41 Agriculture - Taxation in fair value measurements January 01, 2022

IAS 37 Leases: Lease incentives January 01, 2022

The adoption of the above amendments to the approved accounting standards did not have any material effect on the Operator's financial statements.

2.4 Standards, interpretations and amendments to approved accounting standards that are not yet effective

Following IFRS as notified under the Companies Act, 2017 and the amendments thereto will be effective for future accounting periods and not early adopted:

Amendments	Effective date (annual periods beginning on or after)
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	01-January-2023
Definition of Accounting Estimates - Amendments to IAS 8	01-January-2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	01-January-2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	01-January-2023
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	01-January-2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	Effective date (annual periods beginning on or after)
IFRS 1 First-time Adoption of International Financial Reporting Standards	January 01, 2024
IFRS 17 Insurance Contracts	January 01, 2023

The operator has taken a benefit of temporary exemption of applying IFRS 9 "Financial Instrument" with IFRS 17 "Insurance Contracts" as allowed under IFRS.

3. Summary of significant accounting policies

The significant accounting policies and method of computation adopted in preparation of financial statements are consistent to all years presented in these financial statements.

3.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is calculated on the straight-line basis as specified in note 6 to these financial statements.

The assets' residual values, useful lives and method for depreciation are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Depreciation on additions to Property and equipment is charged from the month in which an asset is available for use, while no depreciation is charged for the month in which the asset is disposed off.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefit associated with the item will flow to the Operator and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to profit and loss account.

Gains or losses on disposal of fixed assets are included in profit and loss account.

3.2 Takaful contracts

Takaful contracts are those contracts where the Participants' Takaful Fund (PTF) has accepted significant Takaful risk from another party (the contractholder) by agreeing to compensate the contractholders if a specified uncertain future event adversely affects the contractholders.

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 the 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, motor and miscellaneous contracts. 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.

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).

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 liabilities to third parties and passengers arising from their use.

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

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

3.3 Contribution

For all the takaful contracts, contributions / cover notes issued including administrative surcharge received / receivable under a policy / cover note are recognized as written from the date of attachment of the risk to the policy / cover note and over the period of contract from inception to the expiry of policy. Where contributions for a policy are payable in instalments, full contribution for the duration of the policy is recognized as written at the inception of the policy and related assets set up for contributions receivable at a later date. Contributions are stated on gross basis and exclusive of taxes and duties levied on contributions.

3.4 Unearned contributions reserve

The unearned contribution reserve is the unexpired portion of the contribution including administrative surcharge which relates to business in force at the financial statement date. Unearned contribution has been calculated by applying 1/24th method as specified in the Insurance Rules, 2017.

3.5 Contribution deficiency reserve (liability adequacy test)

At each financial statement date, liability adequacy tests are performed separately for each class of business to ensure the adequacy of the unearned contribution liability for that class. It is performed by comparing the expected future liability, after retakaful, from claims and other expenses, including retakaful expense, wakala and other underwriting expenses, expected to be incurred after financial statement date in respect of policies in force at financial statement date with the carrying amount of unearned contribution liability. Any deficiency is recognized by establishing a provision (contribution deficiency reserve) to meet the deficit.

The expected future liability is estimated with reference to the experience during the expired period of the contracts, adjusted for significant individual losses which are not expected to recur during the remaining period of the policies and expectations of future events that are believed to be reasonable.

The movement in the contribution deficiency reserve is recognized as an expense or income in the profit and loss account for the year.

The expected ultimate net claim ratios for the unexpired periods of policies in force at financial statement date for each class of business is as follows:

	<u>2022</u>	<u>2021</u>
– Fire and property damage	68 %	60 %
– Marine, aviation and transport	17 %	20 %
– Motor	53 %	53 %
– Miscellaneous	29 %	59 %

3.6 Retakaful contracts

Contracts entered into by the Operator with retakaful operator under which the Operator arranges to cede takaful risks of PTF assumed during normal course of the business and according to which the PTF is compensated for losses on takaful contracts issued by the Operator are classified as retakaful contracts held.

Retakaful contribution is recognized as an expense at the time the retakaful is ceded. Commission on retakaful cessions are recognized in accordance with the policy of recognizing contribution revenue.

Retakaful assets represent balances due from retakaful companies and retakaful recoveries against outstanding claims. Retakaful recoveries are estimated in a manner consistent with the outstanding claims provision and are in accordance with the retakaful contracts. Retakaful liabilities represent balances due to retakaful companies, are primarily contributions payable for retakaful contracts, and are recognized at the same time when retakaful contributions are recognized as an expense.

Retakaful assets or liabilities are derecognized when the contractual rights are extinguished or expired.

An impairment review of retakaful assets is performed at each financial statement date. If there is an objective evidence that the asset is impaired, the Operator reduces the carrying amount of the retakaful asset to its recoverable amount and recognizes that impairment loss in the profit and loss account.

3.7 Receivables and payables

3.7.1 Receivables and payables related to takaful contracts

Receivables and payables related to takaful contracts are recognized when due at cost which is the fair value of the consideration given less provision for impairment, if any. If there is an objective evidence that the takaful receivable is impaired, as a result of one or more events that occurred after the initial recognition, the Operator reduces the carrying amount of the takaful receivable accordingly and recognizes that impairment loss in the profit and loss account.

Provision for impairment in contribution receivables is estimated on a systematic basis after analysing the receivables as per their ageing.

3.7.2 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 the future for the goods and or services received, whether or not billed to the Operator.

Provisions are recognized when the Operator has a legal or constructive obligation as a result of a past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, the provisions are reviewed at financial statement date and adjusted to reflect current best estimates.

3.8 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 including revenues and expenses that relate to transactions with any of the Operator's other components. All operating segments' results are reviewed regularly by the Operator to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Operator presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, Takaful Rules, 2012 and the Insurance Rules, 2017, General Takaful Accounting Regulations, 2019 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 no. 3.2.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned accordingly 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.

3.9 Cash and cash equivalent

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

3.10 Revenue recognition

3.10.1 PTF

3.10.1.1 Contribution

The revenue recognition policy for contributions is given under note 3.3.

3.10.1.2 Rebate from retakaful operators

The revenue recognition policy for rebate from retakaful operator is given under note 3.17.2.

3.10.2 OPF

The revenue recognition policy for wakala fee is given under note 3.20.

3.10.3 PTF / OPF

3.10.3.1 Investment Income

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

3.11 Investments

- In debt securities - available-for-sale
- In term deposit - held-to-maturity

3.11.1 Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs except for held for trading investments in which transaction costs are charged to profit and loss account. All purchases and sales of investments that require delivery within the time frame established by regulations or market conventions are accounted for at the trade date. Trade date is the date when the Operator commits to purchase or sell the investments.

3.11.2 Measurement

3.11.2.1 Available-for-sale

Available-for-sale investments are those non-derivative financial instruments that are designated as available for sale or are not classified in any other category.

At the time of acquisition, investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

Subsequent to initial measurement, these are remeasured at fair value. Surplus / (deficit) on revaluation from one reporting date to another is taken to other comprehensive income in the statement of comprehensive income. On derecognition or impairment of available-for-sale investments, the cumulative gain or loss previously reported in other comprehensive income is transferred to profit and loss account for the period within statement of comprehensive income. Whereas, any reversal in impairment is taken in statement of comprehensive income.

These are reviewed for impairment at each reporting date and any losses arising from impairment in values are charged to the profit and loss account.

3.11.2.2 Held to maturity

At the time of acquisition, investments with fixed maturity, where management has both the intention and the ability to hold to maturity, are classified as held to maturity.

Subsequently, these are measured at amortized cost less provision for impairment in value, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition using the effective yield method.

The difference between the redemption value and the purchase price of the held to maturity investment is amortized and taken to the profit and loss account over the term of investment.

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

3.12 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements only when there is legally enforceable right to set off the recognized amount and the Operator intends either to settle on a net basis or realize the assets and settle the liabilities simultaneously.

3.13 Claims

Claims are charged to PTF as incurred based on estimated liability for compensation owed under the takaful contracts. It includes claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

3.13.1 Provision for outstanding claims (including IBNR)

A liability for outstanding claims is recognized in respect of all claims incurred up to the financial statement date which is measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to claims reported but not settled, claims incurred but not reported (IBNR) and expected claims settlement costs.

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

3.13.2 Claims reported but not settled

Provision for liability in respect of claims reported but not settled at the financial statement date is made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the sums insured. Case estimates are reviewed periodically to ensure that the recognized outstanding claim amounts are adequate to cover expected future payments including expected claims settlement costs and are updated as and when new information becomes available.

3.13.3 Claims incurred but not reported

The provision for claims incurred but not reported (IBNR) is made at the financial statement date. In accordance with SECP circular no. 9 of 2016, the Operator has changed its method of estimation of IBNR. The Operator now takes actuarial advice for the determination of IBNR claims. IBNR claim have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each

period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

3.14 Taxation

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

3.14.1 Current

Provision for current taxation is based on taxable income determined in accordance with the prevailing law for taxation of income and is calculated using enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for the current taxation also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year or required by any other reason.

3.14.2 Deferred

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

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

Deferred tax is provided on temporary differences arising on investments in associates stated under equity method of accounting.

The taxation of Operators Fund is made while including in the Operator's results as a whole and accordingly taxation has been recorded.

3.15 Impairment

A financial asset is assessed at each financial statement date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if there is objective evidence that one or more events have had a negative effect on the estimated future cash flows of that asset.

The carrying amount of non financial assets is reviewed at each financial statement date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such asset is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

All impairment losses are recognized in the profit and loss account. Provisions for impairment are reviewed at each financial statement and are adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense.

3.16 Management expenses

Expenses allocated to the PTF represent directly attributable expenses and these are allocated to various revenue accounts on equitable basis.

All common expense between the Company and OPF are proportionately allocated.

3.17 Commission

3.17.1 Commission expense

Commission expenses incurred in obtaining and recording policies is deferred and recognized as an expense in accordance with pattern of recognition of contribution revenue by applying the 1/24th method.

3.17.2 Rebate from retakaful operators

Rebate from retakaful operators is deferred and recognized as revenue in accordance with the pattern of recognition of the retakaful contribution to which it relates.

3.18 Foreign currencies

Revenue transactions in foreign currencies are recorded at the rates prevailing on the date of the transactions.

3.19 Financial instruments

Financial instruments include cash and bank balances, loans to employees, investments, contributions due but unpaid, amount due from other takaful operators / retakaful operators, accrued investment income, retakaful recoveries against outstanding claims, security deposits, other receivables, outstanding claim liabilities, amount due to other takaful operators/ retakaful operators, accrued expenses, agents balances, other creditors, deposits and unclaimed dividends.

All the financial assets and liabilities are recognized at the time when the Operator becomes a party to the contractual provisions of the instrument and de-recognized 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 de-recognition of financial assets and financial liabilities is taken to income directly.

3.20 Wakala fees

The Operator manages the general takaful operations for the participants and charges 35.00% (2021: 28.00%) for fire and property, 35.00% (2021: 35.00%) for marine, aviation and transport, 35.00% (2021: 32.50%) for motor, 40.00% (2021: 32.50%) for motor ljarah, 35% (2021: 25%) for miscellaneous of gross contribution written including administrative surcharge as wakala fee against the services.

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

3.21 Modarib fee

The Operator also manages the participants' investment as modarib and charges 25% (2021: 25%) of investment income and profit on profit and loss sharing accounts and bank deposits earned by the PTF as Modarib fee. It is recognized on the same basis on which related revenue is recognized.

3.22 The profit of the Operator is taxed as part of total profit of the EFU General Insurance Limited as the Operator is not separately registered for tax purposes.

4. Critical accounting estimates and judgements

The preparation of these financial statements are in conformity with approved accounting standards which requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. 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.

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

	<u>Note</u>
– Property and equipment	3.1
– Contribution deficiency reserve (liability adequacy test)	3.5
– Receivables related to takaful contracts	3.7.1
– Provision for outstanding claims (including IBNR)	3.13.1
– Taxation	3.14
– Impairment	3.15

5. Property and equipment

Rupees '000

OPF - 2022										
	Cost				Rate %	Depreciation				Written down value
	As at 01 January	Additions	(Disposal) / adjustments	As at 31 December		As at 01 January	For the year	(Disposal) / adjustments	As at 31 December	As at 31 December
Furniture and fixtures	1 502	-	-	1 502	10	924	150	-	1 074	428
Office equipment	333	-	-	333	10	218	33	-	251	82
Computer equipment	1 095	10	(76)	1 029	30	777	128	(76)	829	200
Vehicles	5 176	-	-	5 176	20	3 410	365	-	3 775	1 401
	<u>8 106</u>	<u>10</u>	<u>(76)</u>	<u>8 040</u>		<u>5 329</u>	<u>676</u>	<u>(76)</u>	<u>5 929</u>	<u>2 111</u>

OPF - 2021										
	Cost				Rate %	Depreciation				Written down value
	As at 01 January	Additions	(Disposal) / adjustments	As at 31 December		As at 01 January	For the year	(Disposal) / adjustments	As at 31 December	As at 31 December
Furniture and fixtures	1 502	-	-	1 502	10	774	150	-	924	578
Office equipment	333	-	-	333	10	185	33	-	218	115
Computer equipment	778	317	-	1 095	30	662	115	-	777	318
Vehicles	3 376	1 800	-	5 176	20	3 121	289	-	3 410	1 766
	<u>5 989</u>	<u>2 117</u>	<u>-</u>	<u>8 106</u>		<u>4 742</u>	<u>587</u>	<u>-</u>	<u>5 329</u>	<u>2 777</u>

6. Investment in debt securities - available-for-sale

6.1 Operator's Fund

	2022			2021		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Fixed income securities						
Ijara sukuks	915 540	-	915 540	570 711	-	570 711
Corporate sukuks	49 959	(8 931)	41 028	86 126	(8 931)	77 195
	<u>965 499</u>	<u>(8 931)</u>	<u>956 568</u>	<u>656 837</u>	<u>(8 931)</u>	<u>647 906</u>
Deficit on revaluation	-	-	(7 647)	-	-	(4 784)
	<u>965 499</u>	<u>(8 931)</u>	<u>948 921</u>	<u>656 837</u>	<u>(8 931)</u>	<u>643 122</u>

Name of investments	Maturity year	Effective yield %	Profit payment	Face value	Rupees '000
					31 December 2022
Ijara Sukuk					
5 Years Ijara Sukuk	2025	14.05	Half yearly	30 000	29 862
5 Years Ijara Sukuk	2025	14.03	Half yearly	43 500	43 300
5 Years Ijara Sukuk	2025	14.03	Half yearly	17 000	16 922
5 Years Ijara Sukuk	2025	14.09	Half yearly	30 000	29 862
5 Years Ijara Sukuk	2025	14.16	Half yearly	30 000	29 862
5 Years Ijara Sukuk	2025	14.08	Half yearly	27 000	26 876
5 Years Ijara Sukuk	2025	15.25	Half yearly	55 000	54 945
5 Years Ijara Sukuk	2025	15.27	Half yearly	13 000	12 987
5 Years Ijara Sukuk	2025	15.19	Half yearly	15 000	14 985
5 Years Ijara Sukuk	2025	15.00	Half yearly	17 000	16 983
5 Years Ijara Sukuk	2025	8.52	Half yearly	59 000	58 941
5 Years Ijara Sukuk	2025	8.15	Half yearly	13 500	13 487
5 Years Ijara Sukuk	2025	15.14	Half yearly	40 000	38 620
5 Years Ijara Sukuk	2025	15.14	Half yearly	25 000	24 138
5 Years Ijara Sukuk	2025	8.14	Half yearly	25 000	24 975
5 Years Ijara Sukuk	2025	15.17	Half yearly	50 000	48 275
5 Years Ijara Sukuk	2025	15.99	Half yearly	19 000	18 985
5 Years Ijara Sukuk	2025	14.31	Half yearly	35 000	34 839
5 Years Ijara Sukuk	2025	15.98	Half yearly	25 000	24 980
5 Years Ijara Sukuk	2025	15.89	Half yearly	40 000	39 968
5 Years Ijara Sukuk	2025	15.94	Half yearly	60 000	59 952
5 Years Ijara Sukuk	2026	15.10	Half yearly	10 000	9 940
5 Years Ijara Sukuk	2026	15.33	Half yearly	50 000	49 700
5 Years Ijara Sukuk	2027	15.54	Half yearly	15 000	14 937
5 Years Ijara Sukuk	2027	15.47	Half yearly	30 000	29 859
5 Years Ijara Sukuk	2027	15.57	Half yearly	50 000	49 765
5 Years Ijara Sukuk	2027	15.66	Half yearly	20 000	19 906
5 Years Ijara Sukuk	2027	15.69	Half yearly	68 000	67 678
					905 529
Corporate Sukuk					
5 Years BYCO Sukuk	2023	15.12	Quarterly	4 167	4 175
5 Years Dubai Islamic Bank Ltd. Sukuk	2023	16.54	Monthly	25 000	25 000
4 Years Hub Power Company Ltd. Sukuk	2023	17.40	Quarterly	5 000	5 059
4 Years Hub Power Company Ltd. Sukuk	2024	12.18	Half yearly	9 000	9 158
					43 392
					948 921

Name of investments	Maturity year	Effective yield %	Profit payment	Face value	31 December 2021
Ijara Sukuk					
5 Years Ijara Sukuk	2025	6.98	Half yearly	30 000	30 054
5 Years Ijara Sukuk	2025	6.97	Half yearly	43 500	43 578
5 Years Ijara Sukuk	2025	6.96	Half yearly	17 000	17 031
5 Years Ijara Sukuk	2025	7.02	Half yearly	30 000	30 054
5 Years Ijara Sukuk	2025	7.08	Half yearly	30 000	30 054
5 Years Ijara Sukuk	2025	7.01	Half yearly	92 000	89 767
5 Years Ijara Sukuk	2025	7.12	Half yearly	80 000	80 016
5 Years Ijara Sukuk	2025	7.13	Half yearly	13 000	13 003
5 Years Ijara Sukuk	2025	7.06	Half yearly	15 000	15 003
5 Years Ijara Sukuk	2025	7.07	Half yearly	17 000	17 003
5 Years Ijara Sukuk	2025	8.51	Half yearly	59 000	59 012
5 Years Ijara Sukuk	2025	8.14	Half yearly	13 500	13 503
5 Years Ijara Sukuk	2025	8.15	Half yearly	25 000	25 005
5 Years Ijara Sukuk	2025	7.04	Half yearly	50 000	48 245
5 Years Ijara Sukuk	2025	10.56	Half yearly	19 000	19 034
5 Years Ijara Sukuk	2025	9.81	Half yearly	35 000	35 063
					565 425
Corporate Sukuk					
5 Years Hascol Petroleum Ltd. Sukuk	2022	7.00	Quarterly	8 929	–
7 Years K-Electric Ltd. Sukuk	2022	8.11	Quarterly	4 000	4 036
5 Years AGP Ltd. Sukuk	2022	7.93	Quarterly	8 000	8 063
5 Years BYCO Sukuk	2023	7.97	Quarterly	20 833	21 012
5 Years Dubai Islamic Bank Ltd. Sukuk	2023	15.60	Quarterly	25 000	25 000
4 Years Hub Power Company Ltd. Sukuk	2023	8.92	Quarterly	10 000	10 361
4 Years Hub Power Company Ltd. Sukuk	2024	7.88	Half yearly	9 000	9 225
					77 697
					643 122

Rupees '000

6.2 Participants' Takaful Fund

	2022			2021		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Fixed income securities						
Ijara sukuku	2 331 550	–	2 331 550	1 633 658	–	1 633 658
Corporate sukuku	92 295	(8 931)	83 364	127 021	(8 931)	118 090
	2 423 845	(8 931)	2 414 914	1 760 679	(8 931)	1 751 748
Deficit on revaluation	–	–	(20 908)	–	–	(16 098)
	2 423 845	(8 931)	2 394 006	1 760 679	(8 931)	1 735 650

Name of investments	Maturity year	Effective yield %	Profit payment	Face value	Rupees '000
					31 December 2022
Ijara Sukuk					
5 Years Ijara Sukuk	2025	15.13	Half yearly	410 000	408 110
5 Years Ijara Sukuk	2025	14.62	Half yearly	60 000	59 724
5 Years Ijara Sukuk	2025	15.05	Half yearly	106 500	106 010
5 Years Ijara Sukuk	2025	15.05	Half yearly	238 000	236 905
5 Years Ijara Sukuk	2025	15.11	Half yearly	25 000	24 885
5 Years Ijara Sukuk	2025	16.29	Half yearly	37 000	36 830
5 Years Ijara Sukuk	2025	16.24	Half yearly	15 000	14 931
5 Years Ijara Sukuk	2025	15.27	Half yearly	40 000	39 960
5 Years Ijara Sukuk	2025	15.28	Half yearly	6 000	5 994
5 Years Ijara Sukuk	2025	15.35	Half yearly	40 000	39 960
5 Years Ijara Sukuk	2025	15.19	Half yearly	7 000	6 993
5 Years Ijara Sukuk	2025	15.19	Half yearly	12 000	11 988
5 Years Ijara Sukuk	2025	15.20	Half yearly	10 000	9 990
5 Years Ijara Sukuk	2025	15.20	Half yearly	25 000	24 975
5 Years Ijara Sukuk	2025	15.20	Half yearly	15 000	14 985
5 Years Ijara Sukuk	2025	15.20	Half yearly	27 000	26 973
5 Years Ijara Sukuk	2025	15.19	Half yearly	32 000	31 968
5 Years Ijara Sukuk	2025	8.52	Half yearly	41 000	40 959
5 Years Ijara Sukuk	2025	8.22	Half yearly	15 000	14 985
5 Years Ijara Sukuk	2025	15.13	Half yearly	17 000	16 414
5 Years Ijara Sukuk	2025	15.12	Half yearly	120 000	119 448
5 Years Ijara Sukuk	2025	15.20	Half yearly	25 000	24 138
5 Years Ijara Sukuk	2025	15.06	Half yearly	18 000	17 379
5 Years Ijara Sukuk	2025	15.46	Half yearly	38 000	36 689
5 Years Ijara Sukuk	2025	15.99	Half yearly	44 000	43 965
5 Years Ijara Sukuk	2025	14.32	Half yearly	50 000	49 770
5 Years Ijara Sukuk	2025	15.89	Half yearly	15 000	14 988
5 Years Ijara Sukuk	2025	15.98	Half yearly	75 000	74 940
5 Years Ijara Sukuk	2025	15.89	Half yearly	20 000	19 984
5 Years Ijara Sukuk	2025	15.89	Half yearly	15 000	14 988
5 Years Ijara Sukuk	2025	16.06	Half yearly	120 000	119 904
5 Years Ijara Sukuk	2025	15.94	Half yearly	77 000	76 939
5 Years Ijara Sukuk	2026	15.32	Half yearly	10 000	9 943
5 Years Ijara Sukuk	2026	15.11	Half yearly	34 000	33 796
5 Years Ijara Sukuk	2026	15.40	Half yearly	80 000	79 520
5 Years Ijara Sukuk	2026	15.11	Half yearly	4 000	3 976
5 Years Ijara Sukuk	2026	15.34	Half yearly	100 000	99 400
5 Years Ijara Sukuk	2027	15.11	Half yearly	10 000	9 958
5 Years Ijara Sukuk	2027	15.40	Half yearly	30 000	29 875
5 Years Ijara Sukuk	2027	15.40	Half yearly	15 000	14 937
5 Years Ijara Sukuk	2027	15.54	Half yearly	77 000	76 677
5 Years Ijara Sukuk	2027	15.38	Half yearly	50 000	49 790
5 Years Ijara Sukuk	2027	15.57	Half yearly	36 000	35 831
5 Years Ijara Sukuk	2027	15.66	Half yearly	22 000	21 897
5 Years Ijara Sukuk	2027	15.69	Half yearly	50 000	49 765
					2 302 036
Corporate Sukuk					
5 Years BYCO Sukuk	2023	15.85	Quarterly	12 500	12 526
5 Years Dubai Islamic Bank Ltd. Sukuk	2023	17.66	Monthly	25 000	25 000
4 Years Hub Power Company Ltd. Sukuk	2023	17.42	Quarterly	20 000	20 234
4 Years Hub Power Company Ltd. Sukuk	2024	11.96	Half Yearly	12 000	12 210
10 Years Dubai Islamic Bank Ltd. Sukuk	2032	17.51	Half Yearly	22 000	22 000
					91 970
					<u>2 394 006</u>

Name of investments	Maturity year	Effective yield %	Profit payment	Face value	Rupees '000
					31 December 2021
Ijara Sukuk					
5 Years Ijara Sukuk	2025	6.66	Half yearly	410 000	410 738
5 Years Ijara Sukuk	2025	6.97	Half yearly	166 500	166 800
5 Years Ijara Sukuk	2025	6.96	Half yearly	238 000	238 428
5 Years Ijara Sukuk	2025	7.02	Half yearly	25 000	25 045
5 Years Ijara Sukuk	2025	7.08	Half yearly	85 000	85 153
5 Years Ijara Sukuk	2025	7.04	Half yearly	15 000	15 027
5 Years Ijara Sukuk	2025	7.13	Half yearly	40 000	40 008
5 Years Ijara Sukuk	2025	7.12	Half yearly	30 000	30 006
5 Years Ijara Sukuk	2025	7.05	Half yearly	80 000	80 016
5 Years Ijara Sukuk	2025	7.06	Half yearly	19 000	19 004
5 Years Ijara Sukuk	2025	7.07	Half yearly	156 000	155 184
5 Years Ijara Sukuk	2025	8.51	Half yearly	41 000	41 008
5 Years Ijara Sukuk	2025	8.22	Half yearly	15 000	15 003
5 Years Ijara Sukuk	2025	7.01	Half yearly	17 000	16 403
5 Years Ijara Sukuk	2025	7.02	Half yearly	120 000	120 216
5 Years Ijara Sukuk	2025	6.95	Half yearly	18 000	17 368
5 Years Ijara Sukuk	2025	7.48	Half yearly	10 000	9 913
5 Years Ijara Sukuk	2025	7.32	Half yearly	38 000	36 666
5 Years Ijara Sukuk	2025	10.96	Half yearly	44 000	44 079
5 Years Ijara Sukuk	2025	10.08	Half yearly	50 000	50 090
					1 616 155
Corporate Sukuk					
7 Years K-Electric Ltd. Sukuk	2022	7.72	Quarterly	7 000	7 063
7 Years K-Electric Ltd. Sukuk	2022	7.15	Quarterly	5 000	5 047
5 Years BYCO Sukuk	2023	8.00	Quarterly	20 833	21 012
5 Years Hascol Petroleum Ltd. Sukuk	2023	7.14	Quarterly	8 929	-
5 Years Dubai Islamic Bank Ltd. Sukuk	2023	9.00	Monthly	25 000	25 000
4 Years Hub Power Company Ltd. Sukuk	2023	8.90	Quarterly	40 000	41 446
5 Years AGP Ltd. Sukuk	2024	7.56	Quarterly	3 500	3 527
4 Years Hub Power Company Ltd. Sukuk	2024	12.05	Half Yearly	16 000	16 400
					119 495
					<u>1 735 650</u>

7. Investment in term deposit

	Note	2022		2021	
		OPF	PTF	OPF	PTF
Held to maturity					
Term deposit	7.1	-	-	9 000	120 000
		-	-	9 000	120 000

7.1 The rate of profit on term deposit certificates issued by our banks in 2021 ranges from 6.00% to 7.25% per annum) depending on tenure.

8. Loans and other receivables – considered good

	Rupees '000			
	OPF		PTF	
	2022	2021	2022	2021
Security deposits	301	301	-	-
Other receivables	2 838	666	2 217	1 283
	<u>3 139</u>	<u>967</u>	<u>2 217</u>	<u>1 283</u>

Rupees '000

	OPF		PTF	
	2022	2021	2022	2021
14. Takaful / retakaful payables				
Co-takaful payable	1 743	2 039	114 795	92 596
Re-takaful payable	–	–	308 657	119 631
	<u>1 743</u>	<u>2 039</u>	<u>423 452</u>	<u>212 227</u>

The Operator has co-takaful and re-takaful arrangements with various takaful operators and a domestic re-takaful operator. Under the above arrangements, the receivable and payable balances originate mainly due to contributions collected or claims settled by the lead operators on behalf of other co-operators, and in case of re-takaful, the contributions ceded to and claims recoverable from the re-takaful operator under the respective contracts. As per the prevailing industry practices, settlements of balances under co-takaful arrangements are done between the respective takaful operators in normal course of business.

The Operator believes that the current balances of co-takaful and re-takaful reflected in the records of the Operator are based on the underlying contracts and transactions supported by appropriate evidence.

In this regard, the Operator exchanged balance information with various co-takaful based on significance of the balances and the re-takaful. This information corroborates the balance position of the Operator in all material respects.

Rupees '000

	OPF		PTF	
	2022	2021	2022	2021
15. Other creditors and accruals				
Federal insurance fee payable	–	–	2 322	2 045
Sales tax payable	1 465	1 245	22 797	18 594
Accrued expenses	4 160	6 500	–	–
Agent commission payable	103 785	86 265	–	–
Retirement benefit obligations	272	167	–	–
Other creditors	51	506	1 181	8 900
	<u>109 733</u>	<u>94 683</u>	<u>26 300</u>	<u>29 539</u>

16. Contingencies and commitments

There are no contingencies and commitments as at 31 December 2022 (31 December 2021: Nil).

Rupees '000

	2022	2021
17. Net contribution revenue		
Written gross contribution	2 931 815	2 697 255
Wakala fee	(1 102 354)	(846 748)
Contribution net of wakala fee	1 829 461	1 850 507
Unearned contribution reserve - opening	893 876	834 798
Unearned contribution reserve - closing	(866 565)	(893 876)
Contribution earned	1 856 772	1 791 429
Less:		
Retakaful contribution ceded	779 569	637 016
Prepaid retakaful contribution - opening	283 818	220 077
Prepaid retakaful contribution - closing	(352 886)	(283 818)
Retakaful expense	710 501	573 275
	<u>1 146 271</u>	<u>1 218 154</u>

Rupees '000

	2022	2021
18. Retakaful rebate earned		
Rebate received or recoverable	136 679	131 269
Unearned retakaful rebate-opening	63 362	29 852
Unearned retakaful rebate-closing	(65 847)	(63 362)
	134 194	97 759
19. Takaful benefits / claims expense		
Benefits / claims paid	1 225 113	1 308 908
Outstanding benefits / claims including IBNR - opening	(1 088 118)	(1 252 165)
Outstanding benefits / claims including IBNR - closing	1 282 538	1 088 118
Claim expense	1 419 533	1 144 861
Less:		
Retakaful and other recoveries received	86 569	287 132
Retakaful and other recoveries in respect of outstanding claims - opening	(541 251)	(730 638)
Retakaful and other recoveries in respect of outstanding claims - closing	746 866	541 251
Retakaful and other recoveries revenue	292 184	97 745
	1 127 349	1 047 116

19.1 Benefit / 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.

Accident year	2018 and prior	2019	2020	2021	2022	Rupees '000
					(including IBNR)	Total
Estimate of ultimate claims costs:						
– At end of accident year	1 217 335	1 303 862	1 980 788	1 406 107	1 650 383	
– One year later	1 137 901	1 117 591	1 738 050	1 221 401	–	
– Two years later	1 125 810	1 119 405	1 713 227	–	–	
– Three years later	1 105 488	1 099 964	–	–	–	
– Four years later	1 103 610	–	–	–	–	
Current estimate of cumulative claims	1 103 610	1 099 964	1 713 227	1 221 401	1 650 383	6 788 585
Cumulative payments to date	1 102 589	1 096 466	1 291 133	1 167 842	848 017	5 506 047
Liability recognized in statement of financial position	1 021	3 498	422 094	53 559	802 366	1 282 538

19.2 The provision for IBNR on the basis of actuarial valuation carried out as at 31 December 2022 amounted to Rs. 62,532 thousand (2021: Rs. 58,656 thousand).

		Rupees '000	
	Note	2022	2021
20. Commission expense			
Commission paid or payable		336 823	328 960
Deferred commission expense - opening		149 495	125 049
Deferred commission expense - closing		(163 440)	(149 495)
		<u>322 878</u>	<u>304 514</u>
21. General, administrative and management expense			
Salaries, wages and benefits	21.1	288 210	258 659
Bonus		23 981	21 774
Gratuity		4 030	3 293
Rent, rates and taxes		13 306	9 117
Telephone		2 657	2 203
Postage and telegram		2 481	2 798
Gas, electricity and fuel		9 305	6 386
Printing and stationery		6 400	4 412
Travelling and entertainment		12 741	5 107
Depreciation		18 350	18 004
Repair and maintenance		8 227	6 634
Annual supervision fee of SECP		3 836	3 663
Service charges		(9 554)	(6 117)
Bank charges and commission		9	5
Training		444	689
Insurance		278	236
Meeting & Conferences		2 884	-
Security services		516	385
Conveyance expense		1 549	1 267
Miscellaneous		9 573	10 219
		<u>399 223</u>	<u>348 734</u>

21.1 This includes Rs 297 thousand (2021: Rs. 248 thousand) being contribution for employees' provident fund.

		OPF		PTF		Rupees '000	
		2022	2021	2022	2021		
22. Investment income							
Income from debt securities - available-for-sale							
Return on debt securities		91 914	38 962	269 538	108 034		
Impairment on debt securities		-	(9 394)	-	(9 403)		
Income from term deposits							
Return on term deposits		76	1 548	1 291	11 206		
Net realized gains on investments		91 990	31 116	270 829	109 837		
Available-for-sale financial assets							
Realized gains / (losses) on:							
Debt securities		(376)	-	1 280	-		
Total investment income		<u>91 614</u>	<u>31 116</u>	<u>272 109</u>	<u>109 837</u>		

	OPF		PTF		Rupees '000
	2022	2021	2022	2021	
23. Other income					
Profit on bank deposits	5 768	3 170	17 407	9 813	
Gain on sale of fixed assets	10	-	-	-	
Exchange (loss) / gain	-	-	(30)	634	
	<u>5 778</u>	<u>3 170</u>	<u>17 377</u>	<u>10 447</u>	
					Rupees '000
		Note	2022	2021	
24. Direct expense - OPF					
Auditor's remuneration		24.1	1 046	735	
Subscription to association			30	28	
			<u>1 076</u>	<u>763</u>	
24.1 Auditor's remuneration					
Audit fee			693	480	
Shari'ah Compliance audit fee			165	150	
Out of pocket expenses			188	105	
			<u>1 046</u>	<u>735</u>	
25. Taxation					
For current year					
Current		25.1	112 487	56 692	
Deferred			(64)	(2 718)	
Super tax			15 516	-	
			<u>127 939</u>	<u>53 974</u>	
For prior year					
Super tax			7 820	-	
			<u>135 759</u>	<u>53 974</u>	
25.1 Relationship between tax expense and accounting profit					
Profit before taxation			<u>387 631</u>	<u>186 105</u>	
Tax at the applicable rate			112 413	53 970	
Tax effects of deduction not allowed			10	4	
Tax effects of prior year tax			7 820	-	
Average effective tax rate charged on income			<u>120 243</u>	<u>53 974</u>	
Effect of super tax			15 516	-	
Total average effective tax rate			<u>135 759</u>	<u>53 974</u>	

26. Compensation of Head of Window Takaful Operations and executives

The aggregate amount charged in the accounts for remuneration, including all benefits, to the Head of Window Takaful Operations and Executives of the Operator are as follows:

Rupees '000

	2022			2021		
	Head of WTO	Executives	Total	Head of WTO	Executives	Total
Managerial remuneration	5 160	3 840	9 000	4 845	3 463	8 308
Leave encashment	–	198	198	–	198	198
Bonus	–	293	293	–	468	468
Retirement benefits	–	213	213	–	187	187
Utilities	220	122	342	222	108	330
Medical expenses	92	56	148	340	65	405
Total	5 472	4 722	10 194	5 407	4 489	9 896
Number of persons	1	2	3	1	2	3

27. Related party transactions

Related parties comprise of directors, major shareholders, key management personnel, associated companies, entities with common directors and employees' retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions except for compensation to key management personnel, which are on employment terms. The transactions and balances with related parties are as follows:

Rupees '000

	2022	2021
27.1 Participants' Takaful Fund		
Associate		
Contributions written	684	3 243
Contribution paid	103	66
Claims paid	948	5 434
Key management personnel		
Contributions written	78	–
Others		
Contributions written	2 420	1 530
Claims paid	148	524
Employee fund		
Contribution to gratuity fund	272	167
Balances		
Receivable / (Payable)	–	(374)
Employee fund payable	272	167

28.2 Participants' Takaful Fund

Rupees '000

For the year ended 31 December 2022						
Current year	Fire and property damage	Marine, aviation & transport	Motor	Misce- llaneous	Treaty	Total
Contribution receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	705 540	188 884	2 349 716	121 076	-	3 365 216
Less: Sales tax	85 752	19 581	272 807	14 081	-	392 221
Stamp duty	72	11 554	218	16	-	11 860
Federal insurance fee	6 136	1 562	20 562	1 059	-	29 319
Gross written contribution (inclusive of administrative surcharge)	613 580	156 187	2 056 129	105 920	-	2 931 816
Gross direct contribution	608 822	148 982	1 909 817	105 599	-	2 773 220
Administrative surcharge	4 758	7 205	146 312	321	-	158 596
Wakala fee	(209 420)	(54 666)	(800 909)	(37 359)	-	(1 102 354)
Contributions earned	385 081	99 260	1 314 965	57 466	-	1 856 772
Contributions ceded to retakaful	(509 931)	(116 762)	(22 589)	(61 219)	-	(710 501)
Net contribution revenue	(124 850)	(17 502)	1 292 376	(3 753)	-	1 146 271
Retakaful rebate earned	96 648	26 272	3	11 271	-	134 194
Net underwriting income	(28 202)	8 770	1 292 379	7 518	-	1 280 465
Takaful claims	(288 133)	(25 160)	(1 094 729)	(11 511)	-	(1 419 533)
Takaful claims recovered from retakaful	260 728	20 127	(24)	11 353	-	292 184
Net claims	(27 405)	(5 033)	(1 094 753)	(158)	-	(1 127 349)
Other direct expenses	(98)	(87)	(82 579)	(47)	-	(82 811)
Surplus / (deficit) before investment income	(55 705)	3 650	115 047	7 313	-	70 305
Investment income						272 109
Other income						17 377
Modarib's share of investment income						(72 379)
Surplus transferred to accumulated surplus						287 412
	As at 31 December 2022					
Corporate segment assets	1 256 862	55 657	693 389	125 152	-	2 131 061
Corporate unallocated assets						2 641 599
Total assets						4 772 660
Corporate segment liabilities	1 385 422	126 350	1 357 415	153 179	-	3 022 366
Corporate unallocated liabilities						611 313
Total liabilities						3 633 679

Rupees '000

For the year ended 31 December 2021

Prior year	Fire and property damage	Marine, aviation & transport	Motor	Misce- llaneous	Treaty	Total
Contribution receivable (inclusive of sales tax federal insurance fee and administrative surcharge)	549 922	152 818	2 288 108	105 798	-	3 096 646
Less: Sales tax	66 053	16 179	266 437	14 602	-	363 271
Stamp duty	57	8 852	223	13	-	9 145
Federal insurance fee	4 791	1 265	20 016	903	-	26 975
Gross written contribution (inclusive of Administrative surcharge)	479 021	126 522	2 001 432	90 280	-	2 697 255
Gross direct contribution	474 863	120 660	1 835 194	89 980	-	2 520 697
Administrative surcharge	4 158	5 862	166 238	300	-	176 558
Wakala fee	(125 270)	(42 181)	(660 159)	(19 138)	-	(846 748)
Contributions earned	308 024	81 299	1 315 213	86 893	-	1 791 429
Contributions ceded to retakaful	(371 669)	(91 883)	(24 044)	(85 679)	-	(573 275)
Net contribution revenue	(63 645)	(10 584)	1 291 169	1 214	-	1 218 154
Rebate from retakaful operator	61 828	20 635	14	15 282	-	97 759
Net underwriting income	(1 817)	10 051	1 291 183	16 496	-	1 315 913
Takaful claims	(106 227)	(11 554)	(1 011 614)	(15 466)	-	(1 144 861)
Takaful claims recovered from retakaful	88 454	9 243	(4 702)	4 750	-	97 745
Net claims	(17 773)	(2 311)	(1 016 316)	(10 716)	-	(1 047 116)
Other direct expense	(82)	(67)	(135 477)	(46)	-	(135 672)
Net insurance claims and expenses	(17 855)	(2 378)	(1 151 793)	(10 762)	-	(1 182 788)
(Deficit) / surplus before investment income	(19 672)	7 673	139 390	5 734	-	133 125
Investment income						109 837
Other income						10 447
Modarib's share of investment income						(32 145)
Surplus transferred to accumulated surplus						221 264
	As at 31 December 2021					
Corporate segment assets	911 800	50 971	592 033	94 719	-	1 649 523
Corporate unallocated assets						2 121 215
Total assets						3 770 738
Corporate segment liabilities	933 727	81 385	1 325 617	122 419	-	2 463 148
Corporate unallocated liabilities						451 211
Total liabilities						2 914 359

29. Movement in investment

29.1 Operator's Fund

Name of investment	Available-for-sale debt securities	Held to maturity term deposit	Rupees '000
			Total
At beginning of previous year	378 864	195 000	573 864
Additions	390 680	69 000	459 680
Disposals (sale and redemptions)	(115 260)	(255 000)	(370 260)
Impairment	(8 931)	–	(8 931)
Fair value net losses (excluding net realized gains / (losses))	(2 231)	–	(2 231)
At beginning of current year	643 122	9 000	652 122
Additions	370 708	–	370 708
Disposals (sale and redemptions)	(62 046)	(9 000)	(71 046)
Fair value net losses (excluding net realized gains / (losses))	(2 863)	–	(2 863)
At end of current year	948 921	–	948 921

29.2 Participants' Takaful Fund

Name of investment	Available-for-sale debt securities	Held to maturity term deposit	Total
At beginning of previous year	1 270 934	360 000	1 630 934
Additions	659 254	315 000	974 254
Disposals (sale and redemptions)	(183 609)	(555 000)	(738 609)
Impairment	(8 931)	–	(8 931)
Fair value net losses (excluding net realized gains / (losses))	(1 998)	–	(1 998)
At beginning of current year	1 735 650	120 000	1 855 650
Additions	860 034	35 000	895 034
Disposals (sale and redemptions)	(196 868)	(155 000)	(351 868)
Fair value net losses (excluding net realized gains / (losses))	(4 810)	–	(4 810)
At end of current year	2 394 006	–	2 394 006

30. Management of takaful and financial risk

30.1 Takaful risk

The principal risk that is faced under takaful contracts is the possibility that the covered event occurs, the uncertainty of the amount of the resulting claims i.e. the frequency and severity of claims and that the actual claims and benefit payments exceed the carrying amount of the takaful liabilities. By the very nature of the takaful contract, this risk is random and therefore unpredictable. The objective of the Operator is to ensure that sufficient reserves are available to cover these liabilities.

The Operator manages these risks through its underwriting strategy, adequate retakaful arrangements and proactive claims handling. The underwriting strategy aims to minimize takaful risks with a balanced mix and spread of business classes and by observing underwriting guidelines and limits. The Operator underwrites non-life takaful contracts that can be categorized into fire and property damage, marine, aviation and transport, motor and miscellaneous contracts. These classes of takaful are generally regarded as short-term takaful contracts where claims are normally intimated and settled within a short time span, usually one year. This helps to mitigate takaful risk.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Operator has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. For large risks, particularly in property segment of business, risk inspections are carried out before accepting the risks. Similarly, in case of large risks, annual renewals are also preceded by on-site surveys. Where needed, risk mitigation measures are identified and communicated to the clients to improve the risk to an acceptable level.

Retakaful arrangements in place include treaty and facultative arrangements, on proportional and non-proportional basis and also include catastrophe cover. The effect of such retakaful arrangements is that the PTF may not suffer ultimate net takafal losses beyond the PTF's risk appetite in any one year.

The Operator's arrangement of retakaful is diversified such that it is neither dependent on a single retakaful operator nor the operations of the Operator are substantially dependent upon any single retakaful contract. The Operator obtains retakaful cover only from companies with sound financial health.

30.1.1 Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical, atmospheric disturbances, natural disasters, concentration of risks, civil riots etc. The Operator manages these risk through the measures described above. The Operator has limited its exposure to catastrophic and riot events by use of retakaful arrangements.

The Operator monitors concentration of takafal risks primarily by class of business. The table below sets out the concentration of the claims and contribution liabilities (in percentage terms) by class of business at financial statement date:

Class	2022				2021			
	Gross claims liabilities	Net claims liabilities	Gross contribution liabilities	Net contribution liabilities	Gross claims liabilities	Net claims liabilities	Gross contribution liabilities	Net contribution liabilities
	%	%	%	%	%	%	%	%
Fire and property damage	56	6	22	3	46	2	19	2
Marine, aviation & transport	2	1	2	1	2	1	2	1
Motor	38	91	71	94	47	94	76	96
Miscellaneous	4	2	5	2	5	3	3	1
	100	100	100	100	100	100	100	100

The Operator also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighbouring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk.

The Operator evaluates the concentration of exposures to individual and cumulative takafal risks and establishes its retakaful policy to reduce such exposures to levels acceptable to the Operator.

The Operator's class wise major gross risk exposure is as follows:

Class	Rupees '000	
	2022	2021
Fire and property damage	17 419 000	18 581 000
Marine, aviation and transport	481 000	465 000
Motor	150 000	63 000
Miscellaneous	1 250 000	1 000 000

Since the Operator operates in Pakistan only, hence, all the takafal risks relate to policies written in Pakistan.

30.1.2 Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the financial statement 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 contractholders arising from claims made under takafal contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming and economic

conditions. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the financial statement date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the financial statement date. The details of estimation of outstanding claims (including IBNR) are given under note 3.13.

30.1.3 Process used to decide on assumptions

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

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Operator, in which case information about the claim event is available. The Operator has taken actuarial advice for the determination of IBNR claims, which has been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF), which represents the extent of future development of claims to reach their ultimate level.

The contribution liabilities have been determined such that the total contribution liability provisions (unearned contribution reserve and contribution deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of financial statement date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

30.1.4 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 analyzed 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.

	2022		2021	
	PTF		PTF	
	Revenue	Equity	Revenue	Equity
Impact of change in claim liabilities by + 10 %				
Fire and property damage	(3 121)	(3 121)	(1 030)	(1 030)
Marine, aviation and transport	(489)	(489)	(457)	(457)
Motor	(48 630)	(48 630)	(51 385)	(51 385)
Miscellaneous	(1 328)	(1 328)	(1 815)	(1 815)
	<u>(53 568)</u>	<u>(53 568)</u>	<u>(54 687)</u>	<u>(54 687)</u>
Impact of change in claim liabilities by - 10 %				
Fire and property damage	3 121	3 121	1 030	1 030
Marine, aviation and transport	489	489	457	457
Motor	48 630	48 630	51 385	51 385
Miscellaneous	1 328	1 328	1 815	1 815
	<u>53 568</u>	<u>53 568</u>	<u>54 687</u>	<u>54 687</u>

Rupees '000

30.2 Financial risk

The Operator's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (comprising of currency risk, profit rate risk and other price risk). The Operator's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Operator's financial performance.

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

30.2.1 Credit risk

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The management monitors exposure to credit risk through regular review of credit exposure, undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet contractual obligations in similar manner. Due to the nature of financial assets, the Operator believes it is not exposed to any major concentration of credit risk.

The carrying amounts of the following financial assets represent the Operator's maximum exposure to credit risk:

	2022		2021	
	OPF	PTF	OPF	PTF
Financial assets:				
Term deposits	–	–	9 000	120 000
Loans and other receivables	3 139	2 217	967	1 283
Takaful / retakaful receivables	14 791	379 772	7 410	321 441
Retakaful recoveries against outstanding claims	–	746 866	–	541 251
Receivable to PTF	392 211	–	211 809	–
Accrued investment income	22 053	49 814	11 385	24 980
Cash and bank	48 929	195 563	100 883	239 302
	<u>481 123</u>	<u>1 374 232</u>	<u>341 454</u>	<u>1 248 257</u>

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

Rating	2022		2021	
	OPF	PTF	OPF	PTF
AAA	7 924	59 796	13 198	59 296
AA+	3 164	10 886	2 270	5 547
AA	18 997	100 873	44 471	111 884
A+	18 837	20 950	40 942	59 128
A	7	17	2	2 178
	<u>48 929</u>	<u>192 522</u>	<u>100 883</u>	<u>238 033</u>

The management monitors exposure to credit risk in contribution receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables.

The credit quality of claim recoveries from retakaful operators can be assessed with reference to external credit ratings as follows:

a. Operator's Fund

Rupees '000

Rating	2022	2021
	Amounts due from takaful / retakaful	Amounts due from takaful / retakaful
A or above	14 791	7 410
B or above	-	-
	<u>14 791</u>	<u>7 410</u>

As at 31 December 2022, the amount due from takaful / retakaful operator includes amount receivable within one year and above one year amounting to Rs. 8,925 thousand (2021: Rs. 7,410 thousand) and Rs. 5,866 thousand (2021: Rs. 3,052 thousand) respectively.

b. Participants' Takaful Fund

Rupees '000

Rating	2022		2021	
	Amounts due from takaful / retakaful	Retakaful recoveries against outstanding claims	Amounts due from takaful / retakaful	Retakaful recoveries against outstanding claims
A or above	13 342	8 040	8 040	126 968
B or above	-	-	-	608
	<u>13 342</u>	<u>8 040</u>	<u>8 040</u>	<u>127 576</u>

As at 31 December 2022, the amount due from takaful / retakaful operator includes amount receivable within one year and above one year amounting to Rs. 13,679 thousand (2021: Rs. 8,040 thousand) and Rs. 10,717 thousand (2021: Rs. 3,366 thousand) respectively.

30.2.2 Liquidity risk

Liquidity risk is the risk that the Operator will encounter difficulty in meeting its obligations associated with financial liabilities. In respect of major loss event, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected retakaful recoveries.

The objective of the Operator's liquidity management process is to ensure, as far as possible, that it will always have sufficient liquidity to meet its claim and other liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Operator's reputation. It includes measuring and monitoring the future cash flows on daily, monthly and quarterly basis, maintaining sufficient cash reserves in bank accounts and a portfolio of highly marketable financial assets that can be easily liquidated in the event of an unforeseen interruption to cash flows.

The table below provides the maturity analysis of the Operations liabilities as at financial statement date. All liabilities are presented on a contractual cash flow basis except for the provision of outstanding claims (including IBNR), which are presented with their expected cash flows.

Rupees '000

	OPF 2022		
	Carrying amount	Up to one year	Greater than one year
Financial liabilities:			
Takaful / retakaful payables	1 743	1 743	–
Other creditors and accruals	109 733	109 733	–
	<u>111 476</u>	<u>111 476</u>	<u>–</u>
	PTF 2022		
	Carrying amount	Up to one year	Greater than one year
Financial liabilities:			
Provision for outstanding claims (including IBNR)	1 282 538	1 282 538	–
Takaful / retakaful payables	423 452	423 452	–
Payable to OPF	392 211	392 211	–
Other creditors and accruals	26 300	26 300	–
	<u>2 124 501</u>	<u>2 124 501</u>	<u>–</u>
	OPF 2021		
	Carrying amount	Up to one year	Greater than one year
Financial liabilities:			
Takaful / retakaful payables	2 039	2 039	–
Other creditors and accruals	94 683	94 683	–
	<u>96 722</u>	<u>96 722</u>	<u>–</u>
	PTF 2021		
	Carrying amount	Up to one year	Greater than one year
Financial liabilities:			
Provision for outstanding claims (including IBNR)	1 088 118	1 088 118	–
Takaful / retakaful payables	212 227	212 227	–
Payable to OPF	211 809	211 809	–
Other creditors and accruals	29 539	29 539	–
	<u>1 541 693</u>	<u>1 541 693</u>	<u>–</u>

30.2.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices such as profit rates, foreign exchange rates and equity prices.

The Operator limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in Government securities, equity and term finance certificates' markets. In addition, the Operator actively monitors the key factors that affect the underlying value of these securities.

30.2.3.1 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market profit rates. The Operator has securities and deposits that are subject to profit rate risk. The Operator limits profit rate risk by monitoring changes in profit rates in the currencies in which its financial assets are denominated.

Maturity profile of financial assets and liabilities:

Rupees '000

OPF 2022							
	Profit / Markup bearing			Non-Profit / Non-Markup bearing			Total
	Maturity Up to one year	Maturity after one year	Sub Total	Maturity Up to one year	Maturity after one year	Sub Total	
Financial assets							
Investments							
Debt securities	–	948 921	948 921	–	–	–	948 921
Loans and other receivables	–	–	–	3 139	–	3 139	3 139
Accrued investment income	–	–	–	22 053	–	22 053	22 053
Takaful / retakaful receivables	–	–	–	14 791	–	14 791	14 791
Receivable from OPF	–	–	–	392 211	–	392 211	392 211
Cash and bank	47 514	–	47 514	1 415	–	1 415	48 929
	<u>47 514</u>	<u>948 921</u>	<u>996 435</u>	<u>433 609</u>	<u>–</u>	<u>433 609</u>	<u>1 430 044</u>
Financial liabilities							
Takaful / retakaful payables	–	–	–	1 743	–	1 743	1 743
Other creditors and accruals	–	–	–	109 733	–	109 733	109 733
	<u>–</u>	<u>–</u>	<u>–</u>	<u>111 476</u>	<u>–</u>	<u>111 476</u>	<u>111 476</u>
On-balance sheet sensitivity gap							
Total yield / mark-up rate risk sensitivity gap	<u>47 514</u>	<u>948 921</u>	<u>996 435</u>	<u>322 133</u>			
	<u>47 514</u>	<u>948 921</u>	<u>996 435</u>	<u>322 133</u>			
OPF 2021							
	Profit / Markup bearing			Non-Profit / Non-Markup bearing			Total
	Maturity Up to one year	Maturity after one year	Sub Total	Maturity Up to one year	Maturity after one year	Sub Total	
Financial assets							
Investments							
Debt securities	12 099	631 023	643 122	–	–	–	643 122
Term deposits	9 000	–	9 000	–	–	–	9 000
Loans and other receivables	–	–	–	967	–	967	967
Accrued investment income	–	–	–	11 385	–	11 385	11 385
Takaful / retakaful receivables	–	–	–	7 410	–	7 410	7 410
Receivable from OPF	–	–	–	211 809	–	211 809	211 809
Cash and bank	93 825	–	93 825	7 058	–	7 058	100 883
	<u>114 924</u>	<u>631 023</u>	<u>745 947</u>	<u>238 629</u>	<u>–</u>	<u>238 629</u>	<u>984 576</u>
Financial liabilities							
Takaful / retakaful payables	–	–	–	2 039	–	2 039	2 039
Other creditors and accruals	–	–	–	94 683	–	94 683	94 683
	<u>–</u>	<u>–</u>	<u>–</u>	<u>96 722</u>	<u>–</u>	<u>96 722</u>	<u>96 722</u>
On-balance sheet sensitivity gap							
Total yield / mark-up rate risk sensitivity gap	<u>114 924</u>	<u>631 023</u>	<u>745 947</u>	<u>141 907</u>			
	<u>114 924</u>	<u>631 023</u>	<u>745 947</u>	<u>141 907</u>			

Rupees '000

PTF 2022							
	Profit / Markup bearing			Non-Profit / Non-Markup bearing			
	Maturity Up to one year	Maturity after one year	Sub Total	Maturity Up to one year	Maturity after one year	Sub Total	Total
Financial assets							
Investments							
Debt securities	-	2 394 006	2 394 006	-	-	-	2 394 006
Loans and other receivables	-	-	-	2 217	-	2 217	2 217
Accrued investment income	-	-	-	49 814	-	49 814	49 814
Takaful / retakaful receivables	-	-	-	379 772	-	379 772	379 772
Retakaful recoveries against outstanding claims / benefits	-	-	-	746 866	-	746 866	746 866
Cash and bank	191 888	-	191 888	3 675	-	3 675	195 563
	191 888	2 394 006	2 585 894	1 182 344	-	1 182 344	3 768 238
Financial liabilities							
Outstanding claims / benefits including IBNR							
	-	-	-	1 282 538	-	1 282 538	1 282 538
Takaful / retakaful payables	-	-	-	423 452	-	423 452	423 452
Payable to OPF	-	-	-	392 211	-	392 211	392 211
Other creditors and accruals	-	-	-	26 300	-	26 300	26 300
	-	-	-	2 124 501	-	2 124 501	2 124 501
On-balance sheet sensitivity gap	191 888	2 394 006	2 585 894	(942 157)			
Total yield / mark-up rate risk sensitivity gap	191 888	2 394 006	2 585 894	(942 157)			
PTF 2021							
	Profit / Markup bearing			Non-Profit / Non-Markup bearing			
	Maturity Up to one year	Maturity after one year	Sub Total	Maturity Up to one year	Maturity after one year	Sub Total	Total
Financial assets							
Investments							
Debt securities	15 636	1 720 014	1 735 650	-	-	-	1 735 650
Term deposits	120 000	-	120 000	-	-	-	120 000
Loans and other receivables	-	-	-	1 283	-	1 283	1 283
Accrued investment income	-	-	-	24 980	-	24 980	24 980
Takaful / retakaful receivables	-	-	-	321 441	-	321 441	321 441
Retakaful recoveries against outstanding claims / benefits	-	-	-	541 251	-	541 251	541 251
Cash and bank	236 898	-	236 898	2 404	-	2 404	239 302
	372 534	1 720 014	2 092 548	891 359	-	891 359	2 983 907
Financial liabilities							
Outstanding claims / benefits including IBNR							
	-	-	-	1 088 118	-	1 088 118	1 088 118
Takaful / retakaful payables	-	-	-	212 227	-	212 227	212 227
Payable to OPF	-	-	-	211 809	-	211 809	211 809
Other creditors and accruals	-	-	-	29 539	-	29 539	29 539
	-	-	-	1 541 693	-	1 541 693	1 541 693
On-balance sheet sensitivity gap	372 534	1 720 014	2 092 548	(650 334)			
Total yield / mark-up rate risk sensitivity gap	372 534	1 720 014	2 092 548	(650 334)			

Sensitivity analysis

As on 31 December 2022, the Operator had no financial instruments valued at fair value through profit or loss. For cash flow sensitivity analysis of variable rate instruments, a hypothetical change of 100 basis points in profit rates during the year would have decreased / increased profit for the year by the amounts shown below.

It is assumed that the changes occur immediately and uniformly to each category of instrument containing profit rate risk. Actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

Operator's Fund		Rupees '000	
	Change in basis points	Effect on profit and loss before tax	Operator's Fund
31 December 2022	100	475	318
	(100)	(475)	(318)
31 December 2021	100	938	666
	(100)	(938)	(666)

Participants' Takaful Fund			
	Change in basis points	Effect on PTF Revenue	Participants' Takaful Fund
31 December 2022	100	1 919	1 919
	(100)	(1 919)	(1 919)
31 December 2021	100	2 369	2 369
	(100)	(2 369)	(2 369)

30.2.3.2 Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of financial instrument will fluctuate because of changes in foreign exchange rates. The Operator, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pakistani Rupees.

30.3 Fair value

30.3.1 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.

30.3.2 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 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

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

Following are the assets where fair value is only disclosed and is different from their carrying value:

30.3.3 Operator's Fund

Rupees '000

As at 31 December 2022								
	Available-for-sale	Loan & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Ijara Sukuks	905 529				905 529		905 529	
Corporate Sukuks	43 392				43 392		43 392	
Financial assets not measured at fair value								
Loans and other receivables*		3 139			3 139			
Takaful / retakaful receivables*		14 791			14 791			
Receivable from PTF*		392 211			392 211			
Accrued investment income*		22 053			22 053			
Cash and bank balances*			48 929		48 929			
	948 921	432 194	48 929	-	1 430 044	-	948 921	-
Financial liabilities not measured at fair value								
Other creditors and accruals*				(109 733)	(109 733)			
	948 921	432 194	48 929	(109 733)	1 320 311	-	948 921	-

As at 31 December 2021

	Available-for-sale	Loan & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Ijara Sukuks	565 425				565 425		565 425	
Corporate Sukuks	77 697				77 697		77 697	
Financial assets not measured at fair value								
Investments								
Term deposits *			9 000		9 000			
Loans and other receivables *		967			967			
Takaful / retakaful receivables *		7 410			7 410			
Receivable from PTF *		211 809			211 809			
Accrued investment income *		11 385			11 385			
Cash and bank balances *			100 883		100 883			
	643 122	231 571	109 883	-	984 576	-	643 122	-
Financial liabilities not measured at fair value								
Other creditors and accruals *				(94 683)	(94 683)			
	643 122	231 571	109 883	(94 683)	889 893	-	643 122	-

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

30.3.4 Participants' Takaful Fund

Rupees '000

As at 31 December 2022

	Available-for-sale	Loan & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Ijara Sukuk	2 302 036				2 302 036		2 302 036	
Corporate Sukuk	91 970				91 970		91 970	
Financial assets not measured at fair value								
Investments								
Loans and other receivables*		2 217			2 217			
Takaful / retakaful receivables*		379 772			379 772			
Retakaful recoveries against outstanding claims*		746 866			746 866			
Accrued investment income*		49 814			49 814			
Cash and bank balances*			195 563		195 563			
	2 394 006	1 178 669	195 563	-	3 768 238	-	2 394 006	-
Financial liabilities not measured at fair value								
Outstanding claims including IBNR*				(1 282 538)	(1 282 538)			
Contributions received in advance*				(4 488)	(4 488)			
Takaful / retakaful payable*				(423 452)	(423 452)			
Payable to OPF*				(392 211)	(392 211)			
Other creditors and accruals*				(26 300)	(26 300)			
	2 394 006	1 178 669	195 563	(2 128 989)	1 639 249	-	2 394 006	-

As at 31 December 2021

	Available-for-sale	Loan & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Ijara Sukuk	1 616 156				1 616 156		1 616 156	
Corporate Sukuk	119 494				119 494		119 494	
Financial assets not measured at fair value								
Investments								
Term deposits*			120 000		120 000			
Loans and other receivables*		1 283			1 283			
Takaful / retakaful receivables*		321 441			321 441			
Retakaful recoveries against outstanding claims*		541 251			541 251			
Accrued investment income*		24 980			24 980			
Cash and bank balances*			239 302		239 302			
	1 735 650	888 955	359 302	-	2 983 907	-	1 735 650	-
Financial liabilities not measured at fair value								
Outstanding claims including IBNR*				(1 088 118)	(1 088 118)			
Contributions received in advance*				(4 467)	(4 467)			
Takaful / retakaful payable*				(212 227)	(212 227)			
Payable to OPF*				(211 809)	(211 809)			
Other creditors and accruals*				(29 539)	(29 539)			
	1 735 650	888 955	359 302	(1 546 160)	1 437 747	-	1 735 650	-

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

31. Corresponding figures

Corresponding figures have been rearranged and reclassified, wherever necessary, to facilitate comparisons.

32. General

The figures have been rounded off to the nearest thousand rupees.

33. Statement of solvency

Rupees '000

2022

Assets

Investments

Intangible assets

Debt securities

2 394 006

Current Assets - Others

Takaful / retakaful receivables

379 772

Salvage recoveries accrued

44 020

Loans and other receivables

2 217

Retakaful recoveries against outstanding claims

746 866

Accrued investment income

49 814

Deferred wakala fees

572 278

Prepayments

388 124

2 183 091

Cash and bank

195 563

Total assets

4 772 660

In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000

Contribution due since more than three months

166 847

Total of In-admissible assets

166 847

Total admissible assets

4 605 813

Total liabilities

Underwriting provisions

Outstanding claims (including IBNR)

1 282 538

Unearned contribution reserves

1 438 843

Unearned retakaful rebate

65 847

Contribution received in advance

4 488

Takaful / retakaful payables

423 452

Payable to OPF

392 211

Other creditors and accruals

26 300

Total liabilities

3 633 679

Total net admissible assets

972 134

Minimum Solvency Requirement (higher of following)

345 445

Method A - U/s 36(3)(a)

150 000

Method B - U/s 36(3)(b)

229 255

Method C - U/s 36(3)(c)

345 445

Excess / Deficit in Net Admissible Assets over Minimum Requirements

626 689

34. Date of authorization for issue of financial statements

These financial statements were authorized for issue by the Board of Directors in its meeting held on 16 March 2023.

MAHMOOD LOTIA
Director

TAHER G. SACHAK
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Pattern of Shareholding As at 31 December 2022

Number of shareholders	Shareholdings		Shares held
	From	To	
300	1	100	11 094
288	101	500	75 475
162	501	1000	123 315
272	1001	5000	672 276
111	5001	10000	809 073
60	10001	15000	750 419
34	15001	20000	607 874
27	20001	25000	625 951
20	25001	30000	551 278
6	30001	35000	194 148
16	35001	40000	620 992
7	40001	45000	305 271
7	45001	50000	337 514
6	50001	55000	306 540
6	55001	60000	348 493
2	60001	65000	126 917
4	65001	70000	271 499
7	70001	75000	506 161
12	75001	80000	944 469
1	80001	85000	83 015
4	85001	90000	346 881
2	90001	95000	186 467
10	95001	100000	988 400
5	100001	110000	530 157
5	110001	120000	581 570
5	120001	130000	624 985
1	130001	140000	138 534
1	140001	150000	143 000
4	150001	160000	620 911
1	160001	170000	162 162
2	200001	210000	403 387
2	230001	240000	473 332
1	240001	250000	243 000
2	250001	275000	503 151
4	275001	300000	1 176 013
1	300001	325000	316 800
4	350001	375000	1 484 727
4	375001	400000	1 587 907
2	450001	475000	906 394
1	525001	550000	530 684
1	575001	600000	583 008
1	600001	625000	623 610
1	675001	700000	679 200
1	700001	725000	702 008
1	750001	775000	769 100
2	775001	800000	1 584 181
3	925001	950000	2 807 781
1	1000001	1100000	1 011 392
1	1200001	1300000	1 227 200
1	1300001	1400000	1 343 972
1	1400001	1500000	1 455 197
2	2400001	2800000	5 195 886
2	4300001	4700000	8 996 637
1	5400001	6000000	5 455 675
2	7200001	8500000	15 645 571
1	10700001	10800000	10 786 619
1	24000001	25000000	24 042 744
1	25000001	26000000	25 802 613
1	28000001	30000000	28 876 218
1	42000001	44000000	42 191 152
1435			200 000 000

Categories of shareholders	Shareholders	Shares held	Percentage
Associated Companies, Undertakings and Related Parties			
EFU Life Assurance Limited		4 680 961	
Jahangir Siddiqui & Co. Limited		42 191 152	
JS Bank Limited		5 455 675	
JS Infocom Limited		679 200	
Jahangir Siddiqui & Sons Limited		97 900	
Jahangir Siddiqui Securities Services Limited		200 987	
JS Lands (Private) Limited		1 227 200	
Energy Infrastructure Holding (Private) Limited		10 786 619	
Trustee - Future Trust		7 263 900	
The Aga Khan University Foundation		162 162	
Trustee EFU General Insurance Ltd., Staff Provident Fund		252 851	
Trustees EFU General Ins. Limited, Officer's Pension Fund		68 101	
Trustees EFU General Insurance Limited, Employees Gratuity Fund		128 456	
Trustees EFU Life Assurance Limited, Employees Provident Fund		733	
Trustees Of Allianz EFU Health Ins. E.P.F		44 800	
	15	73 240 697	36.62
NIT	-	-	-
Directors, CEO, & their Spouse and Minor Children			
Saifuddin N. Zoomkawala		316 800	
Hasanali Abdullah		374 958	
Rafique R. Bhimjee		25 802 613	
Taher G. Sachak		2 046	
Mahmood lotia		1 328	
Ali Raza Siddiqui		800	
Muhammed Iqbal Mankani		625	
Saad Bhimjee		842	
Tanveer Sultan Moledina		20 000	
Yasmin Hyder		20 000	
Naila R. Bhimjee		1 343 972	
Lulua Saifuddin Zoomkawala		792 000	
	12	28 675 984	14.34
Executives	16	676 049	0.34
Public Sector Companies & Corporations	1	4 315 676	2.16
Banks, Development Finance Institutions, Non-Banking Finance Companies	8	1 733 547	0.87
Insurance Companies	1	4 800	0.00
Modarabas and Mutual Funds	2	75 575	0.04
Charitable Institutions	3	24 054 344	12.03
Local Individuals / Others	1 372	66 455 343	33.24
Foreigner Investors (repatriable basis)	5	767 985	0.38
Total	1 435	200 000 000	100
Shareholders holding 5% or more voting interest			
Jahangir Siddiqui & Co. Limited		42 191 152	21.10
Muneer R. Bhimjee		28 876 218	14.44
Rafique R. Bhimjee		25 802 613	12.90
Managing Committee Of Ebrahim Alibhai Foundation		24 042 744	12.02
Energy Infrastructure Holding (Private) Limited		10 786 619	5.39

Glossary

- **Authorised Share Capital** - The maximum value of share that a Company can issue.
- **Bonus Shares** - Free shares given to current shareholders out of profit.
- **Book Value** - The value of an asset as entered in a company's books.
- **Capital Expenditure** - The cost of long-term improvements and fixed assets.
- **Capital Gain** - Portion of the total gain recognised on the sale of investments.
- **Claims** - The amount payable under a contract of insurance arising from occurrence of an insured event.
- **Claims Incurred** - The aggregate of all claims paid during the accounting period together with attributable claims handling expenses, where appropriate, adjusted by the gross claims reserve at the beginning and end of the accounting period.
- **Commission** - Remuneration to an intermediary for services such as selling and servicing an insurer's products.
- **Contribution** - The amount payable by a Participant to the Participants' Takaful Fund under a Takaful Contract for the purpose of mutual protection and assistance.
- **Corporate Social Responsibility** - Is a process with the aim to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, and all other members of the public who may also be considered as stakeholders.
- **Deferred Commission** - Expenses which vary with and are primarily related to the acquisition of new insurance contracts and renewal of existing contracts, which are deferred as they relate to a period of risk subsequent to the Balance Sheet date.
- **Deferred Tax** - An accounting concept (also known as future income taxes), meaning a future tax liability or asset in respect of taxable temporary differences.
- **Defined Benefit Plans** - Are post-employment benefit plans.
- **Depreciation** - Is the systematic allocation of the cost of an asset over its useful life.
- **Doubtful Debts** - Is a debt where circumstances have rendered its ultimate recovery uncertain.
- **Earnings per Share** - Amounts of after tax profit or loss attributable to ordinary shareholders of the entity.
- **Equity Method** - Method of accounting whereby the investment is initially recognized at cost and adjusted periodically for the post-acquisition change in the investor's share of net assets of the investee.
- **Exchange Gain / (Loss)** - Difference resulting from translating a given number of units of one currency into another currency at different exchange rates.
- **Facultative Reinsurance** - The reinsurer assumes a share of selected individual risks. The primary insurer can offer an individual risk in reinsurance, which the reinsurer accepts on a case by case basis.
- **Fair Value** - The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing business partners in an arm's length transaction.
- **General Insurance** - All kinds of non-life Insurance i.e., Fire, Marine, Motor and all Other Insurance as defined in the Insurance Ordinance, 2000.
- **General Takaful** - Takaful other than Family Takaful.
- **Gross Premium** - Premium which an insurer is contractually entitled to receive from the insured in relation to contracts of insurance.
- **Group Health Insurance** - A single health policy covering a group of individuals, usually employees of the same company or members of the same association and their dependents.

- **Human Resource Development** - A framework for the expansion of within an organization through the development of both the organization and the individual to achieve performance improvement.
- **Impairment** - The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.
- **Incurred but not Reported (IBNR)** - Claim incurred but not reported to the insurer until the financial statements reporting date.
- **Inflation** - A general increase in prices and fall in the purchasing value of money.
- **Insurance Contract** - A contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder for a specified uncertain future event at an agreed consideration.
- **Insurer Financial Strength Rating** - Provides an assessment of the financial strength of an insurance company.
- **Intangible** - An identifiable non-monetary asset without physical substance.
- **Internal Control** - An accounting procedure or system designed to promote efficiency or assure the implementation of a policy or safeguard assets or avoid fraud and error etc.
- **Loss Ratio** - Percentage ratio of claims expenses to premium.
- **Market Share** - The portion of a market controlled by a particular company or product.
- **Market Value** - The highest estimated price that a buyer would pay and a seller would accept for an item in an open and competitive market.
- **Mudaraba** - A Mudaraba is an Investment partnership, whereby the investor (the Rab-ul-Mal) provides capital to another party / entrepreneur (the Mudarib) in order to undertake a business / investment activity. While profits are shared on a pre-agreed ratio, loss of investment is born by the investor only. The mudarib loses its share of the expected income.
- **Mudaraba Based Contract** - An investment Contract based on the principle of Mudaraba.
- **National Exchequer** - The account into which tax funds and other public funds are deposited.
- **Net Asset Value** - The value of all tangible and intangible assets of a company minus its liabilities.
- **Net Premium Revenue** - Gross earned premium less Reinsurance expense.
- **Non-Life Insurance** - Non Life Insurance and General Insurance have the same meaning.
- **Operator** - A Takaful Operator or a Window Takaful Operator, authorized under SECP Takaful Rules, 2012.
- **Operator Fund** - A fund set up by a General Takaful Operator which shall undertake all transactions which the Operator undertakes other than those which pertain to Participant Takaful Funds set up by the Operator.
- **Outstanding Claim** - A type of technical reserve or accounting provision in the financial statements of an insurer to provide for the future liability for claims.
- **Paid-up Capital** - The amount paid or contributed by shareholders in exchange for shares of a company's Stock.
- **Participant** - A Person who participates in a Takaful scheme and to whom a Takaful Contract is issued.
- **Participants' Membership Documents** - The documents detailing the benefits and obligations of a Participant under a Takaful Contract.
- **Participant Takaful Fund (PTF)** - A Separate Waqf Fund set up into which the Participant's Risk related contributions are paid and from which risk related benefits are paid out.
- **Period of Takaful or Policy Period** - The length of time for which the Takaful protection will be effective.
- **Premium** - The amount that has to be paid as consideration for the insurance cover provided by an insurer.
- **Present Value** - Future amounts that have been discounted to the present.

- **Proxy** - Power of attorney by which the shareholder transfers the voting rights to another shareholder.
- **Qard-e-Hasna** - An interest free loan to the PTF from the Operator's Fund, when the PTF is in deficit and insufficient to meet their all liabilities.
- **Quoted** - Being listed on a Stock Exchange.
- **Registered Office** - The registered office is an address which is registered with the government registrar as the official address of a company.
- **Reinsurance** - A method of insurance arranged by insurers to share the exposure of risks accepted.
- **Reinsurance Commission** - Commission received or receivable in respect of premium paid or payable to a reinsurer.
- **Reinsurance Premium** - The premium payable to the reinsurer in respect of reinsurance contract.
- **Related Party** - Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.
- **Retrocession** - Transfer of risk from a reinsurer to another reinsurer.
- **Revenue Reserves** - Reserve that is normally regarded as available for distribution through the profit and loss account, including general reserves and other specific reserves created out of profit and unappropriated profit.
- **Risk** - Condition in which there is a possibility of loss.
- **Risk Management** - Includes analyzing all exposures to gauge the likelihood of loss and choosing options to better manage or minimize loss.
- **Shariah Advisor** - Shariah Advisor of the Operator working in such capacity appointed by the Operator under Rule 26 of the SECP Takaful Rules, 2012.
- **Statutory Levies** - Fee charged (levied) by a government on a product, income, or activity.
- **Strategic Objective** - A broadly defined objective that an organization must achieve to make its strategy succeed.
- **Subsequent Event** - Non Adjusting - Are events concerning conditions which arose after the balance sheet date, but which may be of such materiality that their disclosure is required to ensure that the financial statements are not misleading.
- **Takaful** - Takaful is an arrangement based on the principles of brotherhood and mutual help wherein participants contribute in a fund to help those who need it most in times of financial difficulties.
- **Takaful Contract** - Any contract of Family Takaful or General Takaful.
- **Tangible** - An asset whose value depends on particular physical properties.
- **Term Finance Certificate** - A debt instrument issued by an entity to raise funds.
- **Underwriting Profit** - This is the profit generated purely from the General Insurance business without taking into account the investment income and other non-technical income and expenses.
- **Unearned Premium** - It represents the portion of premium already entered in the accounts as due but which relates to a period of risk subsequent to the Balance Sheet date.
- **Window Takaful Operator** - A Registered Insurer authorized under SECP Takaful Rules, 2012 to carry on Takaful business as Window Operations in addition to Conventional Insurance Business.
- **Wakala** - Agent-principal relationship, where a person nominates another to act on his behalf.
- **Wakala Based Contract** - A contract based on the principle of Wakala (agency).

Branch Network

Central Division

1st Floor, Kashif Centre
Shahrah-e-Faisal, Karachi
35653907-9 - 35670145-7
Fax: 35674879 - 35640530

S. Salman Rashid, B.Sc.
Deputy Managing Director

Abdul Sattar Baloch
Executive Director

Faisal Gulzar
Assistant Executive Director

Muhammad Naeem, A.C.I.I.
Assistant Executive Director

Shamim Pervaiz, M.B.A.
Assistant Executive Director

Abdul Rashid
Executive Vice President

Kaleem Imtiaz, MA.
Executive Vice President

Shahab Saleem
Executive Vice President

Waseem Ahmed
Executive Vice President

Kausar Hamad, M.B.A.
Senior Vice President

Nadeem Ahmed
Senior Vice President

Shaikh Muhammad Khurram
Senior Vice President

Arshad Hussain
Vice President

Faisal Masood
Vice President

Mohammad Moosa
Vice President

Murad Ali
Vice President

Arshia Afzal
Assistant Vice President

Mahmood Saleh
Assistant Vice President

Muhammad Moizuddin
Assistant Vice President

Muhammad Shafique
Assistant Vice President

Naveed Waqar
Assistant Vice President

Zeeshan Ahmed
Assistant Vice President

Mohammad Arif, M.A.
Assistant Executive Director
(Development)

Rizwan Siddiqi
Assistant Executive Director
(Development)

Syed Imran Zaidi, M.B.A.
Assistant Executive Director
(Development)

Syed Shahid Mehmood, M.A.
Assistant Executive Director
(Development)

Azmat Maqbool, M.B.A.
Senior Executive Vice President
(Development)

Khalid Mahmood Mirza
Senior Executive Vice President
(Development)

Syed Iftikhar Haider Zaidi
Senior Executive Vice President
(Development)

Muhammad Adnan Sharif
Executive Vice President
(Development)

Muhammad Javed
Executive Vice President
(Development)

Muhammad Shamim Siddiqui
Executive Vice President
(Development)

Noor Ulain Mahmood
Executive Vice President
(Development)

Kayomarz H Sethna
Senior Vice President
(Development)

Muhammad Asif Jawed, M.A.
Senior Vice President
(Development)

Nasrullah
Senior Vice President
(Development)

Raja Jamil Ahmed
Senior Vice President
(Development)

Shakil Wahid, ACCA.
Senior Vice President
(Development)

Shehzad Ali Shivjani
Senior Vice President
(Development)

S. Ali Haider Rizvi
Vice President (Development)

Shaikh Mohammad Nadeem
Vice President (Development)

Sohail Raza
Vice President (Development)

Syed Rashid Ali
Vice President (Development)

Tauseef Hussain Khan
Vice President (Development)

Ahmed Nawaz, M.A.
Assistant Vice President
(Development)

Nadeem Ahmad Siddiqi
Assistant Vice President
(Development)

Tahir Ali, M.B.A.
Assistant Vice President
(Development)

Anjum Akhter
Manager (Development)

Anjum Sultana
Manager (Development)

Ashar Shamim
Manager (Development)

Ayaz Ahmed Bhutto, M.A.
Manager (Development)

Muhammad Salim
Manager (Development)

Central Division Auto Leasing Unit

1st Floor, Kashif Centre
Shahrah-e-Faisal, Karachi
35640540-2 - 35640536-38
Fax: 35674886 35676560-1
35640511

Kamran Bashir, M.B.A.
Senior Executive Vice President

Shahab Khan
Senior Executive Vice President

Arshad Aziz Siddiqui
Executive Vice President

Jazib Hassan Khan
Senior Vice President

Sheraz Mansoor
Senior Vice President

Syed Muhammad Ali
Senior Vice President

Asif Ali Khan
Vice President

Muhammad Arshad Siddiqi
Assistant Vice President

Rahim
Assistant Vice President

Zeeshan Athar, B.B.A.
Assistant Vice President

Central Division Unit 'A'

Room # 201, 2nd Floor
Kashif Centre, Shahrah-e-Faisal
Karachi. 35640027-9
Fax: 35652320

Syed Kamran Rashid
Executive Director

Adeel Ahmed
Assistant Executive Director
(Development)

Syed Mohammad Iftikhar
Senior Executive Vice President
(Development)

Faisal Mahmood Jaffery
Senior Vice President (Development)

Mohammad Waseem
Senior Vice President (Development)

Wasif Mubeen, B.A, L.L.B.
Senior Vice President (Development)

Aman Nazar Muhammad
Vice President (Development)

Shakeel Hassan Bakhtiar
Assistant Vice President
(Development)

City Karachi Branch

6th Floor, Room No. 614, EFU House
M.A. Jinnah Road, Karachi
32313471-90 - 32201567
32201568. Fax: 32201618

Ali Kausar
Deputy Executive Director

Shabbir Hussain
Senior Vice President

S. Atif Ali
Assistant Vice President

Mir Amjad Ali Moosvi
Senior Vice President (Development)

Syed Zulfiqar Mehdi
Vice President (Development)

Clifton Division

4th Floor, Room No. 406-409
EFU House, M.A. Jinnah Road
Karachi. 32313471-90
Fax: 32201466-32203797

Nudrat Ali
Deputy Managing Director

Khan Muhammad Anwer Pasha
Senior Executive Director

Musakhar-Uz-Zaman, B.E.
Deputy Executive Director

Muhammad Arif Khan
Assistant Executive Director

Abdul Hameed
Senior Executive Vice President

Ali Raza
Senior Executive Vice President

Riaz Ahmed
Senior Executive Vice President

Asif Mehmood
Executive Vice President

Muhammad Ahmer Siddiqi
Senior Vice President

Muhammad Saleem Gaho
Senior Vice President

Naif Javaid, M.B.A.
Senior Vice President

Syed Zubair Ali
Vice President

Farhan Qamar Siddiqui
Assistant Vice President

Muhammad Umar
Rafique Zuberi
Assistant Vice President

Saniya Salahuddin
Assistant Vice President

Syed Mudasir Mehdi, B.E.
Assistant Vice President

Agha Sakhawatullah Khan
Deputy Executive Director
(Development)

Khuzema T.Haider Mota
Assistant Executive Director
(Development)

Tauqir Hussain Abdulla
Assistant Executive Director
(Development)

Syed Sadiq Ali Jafri
Senior Executive Vice President
(Development)

Syed Rizwan Haider, M.Sc.
Vice President (Development)

Irfan Irtiza Khan
Manager (Development)

Corporate Division

2nd Floor, EFU House
Karachi. 32200884-85
32313471-90 - 32331603-8
Fax: 32331601

Abdur Rehman Khandia, A.C.I.I.
Deputy Managing Director

Abdul Wahid
Deputy Executive Director

Abdul Majeed
Assistant Executive Director

Ali Rafiq Chinoy
Assistant Executive Director

Nadeem Ahmad Khan
Assistant Executive Director

Ansa Azhar, A.C.I.I.
Senior Executive Vice President

Syed Nazish Ali, A.C.I.I.
Senior Executive Vice President

Umair Ali Khan, M.A, A.C.I.I.
Senior Executive Vice President

Ashfaqe Ahmed
Executive Vice President

Mohammad Asif Ehtesham, M.B.A.
Executive Vice President

Imran Qasim
Senior Vice President

Junaid Agha
Senior Vice President

Rizwan Jalees
Senior Vice President

Shadab Muhammad Khan
Senior Vice President

Abdul Qaiyum Khalfe
Vice President

Muhammad Attaullah Khan
Vice President

Muhammad Tauseef
Vice President

Syed Kamal Ahmed
Vice President

Aziz Aftab Roker
Assistant Vice President

Humera Absar
Assistant Vice President

Imran Siddiq
Assistant Vice President

Kamran Vohra
Assistant Vice President

Muhammad Rizwan
Assistant Vice President

Muhammad Shamim
Assistant Vice President

Sana Perveen, M.Sc
Assistant Vice President

Syed Muhammad Haider
Assistant Vice President

Syed Nadeem Akhtar
Assistant Vice President

Muhammad Khalid Salim, MA.
Executive Director (Development)

Syed Ashad Hussain Rizvi
Assistant Executive Director
(Development)

Faiza Ali Chinoy
Senior Executive Vice President
(Development)

Jameel Masood
Senior Executive Vice President
(Development)

Faisal Khalid, MSc.
Executive Vice President (Development)

Imran Ali Khan
Executive Vice President (Development)

Muhammad Rehan Iqbal Booti
Executive Vice President (Development)

Mahnoor Atif
Senior Vice President (Development)

Rizwan Ul Haque
Senior Vice President (Development)

Rahib Diwan
Vice President (Development)

Rashid Umer Burney
Vice President (Development)

M A Qayyum, M.Com
Assistant Vice President (Development)

Muhammad Mussarrat Hussain, MSc.
Assistant Vice President (Development)

Muhammad Umair
Assistant Vice President (Development)

Qamar Aziz
Assistant Vice President (Development)

Mahmooda Bano
Manager (Development)

Sarwan Kumar
Manager (Development)

Corporate Division (J.P. Unit)

2nd Floor, EFU House, Karachi
32313471-90 - 32331611-2
32331616. Fax: 32331602

Jahangir Anwar Shaikh
Senior Executive Director
(Development)

Saad Anwar
Assistant Executive Director
(Development)

Asif Elahi
Senior Executive Vice President
(Development)

Abdullah Alam
Vice President (Development)

Amna Saad
Vice President (Development)

Faizan Imran
Vice President (Development)

Haris Alamgir Shaikh
Vice President (Development)

Imran Suleman
Vice President (Development)

Kanza Babar
Vice President (Development)

Khurram Younas
Vice President (Development)

Khusbakht Farhan
Vice President (Development)

Mahnoor Ibrahim
Vice President (Development)

Maleeha Shafiq
Vice President (Development)

Mehak Akbar
Vice President (Development)

Muhammad Mubashir Nasir
Vice President (Development)

Rameen Imran
Vice President (Development)

Ayesha Musharaf
Assistant Vice President
(Development)

Mustafa Ahmed
Assistant Vice President
(Development)

Sofia Musharaf
Assistant Vice President
(Development)

Urooj Sohail
Assistant Vice President
(Development)

Zainab Gulzar
Assistant Vice President
(Development)

Amjad Irshad, B.B.A.
Executive Vice President

Israr Gul
Vice President

Crescent Branch

6th Floor, EFU House
M.A. Jinnah Road, Karachi
32202913 - 32313471-90
32201526. Fax: 32202912
Kausar Ali Zuberi
Assistant Executive Director

Sarfraz Muhammad Khan
Senior Vice President

Imtiaz Ahmed
Vice President

Muhammad Imran Siddique
Assistant Vice President

Tahir Ali Zuberi
Executive Vice President
(Development)

Hamid-Us-Salam
Senior Vice President
(Development)

Noman Khan
Assistant Vice President (Development)

Denso Hall Branch

2nd Floor, Azzaineb Court
Campbell Street, Karachi
32629891 - 32629893 - 32629895
32624882-3. Fax: 32629835

Muhammad Naeem M. Hanif
Assistant Executive Director

Noor Asghar Khan
Vice President

Muhammad Imran Naeem
Senior Executive Vice President
(Development)

Export Processing Zone Branch

Plote C-1, Sector B-III,
Export Processing Zone, Landhi
Karachi. 35082095
Fax: 35084819

Syed Kamran Rashid
Executive Director

Nadeem Ahmed
Senior Vice President

Jinnah Division

1st Floor, EFU House
M.A. Jinnah Road
Karachi. 32313471-90
32311742-3 - 32312328
32313854 - 32201659
32203378-9. Fax: 32311668

Muhammad Iqbal Lodhia
Senior Executive Director

Muhammad Sheeraz, M.B.A.
Assistant Executive Director

Muhammad Mujtaba
Senior Executive Vice President

Abdul Bari Khan
Executive Vice President

Asadullah Khan
Executive Vice President

Mazhar Ali
Senior Vice President

Owais Khan
Senior Vice President

Muhammad Rashid
Vice President

Muhammad Saeed
Vice President

Jawed
Assistant Vice President

K.M. Elias
Assistant Vice President

Muhammad Irfan
Assistant Vice President

Muhammad Kashif
Assistant Vice President

Muhammad Arfeen
Assistant Executive Director
(Development)

Muhammad Aamir
Executive Vice President
(Development)

Muhammad Azeem Hanif
Executive Vice President
(Development)

Syed Nisar Ahmed, M.A.
Executive Vice President
(Development)

Muhammad Ahmed
Senior Vice President (Development)

Jalal-uddin Ahmed
Vice President (Development)

Muhammad Iqbal
Vice President (Development)

Muhammad Naveid Farooqui
Manager (Development)

Musarrat Zaman Shah
Manager (Development)

Naeem Ahmed Siddiqui
Manager (Development)

Jinnah Division (A.W.P. Unit)

1st Floor, EFU House
M.A. Jinnah Road, Karachi
32200599 - 32200623
32313471-90. Fax: 32200571

Abdul Wahab Polani
Executive Director (Development)
Muhammad Waleed Polani
Senior Executive Vice President

Abdul Aziz
Senior Vice President

Arif Hussain
Vice President

Saif Ur Rehman
Assistant Vice President

Mehran Branch

2nd Floor, EFU House
M.A. Jinnah Road
Karachi. 32200151 - 32311764
32201715 - 32313471-90
Fax: 32201538

Mazher H. Qureshi
Assistant Executive Director

Waqar Ahmed, MSc.
Senior Vice President

Babar Zeeshan
Senior Vice President
(Development)

Kirshan Lal
Manager (Development)

S. Kashif Ali
Manager (Development)

Syed Majid
Manager (Development)

Metropolitan Division

6th Floor, E F U House
M.A. Jinnah Road, Karachi
32313471-90 - 32202897
32203360. Fax: 32201450

Muhammad Iqbal Dada,
M.A., A.C.I.I.
Executive Director

Fakhruddin
Senior Executive Vice President

Shahzad
Senior Executive Vice President

Farzana Perveen, M.B.A
Assistant Vice President

Shamoon
Assistant Vice President

Altaf Kothawala
Executive Director (Development)

Muhammad Reyaz Ahmed
Assistant Executive Director
(Development)

Saad Reyaz
Assistant Executive Director
(Development)

Shazim Altaf
Assistant Executive Director
(Development)

Akhtar Wahid Kothawala
Senior Executive Vice President
(Development)

Shazia Rahil Razzak
Senior Executive Vice President
(Development)

Muhammad Umer Memon
Executive Vice President
(Development)

Danish Saleem Qayum
Assistant Vice President
(Development)

Muhammad Hunzala
Assistant Vice President
(Development)

Ikram-Ul-Haque
Manager (Development)

Muhammad Farooque
Manager (Development)

Metropolitan (A.K. Unit)

6th Floor, E F U House
M.A. Jinnah Road, Karachi.
32313471-90 - 32203349
32202901

Jahangir
Assistant Vice President

Irfan Qamar, M.B.A
Assistant Vice President

Mohammad Shoaib
Senior Executive Vice President
(Development)

Mohammad Younus
Senior Executive Vice President
(Development)

Abul Nasar
Manager (Development)

Port View Branch

6th Floor, EFU House
M. A. Jinnah Road
Karachi. 32201957-60
32313471-90. Ext.: 283
Fax: 32201961

Khalid Usman
Deputy Executive Director

Muhammad Shoaib
Senior Vice President

Saleem Ghaffar
Assistant Vice President

Abdul Wahab
Assistant Executive Director
(Development)

S.I.T.E. Division

1st Floor, EFU House, Karachi
32313471-90, 32315007-10

Syed Muhammad Haider, MSc.
Senior Executive Director

Syed Amir Aftab
Assistant Executive Director

Syed Asim Iqbal, M.B.A.
Assistant Executive Director

Irfan Raja Jagirani
Senior Executive Vice President

Shah Asghar Abbas, M.B.A.
Senior Executive Vice President

Muhammad Naseem
Executive Vice President

Noman Shahid, M.B.A.
Senior Vice President

Muhammad Farhan Rasheed, M.C.S
Vice President

Muhammad Kashif
Vice President

Muhammad Shoaib Naziruddin
Vice President

Muhammad Yamin
Vice President

Mumtaz Ahmed
Vice President

S.M. Noor-uz-Zaman
Vice President

Syed Sajjad Haider Zaidi
Vice President

Ammara Yasir Siddiqui, M.P.A
Assistant Vice President

Omran Ghias Qureshi
Assistant Vice President

S.Ikhlaq Hussain Naqvi
Assistant Vice President

Syed Asim Raza
Assistant Vice President

Ali Safdar
Executive Director (Development)

Muhammad Younus
Senior Executive Vice President
(Development)

Syed Shahid Raza
Senior Executive Vice President
(Development)

Wasim Ahmed
Executive Vice President
(Development)

Aun Ali Badami
Senior Vice President
(Development)

Muhammad Anis-Ur-Rehman
Senior Vice President
(Development)

Rashid A. Islam
Senior Vice President (Development)

Muhammad Ashraf Samana
Vice President (Development)

Muhammad Zia-Ul-Haq
Vice President (Development)

Syed Abid Raza
Vice President (Development)

Liaquat Imran Khan
Executive Vice President
(Auto Leasing Unit)

S. Imran Raza Jafri
Vice President
(Auto Leasing Unit)

Amir Riaz, E.M.B.A, E.MS
Assistant Vice President
(Auto Leasing Unit)

Hassan Abbas Shigri
Senior Vice President (Development)
(Auto Leasing Unit)

Syed Sohail Haider Abidi
Senior Vice President (Development)
(Auto Leasing Unit)

Shahida Aslam
Vice President (Development)
(Auto Leasing Unit)

Syed Mojiz Hasan
Assistant Vice President (Development)
(Auto Leasing Unit)

Zeeshan Ali
Assistant Vice President (Development)
(Auto Leasing Unit)

Tower Branch

5th Floor, Dock Labour Board
Building, West Wharf, Karachi
32311796 32203555 - 32204021
32316186 32311796
Fax: 32205028

Salim Razak Bramchari, A.C.I.I.
Executive Director

M. Shoaib Razak Bramchari
Deputy Executive Director

Sikandar Kasbati
Executive Vice President

Syed Mudasir Ali
Senior Vice President

Zainul Abedin
Vice President

HYDERABAD

Hyderabad Branch

Office No. 303, 3rd Lucky Shanghai
Trade Centre, Auto Bhan Road,
SITE Hyderabad
022-2631088 - 2611397
Fax: 022-2615816

Muhammad Amin Sattar, M.Com
Senior Executive Vice President

Saleem Hameed Qureshi
Vice President

Mukhtar Alam
Assistant Vice President

Muhammad Awais Memon
Senior Vice President
(Development)

Muhammad Azeem
Assistant Vice President
(Development)

MULTAN

Multan Division

Rajput Commercial Centre
Tareen Road. 4780372 - 45800901
4513723 - 4580773 - 4510317
Fax: 4573343 - 4580772

M. Shehzad Habib
Executive Director

Mansoor Ahmed
Executive Vice President

Muhammad Usman
Senior Vice President

Tariq Mahmood
Senior Vice President

Muhammad Mushtaq
Vice President

Abdul Saboor
Assistant Vice President

Munir Ahmed Awan
Assistant Vice President

Shahid Yaqub
Assistant Vice President

Rashid Habib
Assistant Executive Director
(Development)

Muhammad Mushtaq Najam
Senior Executive Vice President
(Development)

Bashir Ahmed Sangi
Senior Vice President
(Development)

D. G. Khan (Sub-Office)

House No. 59, Street No. 2
Block-Z Model Town
0642-469360 - 461895

Muhammad Zeeshan Haider
Assistant Vice President
(Development)

CHICHAWATNI (Sub-Office)

44 Railway Road
Fax: 040-5486848 - 5481742

Javed Iqbal Cheema
Assistant Vice President
(Development)

VEHARI (Sub-Office)

Awais City Center, 2nd Floor
Karkhana Bazar Vehari
067-3362900

RAHIM YAR KHAN (Sub-Office)

7-Shaheen Market, Shahi Road
5873794. Fax: 5877194

Mian Abdul Razzak Raza, M.A.
Executive Vice President
(Development)

BAHAWALPUR (Sub-Office)

Circular Road
2884624 - 2886371
Fax: 884624

Malik Akhtar Rafique
Senior Vice President
(Development)

CHISHTIAN (Sub-Office)

105 - E, Chishtian. 0632-503989

Shahid Iqbal
Vice President (Development)

QUETTA (Sub-Office)

42 - Regal Plaza, Circular Road
2822926. Fax: 2837732

Martin Yaqoob
Assistant Manager

NORTHERN ZONE

Co-operative Insurance Building
23 Shahrah-e-Quaid-e-Azam
Lahore
37352028 - 37353566
37312166 - 37312196
Fax: 37357966 - 37229604

Qamber Hamid, L.L.B., L.L.M.
Senior Deputy Managing Director

Zulfiqar Ali Khan,
M.Sc. M.B.E, F.C.I.I.
Senior Executive Vice President

Fiaz Ahmed, M.B.A., D.C.M.A
Senior Vice President

Nimra Inam M.A, (Eco), A.C.I.I.
Senior Vice President

Ijaz Anwer Chughtai
Vice President

Maqsood Ahmed
Vice President

Muhammad Tamour Baig,
B.B.A, A.C.I.I.
Vice President

Umar Rashid
Vice President

LAHORE**Bank Square Branch**

Al - Khush Building
Bank Square, Lahore.
37323081 - 37323640
Fax: 37314244

Babar A. Sheikh
Deputy Executive Director

Sagheer Ahmed
Assistant Vice President

Ichhra Branch

204, 2nd Floor, Latif Center,
101-Ferozepur Road, Lahore.
(042) 37533732, 37427152
Fax: 37585814

Javed Iqbal Khan
Executive Vice President

Jawad Javed Khan
Vice President

Mudassar Raza, M.B.A.
Vice President

Waqas Ahmed Najmi
Assistant Vice President

Mohammad Sohail
Senior Executive Vice President
(Development)

Muhammad Razzaq Chaudhry
Executive Vice President
(Development)

Qasim Ayub
Senior Vice President (Development)

Muhammad Altaf L.L.B.
Vice President (Development)

Ashiq Hussain Bhatti
Assistant Vice President
(Development)

Lahore Division

Co-operative Insurance Building
23 Shahrah-e-Quaid-e-Azam
Lahore. 37312166 - 37243290
37244178 - 37350616 - 37312196
37323130 - 37353566.
Fax: 37357966 - 37229604

Syed Farhan Ali Bokhari, M.B.A.
Senior Executive Vice President

Rao Abdul Hafeez Khan
Senior Executive Vice President

Usman Ali, L.L.B, M.B.A.
Senior Executive Vice President

Raja Muhammad Azhar Rafique
Senior Vice President

Amjad Javed
Vice President

Imran Faisal
Vice President

Mansoor Anwar
Vice President

Muhammad Saleem
Vice President

Khalid Usman
Assistant Vice President

Fauzia Nasir
Vice President (Development)

Muhammad Zaid Tahir
Assistant Vice President (Development)

Saqib Riaz
Assistant Vice President (Development)

Asfand Yar Khan Lodhi
Manager (Development)

Liberty Division

36-B, Block E-I,
Gulberg-III, Lahore.
(042) 35238970-77
Fax: 35238980

Mian Ross Masud M.B.E
Deputy Executive Director

Muhammad Haroon, A.C.I.I.
Senior Vice President

Asif Ahmed , A.C.I.I.
Vice President

Farooq Shaukat
Vice President

Muhammad Allauddin
Vice President

Naseer Ahmad
Vice President

Shazia Hussain, M.A.
Vice President

Imran Younas
Assistant Vice President

Raja Asif Ali Sharif, M.B.A
Assistant Vice President

Shahzad Qamar
Assistant Vice President

Syeda Anam, M.A, M.B.A
Assistant Vice President

Satwat Mahmood Butt, M.B.A.
Deputy Executive Director
(Development)

Javed Akhtar Shaikh, B.B.A
Assistant Executive Director
(Development)

Muhammad Farooq
Senior Executive Vice President
(Development)

Muhammad Najeeb Anwar
Senior Executive Vice President
(Development)

Muhammad Shakeel , M.B.A.
Senior Executive Vice President
(Development)

Zarrar Ibn Zahoor Bandey
Senior Executive Vice President
(Development)

Iftikhar Ud Din, L.L.B.
Executive Vice President
(Development)

Azharul Hassan Chishty
Executive Vice President
(Development)

Mian Ali Raza Shaukat
Executive Vice President
(Development)

Mubashir Saleem
Executive Vice President
(Development)

Rana Khalid Manzoor
Executive Vice President
(Development)

Shahid Raza Kazmi
Senior Vice President
(Development)

Muhammad Imran
Senior Vice President
(Development)

Muhammad Salim Babar, M.B.A.
Senior Vice President
(Development)

Ahmad Saeed Khan
Vice President (Development)

Aizaz Ur Rehman, M.B.A.
Vice President (Development)

Khalid Mehmood
Assistant Vice President
(Development)

Muhammad Ali Zarrar
Assistant Vice President
(Development)

Muhammad Naveed Asghar
Assistant Vice President
(Development)

Aamir Saleem Khan
Manager (Development)

Ather Qureshi
Manager (Development)

Hafiz Muhammad Moinuddin
Manager (Development)

Masud Akhtar
Manager (Development)

Mian Ikram Elahi
Manager (Development)

Saima Sami
Manager (Development)

Model Branch

EFU House, 6-D, Jail Road
Gulberg, Lahore-54660
35715616-8. Fax: 35715619

Farkhanda Jabeen, A.C.I.I., M.B.A.
Senior Vice President

Suhail Akhtar
Assistant Vice President

Syed Tayyeb Hassan Gardezi, MSc.
Executive Vice President
(Development)

FAISALABAD

Faisalabad Main Branch

Ahmed Plaza, Bilal Road
Civil Lines, Faisalabad
2610363 - 2610368 - 2610566
2625001. Fax: 32611667

Usman Ali Khan
Senior Executive Vice President

Mian Ikramul Ghani, MA.
Senior Vice President

Ghulam Abbas, M.B.A.
Vice President

Zahid Qureshi, M.B.A.
Vice President

Samina Imran
Assistant Vice President
(Development)

Shagufta Asrar Ahmad
Assistant Vice President
(Development)

Choudhry A. Razzak
Manager (Development)

City Branch Faisalabad

2nd Floor, Fatima Tower
College Road, Kohinoor Chowk,
Faisalabad. 8555123-25
Fax: 8732902

Shafaqat Ali
Executive Vice President

Dr. Ghulam Jaffar, Ph.D
Senior Vice President
(Development)

Abdul Rahim
Manager (Development)

GUJRANWALA Gujranwala Branch

3rd Floor, Din Plaza
G.T. Road, Gujranwala
3845883-84, 3842593
Fax: 3840883

Amer Arif Bhatti
Senior Vice President

Muhammad Arif Bhatti
Executive Vice President
(Development)

SAHIWAL Sahiwal Branch

1st Floor, 15, Sattar Complex
Stadium Road, Sahiwal
4220522 - 4221622.
Fax: 4220622

Muhammad Ashfaq
Senior Vice President

SIALKOT Sialkot Main Branch

1st Floor, Riaz Plaza, Paris Road
Sialkot. 4267001-3
Fax: 052-4292280

Muhammad Naeem Ahsan
Senior Vice President

S. Anjum Raza
Assistant Vice President

Mudassar Atif Baig
Manager (Development)

Islamabad Main Branch

Kamran Center, 1st Floor,
85 East Jinnah Avenue, Blue Area,
Islamabad. 2150375-8
Fax: 2150379

Malik Firdous Alam
Senior Executive Vice President

Muhammad Maroof Chaudhry
Senior Vice President

Waqas Ahmad Sheikh,
M.B.A., F.C.M.A
Vice President

Ejaz Ahmed
Executive Vice President
(Development)

Imdadullah Awan
Executive Vice President
(Development)

Somia Ali
Executive Vice President
(Development)

Atif Muzaffar
Assistant Vice President
(Development)

Zakaullah Khan
Assistant Vice President
(Development)

Altaf Hussain
Manager (Development)

Muhammad Ali Junaid
Manager (Development)

Rawalpindi Division

2nd Floor, Ferozsons Building
32 Saddar Road, Rawalpindi Cantt.
Rawalpindi
5794634 - 5563065 - 5562024
5516085 - 5514323
Fax: 5565406

Mannan Mehboob
Senior Executive Vice President

Rehanul Haq Qazi
Executive Vice President

Saifullah
Executive Vice President

Muhammad Mubeen
Senior Vice President

Nabeel Ahmed, M.B.A
Assistant Vice President

Agha Ali Khan
Executive Vice President
(Development)

Faraz Javed
Executive Vice President
(Development)

Muhammad Haroon Akbar, M.B.A.
Senior Vice President
(Development)

S. Zeeshan Abbas Abidi
Assistant Vice President
(Development)

Zafar Ali Khokhar
Assistant Vice President
(Development)

Akhtar Ali Khan
Manager (Development)

Abbotabad

116, Iqbal Shopping Complex
Mall Road, Abbotabad
336371 - 334186

**GOTH MACHI
Goth Machi Branch**

6, Commercial Area, (F.F.C.)
Distt. Rahim Yar Khan
5954550, Ext: 5154
Fax: 5954518

Altaf Hussain
Vice President

Peshawar Branch

2nd Floor, Mall Tower, 35, The Mall,
Peshawar. 5608508 - 5608504
5608507 - 5608503. Fax: 5608506

S. M. Aamir Kazmi, L.L.B.
Executive Vice President

Ali Farman, M.A.
Vice President

Najma Riaz, M.A.
Vice President

Mohsin Ali Khan
Assistant Vice President

Farman Ali Afridi, B.E.
Executive Vice President
(Development)

Arshad Iqbal
Vice President (Development)

Zia-ul-Hasan
Manager (Development)

**Branch Network of EFU
Window Takaful
Operations**

WTO Head Office
WTO Head Office Balochistan

Central Division
SITE Division
Corporate Division
Multan Division
Jinnah Division
Metropolitan
Port View
Clifton Division
Hyderabad
Tower
Lahore Main Division
Lahore Bank Square Branch
Liberty Market Unit
Rawalpindi Division
City Faisalabad
Gujranwala
Ichhra
Faisalabad Main
Sahiwal
Peshawar
Model Town



GENERAL

Form Of Proxy

I / We _____

of _____

being a member of E F U GENERAL INSURANCE LIMITED hereby appoint

Mr. _____

of _____

or failing him _____

of _____

as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the 90th Annual General Meeting of the Company to be held on Friday April 14, 2023 at 10:00 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2023.

WITNESSES:

1. Signature: _____

Name: _____

Address: _____

CNIC Or
Passport No: _____



Signature of Member(s)

2. Signature: _____

Name: _____

Address: _____

CNIC Or
Passport No: _____

Shareholder's Folio No. _____

and / or CDC

Participant I.D.No. _____

and Sub Account No. _____

Important:

This form of Proxy, duly completed, must be deposited at the Company's Registered Office at Kamran Centre, 1st Floor, 85 East, Jinnah Avenue, Blue Area, Islamabad, not later than 48 hours before the time appointed for the meeting.

CDC Shareholders and their Proxies are each requested to attach attested photocopy of their Computerized National Identity Card (CNIC) or Passport with this proxy form before submission to the Company.

CDC Shareholders or their Proxies are requested to bring with them their Original Computerized National Identity Card or Passport along with the Participant's ID number and their account number at the time of attending the Annual General Meeting in order to facilitate their identification.



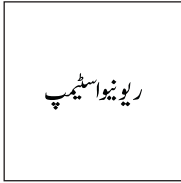
پراکسی فارم

میں/ہم _____
ساکن _____
بحیثیت ممبر ایف یو جنرل انشورنس لمیٹڈ بذریعہ اے مسی _____
ساکن _____
کو یا ان کی عدم دستیابی کی صورت میں مسی _____
ساکن _____

کو اپنی/ہماری جانب سے پراکسی مقرر کر دیا/ رہی ہوں تاکہ وہ بروز جمعہ ۱۴ اپریل ۲۰۲۳ء بوقت ۱۰:۰۰ بجے صبح منعقد ہونے والے ۹۰ واں سالانہ اجلاس عام یا اس کے کسی بھی التواء میں میری/ہماری جگہ شرکت کرے اور ووٹ ڈالے۔

دستخط بروز _____ بتاریخ _____ ۲۰۲۳ء

گواہان:



ریونیو اسٹیٹ

ممبر (ممبران) کے دستخط

۱- دستخط: _____
نام: _____
پتہ: _____
سی این آئی سی یا پاسپورٹ نمبر _____

۲- دستخط: _____
شیمز ہولڈر کا فولیو نمبر اور/یا سی ڈی سی _____
نام: _____
پتہ: _____
پارٹیشننگ کا آئی ڈی نمبر _____
اور ذیلی اکاؤنٹ نمبر _____
سی این آئی سی یا پاسپورٹ نمبر _____

اہم نوٹ:

پراکسی کا یہ فارم جو ہر طرح سے مکمل ہو، لازماً کمپنی کے رجسٹرڈ آفس واقع کامران سینٹر، پہلی منزل، ۸۵ ایسٹ، جناح ایونیو، بلیو ایریا، اسلام آباد میں اجلاس کے طے شدہ وقت سے کم از کم ۴۸ گھنٹے قبل جمع کر دیا جائے۔

سی ڈی سی شیمز ہولڈرز اور ان کے پراکسیز سے درخواست ہے کہ ہر ایک اپنے کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) یا پاسپورٹ کی مصدقہ نقل کمپنی کو پراکسی فارم جمع کرانے سے قبل اس کے ساتھ منسلک کرے۔

سی ڈی سی شیمز ہولڈرز یا ان کے پراکسیز سے درخواست ہے کہ اپنے اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ بشمول پارٹیشننگ کا آئی ڈی نمبر اور ان کے اکاؤنٹ نمبر اپنی شناخت میں سہولت کی غرض سے سالانہ اجلاس عام میں شرکت کے وقت ہمراہ لائیں۔



GENERAL

Form Of E-Voting

I/We _____
of _____ being a member of EFU GENERAL INSURANCE LIMITED
hereby opt for e-voting through intermediary as proxy and will exercise e-voting as per the Companies
(Postal Ballot) Regulations, 2018 and hereby demand for poll for resolutions at the Annual General Meeting
of the Company to be held on Friday April 14, 2023 at 10:00 a.m. and at any adjournment thereof.

My secured email address is _____, please send login details,
password and electronic signature through email.

Signed this _____ day of _____ 2023.

WITNESSES:

1. Signature: _____
Name: _____
Address: _____

CNIC Or
Passport No: _____



Signature of Member(s)

2. Signature: _____
Name: _____
Address: _____

CNIC Or
Passport No: _____

Shareholder's Folio No. _____
and / or CDC
Participant I.D.No. _____
and Sub Account No. _____

Note:

This form of E-Voting, duly completed, must be deposited at the Company's Registered
Office at Kamran Centre, 1st Floor, 85 East, Jinnah Avenue, Blue Area, Islamabad or through
email: amin.punjani@efuinsurance.com.



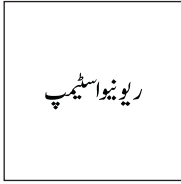
ای۔وونگ فارم

میں/ہم _____ ساکن _____
بحیثیت ای ایف یو جنرل انشورنس لمیٹڈ کی/کے ممبر بذریعہ ہذا ای۔وونگ کیلئے بذریعہ ثالثی بطور پراسی کی اجازت دیتا ہوں/دیتے ہیں اور یہ کمپنیز
(پوسٹل بیلوٹ) ریگولیشنز ۲۰۱۸ء کے مطابق ای۔وونگ کا حق استعمال کریں گے اور بذریعہ ہذا کمپنی کے سالانہ اجلاس عام منعقدہ بروز جمعہ ۱۳ اپریل ۲۰۲۳ء
بوقت صبح ۱۰:۰۰ بجے یا کسی زیر التواء تاریخ پر میں قرارداد کیلئے پول کا مطالبہ کرتا ہوں/کرتے ہیں۔

میرا محفوظ ای میل ایڈریس _____ ہے۔ برائے مہربانی لاگ ان تفصیلات، پاس ورڈ اور الیکٹرونک دستخط بذریعہ ای میل ارسال کریں۔

دستخط بروز _____ تاریخ _____ ۲۰۲۳ء

گواہان:



ریونیواسٹیٹ
ممبر (ممبران) کے دستخط

۱۔ دستخط: _____
نام: _____
پتہ: _____
سی این آئی سی یا پاسپورٹ نمبر _____

۲۔ دستخط: _____
نام: _____
پتہ: _____
سی این آئی سی یا پاسپورٹ نمبر _____

نوٹ:

ای۔وونگ کا یہ فارم باقاعدہ مکمل کر کے لازماً کمپنی کے رجسٹرڈ آفس واقع کامران سینٹر، پہلی منزل، ۸۵ ایسٹ، جناح ایونیو، مایو ایریا، اسلام آباد یا
بذریعہ ای میل: amin.punjani@efuinsurance.com ارسال کریں۔



GENERAL

Bank Mandate Form

Date _____

**Bank Mandate Form For Electronic
Credit of Cash Dividend**

Dear Shareholder,

This is to inform you that in accordance with the Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Please note that giving bank mandate for dividend payments is mandatory and in order to comply with this regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide the following information:

(i) Shareholder's detail	
Name of Shareholder	
Folio No. / CDC Account No.	
CNIC No.	
Passport No. (in case of foreign shareholder)	
Cell Number of Shareholder	
Landline Number of Shareholder, if any	
E-mail Address	

(ii) Shareholder's bank detail	
Title of the Bank Account	
IBAN 24 Digits	
Bank's Name	
Branch Name and Code No.	
Branch Address	

It is stated that the above mentioned information is correct and in case of any change therein, I/we will immediately intimate to my Broker / CDC Participant / CDC Investor Account Services or Share Registrar accordingly.

Signature of Shareholder

You are requested to kindly send this Form duly filled in and signed along with legible photocopy of your valid CNIC to your Broker / CDC Participant / CDC Investor Account Service (in case your shareholding is in Book Entry Form) or in case your shareholding is in physical form to our Share Registrar, CDC Share Registrar Services Limited, CDC House, 99-B, Block B, S.M.C.H.S., Shakra-e-Faisal, Karachi-74400, Pakistan.



بینک مینڈیٹ فارم

تاریخ _____

بینک مینڈیٹ فارم برائے نقد منافع منقسمہ کالیکٹروٹک کریڈٹ

معزز شیئر ہولڈر،

آپ کو بذریعہ ہذا اطلاع دی جاتی ہے کہ کمپنیز ایکٹ ۲۰۱۷ء کے سیکشن ۲۴۲ کے مطابق نقد کی صورت میں قابل ادائیگی کوئی بھی منافع منقسمہ صرف بذریعہ الیکٹروٹک طریقہ کار براہ راست استحقاق کے حامل شیئر ہولڈر کی جانب سے نامزد کردہ بینک اکاؤنٹ میں جمع کرا دیا جائے گا۔ برائے مہربانی آگاہ رہیں کہ منافع منقسمہ کی ادائیگیوں کیلئے بینک مینڈیٹ فراہم کرنا لازم ہے اور اس قانونی شرط پر عملدرآمد کے ضمن میں اور اپنے بینک اکاؤنٹ میں منافع منقسمہ کی رقم براہ راست جمع کرانے کی سہولت حاصل کرنے کے لئے آپ سے درخواست ہے کہ درج ذیل معلومات فراہم کریں۔

(i) شیئر ہولڈر کی تفصیل	
شیئر ہولڈر کا نام	
فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر	
سی این آئی نمبر	
پاسپورٹ نمبر (غیر ملکی شیئر ہولڈر ہونے کی صورت میں)	
شیئر ہولڈر کا موبائل نمبر	
شیئر ہولڈر کا لینڈ لائن نمبر، اگر کوئی ہو	
ای میل ایڈریس	

(ii) شیئر ہولڈر کے بینک کی تفصیل	
بینک اکاؤنٹ کا نام	
آئی بی اے این "۲۳ ہندسوں پر مشتمل"	
بینک کا نام	
برانچ کا نام اور کوڈ نمبر	
برانچ کا پتہ	

یہ واضح کیا جاتا ہے کہ مذکورہ بالا معلومات درست ہیں اور ان میں کسی بھی تبدیلی سے میں/میں فوراً طور پر اپنے بروکر/سی ڈی سی پارٹنر/سی ڈی سی انویسٹر اکاؤنٹ سروسز یا شیئر رجسٹرار کو لازمی آگاہ کروں گا۔

شیئر ہولڈر کے دستخط

آپ سے درخواست ہے کہ اس فارم کو مکمل طور پر بھریں اور دستخط شدہ صورت میں اپنی کارآمد اور واضح سی این آئی سی کی کاپی کے ساتھ اپنے بروکر/سی ڈی سی پارٹنر/سی ڈی سی انویسٹر اکاؤنٹ سروسز (شیئر ہولڈنگ بک انٹری کی صورت میں) یا اپنی شیئر ہولڈنگ فیکلٹی ہونے کی صورت میں ہمارے شیئر رجسٹرار، سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس، ۹۹-بی، بلاک-بی، ایس ایم سی ایچ ایس، شاہراہ فیصل، کراچی-۷۴۲۰۰، پاکستان کو ارسال کر دیں۔

