

**Strength &
Resilience**

Annual Report 2023

EFU GENERAL
INSURANCE LTD



Strength & Resilience

EFU General opened its doors for business in 1932 with a vision to be the foremost in making financial futures of its customers secure. Over ninety years down the road, that vision still remains paramount in all that we do.

Over the years, we have seen many changes taking place; globally, in our own country and in our industry. Shifts in political and economic environment also impact business. Our strength to sustain our growth and leadership demonstrates our capacity to absorb challenges, provide appropriate responses and adapt to changing paradigms.

With each passing year, we have built on our strong foundation and earned unparalleled credibility for always delivering on our promises.

The strength of our assets, together with the exceptional quality of our people and the power of our strategic alliances with the world's top re-insurers gives us a leading edge in the market.

EFU today, stands globally recognized as Pakistan's flagship insurance brand.



EFU GENERAL INSURANCE LTD
ISO 9001: 2015 Certified

 efuinsurance.com

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Financial Highlights 2023

Investment & Properties

29 769

(Rupees in Million)

Investment & Other Income

3 890

(Rupees in Million)

Underwriting Result

1 649

(Rupees in Million)

Cash Dividend

2 000

(Rupees in Million)

Shareholders Equity

20 408

(Rupees in Million)

Premium (including Takaful Contribution)

41 521

(Rupees in Million)

Claims Paid (Gross)

7 810

(Rupees in Million)

Profit After Tax

3 282

(Rupees in Million)

Breakup Value

102.04

(Rupees)

Total Assets Book Value

67 505

(Rupees in Million)

AA++

Outlook Stable
VIS

AA++

Outlook Stable
PACRA

B-

Outlook Negative
A.M.BEST



Technology is changing the insurance landscape. We are committed to continue with our program of investment in leading edge technologies that streamline our operations, lower costs and enable easier and faster interactions with customers and more.

Keeping abreast with the latest
TECHNOLOGY



We believe that talented individuals coming together as a team to work towards a common goal is what takes us beyond the boundaries of ordinary success. This collaborative environment is no accident. It is deliberately constructed and carefully cultivated.

Learning and accomplishing more with
TEAMWORK



EFU is led by people with decades of experience in the insurance business. Our financial strength to deliver on promises is evident from our asset base, our continued additions to it and our strategic alliances with world renowned re-insurers.

Our IFS ratings confirm our financial
STRENGTH



Customer trust is an asset that is not quickly or easily earned. It is the product of decades of untiring efforts. We have earned the trust of our customers with our dedication to their best interests and delivering on promises since 1932.

Our most irreplaceable asset

TRUST



With its vast experience and expertise, EFU provides new insights into the risks in today's insurance environment. We bring depth, clarity and context to the issues and challenges that our clients face every day.

Customers value our
INSIGHT

Company Information

Chairman

Saifuddin N. Zoomkawala

Vice Chairman

Hasanali Abdullah

Managing Director & Chief Executive Officer

Kamran Arshad Inam

Directors

Taher G. Sachak

Ali Raza Siddiqui

Saad Bhimjee

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

Hasanali Abdullah

Taher G. Sachak

Ali Raza Siddiqui

Yasmin Hyder

Investment Committee

Hasanali Abdullah

Saifuddin N. Zoomkawala

Taher G. Sachak

Kamran Arshad Inam

Altaf Gokal

Ethics, Human Resource & Remuneration Committee

Yasmin Hyder

Saifuddin N. Zoomkawala

Hasanali Abdullah

Kamran Arshad Inam

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
Vice Chairman



Taher G. Sachak
Director



Saad Bhimjee
Director



Ali Raza Siddiqui
Director



**Tanveer Sultan
Moledina**
Director



Yasmin Hyder
Director



Kamran Arshad Inam
Managing Director &
Chief Executive Officer

**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 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

Hasanali Abdullah
Vice Chairman

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 was Managing Director & Chief Executive of the company from 2011 to July 2023. He is Director of EFU Life Assurance Limited, 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.

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 1993 to join EFU Life.

He was Chief Executive & Managing Director of EFU Life Assurance Limited from November 1993 to July 2023. He is now the Vice Chairman of EFU Life and also Vice Chairman of EFU Health. He is a "Certified Director" from Pakistan Institute of Corporate Governance.

Saad Bhimjee
Director

Mr. Saad Bhimjee is an Insurance and Risk Management professional with over fifteen 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.

Ali Raza Siddiqui
Director

Mr. Ali Raza Siddiqui holds Bachelor of Arts Degree from Cornell University, USA with Double majors in Economics and Government.

He is a Partner at JS Private Equity. From 2005-2010, he was an Executive Director at JS Investments Limited. Prior to joining JS Group he was Assistant Vice President at AIM Investments in Houston, a wholly owned subsidiary of INVESCO (formerly known as AMVESCAP PLC). At AIM, Mr. Siddiqui was part of a team responsible for the management of over USD 60 billion in fixed income assets.

Mr. Siddiqui serves on the Board of EFU Life Assurance Limited., Jahangir Siddiqui & Co. Ltd., Mahvash & Jahangir Siddiqui Foundation, Fakhree-Imdad Foundation, EFU Services (Private) Limited. He is additionally a trustee for Manzil Pakistan and the Organization for Social Development Initiatives.

He is a "Certified Director" from Pakistan Institute of Corporate Governance and holds an Honorary Doctorate from The University of Bolton.

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, in Novartis Saudi Arabia Limited and Saudi Pharmaceuticals Private Limited in the capacity of Chief Financial Officer.

Yasmin Hyder
Director

Yasmin Hyder has 36 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 practice 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.

Kamran Arshad Inam
Managing Director
& Chief Executive
Officer

Mr. Kamran Arshad Inam completed his MBA in Finance from the Institute of Business Administration - IBA in 2001 and completed his BE in Mechanical Engineering from NED in 1996.

Mr. Kamran, started working for ENAR Petrotech in 1996 followed by a stint in Indus Motor. He also worked in Shahbaz Garments who are owned by Midas Safety a Canadian-based group. He was responsible for the gloves and chemical division from Pakistan, Dubai and Srilanka and was partially based in all three locations during 1998 to 2003.

He joined EFU in risk management department in 2003 and later on got involved with Property and Engineering departments as well. He has been

leading the Property and Risk Management department since 2012. He was promoted as Deputy Managing Director (Technical) in 2019 and was responsible for all the technical departments of the company as well as the branch network across the country and in December 2021, he was promoted as Joint Managing Director.

He was elected at IAP's Executive Committee as Vice Chairman in 2019. Prior to this, he had been the head of the Property Committee at the IAP.

He was involved in all major infrastructure and industrial projects mainly driven by International Lenders in addition to all number of CPEC and lender driven projects since 2014.

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.

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.

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.
- ▶ 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

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

EFU General was incorporated on September 2, 1932. The Company provides a full range of insurance and window 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
- Window 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 Negative 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 broad spectrum of businesses and industrial clients as well as individuals, providing Fire and Property, Marine Aviation & Transport, 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 Reinsurers 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.

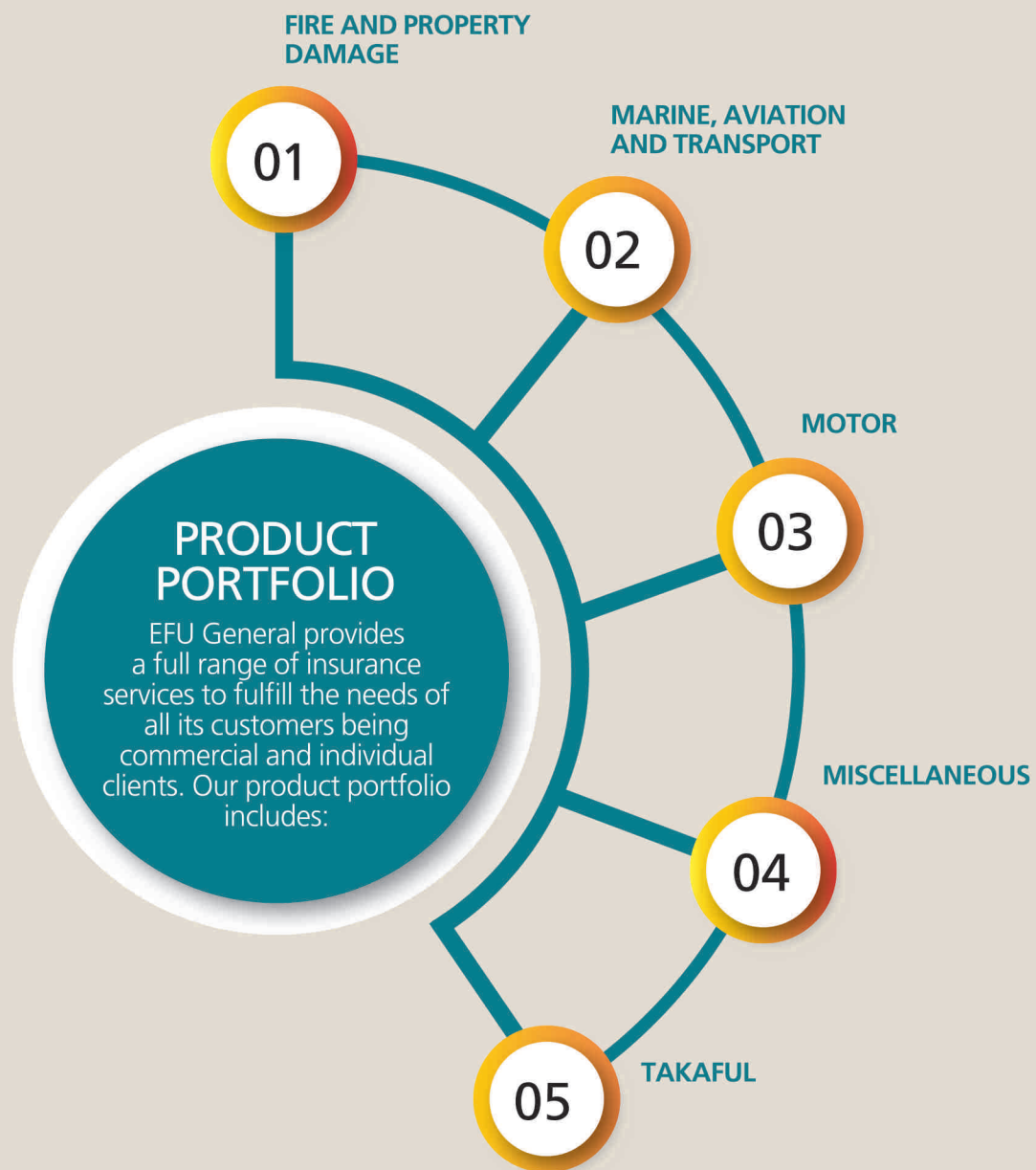
External Environment Effecting the Company

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 neighboring countries.

Discount rate was 22% on 31 December 2023 and is expected to decrease 4-5% in 2024. The Pakistan Stock Exchange during the year has remained volatile due to various factors. The KSE -100 index ranged between 38,136 and 67,094.

Significant Changes From Last Year

There were no significant structural changes during the year.



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. Coming to advancement in digitalization we have been selling online travel insurance policies since 2015 through our Company's website and have recently launched our mobile phone application to cater the needs of our customers.

The EFU Mobile App (Motor Insurance) provides a complete policy management solution for our Motor Insurance Customers. Additionally, a 24/7 WhatsApp Chatbot service has been launched to facilitate our clients. The company also provides SMS confirmation of claims, SMS claim guidance, and electronic survey reporting services for 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 & Chief Executive Officer

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

Senior Deputy Managing Director

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

Deputy Managing Directors

Abdul Rahman Ayub 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.

Khan Muhammad Anwer

Pasha, B.B.A.

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

Salim Razak Bramchari, A.C.I.I

Deputy Executive Directors

Abdul Wahid

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

Muhammad Arif Khan

Muhammad Naeem, 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 Qadir Memon, MSc.

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, E.M.B.A., Msc.

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.

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

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

Umair Ali Khan, M.A., A.C.I.I.

Usman Ali Khan

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

Zia Mahmood

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

Executive Vice Presidents

Aamer Ali Khan, B.B.A

Abdul Bari Khan

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

Amjad Irshad, B.B.A.

Arshad Aziz Siddiqui

Asad Ali Siddiqui, E.M.B.A., Dip CII

Ashfaqe Ahmed

Asif Mehmood

Atif Haider Khan, M.B.A., A.C.I.I.

Ejaz Ahmed Khan, M.B.A

Farhat Iqbal

Javed Iqbal Khan

Kaleem Imtiaz, M.A

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 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.

Shafaqat Ali, E.M.B.A

Shahab Saleem

Sikander

Syed Daniyal Abbas Rizvi, MAS

Waheed Yousaf, M.B.A.

Waseem Ahmed

Senior Vice Presidents

Adeel, 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.
 Khawaja Saroosh Ahmed, B.E, M.P.M.
 Mian Ikramul Ghani, M.A.
 Mohsin Ali Baig
 Muhammad Ahmer Siddiqi
 Muhammad Ashfaq
 Muhammad Haroon, M.Sc
 Muhammad Khurram Ismail, B.S.
 Muhammad Maroof Chaudhry
 Muhammad Mubeen
 Muhammad Naeem Ahsan
 Muhammad Rafiq Khowaja, M.A.
 Muhammad Rehan, B.E
 Muhammad Saleem Gaho
 Muhammad Shahjahan
 Muhammad Shoaib
 Muhammad Taufiq
 Muhammad Usman
 Muhammad Waqas, A.C.I.I., E.M.B.A.
 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 Muhammad Hussain
 Shabeeh Hyder, B.E.

Shadab Muhammad Khan
 Shah Hussain, M.B.A., L.L.B.
 Shahbaz Khan
 Shaikh Muhammad Khurram
 Sheraz Mansoor, M.Com
 Syed Mudasir Ali
 Syed Muhammad Ali
 Tariq Mahmood
 Wahaj Ur Rehman Khan, B.E, M.B.A.

Vice Presidents

Abdul Qaiyum Khalfe
 Ali Farman, M.A.
 Altaf Hussain
 Amjad Javed, M.Sc
 Arif Hussain
 Arshad Hameed
 Asif Ahmed
 Asif Ali Khan
 Faisal Masood
 Farooq Shaukat
 Ghulam Abbas, M.B.A
 Ijaz Anwer Chughtai
 Imran Faisal
 Israr Gul, M.A.
 Jawad Javed Khan
 Khalid Akhtar, M.B.A.
 Mansoor Anwar
 Mansoor Hassan Siddiqui, M.Sc.
 Maqsood Ahmed
 Mohammad Rashid Salim Siddiqui
 Mudassar Raza, M.B.A.
 Muhammad Ali
 Muhammad Attaullah Khan
 Muhammad Farhan Rasheed, M.C.S
 Muhammad Kashif, M.Sc
 Muhammad Mushtaq
 Muhammad Rashid
 Muhammad Saeed
 Muhammad Saleem
 Muhammad Shoaib
 Naziruddin, E.M.B.A
 Muhammad Tamour
 Baig, B.B.A, A.C.I.I.
 Muhammad Tauseef
 Muhammad Yamin
 Mumtaz Ahmed

Murad Ali, M.B.A.
 Naseer Ahmad
 Nida Muazzam, B.E.
 Noor Asghar Khan
 S.M. Farhan Asfi
 S. Imran Raza Jafri
 S.M. Noor-uz-Zaman, E.M.B.A
 Saifuddin
 Shaheena Ashfaq, M.A., E.M.B.A
 Shahzad Qamar, M.B.A.
 Shazia Hussain, M.A.
 Subhash Kumar, M.B.A.
 Syed Arshad Hussain Rizvi
 Syed Kamal Ahmed
 Syed Sajjad Haider Zaidi
 Syed Zeewaqaar Ali
 Syed Zubair Ali
 Umar Rashid, M.B.A.
 Waqas Ahmad Sheikh
 M.B.A., F.C.M.A
 Zahid Qureshi, M.B.A.
 Zainul Abedin

Assistant Vice Presidents

Abdul Qadir
 Abdul Saboor
 Allah Dino Khan, M.A.
 Amir Riaz, E.M.B.A, E.MS
 Amjad Hussain Shehzad
 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 Ahmed Siddiqui, BS
 Farhan Qamar Siddiqui
 Farzana Faheem, M.B.A
 Ghulam Fatima, M.B.A
 Hamid Pervez
 Hasan Iqbal, M.B.A.
 Humera Absar
 Imran

Imran Younas
Irfan Qamar, M.B.A
Jahangir
Jawed
K.M. Elias
Kamran Vohra, M.Com.
Khalid Usman
Khalida, L.L.B.
Khalil Ahmed
M. Umar Rafique Zuberi
Mahmood Saleh
Mansoor Ahmed, M.E.
Maryam Shams, B.E, MS
Mazharuddin
Mehran Khan, B.E, M.Sc
Muhammad Arshad Siddiqi
Muhammad Asghar, MCS
Muhammad Asif, M.A
Muhammad Fahad, MS
Muhammad Furqan
Muhammad Hammad Anis
Muhammad Imran Siddique
Muhammad Iqtida Khan
Muhammad Irfan
Muhammad Kashif, M.B.A
Muhammad Moizuddin
Muhammad Noman Hafeez
Rana, B.E
Muhammad Rizwan, M.Sc.
Muhammad Shafique
Muhammad Shamim
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
Saif Ur Rehman
Saleem Ghaffar
Sana Perveen, M.Sc
Shahid Yaquob
Shamoon
Suhail Akhtar
Syed Mudasir Mehdi, B.E
Syed Muhammad Faisal
Syed Muhammad Haider
Syed Nadeem Akhtar
Syeda Anam, M.A, MBA
Vinesh Kumar, MBA
Waqar Masood, M.Com
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

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
Muhammad Khalid Saleem, M.A.
Syed Kamran Rashid

Deputy Executive Directors

Agha Sakhawatullah Khan
Ali Kausar
Babar A. Sheikh

Assistant Executive Directors

Abdul Wahab
Adeel Ahmed
Javed Akhtar Sheikh, B.B.A
Kausar Ali Zuberi
Mazher H. Qureshi
Mohammad Arif, M.A.
Muhammad Arfeen
Muhammad Reyaz Ahmed
Rashid Habib, M.A.
Rizwan Siddiqi
Saad Anwar
Saad Reyaz
Salma
Shazim Altaf
Syed Ashad Hussain Rizvi
Syed Imran Zaidi, M.B.A.
Syed Shahid Mehmood, M.A.
Tauqir Hussain Abdulla

Senior Executive Vice Presidents

Akhtar Wahid Kothawala
Asif Reyaz
Asif Elahi
Azmat Maqbool, M.B.A.
Faiza Ali Chinoy
Jameel Masood
Khalid Mahmood Mirza
Khuzema T.Haider Mota
Mohammad Shoaib, M.A.
Mohammad Sohail
Mohammad Younus
Muhammad Farooq
Muhammad Imran Naeem, A.C.A.
Muhammad Mushtaq Najam
Muhammad Waleed Polani
Shazia Rahil Razzak
Syed Iftikhar Haider Zaidi, M.A.
Syed Mohammad Iftikhar
Syed Sadiq Ali Jafri
Zarrar Ibn Zahoor Bandey

Executive Vice Presidents

Agha Ali Khan
Azharul Hassan Chishty
Ejaz Ahmed
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
Muhammad Javed
Muhammad Razzaq Chaudhry
Muhammad Rehan Iqbal Booti
Muhammad Shamim Siddiqui
Muhammad Umer Memon
Noor Ulain Mahmood
Rana Khalid Manzoor
Seema N Jagirani
Somia Ali
Syed Nisar Ahmed, M.A.
Syed Shahid Raza
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 Khalid, MSc.
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 Farooq
Muhammad Haroon Akbar, M.B.A.
Muhammad Imran
Muhammad Owais Memon
Muhammad Salim Babar, M.B.A.
Muhammad Shakeel, M.B.A.
Qasim Ayub
Raja Jamil Ahmed
Rashid A. Islam
Rizwan Ul Haque, B.B.A
Shakil Wahid
Shehzad Ali Shivjani
Syed Sohail Haider Abidi
Wasif Mubeen, L.L.B.

Vice Presidents

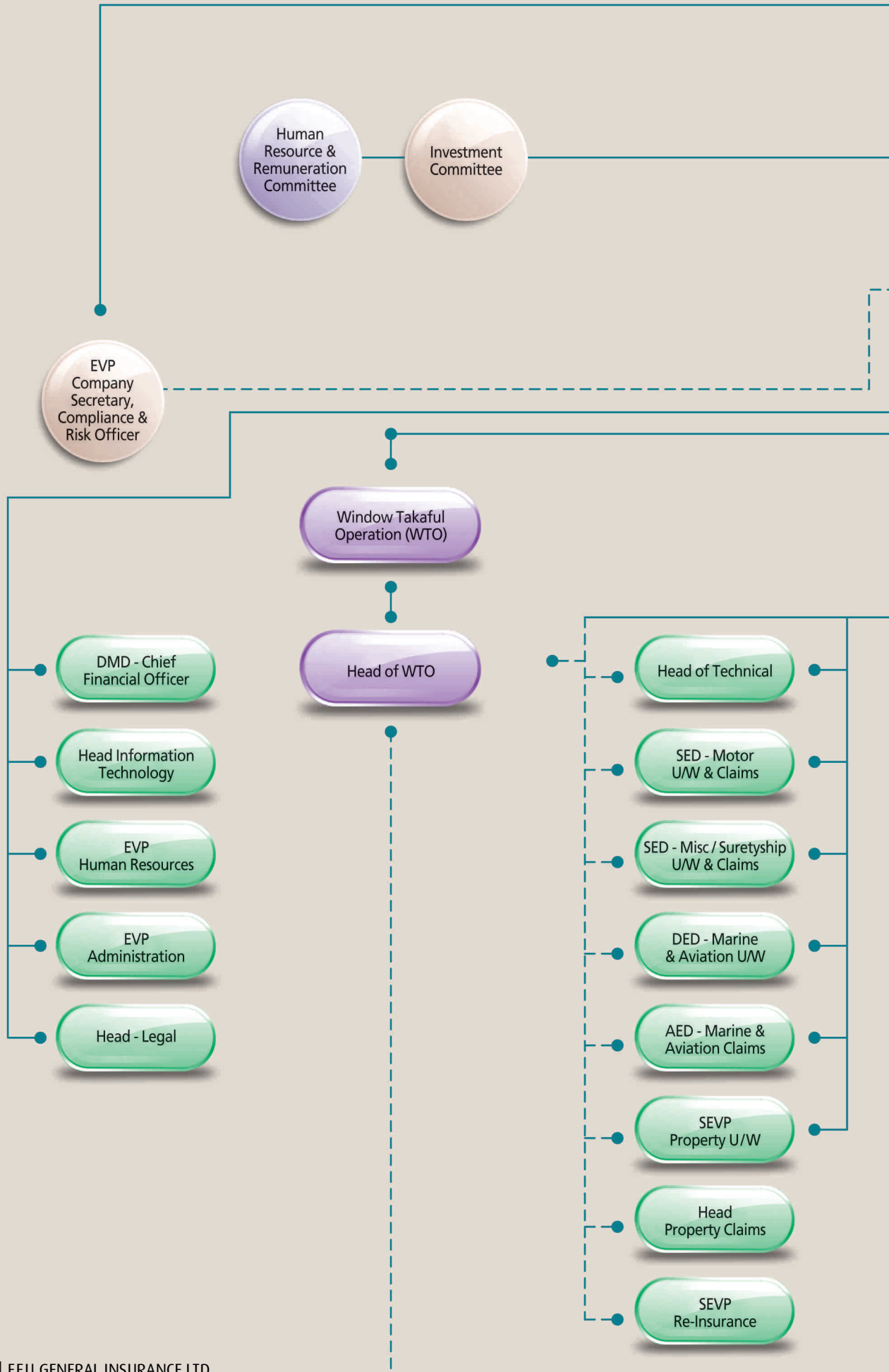
Abdullah Alam
Ahmad Saeed Khan
Aizaz Ur Rehman, M.B.A
Aman Nazar Muhammad
Amna Saad
Arshad Iqbal, M.B.A.
Faizan Imran
Fauzia Nasir
Haris Alamgir Shaikh
Imran Suleman
Jalal-uddin Ahmed
Kanza Babar
Khurram Younas
Khusbakht Farhan
Mahnoor Ibrahim
Maleeha Shafiq
Mehak Akbar
Muhammad Altaf, L.L.B
Muhammad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

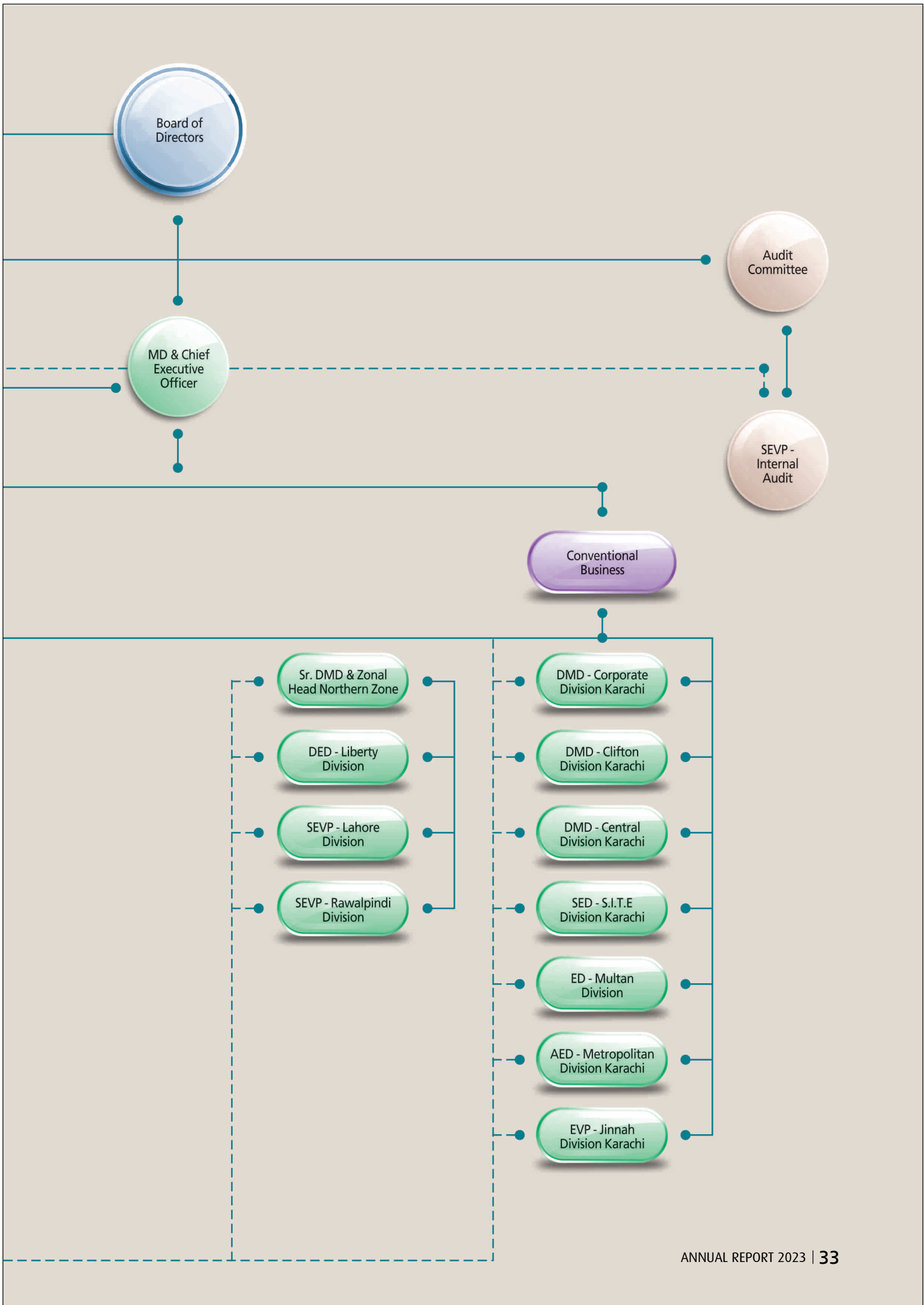
Syed Rashid Ali
Syed Zulfiqar Mehdi
Tauseef Hussain Khan

Assistant Vice Presidents

Abdul Rahim
Ahmed Nawaz, M.A.
Ashiq Hussain Bhatti
Atif Muzaffar
Ayesha Musharaf
Danish Saleem Qayum
Khalid Mehmood
Mohsin Ali Khan, M.B.A.
Muhammad Abdul Quaiyum, M.Com
Muhammad Ali Zarrar
Muhammad Azeem
Muhammad Hunzala
Muhammad Mussarrat Hussain, M.Sc.
Muhammad Naveed Asghar
Muhammad Umair
Muhammad Zeeshan Haider
Mustafa Ahmed
Nadeem Ahmad Siddiqi
Noman Khan
Qamar Aziz
S. Zeeshan Abbas Abidi
Samina Imran
Saqib Riaz
Shagufta Asrar Ahmad
Sofia Musharaf
Syed Abid Raza
Syed Mojiz Hasan
Syed Rizwan Haider, MSc.
Tahir Ali, M.B.A.
Urooj Sohail
Zafar Ali Khokhar, M.A
Zainab Gulzar
Zakaullah 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, regulatory compliance and soft skills trainings on regular basis.

For health and safety at workplace we ensure good working environment by providing lunch area, proper sanitation, and recreational facilities. By risk management measures, we provide 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 91st 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 Thursday March 28, 2024 at 11:30 a.m. and through electronic means to transact the following businesses:

A. ORDINARY BUSINESSES

1. receive, consider and approve the Audited Financial Statements (Consolidated and Unconsolidated) for the year ended December 31, 2023 together with the Chairman's review, Directors' and Auditors' reports thereon.
2. 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 Interim Cash Dividends of 45 % i.e. Rs. 4.50 per share already paid to the Shareholders for the year ended December 31, 2023.
3. appoint Auditors of the Company for a term ending at the conclusion of the next Annual General Meeting and fix their remuneration. The Board of Directors recommends the appointment of KPMG Taseer Hadi & Co., Chartered Accountants as Auditors of the Company for the year 2024 as suggested by the Audit Committee in place of retiring auditors EY Ford Rhodes, Chartered Accountants. EY Ford Rhodes has not consented to act as auditors for the year 2024 as they are consolidating and restructuring their Audit practice and therefore, focusing on EY global clients operating in Pakistan and limiting industry sectors.

B. SPECIAL BUSINESS

4. Consider and if thought fit to pass the following resolutions with or without modification(s) as Special Resolutions:

"RESOLVED that consent of the members of EFU General Insurance Limited (the "Company") be and is hereby accorded in terms of section 199 and other applicable provisions of Companies Act, 2017 and the Company be and is hereby authorized to further invest up to Rs. 1,000,000,000 (Rupees One Billion Only) from time to time in EFU Life Assurance Limited ("EFU Life"), a subsidiary company for purchase of ordinary shares of face value of Rs. 10 each at the price ruling in stock exchange at the date of purchase as per terms and conditions disclosed to the members and the resolution shall be valid for a period of 3 years from the date of passing of special resolution".

"FURTHER RESOLVED that Managing Director & Chief Executive Officer or Company Secretary be and are hereby individually authorized to fulfill all legal and corporate formalities for making the above investment."

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. All material facts concerning the resolutions contained in item no. 4 of the notice.
- b. Status of previous approval of investments in associated company.

By Order of the Board

AMIN PUNJANI

Company Secretary

Karachi: February 28, 2024

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 the participation of members 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 the Annual General Meeting through video-link are requested to please provide the 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 11:30 a.m. on Wednesday March 27, 2024.

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 Thursday March 28, 2024 at 11:30 a.m.

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

A. For attending the meeting:

- (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 a 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 a 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 March 22, 2024 to March 28, 2024 (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 March 21, 2024 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 DIVIDEND MANDATE

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

In order to receive dividends directly into their bank account, shareholders are requested (if not already provided) to fill in Bank Mandate Form for Electronic Credit of Cash Dividend available in the Annual Report and also on the Company'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, the 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 dividends to shareholders.

7. 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.

8. 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 the company name and their respective CDS A/C # or Folio No.

9. 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 Section 150 of the Income Tax Ordinance. We hereby advise shareholders as under;

- (i) The Government of Pakistan through the Finance Act, 2019 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for the 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 based on 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.

10. CONSENT FOR VIDEO CONFERENCING FACILITY

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

11. UNCLAIMED DIVIDEND

As per the provision of Section 244 of the Companies Act 2017, any shares issued or dividend declared by the Company that 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 dividends declared by the Company which have remained due for more than three years were sent to shareholders, uploaded on the Company website and a Final notice was issued in the 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 the Companies Act, 2017.

12. TRANSMISSION OF THE ANNUAL AUDITED FINANCIAL STATEMENTS THROUGH QR-ENABLED CODE AND EMAIL

The Annual Report, including the Financial Statements of the Company, can be viewed using the following QR-enabled code. The same will be shared via email in case an email address is provided by the members. A printed copy of the above referred statements can be provided to members upon request.



13. AVAILABILITY OF AUDITED FINANCIAL STATEMENT ON THE COMPANY'S WEBSITE

The audited financial statement of the Company for the year ended December 31, 2023 has been made available on the Company's website www.efuinsurance.com which can be viewed using the following link:

<https://efuinsurance.com/conventional/financials/financial-reports.php>

14. 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 Shahrah-e-Faisal, Karachi-74400. Tel. Toll Free: 0800-23275, Email: info@cdcsrsl.com, website: www.cdcsrsl.com

15. PROCEDURE FOR E-VOTING

In accordance with the Companies (Postal Ballot) Regulation, 2018, ("the Regulations") the right to vote through electronic voting facility and voting by post shall be provided to members of every listed company for, inter alia, all businesses classified as special business under the Companies Act, 2017, ("the Act") and election of Directors in the manner and subject to conditions contained in the Regulations.

- a) Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business on March 21, 2024.
- b) The web address, login details, and password will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of CDC Share Registrar Services Limited (being the e-voting service provider).
- c) The identity of the Members intending to cast a vote through e-voting shall be authenticated through electronic signature or authentication for login.
- d) Voting lines will start from March 23, 2024, 09:00 a.m. and shall close on March 27, 2024 at 5:00 p.m. Members can cast their votes at any time during this period. Once the vote on a resolution is cast by a Member, he / she shall not be allowed to change it subsequently.

16. PROCEDURE FOR VOTING THROUGH POSTAL BALLOT

Members may alternatively opt for voting through postal ballot. The members shall ensure that duly filled and signed ballot paper, along with copy of CNIC, should reach the Chairman of the meeting through post on the Company's registered address, EFU General Limited, 5th Floor, EFU House, M.A. Jinnah Road, Karachi with attention to the Company Secretary, or email with subject "Voting through Postal Ballot" at. amin.punjani@efuinsurance.com no later than March 27, 2024, during working hours. The signature on the ballot paper, shall match with the signature on CNIC For convenience of the members, Ballot Paper is annexed to this notice and the same is also available on the Company's website www.efuinsurance.com to download.

17. SCRUTINIZER

In accordance with clause 11 of the Companies (Postal Ballot) Regulation, 2018, the Board has appointed M/s PKF F.R.A.N.T.S & Co., Chartered Accountants, to act as the Scrutinizer of the Company to undertake other responsibilities as defined in Regulation 11A of the Regulations.

18. DEPOSIT OF PHYSICAL SHARES INTO 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/stockbroker 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.

Statement under Section 134 (3) of the Companies Act, 2017:

This statement sets out the material facts pertaining to the Special Business to be transacted at the Annual General Meeting of the Company to be held on March 28, 2024.

1. Item No. 4 regarding investment in an associated company

The details and information to be furnished regarding item No. 4 - investment in associated company under section 199 of the Companies Act, 2017:

Information to be disclosed to members - (1) The Company shall disclose the following information in the statement annexed to the notice, pursuant to sub-section (3) of Section 134 of the Act, of a general meeting called for

considering investment decision under Section 199 of the Act-

Regarding associated company or associated undertaking:

(i) name of associated company or associated undertaking;

EFU Life Assurance Limited

(ii) basis of relationship;

Common Directorship and Shareholding

(iii) earnings per share for the last three years;

year ended December 31, 2023 - Rs. 20.66

year ended December 31, 2022 - Rs. 16.92

year ended December 31, 2021 - Rs. 15.08

(iv) break-up value per share, based on the latest audited financial statements;

Rs. 69.49 on the basis of audited financial statements for the year ended December 31, 2023

(v) financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements; and

EFU Life Assurance Limited (EFU Life) is one of the leading life insurance companies in the country. As on December 31, 2023, it has an asset base of Rs. 210.22 million. Its After-tax profit for the years 2023, 2022 and 2021 was Rs. 2,066 million, Rs. 1,692 million and Rs. 1,508 million respectively. EFU Life as on December 31, 2023 has a Paid-up Capital of Rs. 1,000 million, General Reserve of Rs. 2,120 million and Accumulated Surplus of Rs. 3,829 million.

(vi) in case of investment in relation to a project of an associated company or associated undertaking that has not commenced operations, following further information, namely-

- (I) description of the project and its history since conceptualization;
 - (II) starting date and expected date of completion of work;
 - (III) time by which such project shall become commercially operational;
 - (IV) expected time by which the project shall start paying return on investment; and
 - (V) funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;
- Not Applicable.

Regulations No. 3 (1) (a) (B) General disclosures:

(i) maximum amount of investment to be made;

Rs. 1,000 million.

(ii) purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;

Long-term strategic investment for return and capital appreciation which will enhance the profitability of the Company and add to the value of the members

(iii) sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds-

- I. justification for investment through borrowings;
- II. detail of collateral, guarantees provided and assets pledged for obtaining such funds; and

III. cost-benefit analysis;

Not Applicable. The investment will be made from the Company's funds.

(iv) salient features of the agreement(s), if any, with an associated company or associated undertaking with regards to the proposed investment;

Not Applicable as shares will be purchased from time to time from the stock markets at the price ruling on the date of purchase.

(v) direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;

No Director, Chief Executive Officer or their relatives has any interest in the proposed investment, except in their individual capacities as "Directors/Chief Executive" and/or as shareholders of the company.

(vi) in case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write-offs; and

EFU Life Assurance Limited is a Subsidiary Company of the Company with holding of 47.31% shares. The market value of our investment in the subsidiary is Rs. 9,132 million. During the year, the Company received dividend income of Rs. 695.58 million.

(vii) any other important details necessary for the members to understand the transaction;

None

Regulation No. 3 (b) - In case of equity investment, following disclosures in addition to those provided under clause (a) of sub-regulation (1) of regulation 3 shall be made-

(i) maximum price at which securities will be acquired;

Not more than the price quoted on Stock Exchange.

(ii) in case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof;

The shares will be purchased at market value ruling at Stock Exchange on purchase date.

(iii) maximum number of securities to be acquired;

Equivalent to the amount of investment.

(iv) Number of securities and percentage thereof held before and after the proposed investment;

47,306,972 shares (47.31%) held to date i.e. before proposed investment. Number of Shares and percentage after proposed investment will depend on the prevailing prices at the time of actual acquisition of shares which could vary with the market price at which shares are purchased in future.

(v) current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities; and

Current market value per share as of Dec 31, 2023 is Rs. 193.04 and weighted average value of twelve weeks is Rs. 190.33.

(vi) fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities;

Not Applicable.

Regulation No. 3(3) - The directors of the investing company while presenting the special resolution for making investment in an associated company or associated undertaking shall certify to the

members of the investing company that they have carried out necessary due diligence for the proposed investment before recommending it for members' approval.

The Directors of the Company submit that they have carried out necessary due diligence for the proposed investment in shares of EFU Life Assurance Limited.

Regulation No. 4(1) - Other information to be disclosed to the members. - (1) If the associated company or associated undertaking or any of its sponsors or directors is also a member of the investing company, the information about interest of the associated company or associated undertaking and its sponsors and directors in the investing company shall be disclosed in the notice of general meeting called for seeking members' approval pursuant to section 199 of the Act.

No Director or Chief Executive Officer has any interest in the investing Company except in their individual capacities as "Directors/Chief Executive Officer" and/or as shareholders of the investing Company. The Shareholding of the Directors is Mr. Saifuddin N. Zoomkawala 316,800 shares, Mr. Hasanali Abdullah 374,958 shares, Mr. Taher G. Sachak 14,046 shares and Mr. Ali Raza Siddiqui 800 shares.

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. 541.39 million has been invested out of Rs. 1 billion as at December 31, 2023.

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. 6,949 million as at December 31, 2023, Rs. 6,349 million as at December 31, 2022 and Rs. 6,178 million as at December 31, 2021.

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.

Description of the Risk Management Framework including 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 2023 Announcement Date APRIL 28, 2023	Half year ended 30 June 2023 Announcement Date AUGUST 29, 2023	Third quarter ended 30 September 2023 Announcement Date OCTOBER 27, 2023	Year ended 31 December 2023 Announcement Date FEBRUARY 28, 2024
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DIVIDENDS

Final Cash 2023 Announcement Date FEBRUARY 28, 2024	Entitlement Date MARCH 21, 2024	Statutory limit upto which payable (within 10 working days of AGM) APRIL 11, 2024	
First Interim Cash 2023 APRIL 28, 2023	Entitlement Date MAY 12, 2023	Paid on MAY 19, 2023	Statutory limit upto which payable MAY 26, 2023
Second Interim Cash 2023 AUGUST 29, 2023	Entitlement Date SEPTEMBER 12, 2023	Paid on SEPTEMBER 19, 2023	Statutory limit upto which payable SEPTEMBER 26, 2023
Third Interim Cash 2023 OCTOBER 27, 2023	Entitlement Date NOVEMBER 10, 2023	Paid on NOVEMBER 17, 2023	Statutory limit upto which payable NOVEMBER 24, 2023

Date of Issuance of Annual Report 2023 **MARCH 07, 2024**

Date of Annual General Meeting **MARCH 28, 2024**



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 sharecertificates 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, Shakra-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 April 16, 2023

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, 2022 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 2022 details as under:
 - The First Interim dividend was paid on May 19, 2022.
 - The Second Interim dividend was paid on September 13, 2022.
 - The Third Interim dividend was paid on November 18, 2022.
 - Final dividend was paid to the Shareholders on April 18, 2023.
4. Re-appointment of EY Ford Rhodes, Chartered Accountants as Auditors for the year 2023.

Decisions taken at the last Extraordinary General Meeting held on July 7, 2023

1. The number of candidates for election were seven for seven seats, therefore, all the following persons were elected as Director for a period of three years with effect from July 10, 2023.
 1. Mr. Saifuddin N. Zoomkawala
 2. Mr. Hasanali Abdullah
 3. Mr. Taher G. Sachak
 4. Mr. Ali Raza Siddiqui
 5. Mr. Saad Bhimjee
 6. Mr. Tanveer Sultan Moledina
 7. Ms. Yasmin Hyder
2. Approval of Special Resolution for the transmission of the Annual Report through QR enabled code with Annual General Meeting notice.

Presence of Chairman - Audit Committee in the Annual General Meeting

The Chairman of the Audit Committee attended the 90th 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 2023.

Months	Highest	Lowest	Average of Volume
January	100.00	90.00	380 500
February	98.00	90.00	52 000
March	98.00	90.00	40 500
April	98.50	83.50	10 500
May	93.00	83.00	90 400
June	88.00	80.00	15 000
July	86.00	74.50	195 200
August	83.00	77.00	282 000
September	89.50	73.50	225 500
October	90.00	85.00	6 500
November	90.00	82.00	80 000
December	95.99	85.00	100 500

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					
	2023	2022	2021	2020	2019	2018
Number of Shares outstanding (in million)	200	200	200	200	200	200
Market closing price of share as on 31 December (PSX) (Rs.)	96	92	105	120	110	100
Market Share Capitalisation (Rs. in million)	19 200	18 400	21 000	24 000	22 060	20 000

Chairman's Review

It indeed gives me immense pleasure in presenting 91st Annual Report of your Company. The Written Premium for the year is increased by 30% to Rs.41.5 billion (including Takaful Contribution of Rs.3.1 billion) as compared to Rs.31.9 billion (inclusive of Rs.2.9 billion of takaful contribution) in 2022. The Net Premium Revenue grew by 20% Rs.12.4 billion as compared to Rs.10.3 billion in 2022. Whereas underwriting profit for the year was Rs.1.6 billion as compare to the profit of Rs.70 million last year. Your Company has a market share of 19 % and continues to lead the non-life insurance business in the country.

Your Company's profit after tax for the year 2023 was Rs.3.28 billion as compared to Rs.2.0 billion in 2022. The earnings per share was Rs.16.41 as against Rs.10.03 last year.

The consolidated (inclusive of EFU Life) Written Premium was Rs. 76 billion, Net Premium was Rs. 48.8 billion and Total Assets were Rs. 276 billion.

During fiscal year 2023, Pakistan's economy witnessed a significant slowdown, registering a contraction of 0.6 percent in real GDP. Driven by convergence of domestic and external challenges, this formidable economic environment resulted in historical inflation levels and extreme exchange rate volatility. Responding to these challenges, the State Bank of Pakistan (SBP) incrementally increased the policy rate to 22%.

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 28 February 2024

چیرمین کی جائزہ رپورٹ

آپ کی کمپنی کی ۹۱ ویں سالانہ رپورٹ پیش کرتے ہوئے میں دلی مسرت محسوس کر رہا ہوں۔

سال کیلئے تحریری پرییمیم ۳۰ فیصد تک بڑھ کر ۴۱.۵ بلین روپے (بشمول ۳.۱ بلین روپے کا فنڈنگ کنٹری بیوشن) تھا جو اس کے مقابلے میں ۲۰۲۲ء میں ۳۱.۹ بلین روپے (بشمول ۲.۹ بلین روپے کا فنڈنگ کنٹری بیوشن) تھا۔ خالص پرییمیم آمدنی ۲۰ فیصد بڑھ کر ۱۲.۴ بلین روپے ہو گئی جو ۲۰۲۲ء میں ۱۰.۳ بلین روپے تھی۔ جبکہ سال کیلئے زیر تحریر منافع ۱.۶ بلین روپے تھا جبکہ اس کے مقابلے میں گزشتہ سال ۱.۷ بلین روپے کا منافع حاصل کیا گیا تھا۔ آپ کی کمپنی ۱۹ فیصد مارکیٹ شیئر کی حامل ہے اور ملک میں نان-لائف انشورنس کاروبار میں سہقت برقرار رکھنے کا سلسلہ جاری ہے۔

آپ کی کمپنی نے سال ۲۰۲۳ء کیلئے ۳.۲۸ بلین روپے کا منافع بعد از ٹیکس حاصل کیا جو ۲۰۲۲ء میں اس کے مقابلے میں ۲.۰ بلین روپے تھا۔ آمدنی فی شیئر ۲۱.۶۱ روپے تھی جو گزشتہ سال ۱۰.۰۳ روپے تھی۔

مجموعی (بشمول ای ریٹ یولائف) تحریری پرییمیم ۶ بلین روپے رہا، خالص پرییمیم ۸.۸ بلین روپے اور مجموعی اثاثہ جات ۶۷ بلین روپے تھے۔

مالیاتی سال ۲۰۲۳ء کے دوران پاکستان کی معیشت نے نمایاں سست روی کا مظاہرہ کیا اور حقیقی جی ڈی پی میں ۶.۶ فیصد کی کمی ظاہر کی گئی۔ مقامی اور بیرونی چیلنجوں کے ساتھ ساتھ اس کٹھن معاشی صورتحال کے نتیجے میں تاریخی مہنگائی کی سطح اور بڑے پیمانے پر زرمبادلہ کے نرخوں میں اتار چڑھاؤ دیکھنے میں آیا۔ ان چیلنجز سے نمٹنے کیلئے اسٹیٹ بینک آف پاکستان (ایس بی پی) نے پالیسی ریٹ ۲۲ فیصد تک بڑھا دیا۔

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 و سرکردہ پوزیشن برقرار رکھنے کے ضمن میں اپنی کوششیں جاری رکھے گی۔

میں سیکورٹیز 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 فیملڈ فورس، آفیسرز اور کمپنی کے اسٹاف کی جانب سے ان کی مخلصانہ کوششوں کا بھی شکر گزار ہوں۔

سیف الدین این۔ زومکاوالا
چیرمین

کراچی: ۲۸ فروری ۲۰۲۳ء

Report of the Directors to Shareholders

The Directors of your Company are pleased to present the Ninety-first Annual Report of the Company for the year ended 31 December 2023.

Your Company's profit after tax for the year 2023 was Rs. 3.28 billion as compared to Rs. 2.0 billion in 2022. The earnings per share was Rs. 16.41 as against Rs. 10.03 last year.

Your Company's Written Direct Premium and Takaful business increased by 30 % to Rs. 41.5 billion (inclusive of Rs. 3.1 billion of Takaful contribution) as compared to Rs. 31.9 billion (inclusive of Rs. 2.9 billion of takaful contribution) in 2022. The Net Premium Revenue grew by Rs. 12.4 billion as compared to Rs. 10.3 billion in 2022.

Economic Review

In the fiscal year 2023, Pakistan's economy contracted by 0.6 percent in real GDP. This downturn in economic activity is attributed to domestic and external shocks, climate change impact, geopolitical tensions, high gross financing requirements, heightened global commodity prices, and tightened global financing conditions. These

factors collectively contributed to elevated inflation and volatility in the currency exchange rate.

In response to these challenges, the State Bank of Pakistan (SBP) gradually raised the policy rate to 22%.

Company's performance

The segment wise performance was as follows:

FIRE AND PROPERTY

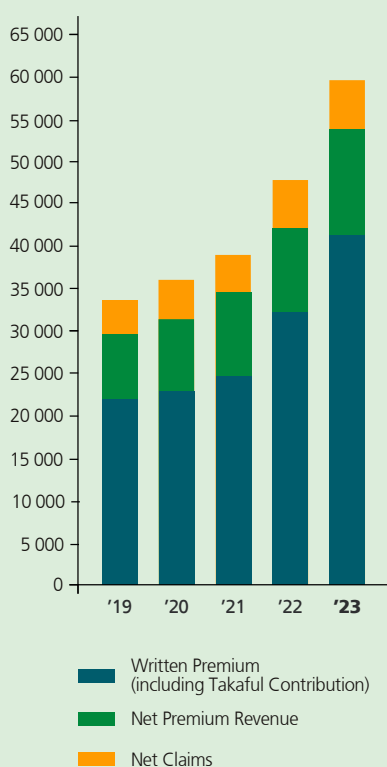
The written premium increased by 37 % to Rs. 27,443 million compared to Rs. 19,981 million in 2022. Claims as a percentage of net premium revenue were 38 % as against 61 % in 2022. The underwriting profit for the year was Rs. 423 million as compare to underwriting loss of Rs. 593 million in 2022.

MARINE, AVIATION AND TRANSPORT

The written premium increased by 39 % to Rs. 4,891 million compared to Rs. 3,511 million in 2022. Claims as a percentage of net premium revenue were 36 % as against 42 % in 2022. The underwriting profit was Rs. 409 million compared to Rs. 272 million in 2022.

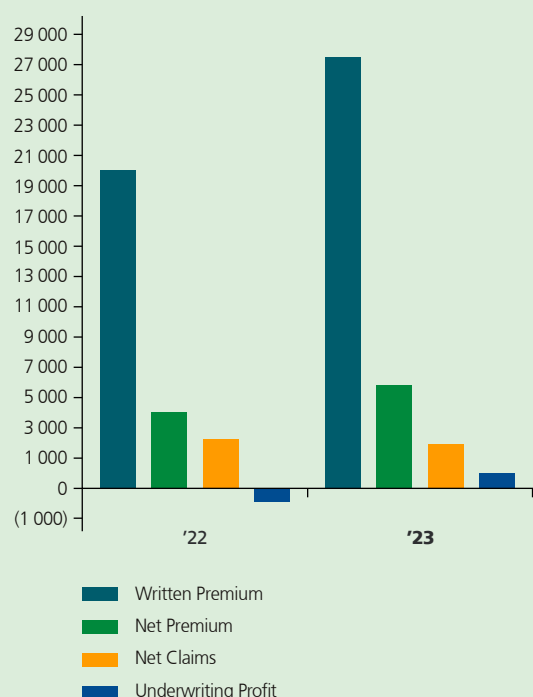
WRITTEN PREMIUM, NET PREMIUM REVENUE AND NET CLAIMS

(Rupees in Million)



FIRE AND PROPERTY DAMAGE

(Rupees in Million)



MOTOR

The written premium increased by 9 % to Rs. 4,086 million compared to Rs. 3,777 million in 2022. Claims as percentage of net premium revenue were 47 % as against 52 % in 2022. The underwriting profit was Rs. 591 million compared to Rs. 354 million in 2022.

OTHERS

The written premium increased by 15 % to Rs. 2,029 million compared to Rs. 1,757 million in 2022. Claims as a percentage of net premium revenue were 50 % as against 62 % in 2022. The underwriting profit for the year was Rs. 145 million compared to Rs. 37 million in 2022.

Window Takaful Operations

The written contribution revenue was Rs 3,070 million as against Rs. 2,932 million in the previous year. The net contribution revenue was Rs. 2,111 million compared to Rs. 2,087 in 2022 and profit for Takaful Operator was Rs. 209 million as against Rs. 252 million last year.

Investment Income

The Stock Market remained volatile during the year. The total investment income for the year was Rs 2,389 million as against Rs. 1,925 million last year. The dividend income for the year was Rs. 999 million as against Rs.954 million last year.

Rupees '000

	2023	2022
Dividend Income	999	954
Income from debt securities	1 672	1 212
Income from term deposits	40	17
Net realized gains on available-for-sale investments	88	112
Impairment in value of available-for-sale equity securities	(409)	(369)
Investment related expenses	(1)	(1)
Net Investment Income	2 389	1 925

Earnings per share

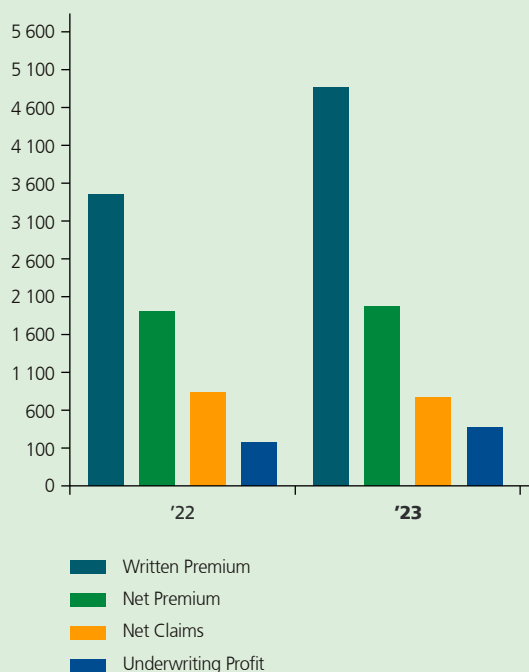
Your Company has reported earnings per share of Rs. 16.41 for the year as compared to Rs. 10.03 (Restated) in 2022.

Appropriation and Dividend

The profit after tax was Rs. 3,282 million as compared to Rs. 2,006 million in 2022. 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 March 21, 2024. This cash dividend is in addition to cumulative interim cash dividends of Rs. 4.5 per share (45 %) declared during the year.

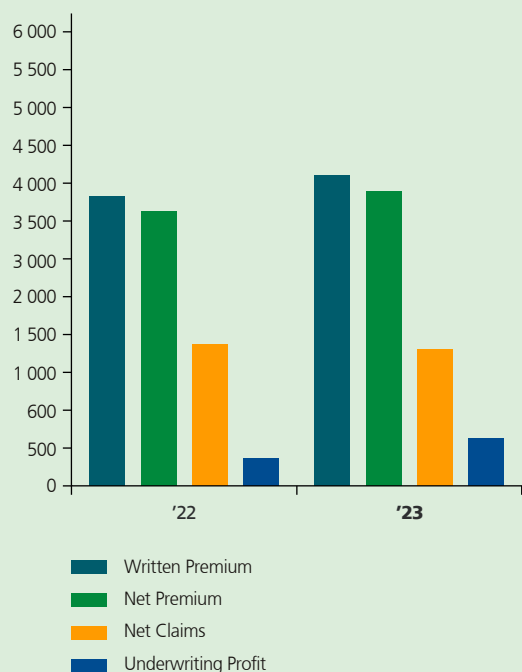
MARINE, AVIATION AND TRANSPORT

(Rupees in Million)



MOTOR

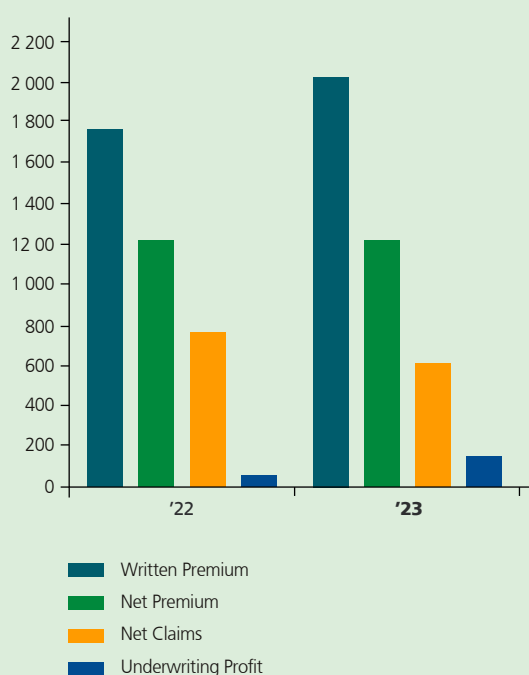
(Rupees in Million)



	Rupees '000
Balance at commencement of the year i.e. January 01, 2022	2 227 614
Interim cash dividends 2022 @ 45 % (2021: 55%)	900 000
Final cash dividend 2022 @ 55 % (2021: 55 %)	<u>1 100 000</u>
Balance brought forward from previous year	227 614
Profit after tax for the year	3 281 611
Transfer from unrealized gain on fair value of Investment property	83 242
Other comprehensive income	34 517
Transferred from surplus on revaluation of property and equipment on account of incremental depreciation - net of tax	<u>6 720</u>
Amount available for appropriation	3 633 704
The Directors recommend that this amount be appropriated in the following manner:	
Less: Appropriation	
Interim cash dividends 2023 @ 45 % (2022: 45 %)	900 000
Proposed final cash dividend 2023 @ 55 % (2022: 55 %)	1 100 000
Transfer to general reserve	<u>1 000 000</u>
Carry forward to next year	<u><u>633 704</u></u>

OTHERS

(Rupees in Million)



Market Share

Based on the available published financial information as of 30th Sep 2023 and based on the statistics published by the Insurance Association of Pakistan, your Company has market share of 19 % of the private sector's non-life insurance business within Pakistan.

Information Technology

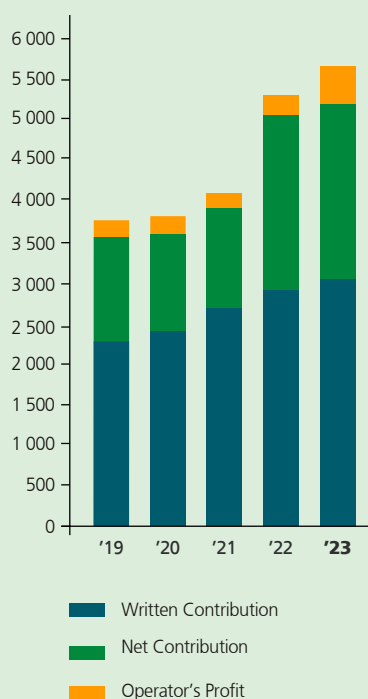
We are pleased to inform that your organization has obtained ISO/IEC 27001:2013 Certification for its Information Technology Department from SGS United Kingdom Ltd. This accreditation highlights the dedication of your organization to upholding strict information security guidelines in the context of IT operations.

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

WINDOW TAKAFUL OPERATIONS

(Rupees in Million)



level, and increasing values to the shareholders and other 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 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.

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

Human Resource

EFU's success achieved over the years reflect the quality of our workforce, particularly in the dynamic and expanding business environment of the insurance industry. This sector is continually evolving, demanding a high level of technical and commercial viability. We attribute our success to our investment in human capital and the cultivation of a caring culture. Our employees play a pivotal role as the driving force behind organization's continuous journey to remain Pakistan's leading non-life insurance company.

Recognizing the importance of employee involvement, we value the impact our staff can have on decisions

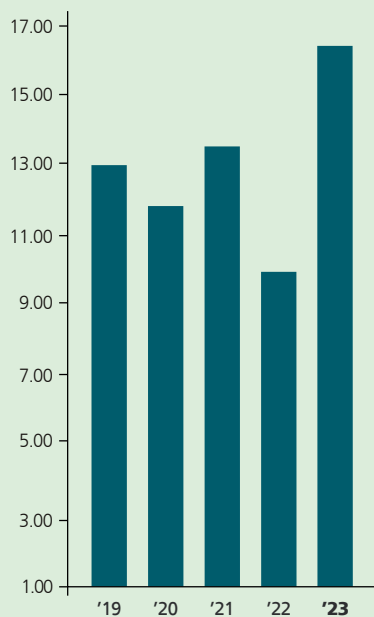
related to their roles. By empowering and involving employees in our procedures, performance evaluations and policies, we foster engaged individuals who willingly contribute their discretionary energy to the business.

Professional development is a cornerstone of our human resource strategy. To stay abreast of technological advancements, we prioritize human capital enrichment through extensive in-house and external training. With in-house training facilities in major cities across Pakistan, we offer both technical and soft skills training. Our commitment to providing diverse opportunities for training enables employees to enhance their skills, gain professional competence and broaden their experiences.

Active participation in insurance seminars, workshops and conferences is a longstanding practice at EFU, aiming to enhance employees' interpersonal skills. We prioritize employee happiness, maintaining constant communication, engagement activities and a family-friendly work environment. We believe that when talent is paired with the right opportunity within an organization extraordinary achievements can occur.

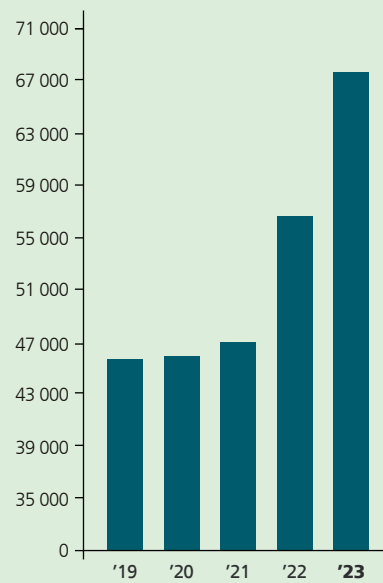
Our recruitment strategy focuses on attracting talent with the necessary qualifications and skill sets. Employees undergo a combination of theoretical and practical training to align their knowledge and skills with the company's requirements, ultimately contributing to improved

EARNINGS PER SHARE



TOTAL ASSETS

(Rupees in Million)



productivity. By combining our collective expertise, insights and professionalism, we anticipate individual and collective growth and success.

Financial assistance and encouragement are provided at all levels to support employees in obtaining internationally recognized professional insurance qualifications, such as ACII from the Chartered Insurance Institute (UK). Currently, we have 25 chartered insurers, 24 engineers, 12 professional accountants and other qualified degree and certificate holders excelling in their respective fields propelling EFU to greater heights.

Significant Entity's Objectives

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

Prospects for 2024

In 2024, our strategic focus involves consistently achieving sustainable and profitable growth within a challenging business landscape while upholding a prominent position in Pakistan. The established key performance indicators for realizing our management objectives remain unchanged, prioritizing the optimization of customer satisfaction, enhancement of operational underwriting results, cost management, and increasing overall value of stakeholders.

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, Echo Ruck AG, Hannover Ruck SE, Korean Reinsurance Company, SCOR Reinsurance Asia Pacific Pte Ltd, Swiss Reinsurance Company, and Lloyds of London 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 December 4, 2023 as per requirement of the Pakistan Stock Exchange. Company's Senior Management, analysts and Shareholders attended the session.

Board Committees

The Company has following Board Committees.

S. No.	Board Committees	No. of meetings held in 2023
1	Audit Committee	4
2	Investment Committee	4
3	Ethics, Human Resources and Remuneration Committee	3

Detail about the Board Committees' are given in the annexure to this report under Governance section. The Chairperson 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 173 of this Annual Report.

National cause donations

Your Company, being a responsible corporate citizen, donates every year. In 2023, the Company donated Rs. 13 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, Bait-ul-Sukoon Cancer Hospital and The Patient's Aid Foundation among 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 are as follows:

Name of Directors	Rupees '000'				
	Meeting fees	Managerial	Utilities	Medical	Total
Ali Raza Siddiqui	1 350	-	-	-	1 350
Hasanali Abdullah	900	22 740	943	514	25 097
Mahmood Lotia	600	-	-	-	600
Saad Ali Bhimjee	1 050	-	-	-	1 050
Saifuddin N. Zoomkawala	1 575	-	-	-	1 575
Taher G Sachak	1 575	-	-	-	1 575
Mohammed Iqbal Mankani	525	-	-	-	525
Tanveer Sultan Moledina	1 350	-	-	-	1 350
Yasmin Hyder	1 500	-	-	-	1 500
Kamran Arshad Inam	-	30 344	1 432	34	31 810
Grand Total	10 425	53 084	2 375	548	66 432

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, Rule, 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 7, 2023 w.e.f July 10, 2023 for a term of three years expiring on July 9, 2026.

During the year, seven 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)	7 out of 7
2	Hasanali Abdullah (Executive Director till July 9, 2023 / Non-Executive Director from July 10, 2023)	7 out of 7
3	Rafique R. Bhimjee (Non-Executive Director) (Retired on July 9, 2023)	4 out of 4
4	Taher G. Sachak (Non-Executive Director)	7 out of 7
5	Ali Raza Siddiqui (Non-Executive Director)	7 out of 7
6	Mohammed Iqbal Mankani (Independent Director) (Retired on July 9, 2023)	3 out of 4
7	Saad Bhimjee (Non-Executive Director)	7 out of 7
8	Mahmood Lotia (Non-Executive Director) (Retired on July 9, 2023)	4 out of 4
9	Tanveer Sultan Moledina (Independent Director)	7 out of 7
10	Yasmin Hyder (Independent Director)	7 out of 7

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 and employees' portal.

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. Taher G. Sachak	Purchase	12 000
Ms. Yasmin Hyder	Purchase	40 000
Mr. Saad Bhimjee	Gift-in	1 000 000

Name of Executives	Description	No. of Shares
Mr. Qamber Hamid	Purchase	6 000

Name of Substantial Shareholder	Description	No. of Shares
Mr. Rafique R. Bhimjee	Purchase	390 000
Mr. Rafique R. Bhimjee	Gift-out	4 000 000
Ms. Naila Bhimjee (Spouse of Mr. Rafique R. Bhimjee)	Gift-in	2 000 000

- j) The value of investments of provident, gratuity and pension funds based on their un-audited accounts as on 31 December 2023 were:

Provident Fund	Rs. 1 024 million
Gratuity Fund	Rs. 522 million
Pension Fund	Rs. 264 million

- k) The statement of pattern of shareholding in the Company as at 31 December 2023 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

The Board of Directors recommend appointment of KPMG Taseer Hadi & Co., Chartered Accountants as Auditors of the Company for the year 2024 as suggested by the Audit Committee in place of retiring auditors EY Ford Rhodes, Chartered Accountants. EY Ford Rhodes have not consented to act as auditors for the year 2024 as they are consolidating and restructuring their Audit

practice and therefore, focusing on EY global clients operating in Pakistan and limiting industry sectors.

Outlook

Pakistan's economy suffered recession in the fiscal year 2023 due to various domestic and external shocks, causing high inflation and volatile exchange rates. Looking ahead, sustained collaboration with International Monetary Fund (IMF) will play a pivotal role in mitigating external account vulnerabilities and addressing concerns related to debt sustainability.

Additionally, the implementation of comprehensive, profound structural reforms will be imperative in laying the groundwork for economic recovery.

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.

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Director

KAMRAN ARSHAD INAM
Managing Director &
Chief Executive Officer

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 February 2024

مستقبل کا جائزہ

پاکستان کی معیشت مالیاتی سال ۲۰۲۳ء میں مختلف مقامی اور بین الاقوامی مشکلات اور بحرانوں کی وجہ سے کساد بازاری کا شکار رہی جس کی وجہ سے بلند تر مہنگائی کی شرح اور زرمبادلہ کے نرخوں میں اتار چڑھاؤ کا سامنا رہا۔ آگے بڑھتے ہوئے بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) کے ساتھ مستحکم شراکت بیرونی کھاتوں میں خسارے کے تدارک اور قرضوں سے متعلق مشکلات سے نمٹنے میں اہم کردار ادا کرے گی۔

مزید برآں جامع، مستحکم اسٹرکچرل اصلاحات کا نفاذ بھی معاشی بحالی کے لیے بنیادی سطح پر موثر اور مثبت نتائج فراہم کرے گا۔

اظہار تشکر

ہم اپنے معزز کسٹمرز کی مسلسل سرپرستی اور حمایت کے لئے ان کا شکر یہ ادا کرنا چاہیں گے جبکہ پاکستان ری انشورنس کمپنی لمیٹڈ، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی جانب سے ان کی رہنمائی اور معاونت پر بھی شکر گزار 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 کمپنی کی ترقی کے لئے محنت کی ہے اور کاروبار کے اضافے اور کامیابیوں کے تسلسل کو برقرار رکھنے میں مثالی کردار ادا کیا ہے۔

ہے۔ پراویڈنٹ، گریجویٹی اور پنشن فنڈز کی سرمایہ کاریوں کی مالیت ۳۱ دسمبر ۲۰۲۳ء کے مطابق ان کے غیر آڈٹ شدہ حسابات پر مبنی ہیں، ان کی تفصیل یہ ہے:

پراویڈنٹ فنڈ	۱۰۲۴ ملین روپے
گریجویٹی فنڈ	۵۲۲ ملین روپے
پنشن فنڈ	۲۶۴ ملین روپے

کمپنی میں ۳۱ دسمبر ۲۰۲۳ء کو شیئر ہولڈنگ کی جو صورتحال تھی اس کا اسٹیٹمنٹ رپورٹ میں شامل ہے۔

بعد ازاں 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۔

آڈیٹرز

بورڈ آف ڈائریکٹرز نے سال ۲۰۲۳ء کے لئے کمپنی کے آڈیٹرز کی حیثیت سے کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی سفارش کی ہے جیسا کہ آڈٹ میٹھی کی جانب سے سبکدوش ہونے والے آڈیٹرز ای وائی فورڈ رہوڈز، چارٹرڈ اکاؤنٹنٹس کی جگہ ان کا نام تجویز کیا گیا تھا۔ ای وائی فورڈ رہوڈز نے سال ۲۰۲۳ء کے لئے بطور آڈیٹرز فرائض انجام دینے کی خواہش کا اظہار نہیں کیا تھا کیونکہ وہ اپنے آڈٹ کے طریقہ کار کی ری اسٹرکچرنگ اور تنظیم نو کر رہے ہیں لہذا ان کی توجہ پاکستان میں کام کرنے والے ای وائی گلوبل کلائنٹس اور محدود دائرہ سٹریٹجی کیلئے ہے۔

سیف الدین این۔ زومکوالا

چیئر مین

کراچی: ۲۸ فروری ۲۰۲۳ء

کامران ارشد انعام

ٹیچنگ ڈائریکٹر چیف ایگزیکٹو آفیسر

حسن علی عبداللہ

ڈائریکٹر

طاہر جی ساہک

ڈائریکٹر

ساتھ ساتھ انٹرنس کی پروڈکٹس کے مجرمانہ مقاصد کے استعمال کو روکتا ہے اور اس کے ساتھ انٹرنس کو ایس/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 انٹرنس ایجنٹس ریکولیشنز، ۲۰۲۰ میں انٹرنس 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

ریگولٹری اتھارٹیز 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 ۷ جولائی ۲۰۲۳ء کو منتخب ہوئے اور ۳ سالہ مدت، ۱۰ جولائی ۲۰۲۳ء سے شروع ہوتی ہے اور ۹ جولائی ۲۰۲۶ء کو ختم ہو جائے گی۔

سال کے دوران بورڈ کے ۷ اجلاس منعقد ہوئے۔ اجلاسوں میں شرکت کی تعداد مندرجہ ذیل میں دی گئی ہے:

نمبر شمار	ڈائریکٹرز کے نام	شرکت کردہ اجلاس کی تعداد
۱-	سیف الدین این۔ زومکا والا (نان۔ ایگزیکٹو ڈائریکٹر)	۷
۲-	حسن علی عبداللہ (ایگزیکٹو ڈائریکٹر ۹ جولائی ۲۰۲۳ء تک / نان۔ ایگزیکٹو ڈائریکٹر ۱۰ جولائی ۲۰۲۳ء سے)	۷
۳-	رفیق بھیم جی (نان۔ ایگزیکٹو ڈائریکٹر) (۹ جولائی ۲۰۲۳ء کو سبکدوش ہو گئے)	۴
۴-	طاہر جی۔ ساچک (نان۔ ایگزیکٹو ڈائریکٹر)	۷
۵-	علی رضا صدیقی (نان۔ ایگزیکٹو ڈائریکٹر)	۷
۶-	محمد اقبال منگانی (انڈیپنڈنٹ ڈائریکٹر) (۹ جولائی ۲۰۲۳ء کو سبکدوش ہو گئے)	۳
۷-	سعد بھیم جی (نان۔ ایگزیکٹو ڈائریکٹر)	۷
۸-	محمود لوٹیا (نان۔ ایگزیکٹو ڈائریکٹر) (۹ جولائی ۲۰۲۳ء کو سبکدوش ہو گئے)	۴
۹-	تیسرے سلطان مولیدینہ (انڈیپنڈنٹ ڈائریکٹر)	۷
۱۰-	یاسمین حیدر (انڈیپنڈنٹ ڈائریکٹر)	۷

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، نقد کی آمدورفت 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۔

ڈی۔ انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS) پر، جیسا کہ پاکستان میں نافذ العمل ہے، مالیاتی اسٹیٹمنٹ کی تیاری کی جاتی ہے اور کمپنی 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 آپریشنز 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 طاہر جی۔ ساچک	خریدے	۱۲ ۰۰۰
محترمہ یاسمین حیدر	خریدے	۴۰ ۰۰۰
جناب سعد بھیم جی	گفٹ ان	۱ ۰۰۰ ۰۰۰
ایگزیکٹوز کا نام	تفصیل	شیئرز کی تعداد
جناب قمر حامد	خریدے	۶ ۰۰۰
سیس ٹینشل شیئر ہولڈر کا نام	تفصیل	شیئرز کی تعداد
جناب رفیق آر۔ بھیم جی	خریدے	۳۹۰ ۰۰۰
جناب رفیق آر۔ بھیم جی	گفٹ آؤٹ	۴ ۰۰۰ ۰۰۰
محترمہ نائلہ بھیم جی	گفٹ ان	۲ ۰۰۰ ۰۰۰
(رفیق آر۔ بھیم جی کی شریک حیات)		

عطیات برائے قومی مقاصد

آپ کی کمپنی ایک ذمہ دار کارپوریٹ سٹیژن ہونے کی حیثیت سے ہر سال عطیات دیتی ہے۔ ۲۰۲۳ء میں کمپنی نے مختلف اداروں کو ۱۳ ملین روپے عطیات دیئے۔ عطیات دئے جانے والے اداروں میں سندھ انسٹی ٹیوٹ آف یورولوجی اینڈ ٹرانسپلائنیشن، دی آغا خان اسپتال اینڈ میڈیکل کالج فاؤنڈیشن، آغا خان کلچرل سروس پاکستان، مین میڈیکل انسٹی ٹیوٹ، انجمن کاشانہ اطفال ونونہال، بیت السکون کینسر اسپتال اور دی پیشنس ایڈ فاؤنڈیشن وغیرہ شامل ہیں۔

دیگراسٹیک 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 معیار کی سروس فراہم کر کے کمپنی پر ان کے اعتماد میں روز افزوں اضافہ کرتے ہیں۔
- کاروباری دنیا سے دیا نندارہ 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 صحت مند جائے کار فراہم کرنے اور اپنے ملازمین کو اپنی صلاحیتیں اُجاگر کرنے کے مواقع فراہم کرتے ہیں۔

بورڈ کی کارکردگی کا سالانہ جائزہ و جانچ

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 سنے سنے 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 آؤٹ سورسڈ کی جاتی ہے۔

ایم ڈی کی کارکردگی کا جائزہ

بیجنگ ڈائریکٹری کارکردگی کی نگرانی بورڈ کی جانب سے مقرر کردہ اغراض و مقاصد اور کارکردگی کے اہداف کے تحت بورڈ کے ذریعے جانچی جاتی ہے۔

ڈائریکٹر کے معاوضہ کی پالیسی

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

بورڈ ڈائریکٹرز نے بورڈ آؤٹ 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	منیجریل معاوضہ	پرفیولٹی	میڈیکل ٹول	روپے ہزاروں میں
علی رضا صدیقی	۱۳۵۰	-	-	-	۱۳۵۰
حسن علی عبداللہ	۹۰۰	۲۲۷۴۰	۹۳۳	۵۱۴	۲۵۰۹۷
محمود لوہیا	۶۰۰	-	-	-	۶۰۰
سعد علی بھیم جی	۱۰۵۰	-	-	-	۱۰۵۰
سیف الدین این-زومکالا	۱۵۷۵	-	-	-	۱۵۷۵
طاہر غلام حسین ساچک	۱۵۷۵	-	-	-	۱۵۷۵
محمد اقبال منگانی	۵۲۵	-	-	-	۵۲۵
تنویر سلطان مولیدینہ	۱۳۵۰	-	-	-	۱۳۵۰
یاسمین حیدر	۱۵۰۰	-	-	-	۱۵۰۰
کامران ارشد انعام	-	۳۰۳۲۲	۱۴۳۲	۳۲	۳۱۸۱۰
مجموعی ٹول	۱۰۴۲۵	۵۸۲	۳۷۵	۱۲	۶۶۴۳۲

اندرونی مالیاتی کنٹرول کی مناسبت

بورڈ آف ڈائریکٹرز نے کمپنی کے اثاثہ جات کے تحفظ، تمام تر آپریشنز کو موثر اور فعال رکھنے کے ساتھ مزید قوانین اور ضوابط اور مستند مالیاتی رپورٹنگ کے قواعد پر عملدرآمد کو یقینی بنانے کے لئے اندرونی مالیاتی کنٹرول 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 سے 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 ۲۰۱۸ء، انشورنس رولز ۲۰۱۷ء، انشورنس آرڈیننس ۲۰۰۰ء، دی میرین انشورنس ایکٹ، ۲۰۱۸ء اور کمپنیز ایکٹ، ۲۰۱۷ء کے علاوہ حکومت پاکستان نے اینٹی منی لانڈرنگ اینڈ کانتربک فنانسنگ آف ٹیرازم اے ایم ایل/ای سی ایف ٹی ریگولیشنز، ۲۰۲۰ء بھی منظور کیا جو کہ قومات کی منتقلی کی موزوں نگرانی کے

(یو کے) کے حصول میں ملازمین کو سپورٹ کرنے کے لیے مالیاتی معاونت اور حوصلہ افزائی ہر سطح پر فراہم کی جاتی ہے۔ موجودہ طور پر ہمارے پاس ۲۵ چارٹرڈ انشوررز، ۲۳ انجینئرز، ۱۲ پروفیشنل اکاؤنٹینٹس اور دیگر کوالیفائیڈ ڈگری اور سرٹیفکیٹ ہولڈرز موجود ہیں جو ای ایف یو کو بلند تر اونچائیوں پر لے جانے کے لیے اپنے اپنے شعبوں میں اپنی صلاحیتوں کو بروئے کار لارہے ہیں۔

ادارے کے اہم مقاصد

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

۲۰۲۳ء کے لئے امکانات

۲۰۲۳ء میں ہماری حکمت عملی کا مرکز ایک چیلنجنگ کاروباری ماحول کے اندر پائیدار اور منافع بخش گروتھ حاصل کرنے کا سلسلہ برقرار رکھنے کے ساتھ پاکستان میں اپنی نمایاں حیثیت کو بھی برقرار رکھنا ہے۔ ہمارے انتظامی اغراض و مقاصد کو تسلیم کرنے کے لیے مستحکم کردہ کلیدی کارکردگی کے اشاریے برقرار رہنے کے ساتھ صارفین کے اطمینان کو مزید تقویت دینے، آپریشنل انڈر رائٹنگ نتائج میں اضافے، کاسٹ مینجمنٹ اور اسٹیک ہولڈرز کے مجموعی منافع جات بڑھانے پر توجہ دی جاتی رہے گی۔

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 سیکورٹیز مثلاً، آلباز SE ری انشورنس کمپنی، ایکورک اے جی، ہان اوور رک ایس ای، کورین ری انشورنس کمپنی، SCOR ری انشورنس ایشیا، پیسیفک پی ٹی ای لمیٹڈ، سوس ری انشورنس کمپنی اور لائیڈ آف لندن، ان سب کو "A" ریٹنگ 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 مالیاتی تحفظ کے سلسلے میں اپنی سماجی ذمہ داری سے بخوبی آگاہ ہے، ہم صحت مند ماحول کی

حصولہ افزائی کرتے ہیں اور ہم وہ اقدامات کرتے ہیں جن سے ہماری ساکھ مزید بہتر ہو۔

ڈائریکٹرز ٹریٹنگ پروگرام

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

کارپوریٹ بریفنگ

شیر ہولڈرز اور تجزیہ کاروں کے لئے کارپوریٹ بریفنگ سیشن کا انعقاد پاکستان اسٹاک ایکسچینج کی شرائط کے مطابق ۲ دسمبر ۲۰۲۳ء کو کیا گیا۔ کمپنی کی سینئر انتظامیہ اور شیر ہولڈرز نے سیشن میں شرکت کی۔

بورڈ کمیٹیاں

کمپنی کی بورڈ کمیٹیاں درج ذیل ہیں:

نمبر شمار	بورڈ کمیٹیاں	۲۰۲۳ء میں منعقدہ اجلاسوں کی تعداد
۱	آڈٹ کمیٹی	۴
۲	انویسٹمنٹ کمیٹی	۴
۳	اتھکس، ہیومن ریسورسز اینڈ ری میونریشن کمیٹی	۳

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

منجمنٹ کمیٹیاں

کارپوریٹ گورننس کے حصے کے طور پر آپ کی کمپنی نے درج ذیل ۴ منجمنٹ 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،
- کلیمز سیٹلمنٹ کمیٹی،
- ری انشورنس اینڈ کوانٹریٹنس کمیٹی اور
- رسک منجمنٹ اینڈ کمپلائنس کمیٹی

کمیٹیوں کے بارے میں تفصیلات مثلاً ممبران کے نام، منعقدہ اجلاسوں کی تعداد، ٹرمز آف ریفرننس گورننس سیکشن کے تحت اس رپورٹ سے منسلک ضمیمے 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 ۶۰ پر کی گئی ہے۔

پیشہ وارانہ فروغ اور ترقی ہماری ہیومن ریسورس اسٹریٹیجی کا ایک اہم سنگ میل ہے، ٹیکنالوجیکل جدت طرازی کو برقرار رکھنے کے لئے ہم وسیع تر ان ہاؤس اور بیرونی ٹریننگ کے ذریعے انسانی سرمائے کو فروغ دینے کے لیے کوشاں رہتے ہیں، پاکستان بھر کے اہم شہروں میں ان ہاؤس ٹریننگ سہولتوں کے ساتھ ہم ٹیکنیکل اور سافٹ اسکولز دونوں میں تربیت فراہم کرتے ہیں، تربیت کے لئے مختلف النوع مواقعوں کی فراہمی کے لیے ہماری کوششیں ملازمین کو ان کی صلاحیتوں میں اضافہ، پیشہ وارانہ مہارت اور ان کے تجربات کو وسیع تر بنانے کی صلاحیت فراہم کرتی ہیں۔

انٹرنل سیمینارز، ورکشاپس اور کانفرنسز میں بھرپور شراکت ای ایف یو کا ہمیشہ کا طرہ امتیاز رہا ہے جس کا مقصد ملازمین کی باہمی رابطہ کاری کی صلاحیتوں میں اضافہ کرنا ہے، ہم ملازمین کی خوشحالی، بہبود پر خصوصی توجہ دینے کے لئے مستقل روابط، باہمی ملاقاتوں کی سرگرمیاں اور گھر کی طرح کام کرنے کا ماحول برقرار رکھتے ہیں۔ ہم اس امر پر یقین رکھتے ہیں کہ جب ٹیلنٹ کو کسی بھی ادارے کے اندر درست سمت فراہم کی جائے گی تو غیر معمولی کامیابیاں حاصل ہو سکتی ہیں۔

ہماری بھرتیوں کی حکمت عملی ضروری اور لازمی قابلیت اور مہارتوں دونوں کے حامل ٹیلنٹ پر منحصر ہوتی ہے۔ ملازمین کو کمپنی کی ضروریات کے مطابق تھیوری و عملی تربیت کے امتزاج سے گزرنا پڑتا ہے تاکہ وہ کمپنی میں کام کرنے کے اس کی مطلوبہ مہارت اور معلومات کے حامل ہو سکیں اور بہتر نتائج دینے میں اپنی شراکت کا مظاہرہ کریں، ہماری مشترکہ مہارت، اندرونی قابلیت اور پیشہ وارانہ رویے کا مجموعہ ہی انفرادی اور مجموعی گروتھ اور کامیابی فراہم کرتا ہے۔

بین الاقوامی تسلیم شدہ پروفیشنل انٹرنل کی تعلیم اور قابلیت مثلاً چارٹرڈ انٹرنل انسٹی ٹیوٹ

کریڈٹ ریٹنگ

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

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

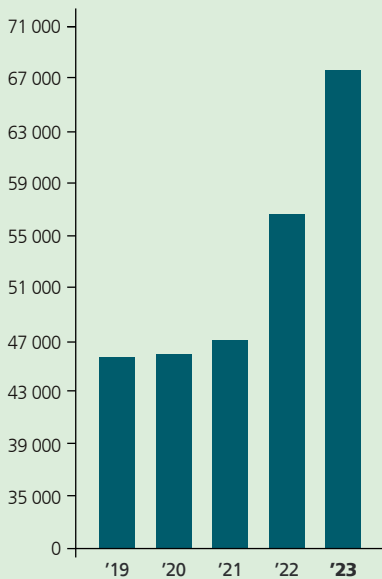
ہیومن ریسورس

ای ایف یو کی سالوں تک حاصل کی گئی کامیابی ہماری افرادی قوت کے معیار بالخصوص بیمہ کی صنعت میں ہمارے عزم اور توسیع دینے کا روبرو ماحول کو ظاہر کرتی ہے۔ یہ سیکٹر مستقل طور پر فروغ پا رہا ہے اور ٹیکنیکل و تجارتی سطح پر بلند تر معیار کا متقاضی ہے۔ ہم اپنی کامیابی کو انسانی سرمائے میں اپنی سرمایہ اور تحفظ و فلاح کے کچھ میں فروغ سے منسوب کرتے ہیں، ہمارے ملازمین ادارے کے مستقل سفر کے پیچھے ایک ڈرائیونگ فورس کے طور پر اہم کردار ادا کرتے ہیں اور انہوں نے ادارے کو پاکستان کی سرکردہ نان۔ لائف بیمہ کمپنی کے طور پر برقرار رکھا ہوا ہے۔

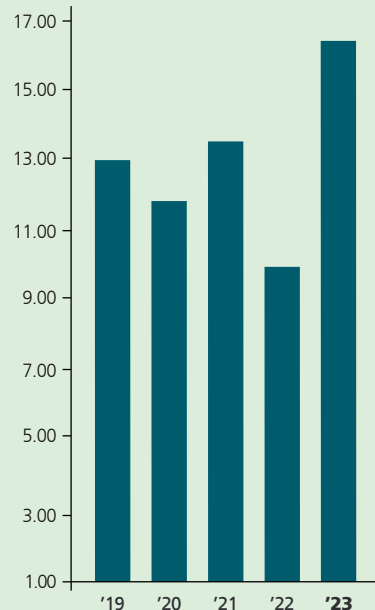
ملازمین کی شراکت کی اہمیت کو تسلیم کرتے ہوئے ہم فیصلوں سے متعلق ان کے کردار کے اثرات کو بھی اہم تصور کرتے ہیں۔ ہمارے کاروباری طریقہ کار، کارکردگی کی جانچ پڑتال اور پالیسیوں میں ملازمین کو اختیار دینے اور ان کی شراکت کے ذریعے ہم افرادی خدمات حاصل کرتے ہیں جو اپنی خواہش کے مطابق کاروبار کے لئے اپنی صوابدیدی توانائی کا استعمال کرتے ہیں۔

TOTAL ASSETS

(Rupees in Million)



EARNINGS PER SHARE



مارکیٹ شیئر

۳۰ ستمبر ۲۰۲۳ء کے مطابق دستیاب شائع 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 ۱۹ فیصد مارکیٹ شیئر کی حامل ہے۔

انفارمیشن ٹیکنالوجی

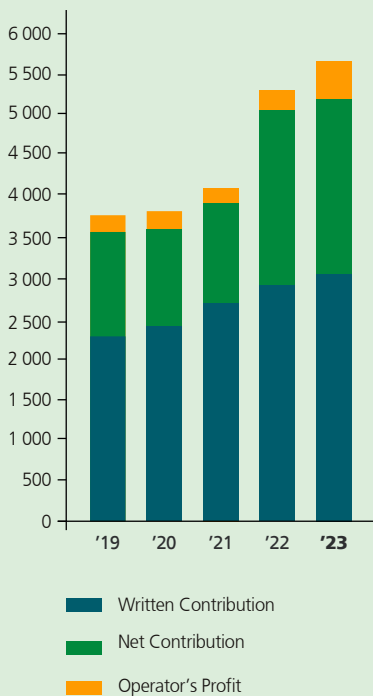
ہم ہمسرت مطلع کرتے ہیں کہ آپ کے ادارے نے ایس جی ایس یونائیٹڈ کنٹلم لیمیٹڈ سے اپنے انفارمیشن ٹیکنالوجی ڈیپارٹمنٹ کیلئے ISO/IEC 27001:2013 سرٹیفیکیشن حاصل کر لیا ہے، اس طرح کی توثیق آئی ٹی آپریشنز کے تناظر میں سخت انفارمیشن سیکورٹی گائیڈ لائنز نافذ کرنے کے ضمن میں آپ کے ادارے کے عزم کی عکاسی کرتی ہیں۔

انٹرنیٹ ریسک مینجمنٹ

انٹرنیٹ ریسک مینجمنٹ (ای آر ایم) فنکشن کمپنی میں درپیش خطرات کے لئے ایک عقاب کی سی نگاہ رکھتا ہے اور ان خطرات کے باعث کمپنی کے اثاثہ جات اور مالی ذمہ داریوں پر پڑنے والے اندرونی اور بیرونی خطرات اور ان کے حجم کی موثر طور پر نشاندہی کرنا اور ان کا جائزہ لینے میں معاونت فراہم کرنا شامل ہے۔ ای آر ایم کے معاملات کمپنی کے کلیدی امور کے ساتھ مربوط ہیں جو فیصلہ سازی، کمپنی کے خطرات کے بندوبست کے سلسلے میں خطروں کی حد اور ان 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/مزی عمل میں کیپٹل اور خطرات کو روکنے کے کلچر کے تدارک سے نمٹ کر منافع کا حصول ممکن ہو سکے۔

WINDOW TAKAFUL OPERATIONS

(Rupees in Million)



(روپے ہزاروں میں)

۲۲۷ ۶۱۴	۹۰۰ ۰۰۰
۲۲۷ ۶۱۴	۱۱۰۰ ۰۰۰
۳ ۲۸۱ ۶۱۱	
۸۳ ۲۳۲	
۳۳ ۵۱۷	
۶ ۷۲۰	
۳ ۶۳۳ ۷۰۳	
	۹۰۰ ۰۰۰
	۱ ۱۰۰ ۰۰۰
	۱ ۰۰۰ ۰۰۰
۶۳۳ ۷۰۳	

سال کے آغاز یعنی

یکم جنوری ۲۰۲۲ء کے آغاز پر پینلٹس عبوری نقد منافع منقسمہ ۲۰۲۲ء

بشرح ۲۵ فیصد (۲۰۲۱ء: ۵۵ فیصد) مجوزہ جتنی نقد منافع منقسمہ ۲۰۲۲ء

بشرح ۵۵ فیصد (۲۰۲۱ء: ۵۵ فیصد) گزشتہ سال سے آگے لایا گیا پینلٹس

اس سال کیلئے بعد از ٹیکس منافع سرمایہ کار املاک کی شفاف ویلیو پر غیر حقیقی منافع سے منتقلی

دیگر جارج آمدنی سرمایہ کاری کی پراپٹی کی اصل مالیت پر غیر حقیقی منافع جات

پراپٹی اور ایکویٹی کی ری ویلیویشن پر ٹیکس کے انگریجیٹل خسارے، خالص کے ضمن میں اضافے سے منتقل شدہ

مختص کرنے کے لئے دستیاب رقم ڈائریکٹرز نے سفارش کی ہے کہ اس رقم کو درج ذیل طریقے سے مختص کر دیا جائے:

منہما: مختص رقم عبوری نقد منافع منقسمہ ۲۰۲۳ء

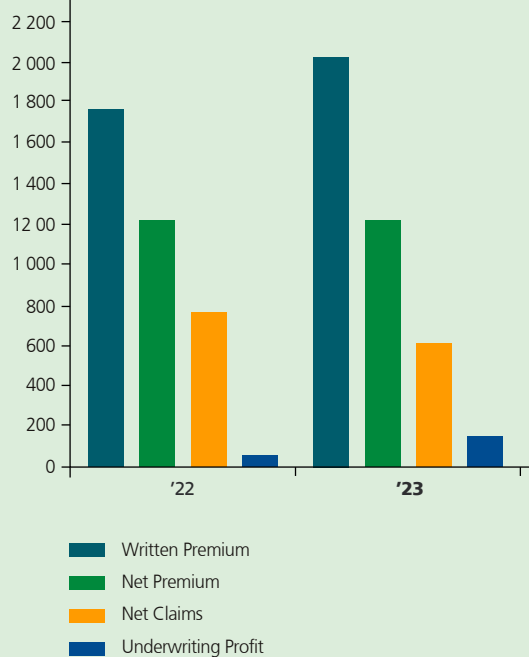
بشرح ۲۵ فیصد (۲۰۲۲ء: ۲۵ فیصد) مجوزہ جتنی نقد منافع منقسمہ ۲۰۲۳ء

بشرح ۵۵ فیصد (۲۰۲۲ء: ۵۵ فیصد) جزیل ریوز سے ٹرانسفر

آئندہ سال کے لئے آگے لایا گیا

OTHERS

(Rupees in Million)



موٹر

روپے ہزاروں میں

۲۰۲۲ء ۲۰۲۳ء

۹۵۴ ۹۹۹

۱۲۱۲ ۱۶۷۲

۱۷ ۴۰

۱۱۲ ۸۸

(۳۶۹) (۴۰۹)

(۱) (۱)

۱۹۲۵ ۲۳۸۹

منافع منقسمہ سے آمدنی
ڈیبٹ سیکیورٹیز سے آمدنی
ٹرم ڈپازٹس سے آمدنی
فروخت کی انویسٹمنٹس کیلئے دستیابی پر
خالص حقیقی منافع جات/
فروخت کی ایکویٹی سیکیورٹیز کیلئے
دستیابی پر ویلیو میں نقص
سرمایہ کاری سے متعلق اخراجات
خالص سرمایہ کاری سے آمدنی

آمدنی فی شیئر

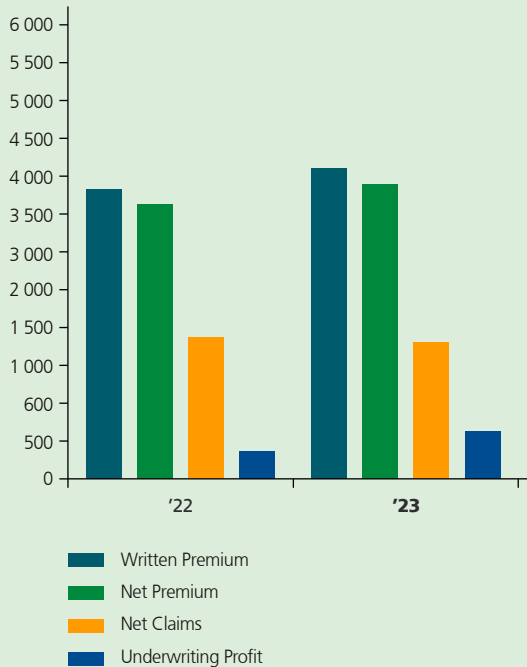
آپ کی کمپنی نے اس سال فی شیئر آمدن ۱۶.۴۱ روپے ظاہر کی ہے جبکہ ۲۰۲۲ء میں یہ آمدن ۱۰.۰۳ روپے تھی۔

مختص رقم اور منافع منقسمہ

بعد از ٹیکس منافع ۳,۲۸۲ ملین روپے رہا جبکہ ۲۰۲۲ء میں ۲,۰۰۶ ملین روپے تھا۔ آپ کے ڈائریکٹرز نے حتمی نقد منافع منقسمہ بحساب ۵.۵۰ روپے فی شیئر (۵۵ فیصد) ادا کرنے، جن شیئر ہولڈرز کے نام ۲۱ مارچ 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 ۴.۵ روپے فی شیئر یعنی (۴۵ فیصد) کے مجموعی عبوری نقد منافع منقسمہ کے علاوہ ہے۔

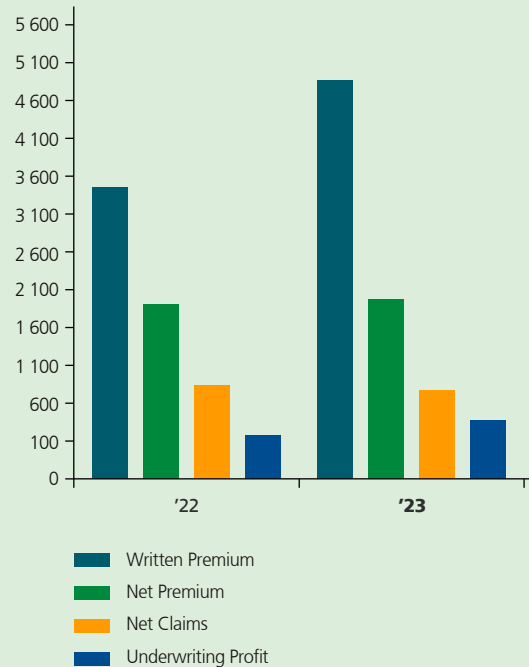
MOTOR

(Rupees in Million)



MARINE, AVIATION AND TRANSPORT

(Rupees in Million)



تحریری پریمیئم ۹ فیصد بڑھ کر ۲,۰۸۶ ملین روپے رہا جبکہ اس کے مقابلے میں ۲۰۲۲ء میں ۳,۷۷۷ ملین روپے تھا، کلیئر کی شرح کمپنی کے خالص پریمیئم آمدن کا ۴۷ فیصد رہی جبکہ ۲۰۲۲ء میں ۵۲ فیصد تھی۔ انڈر رائٹنگ منافع ۵۹۱ ملین روپے رہا جبکہ گزشتہ سال ۲۰۲۲ء میں ۳۵۳ ملین روپے تھا۔

دیگر

تحریری پریمیئم ۱۵ فیصد بڑھ کر ۲,۰۲۹ ملین روپے رہا جبکہ اس کے مقابلے میں ۲۰۲۲ء میں ۱,۷۵۷ ملین روپے تھا، کلیئر کی شرح کمپنی کے خالص پریمیئم آمدن کا ۵۰ فیصد رہی جبکہ ۲۰۲۲ء میں ۶۲ فیصد تھی۔ سال کے دوران انڈر رائٹنگ منافع ۱۴۵ ملین روپے رہا جبکہ ۲۰۲۲ء میں ۳۷ ملین روپے تھا۔

وڈنگ فل آپریٹرز

تحریری کنٹریبیوشن ریونیو ۳,۰۷۰ ملین روپے رہا جو اس کے مقابلے میں گزشتہ سال کے دوران ۲,۹۳۲ ملین روپے رہا تھا۔ خالص کنٹریبیوشن آمدنی کا حجم ۲,۱۱۱ ملین روپے رہا جو ۲۰۲۲ء میں ۲,۰۸۷ ملین روپے تھا۔ وڈنگ فل آپریٹرز کے لئے منافع جات ۲۰۹ ملین روپے تھے جبکہ اس کے مقابلے میں گزشتہ سال کا منافع بھی ۲۵۲ ملین روپے تھا۔

سرمایہ کاری سے آمدن

اشاک مارکیٹ اس سال کے دوران اتنا چڑھاؤ کا شکار رہی۔ سال کے لئے مجموعی سرمایہ کاری سے آمدنی ۲,۳۸۹ ملین روپے رہی جبکہ اس کے مقابلے میں گزشتہ سال ۱,۹۲۵ ملین روپے تھی۔ سال کے لئے منافع منقسمہ کی آمدنی ۹۹۹ ملین روپے رہی جبکہ گزشتہ سال ۹۵۴ ملین روپے تھی۔

ممبران کے لئے ڈائریکٹرز کی رپورٹ

(یہ انگریزی رپورٹ کا ترجمہ ہے)

ان چیلنجوں کے جواب میں اسٹیٹ بینک آف پاکستان (ایس بی پی) نے پالیسی ریٹ میں بتدریج ۲۲ فیصد تک اضافہ کیا۔

کمپنی کی کارکردگی

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

فائبروپراپٹی

تحریری پرییمیم اس سال کے دوران ۳۷ فیصد بڑھ کر ۴۳۳۳۳ ملین روپے رہا جبکہ اس کے مقابلے میں ۲۰۲۲ء میں ۱۹۰۹۸۱ ملین روپے تھا۔ سال کے لئے انڈر رائٹنگ منافع ۴۳۳۳ ملین روپے تھا جو اس کے مقابلے میں سال ۲۰۲۲ء میں ۵۹۳ ملین روپے خسارہ رہا تھا۔

میرین، ایوی ایشن و ٹرانسپورٹ

تحریری پرییمیم ۳۹ فیصد بڑھ کر ۸۹۱ ملین روپے رہا جبکہ اس کے مقابلے میں ۲۰۲۲ء میں ۵۱۱ ملین روپے تھا، کلیمز کی شرح خالص پرییمیم ریونیو ۳۶ فیصد رہی جبکہ اس کے مقابلے میں ۲۰۲۲ء میں ۴۲ فیصد تھی۔ انڈر رائٹنگ منافع جات ۴۰۹ ملین روپے رہے جو سال ۲۰۲۲ء میں ۲۷۲ ملین روپے تھے۔

آپ کی کمپنی کے ڈائریکٹرز کو کمپنی کی ۹۱ ویں سالانہ رپورٹ اختتام سال ۳۱ دسمبر ۲۰۲۳ء پیش کرتے ہوئے خوشی ہو رہی ہے۔

سال ۲۰۲۳ء میں کمپنی کا منافع بعد از ٹیکس ۲۸ ملین روپے ہو گیا جبکہ ۲۰۲۲ء میں یہ منافع ۲۰ ملین روپے تھا، فی شیئر آمدن ۱۶.۴۱ روپے رہی جبکہ گزشتہ سال ۱۰.۰۳ روپے تھی۔

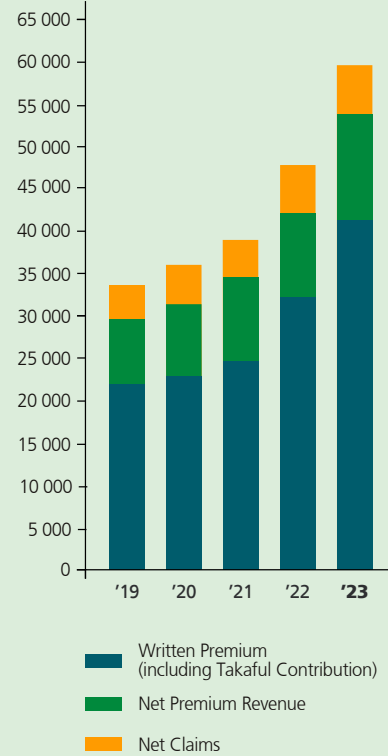
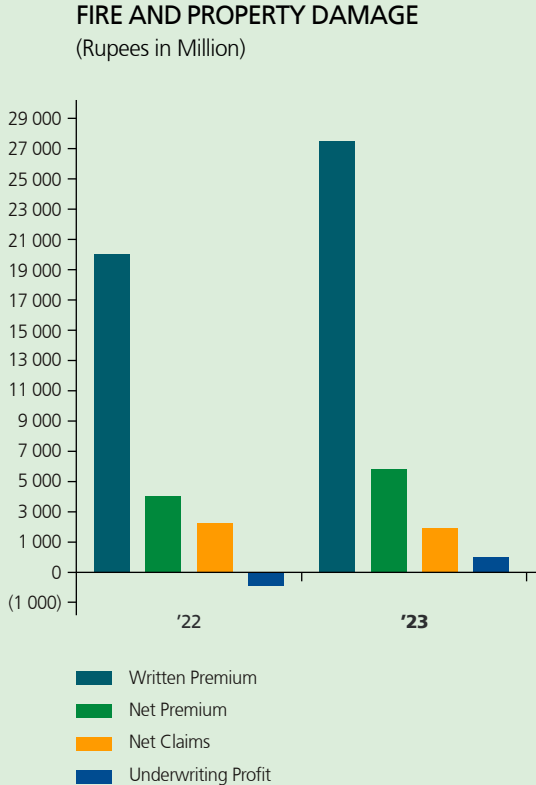
آپ کی کمپنی نے براہ راست تحریری پرییمیم اور تکفل برنس ۳۰ فیصد بڑھ کر ۴۱.۵ ملین روپے کا منافع حاصل کیا (بشمول ۳.۱ ملین روپے کا تکفل کنٹریبیوشن) جبکہ ۲۰۲۲ء میں ۳۱.۹ ملین روپے (بشمول ۲.۹ ملین روپے کا تکفل کنٹریبیوشن) تھا۔ خالص پرییمیم آمدن بڑھ کر ۱۲.۴ ملین روپے رہا جبکہ ۲۰۲۲ء میں ۱۰.۳ ملین روپے تھا۔

اقتصادی جائزہ

مالیاتی سال ۲۰۲۳ء میں پاکستانی معیشت حقیقی جی ڈی پی میں ۶.۶ فیصد تک کمی کا شکار ہوئی۔ معاشی سرگرمیوں میں کمی کے اس رجحان کو مقامی اور بیرونی خطرات، موسمی صورتحال میں تبدیلی کے اثرات، خطے کی سیاسی مشکلات، بلند تر مالیاتی ضروریات، انتہائی زیادہ عالمی اشیائے صرف کے نرخوں اور سخت گیر عالمی مالیاتی صورتحال سے منسوب کیا جاتا ہے۔ یہ عناصر مجموعی طور پر بلند تر مہنگائی اور کرنسی کے تبادلوں کی شرح میں اتار چڑھاؤ کا موجب بنے ہیں۔

WRITTEN PREMIUM, NET PREMIUM REVENUE AND NET CLAIMS

(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, 2017.

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) Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures.
- p) 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.
- q) 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 out of 4
2.	Mr. Rafique R. Bhimjee *	1 out of 2
3.	Mr. Hasanali Abdullah **	2 out of 2
3.	Mr. Taher G. Sachak	4 out of 4
4.	Mr. Ali Raza Siddiqui	4 out of 4
5.	Ms. Yasmin Hyder	4 out of 4

* Retired on July 09, 2023

** Joined Audit Committee on July 10, 2023

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. Hasanali Abdullah Chairman - Non Executive Director
2.	Mr. Saifuddin N. Zoomkawala Member - Non Executive Director
3.	Mr. Kamran Arshad Inam Member - Managing Director and Chief Executive Officer
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.	Ms. Yasmin Hyder Chairperson - Independent Director
2.	Mr. Saifuddin N. Zoomkawala Member - Non-Executive Director
3.	Mr. Hasanali Abdullah Member - Non-Executive Director
4.	Mr. Kamran Arshad Inam Member - Managing Director and Chief Executive Officer

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 and Managing Director 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

The Board has constituted the Board Committees after the election of Directors on July 10, 2023.

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 unaudited accounts as on December 31, 2023 were:

- Provident Fund Rs. 1 024 million
- Gratuity Fund Rs. 522 million
- Pension Fund Rs. 264 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.

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 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.

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
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 negative 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; along with this following are also some salient features towards health & safety.

- Since 2016, we have dedicated 18 % of our work space as Green Area". From Plan is to progressively increase it to 25% in next 2 years. Plants and medium trees are thriving in our building. Our 7th Floor gives a look of a mini forest that attracts birds that are not usually seen in urbanized developments. We look forward to an Echo System right in the middle of the city.
- With introduction of Green Area concept, we record 75-80% less pollution than the adjoining area of our building.
- We have in-house Water Filtration Plant which ensures that water used by the occupants is free of all impurities and harmful bacteria that erupt at intervals in the water supplied through pipelines.
- In-House Water Purification and bottling Plant equipped with state of the art water testing laboratory and On-Duty Chemist ensures a clean, safe and healthy water bottled in a standardized clean environment.
- We are very proud to share that we have a genial work force of more than 100 persons engaged in facilities management. By strictly following the Safety SOPs, we have completed 12,000 hours of Accident Free Work Days.

Above parameters exemplify company's commitment of responsibility for safety and health of all persons grouped in the EFU Family.

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. 8.01 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

Womens leaders summit 2023
12th Fire and Safety Award'23 by NFEAH
13th Executive Supply Chain Awards
15th Corporate Social Responsibility Award'23 by NFEH
EFU 90 years Corporate Dinner'23
3rd International Solar Clean Energy Pakistan Conference & Exhibition
20th Annual Environment Excellence Award 2023 by NFEH
Brands Icon of Pakistan 2022' by Brands Foundation
AKU Golf Tournament
HMB Golf Tournament
9th Begum Kulsum Saifullah Khan National tennis championship.
Indus Golf Tournament
TCF Golf Tournament

SWOT Analysis

The Company's brief SWOT analysis is as follows:

S  **STRENGTHS**

- Over 91 years in the business
- PACRA and VIS credit rating of AA++ with Stable Outlook
- Diversified product mix
- Market Leader
- Visionary and experienced Board of Directors
- Professional and Competent management
- Outstanding customer Care and service
- Corporate brand identity
- Largest country wide branch network

W  **WEAKNESS**

- Geographical restrictions on investment

O  **OPPORTUNITIES**

- Growth potential in Takaful business
- Increasing needs of new insurance products in light of:
 - Technological changes
 - Environmental changes
- Large un-tapped retail market
- New opportunities and economic reforms with CPEC projects

T  **THREATS**

- Changing climate conditions due to global warming
- Competitive Market
- Frequent changes in regulatory environment including tax reforms

Awards & Recognition

Our dedication to excellence is also mirrored in the awards and accolades we receive each year. Some of the awards received in 2023 are being presented here.

15th Corporate Social Responsibility Awards 2023

National Forum for Environment & Health (NFEH)

13th Executive Green Supply Chain Awards 2023

The Professionals Network (TPN)

13th Annual Fire Safety Awards 2023

National Forum for Environment & Health (NFEH)



*Brands Icon
of Pakistan
2022*

Brands Foundation



*3rd International Solar
Clean Energy Award
2023*

*National Forum for
Environment &
Health (NFEH)*



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 2023 was Rs. 9.4 billion as against required solvency of Rs. 3.5 billion i.e. excess of Rs. 5.9 billion over minimum required solvency (which is more than 1.7 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 19.2 % over last year. Window Takaful Operations Assets showed a increase of 6.3 % 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 2023

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

During the year, gross written premium (including takaful contribution) registered 30% year-on-year growth at Rs. 41.5 billion as against Rs. 31.9 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. 12.3 billion as against Rs. 10.3 billion for the last year.

For the year, investment & other income was Rs.2.4 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 2024

Pakistan's economy suffered a recession in the fiscal year 2023 due to various domestic and external shocks, causing high inflation and volatile exchange rates. Looking ahead, sustained collaboration with International Monetary Fund (IMF) will play a pivotal role in mitigating external account vulnerabilities and addressing concerns related to debt sustainability.

Additionally, the implementation of comprehensive, profound structural reforms will be imperative in laying the groundwork for a robust economic recovery. In this context, continued adjustments in energy prices, attracting foreign investment inflows, and maintaining fiscal discipline are crucial for stabilizing the currency exchange rate. This, in turn, would facilitate a gradual alleviation of inflationary pressures, thus allowing for a reduction in interest rates down the road.

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 91 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.

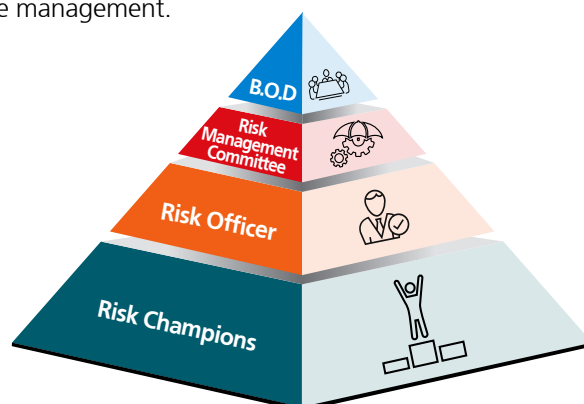
Our strategy is designed to deliver sustainable, profitable growth in competitive business environment and to maintain leading position in the country.

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 reports 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.

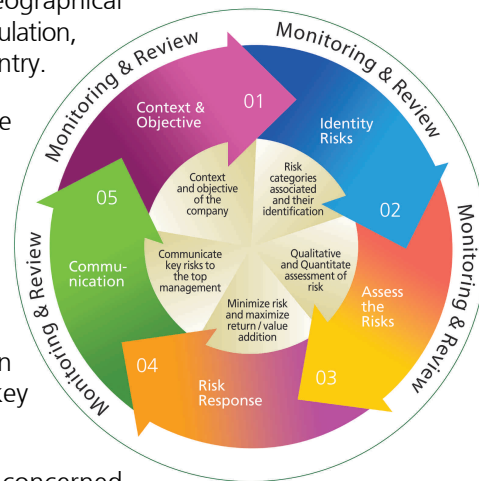
Risk Identification: The internal and external risks of the Company are identified by the risk champions of each department by considering the context of the Company.

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 may 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 regulatory, judicial, financial, technological, climatic changes as well as insurance industry practices may lead to unexpected claims and coverage. These issues 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 severe 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 currently present.

- 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 financial statements.

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 47 branches (2022: 53) 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.

Workplace Diversity

Workplace diversity entails having a workforce composed of individuals from various backgrounds, including differences in race, ethnicity, gender, age, religion, physical ability and other demographic factors. Organizations that embrace diversity are more flexible, experience consistent growth and set the benchmark as competitive industry leaders.

Our management is fully committed to becoming a more diverse organization and we have implemented new policies and initiatives to achieve this goal. In pursuit of diversity, we specifically encourage gender diversity in all areas to enhance employee performance, foster innovation, and broaden our talent pool. Our dedication extends to ensuring gender equity throughout the workplace where all staff members are offered equal opportunities, rights and respect regardless of their gender.

We recognize the significance of diversity and inclusion as integral components of our workplace culture. These aspects not only contribute to the well-being of our employees but also provide tangible benefits to the overall success of our business. To uphold fairness, strategies are in place to address social challenges that have hindered women from operating on an equal playing field.

In support of our female employees, we offer a range of facilities including access to a gym, sports club, sports day, various sports activities, and special prizes for female participation, training and development opportunities, health awareness sessions, celebrations of eid and women's day, paid maternity leaves and supportive working conditions. We conduct regular reviews of our policies, procedures and strategies to ensure the maintenance of gender equity principles with diverse representation being a key focus.

Our commitment to promoting gender diversity is evident in our hiring practices. This represents an overall increase in the total percentage of female employees within our organization.

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.

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 ISO-27001:2013 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.

Key Financial Data

(Rupees in Million)

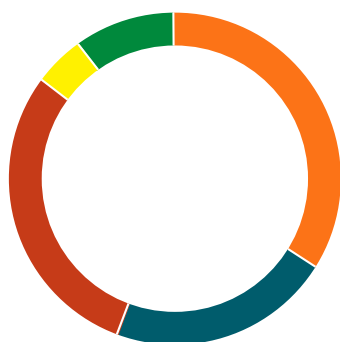
	2023	2022	2021	2020	2019	2018
Written Premium (including Takaful Contribution)	41 521	31 957	24 657	22 639	22 064	20 813
Earned Premium	33 071	25 376	20 853	19 974	18 984	18 923
Net Premium Revenue	12 390	10 293	9 807	8 617	7 460	7 562
Underwriting Result	1 649	70	1 552	739	505	1 307
Investment & Other Income	3 890	2 679	2 257	2 616	2 808	1 995
Profit before tax	5 461	3 116	3 817	3 453	3 827	3 262
Profit after tax	3 282	2 006	2 707	2 371	2 609	2 171
Paid-up Capital	2 000	2 000	2 000	2 000	2 000	2 000
Shareholders' Equity	20 407	18 427	19 274	19 580	19 296	19 298
Breakup Value per Share (Rs.)	102.04	92.14	96.37	97.90	96.48	96.49
Earnings per Share (Rs.)	16.41	10.03	13.53	11.85	13.04	10.86
Investments & Properties	29 769	27 761	26 034	27 254	25 881	25 483
Cash & Bank Balances	2 287	1 635	1 190	1 329	1 192	1 267
Total Assets	67 505	56 619	47 000	45 812	45 699	42 869
Dividend (%)	100.00	100.00	100.00	100.00	100.00	100.00

Statement of Value Added

Rupees in Million

	2023	2022
Wealth generated		
Net premium revenue	12 390	10 293
Investment income	2 390	1 925
Rental income	125	125
Other income	848	691
	15 753	13 034
Less: Claims Commission & Expenses (excluding employees remuneration depreciation and donations)	(8 072)	(7 876)
Profit / (loss) from general takaful operations - OPF	696	388
Net wealth generated	8 378	5 546
Wealth distribution		
Employees remuneration	2 633	2 165
Income tax	2 179	947
Contribution to society / donations	13	21
	4 825	3 133
Distribution		
Cash Dividend	2 000	2 000
	2 000	2 000
Retained in equity		
Depreciation	271	242
Retained earnings	1 282	171
	1 553	413
	8 378	5 546

Value Added - 2023



Employees Remuneration	31 %
Income Tax	26 %
Distribution	24 %
Depreciation	03 %
Retained Earnings	15 %
Total	100 %

Value Added - 2022



Employees Remuneration	39 %
Income Tax	17 %
Distribution	36 %
Depreciation	04 %
Retained Earnings	03 %
Total	100 %

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

	2023		2022	
	Rupees	%	Rupees	%
Statement of Financial Position				
Assets				
Property, plant and equipment	3 486	5.16	3 102	5.48
Investment property	3 192	4.73	3 050	5.39
Investments in subsidiary / associate	9 132	13.53	9 517	16.81
Investments				
Equity Securities	3 565	5.28	2 718	4.80
Debt Securities	12 983	19.23	11 924	21.06
Term Deposits	897	1.33	552	0.97
Loans and other receivables	442	0.65	431	0.76
Insurance / reinsurance receivables	8 630	12.78	5 876	10.38
Reinsurance recoveries against outstanding claims	7 010	10.38	6 504	11.49
Salvage recoveries accrued	99	0.15	46	0.08
Deferred commission expense	1 491	2.21	1 112	1.96
Retirement benefit	44	0.07	–	–
Taxation - payments less provision	–	–	–	–
Prepayments	12 526	18.56	8 552	15.10
Cash and bank	2 287	3.39	1 635	2.89
Total Assets	65 783	97.45	55 019	97.17
Total assets of Window Takaful Operations - Operator's Fund	1 721	2.55	1 601	2.83
Total Assets	67 505	100.00	56 619	100.00
Equity and Liabilities				
Capital and reserves attributable to Company's equity holders				
Ordinary Share Capital	2 000	2.96	2 000	3.53
Reserves	15 674	23.22	15 099	26.67
Unappropriated profit	2 733	4.05	1 328	2.35
Total Equity	20 407	30.23	18 427	32.55
Surplus on revaluation of property and equipment	1 140	1.69	1 133	2.00
Liabilities				
Underwriting provisions				
Outstanding claims including IBNR	10 775	15.96	10 368	18.31
Unearned premium reserves	19 546	28.95	14 167	25.02
Unearned reinsurance commission	303	0.45	202	0.36
Retirement benefit obligation	–	–	14	0.02
Deferred taxation	361	0.53	20	0.04
Premium received in advance	168	0.25	79	0.14
Insurance / reinsurance payables	9 472	14.03	7 684	13.57
Other creditors and accruals	3 804	5.64	3 766	6.65
Taxation - provision less payments	818	1.21	35	0.06
Total Liabilities	45 247	67.03	36 335	64.17
Total Equity and Liabilities	66 794	98.95	55 896	98.72
Total liabilities of Window Takaful Operations - Operator's Fund	711	1.05	724	1.28
Total Equity and Liabilities	67 505	100.00	56 619	100.00

Rupees in Million

2021		2020		2019		2018	
Rupees	%	Rupees	%	Rupees	%	Rupees	%
2 887	6.14	2 819	6.15	2 967	6.49	2 616	6.10
2 600	5.53	2 518	5.50	2 341	5.12	1 879	4.38
9 644	20.52	9 299	20.30	10 169	22.25	9 898	23.09
3 705	7.88	4 481	9.78	3 271	7.16	4 970	11.59
9 406	20.01	10 273	22.42	9 655	21.13	8 229	19.20
679	1.44	683	1.49	444	0.97	507	1.18
388	0.83	345	0.75	259	0.57	100	0.23
5 013	10.67	3 640	7.95	4 013	8.78	3 577	8.34
3 974	8.46	3 856	8.42	4 082	8.93	3 363	7.85
77	0.16	55	0.12	45	0.10	42	0.10
773	1.64	678	1.48	599	1.31	601	1.40
-	-	34	0.07	30	0.06	-	-
-	-	-	-	22	0.05	-	-
5 524	11.75	4 864	10.62	5 851	12.80	5 199	12.13
1 190	2.53	1 329	2.90	1 192	2.61	1 267	2.95
45 860	97.57	44 874	97.95	44 940	98.34	42 248	98.55
1 141	2.43	939	2.05	760	1.66	621	1.45
47 000	100.00	45 813	100.00	45 699	100.00	42 869	100.00
2 000	4.26	2 000	4.37	2 000	4.38	2 000	4.67
18 384	39.11	16 184	35.33	15 766	34.50	14 523	33.88
(1 111)	(2.36)	1 396	3.05	1 530	3.35	2 775	6.47
19 273	41.01	19 580	42.74	19 296	42.22	19 298	45.02
1 077	2.29	1 013	2.21	1 000	2.19	859	2.00
7 086	15.08	7 112	15.52	6 273	13.73	5 177	12.08
10 518	22.38	9 411	20.54	9 144	20.01	8 354	19.49
135	0.29	152	0.33	431	0.94	395	0.92
9	0.02	-	-	-	-	63	0.15
278	0.59	724	1.58	668	1.46	825	1.92
27	0.06	44	0.10	68	0.15	57	0.13
4 810	10.23	4 559	9.95	6 068	13.28	5 333	12.44
3 222	6.86	2 683	5.86	2 356	5.16	2 055	4.79
51	0.11	93	0.20	-	-	47	0.11
26 136	55.61	24 778	54.09	25 009	54.72	22 304	52.03
46 486	98.91	45 371	99.04	45 305	99.14	42 462	99.05
514	1.09	442	0.96	394	0.86	408	0.95
47 000	100.00	45 813	100.00	45 699	100.00	42 869	100.00

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

	2023		2022	
	Rupees	%	Rupees	%
Profit and Loss Account				
Written Premium	38 450	–	29 025	–
Net Premium Revenue	12 390	100.00	10 293	100.00
Net Insurance Claims	(5 123)	(41.35)	(5 600)	(54.41)
Net Commission	(2 126)	(17.16)	(1 586)	(15.41)
Total Insurance claims and acquisition expenses	(7 250)	(58.51)	(7 186)	(69.81)
Management Expenses	(3 491)	(28.18)	(3 037)	(29.51)
Underwriting Results	1 649	13.31	70	0.68
Investment Income	2 390	19.29	1 925	18.70
Rental Income	125	1.01	125	1.21
Other Income	678	5.47	241	2.34
Non-Recurring - reversal of provision for impairment	–	–	–	–
Changes in fair value of investment property	170	1.37	450	4.37
Other Expenses	(248)	(2.00)	(81)	(0.79)
Results of operating activities	4 764	38.45	2 730	26.52
Finance costs	–	–	–	–
Reversal of workers' welfare fund	–	–	–	–
Profit from Window Takaful Operations - Operator's Fund	696	5.62	388	3.77
Profit before Tax	5 461	44.08	3 116	30.27
Income Tax Expense	(2 179)	(17.59)	(1 110)	(10.78)
Profit after Tax	3 282	26.49	2 006	19.49

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

	2023	2022	2021	2020
Statement of Financial Position				
Assets				
Property, plant and equipment	3 486	3 102	2 887	2 819
Investment property	3 192	3 050	2 600	2 518
Investments in subsidiary / associate	9 132	9 517	9 644	9 299
Investments	–	–	–	–
Equity Securities	3 565	2 718	3 705	4 481
Debt Securities	12 983	11 924	9 406	10 273
Term Deposits	897	552	679	683
Loans and other receivables	442	431	388	345
Insurance / reinsurance receivables	8 630	5 876	5 013	3 640
Reinsurance recoveries against outstanding claims	7 010	6 504	3 974	3 856
Salvage recoveries accrued	99	46	77	55
Deferred commission expense	1 491	1 112	773	678
Retirement benefit	44	–	–	34
Taxation - payments less provision	–	–	–	–
Prepayments	12 526	8 552	5 524	4 864
Cash and bank	2 287	1 635	1 190	1 329
Total Assets	65 783	55 019	45 860	44 874
Total assets of Window Takaful Operations - Operator's Fund	1 721	1 601	1 141	939
Total Assets	67 505	56 619	47 001	45 813

2021		2020		2019		Rupees in Million 2018	
Rupees	%	Rupees	%	Rupees	%	Rupees	%
21 960	–	20 241	–	19 774	–	18 780	–
9 807	100.00	8 617	100.00	7 460	100.00	7 562	100.00
(4 277)	(43.61)	(4 359)	(50.59)	(3 549)	(47.57)	(3 089)	(40.85)
(1 269)	(12.94)	(775)	(8.99)	(556)	(7.45)	(588)	(7.77)
(5 546)	(56.55)	(5 134)	(59.58)	(4 105)	(55.03)	(3 677)	(48.62)
(2 709)	(27.62)	(2 744)	(31.84)	(2 849)	(38.19)	(2 579)	(34.10)
1 552	15.83	739	8.58	506	6.78	1 307	17.28
1 826	18.62	2 185	25.36	2 262	30.32	1 612	21.32
122	1.24	117	1.36	112	1.50	104	1.38
123	1.25	128	1.49	219	2.94	161	2.13
–	–	–	–	–	–	–	–
78	0.80	170	1.97	434	5.82	11	0.14
(71)	(0.72)	(71)	(0.82)	(51)	(0.68)	(50)	(0.66)
3 630	37.01	3 268	37.93	3 482	46.68	3 145	41.59
–	–	–	–	(14)	(0.19)	–	–
–	–	–	–	146	1.96	–	–
186	1.90	186	2.16	214	2.87	117	1.55
3 817	38.92	3 454	40.08	3 828	51.31	3 262	43.14
(1 110)	(11.32)	(1 083)	(12.57)	(1 219)	(16.34)	(1 091)	(14.43)
2 707	27.60	2 371	27.52	2 609	34.97	2 171	28.71

Rupees in Million

% Increase / (decrease) over preceding year

2019	2018	2023	2022	2021	2020	2019	2018
2 967	2 616	12.37	7.45	2.41	(5.00)	13.45	102.92
2 341	1 879	4.65	17.31	3.26	7.54	24.61	1.73
10 169	9 898	(4.04)	(1.32)	3.71	(8.56)	2.74	(10.01)
–	–	–	–	–	–	–	–
3 271	4 970	31.16	(26.64)	(17.32)	36.97	(34.18)	(22.57)
9 655	8 229	8.88	26.77	(8.44)	6.41	17.33	(3.50)
444	507	62.44	(18.70)	(0.59)	53.71	(12.29)	17.67
259	100	2.53	11.08	12.46	33.37	157.98	(15.47)
4 013	3 577	46.87	17.22	37.72	(9.29)	12.18	26.89
4 082	3 363	7.78	63.66	3.06	(5.53)	21.36	(4.95)
45	42	115.82	(40.26)	(40.00)	23.46	5.30	(38.20)
599	601	34.11	43.86	14.01	13.25	(0.34)	(12.88)
30	–	–	–	(100.00)	14.52	–	–
22	–	–	–	–	(100.00)	–	(100.00)
5 851	5 199	46.74	54.82	13.57	(16.86)	12.54	(0.06)
1 192	1 267	39.87	37.39	(10.46)	11.52	(5.91)	8.79
44 940	42 248	19.56	19.97	2.20	(0.15)	6.37	(2.26)
760	621	7.52	40.32	21.51	23.59	22.28	44.27
45 699	42 869	19.23	20.46	2.59	0.25	6.60	(1.80)

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

	2023	2022	2021	2020
Equity and Liabilities				
Capital and reserves attributable to Company's equity holders				
Ordinary Share Capital	2 000	2 000	2 000	2 000
Reserves	15 674	15 099	18 384	16 184
Unappropriated profit	2 733	1 328	(1 111)	1 396
Total Equity	20 408	18 427	19 273	19 580
Surplus on revaluation of property and equipment	1 140	1 133	1 077	1 013
Liabilities				
Underwriting provisions				
Outstanding claims including IBNR	10 775	10 368	7 086	7 112
Unearned premium reserves	19 546	14 167	10 518	9 411
Unearned reinsurance commission	303	202	135	152
Retirement benefit obligation	–	14	9	–
Deferred taxation	361	20	278	724
Premium received in advance	168	79	27	44
Insurance / reinsurance payables	9 472	7 684	4 810	4 559
Other creditors and accruals	3 804	3 766	3 222	2 683
Taxation - provision less payments	818	35	51	93
Total Liabilities	45 247	36 335	26 136	24 778
Total Equity and Liabilities	66 795	55 895	45 186	42 444
Total liabilities of Window Takaful Operations - Operator's Fund	711	724	514	442
Total Equity and Liabilities	67 505	56 619	45 700	42 886
Profit and Loss Account				
Written Premium	38 450	29 025	21 960	20 241
Net Premium Revenue	12 390	10 293	9 807	8 617
Net Insurance Claims	(5 123)	(5 600)	(4 277)	(4 359)
Net Commission	(2 126)	(1 586)	(1 269)	(775)
Total Insurance claims and acquisition expenses	(7 250)	(7 186)	(5 546)	(5 134)
Management Expenses	(3 491)	(3 037)	(2 709)	(2 744)
Underwriting Results	1 649	70	1 552	739
Investment Income	2 390	1 925	1 826	2 185
Rental Income	125	125	122	117
Other Income	678	241	123	128
Non-Recurring - reversal of provision for impairment	–	–	–	–
Changes in fair value of investment property	170	450	78	170
Other Expenses	(248)	(81)	(71)	(71)
Results of operating activities	4 764	2 730	3 630	3 268
Finance costs	–	–	–	–
Reversal of workers' welfare fund	–	–	–	–
Profit from Window Takaful Operations - Operator's Fund	696	388	186	186
Profit before Tax	5 461	3 118	3 816	3 454
Income Tax Expense	(2 179)	(1 110)	(1 110)	(1 083)
Profit after Tax	3 282	2 006	2 706	2 371

Rupees in Million

% Increase / (decrease) over preceding year

2019	2018	2023	2022	2021	2020	2019	2018
2 000	2 000	-	-	-	-	-	-
15 766	14 523	3.81	(17.87)	13.59	2.65	8.56	(7.14)
1 530	2 775	105.80	(219.53)	(179.58)	(8.77)	(44.87)	(13.33)
19 296	19 298	10.75	(4.39)	(1.57)	1.47	(0.01)	(7.40)
1 000	859	0.60	5.20	6.32	1.26	16.45	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6 273	5 177	3.92	46.32	(0.37)	13.37	21.18	(7.10)
9 144	8 354	37.97	34.69	11.76	2.92	9.45	(1.68)
431	395	49.91	49.63	(11.18)	(64.73)	9.14	(14.46)
-	63	(100.00)	55.56	-	-	(100.00)	(12.67)
668	825	1 1705.00	(92.81)	(61.60)	8.39	(19.02)	(26.54)
68	57	112.26	192.59	(38.64)	(35.54)	20.79	79.48
6 068	5 333	23.27	59.75	5.51	(24.87)	13.78	6.83
2 356	2 055	1.01	16.88	20.09	13.87	14.68	13.24
-	47	2 237.14	(31.37)	(45.16)	-	(100.00)	-
25 009	22 304	24.53	39.02	5.48	(0.92)	12.13	(1.15)
45 305	42 462	19.50	23.70	6.46	(6.32)	6.70	(2.17)
394	408	(1.74)	40.86	16.29	12.14	(3.28)	63.27
45 699	42 869	19.23	23.89	6.56	(6.16)	6.60	(1.80)
19 774	18 780	32.47	32.17	8.49	2.36	5.29	(0.31)
7 460	7 562	20.37	4.96	13.81	15.51	(1.35)	(0.69)
(3 549)	(3 089)	(8.51)	30.93	(1.88)	22.82	14.90	3.83
(556)	(588)	34.07	24.98	63.74	39.39	(5.39)	(11.17)
(4 105)	(3 677)	0.89	29.57	8.02	25.07	11.65	1.10
(2 849)	(2 579)	14.95	12.11	(1.28)	(3.69)	10.47	9.95
506	1 307	2 255.53	(95.49)	110.01	46.05	(61.28)	(19.95)
2 262	1 612	24.16	5.42	(16.43)	(3.40)	40.29	6.62
112	104	0.23	2.46	4.27	4.46	7.70	7.22
219	161	181.33	95.93	(3.91)	(41.55)	35.83	37.21
-	-	-	-	-	-	-	-
434	11	(62.18)	476.92	(54.12)	(60.83)	3 963.29	(96.42)
(51)	(50)	206.36	14.08	-	39.22	1.74	15.92
3 482	3 145	74.51	(24.79)	11.08	(6.15)	10.72	(13.00)
(14)	-	-	-	-	(100.00)	-	-
146	-	-	-	-	(100.00)	-	-
214	117	79.48	108.60	-	(13.08)	82.20	150.67
3 828	3 262	75.13	(18.29)	10.48	(9.77)	17.34	(10.90)
(1 219)	(1 091)	96.31	-	2.49	(11.16)	11.72	(6.04)
2 609	2 171	63.61	(25.87)	14.13	(9.12)	20.16	(13.16)

Cash Flow Summary

Rupees in Million

	2023	2022	2021	2020	2019	2018
Cash Flow Summary						
Operating Activities	937	3 082	158	1 402	911	20
Investing Activities	1 736	(651)	1 706	748	1 152	2 016
Financing Activities	(2 021)	(1 986)	(2 003)	(2 012)	(2 139)	(1 934)
Cash and Cash Equivalents at year end	2 287	1 635	1 190	1 329	1 192	1 267

Financial Ratios

		2023	2022	2021	2020	2019	2018
Profitability							
Profit after Tax / Net Insurance Premium	%	26.49	19.49	27.60	27.52	34.97	28.71
Profit before Tax / Net Insurance Premium	%	44.08	30.27	38.92	40.08	51.31	43.14
Underwriting Result / Net Insurance Premium	%	13.31	0.68	15.83	8.58	6.78	17.28
Underwriting Result / Written Premium	%	4.29	0.24	7.07	3.65	2.56	6.96
Profit before Tax / Total Income	%	33.20	23.22	31.44	30.29	35.77	34.10
Profit after Tax / Total Income	%	19.95	14.95	22.29	20.79	24.38	22.69
Profit before Tax / Written Premium	%	14.20	10.74	17.38	17.06	19.36	17.37
Profit after Tax / Written Premium	%	8.54	6.91	12.33	11.71	13.19	11.56
Combined Ratio	%	86.69	100.11	84.90	92.25	94.09	83.38
Management Expenses / Net Insurance Premium	%	28.18	29.51	27.62	31.84	38.19	34.10
Net Claims / Net Insurance Premium	%	41.35	54.41	43.61	50.59	47.57	40.85
Net Commission / Net Insurance Premium	%	17.16	15.41	12.94	8.99	7.45	7.77
Other Expenses / Net Insurance Premium	%	2.00	0.79	0.72	0.82	0.87	0.66
Return to Share Holders							
Return on Assets	%	4.86	3.54	5.76	5.18	5.71	5.06
Return on Equity	%	15.23	10.26	13.30	11.51	12.85	10.77
Earnings per Share	Rs.	16.41	10.03	13.54	11.86	13.05	10.86
Earnings Growth	%	63.61	(15.39)	14.17	(9.12)	20.16	(13.16)
Price to Earnings Ratio	Times	5.18	9.22	7.76	10.12	8.46	9.21
Dividend Yield	%	11.76	10.81	9.52	8.33	9.07	10.00
Breakup Value per Share	Rs.	102.04	92.14	96.37	97.90	96.48	96.49

Rupees in Million

		2023	2022	2021	2020	2019	2018
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.	85.00	92.50	105.00	120.00	110.30	100.00
Market Price per share - Highest during the year	Rs.	100.00	119.02	125.00	129.41	127.65	157.99
Market Price per share - Lowest during the year	Rs.	73.50	92.50	104.01	78.32	67.50	99.76
KSE 100 Index	Points	62 451	40 420	44 596	43 755	40 735	37 067
Market Capitalization	(Rs. M)	17 000	18 500	21 000	24 000	22 060	20 000
Price to Book Value	Times	0.83	1.00	1.09	1.23	1.14	1.04
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	%	60.94	99.70	73.88	84.35	76.66	92.11
Dividend Cover	Times	1.64	1.00	1.35	1.19	1.30	1.09
Performance / Liquidity							
Current Ratio	Times	1.11	1.08	1.19	1.26	1.21	1.30
Cash / Current Liabilities	%	5.09	4.50	4.60	5.53	4.90	5.90
Total Assets Turnover	Times	0.18	0.18	0.21	0.19	0.16	0.18
Fixed Assets Turnover	Times	5.45	5.50	4.79	5.32	6.13	5.67
Total Liabilities / Equity	Times	2.22	1.97	1.36	1.27	1.30	1.16
Paid-up Capital / Total Assets	%	30.23	32.55	41.01	42.74	42.22	45.02
Earning Assets / Total Assets	%	44.75	49.79	56.22	60.24	57.20	59.68
Equity / Total Assets	%	30.23	32.55	41.01	42.74	42.22	45.02
Return on Capital Employed	%	26.76	16.91	19.80	17.64	19.84	16.90

Free Cash Flow

Particulars	Rupees in Million	
	2023	2022
Net cash flow from operating activities	937	3 082
Net cash generated from / (used in) investing activities	1 736	(651)
Net cash outflow from financing activities	(2 021)	(1 986)
Free Cash Flows	<u>652</u>	<u>445</u>

Economic Value Added

Net Operating Profit after Tax	3 282	2 006
Less: Cost of Capital	–	–
Economic Value Added	<u>3 282</u>	<u>2 006</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 41.35 % from 54.4 % and 28.1% from 29.5% compared to last year. The combined ratio was 86.7% as compared to 99.3% last year.

The return on equity in 2023 was 15.23% as compared to last year's 10.3% while return on capital employed was 26.8 % as compared to 16.9 % last year.

The Company has been maintaining a healthy dividend payout ratio.

Balance sheet

The Company's assets were at Rs. 67.5 billion compared to Rs. 56.6 billion last year. Total equity of the Company stood at Rs. 20.4 billion as compared to Rs.18.4 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. 41.5 billion as against Rs. 31.9 billion last year.

Net premium revenue grew by 20% despite challenging business scenarios whereas investment & other income was Rs. 3.1 billion.

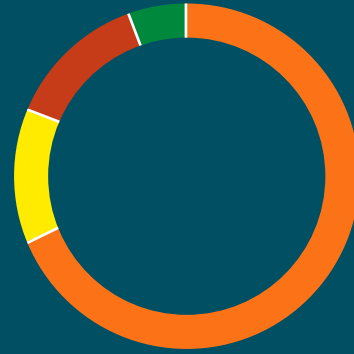
Analysis of Financial Statements

Gross Premium - 2023



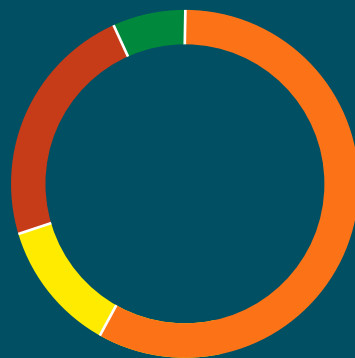
Fire & Property Damage	71 %
Marine, Aviation & Transport	13 %
Motor	11 %
Others	5 %
Total	100 %

Gross Premium - 2022



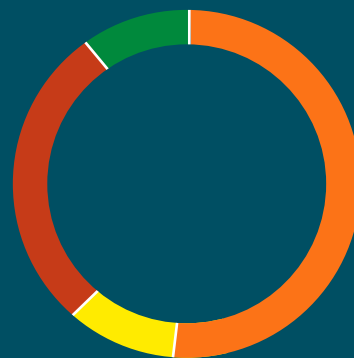
Fire & Property Damage	69 %
Marine, Aviation & Transport	12 %
Motor	13 %
Others	6 %
Total	100 %

Gross Claims - 2023



Fire & Property Damage	58 %
Marine, Aviation & Transport	12 %
Motor	24 %
Others	07 %
Total	100 %

Gross Claims - 2022



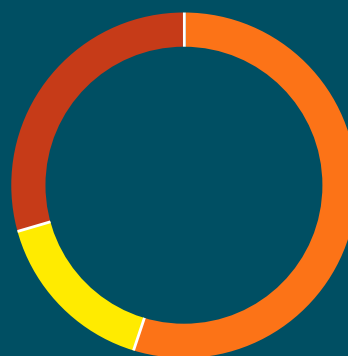
Fire & Property Damage	53 %
Marine, Aviation & Transport	10 %
Motor	28 %
Others	09 %
Total	100 %

Combined Expenses - 2023



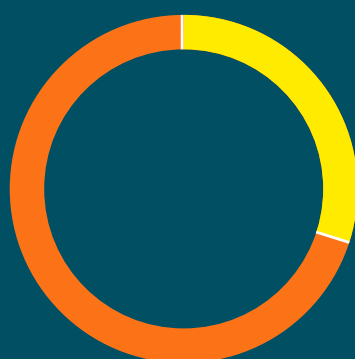
Net Claims	48 %
Net Commission	20 %
Expenses	33 %
Total	100 %

Combined Expenses - 2022



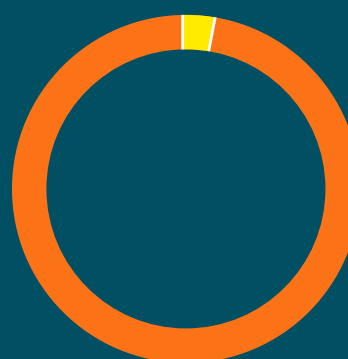
Net Claims	55 %
Net Commission	16 %
Expenses	30 %
Total	100 %

Analysis of Income - 2023



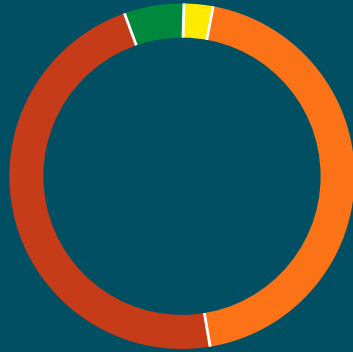
Underwriting Profit	30 %
Investment & Other Income	70 %
Total	100 %

Analysis of Income - 2022



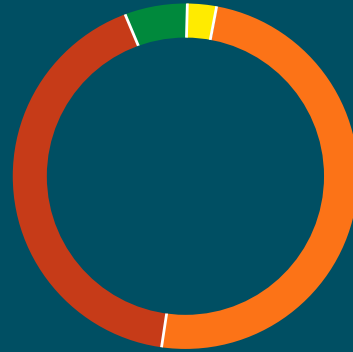
Underwriting Profit	03 %
Investment & Other Income	97 %
Total	100 %

Total Assets - 2023



Cash & Bank Deposits	03 %
Investment & Property	44 %
Other Assets including Reinsurance Recoveries	47 %
Fixed Assets	05 %
Total	100 %

Total Assets - 2022



Cash & Bank Deposits	03 %
Investment & Property	49 %
Other Assets including Reinsurance Recoveries	43 %
Fixed Assets	05 %
Total	100 %

Total Equity & Liabilities - 2023



Equity	32 %
Liabilities	68 %
Total	100 %

Total Equity & Liabilities - 2022



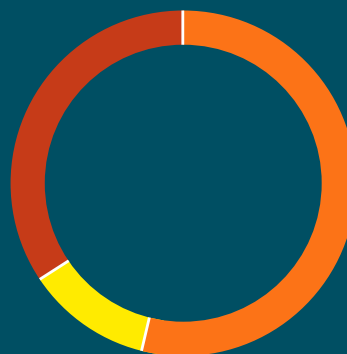
Equity	35 %
Liabilities	65 %
Total	100 %

Cash Flow Analysis - 2023



Operating Activities	20 %
Investing Activities	37 %
Financing Activities	-43 %
Total	100 %

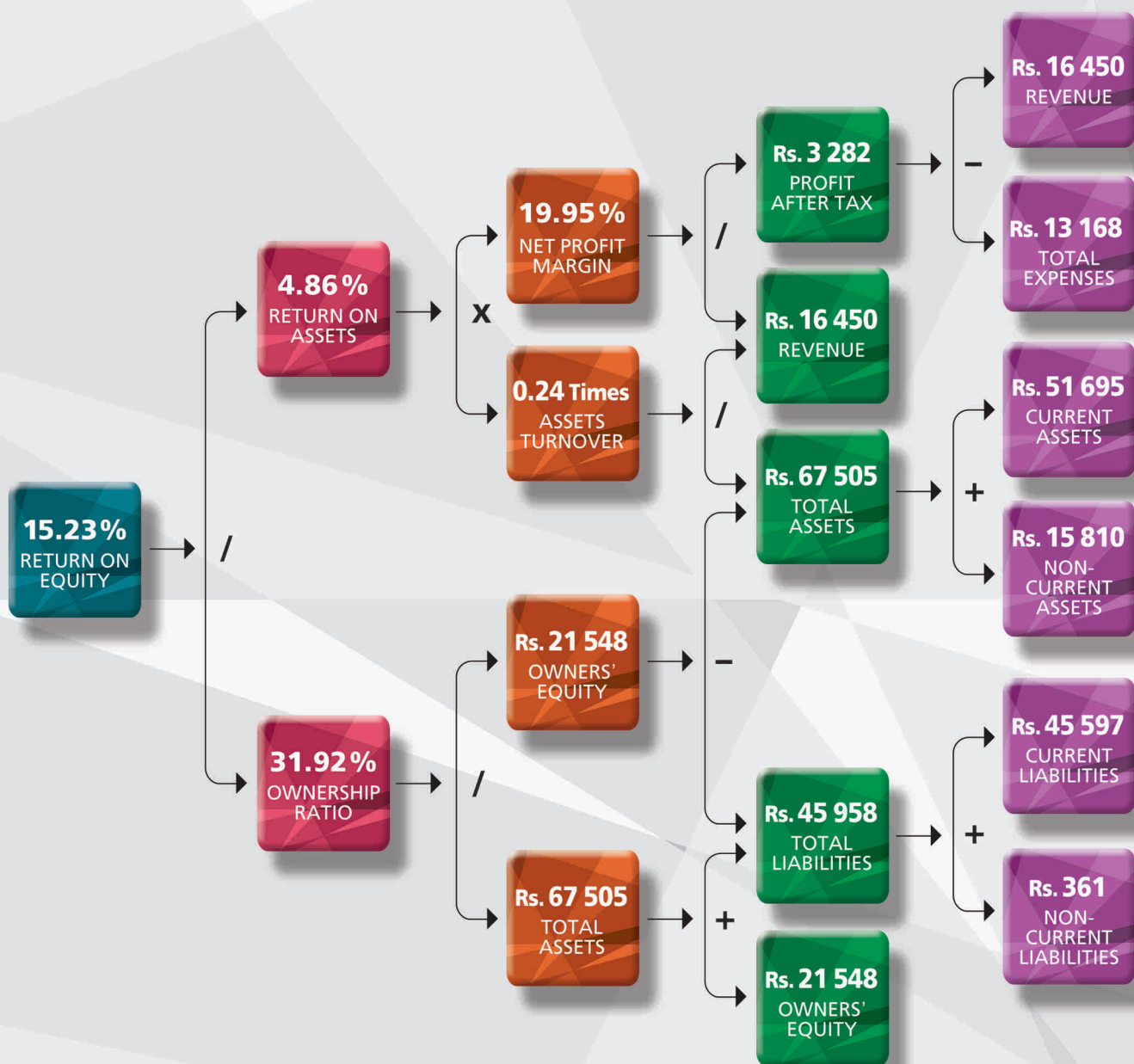
Cash Flow Analysis - 2022



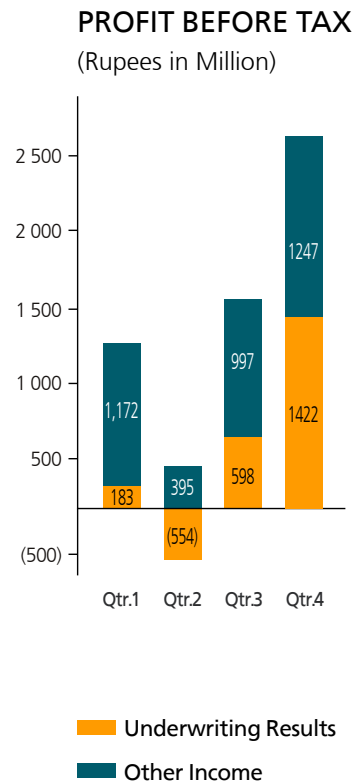
Operating Activities	54%
Investing Activities	-11 %
Financing Activities	-35 %
Total	100 %

DuPont Analysis 2023

Rupees in Million



Analysis of Variation in Results Reported in Quarterly Accounts



Underwriting Results

During the year, the Company recorded 32.5% growth in written premium. The Company had Written Direct Premium and takaful business in Pakistan of Rs. 41.5 billion (inclusive of Rs. 3.1 billion of takaful contribution) as compared to Rs. 31.9 billion (inclusive of Rs. 2.9 billion of takaful contribution) in 2022, while the Net Premium Revenue grew by 20 % to Rs. 12.4 billion as compared to Rs. 10.3 billion in 2022.

Investment Income & Other Income

The year observed increase of 24.16% in Company's investments income mainly due to increase in interest rates. Capital gain realization reduced to Rs. 118 million from Rs. 201 million last year. Profit from window takaful operations - Operators' Fund increased by 79.48% to Rs. 696 from Rs. 388 million last year.

Profit after Tax

Your Company's profit after tax for the year 2023 was Rs. 3.3 billion as compared to Rs. 2.0 billion in 2022. The earnings per share was Rs. 16.41 as against earnings per share of Rs. 10.03 last year.

Report of the Audit Committee For the year ended December 31, 2023

1. Four meetings of the Committee were held during the year 2023.
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 and 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 KPMG Taseer Hadi & Co., Chartered Accountants as external auditors and their remuneration for the year ending December 31, 2023
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.
20. The committee has formal and transparent arrangements for considering financial reporting, risk management, internal controls and for maintaining an appropriate relationship with the external auditor
21. No whistle-blowing incidences were reported to the Audit Committee during the year.

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 Darse Nizami (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, 2023

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 eight (08) as per the following:
 - a: Male: 7
 - b: Female: 1
2. The Company ensures 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 Director	Mr. Tanveer Sultan Moledina
Non-Executive Directors	Mr. Saifuddin N. Zoomkawala Mr. Hasanali Abdullah Mr. Taher G. Sachak Mr. Ali Raza Siddiqui Mr. Saad Bhimjee
Executive Director	Mr. Kamran Arshad Inam

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. Election of Directors were held on July 7, 2023 to elect seven (07) Directors for a period of three years. Mr. Kamran Arshad Inam was appointed as Managing Director and Chief Executive Officer of the Company with effect from July 10, 2023.
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 and 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
Ms. Yasmin Hyder	Chairperson - Independent Director
Mr. Saifuddin N. Zoomkawala	Member - Non-Executive Director
Mr. Hasanali Abdullah	Member - Non-Executive Director
Mr. Kamran Arshad Inam	Member - Managing Director and Chief Executive Officer

Investment Committee

Name of the Member	Category
Mr. Hasanali Abdullah	Chairman - Non-Executive Director
Mr. Saifuddin N. Zoomkawala	Member - Non-Executive Director
Mr. Taher G. Sachak	Member - Non-Executive Director
Mr. Kamran Arshad Inam	Member - Managing Director and Chief Executive Officer
Mr. Altaf Gokal	Member - Chief Financial Officer

The Board has formed an Audit Committee. It comprises of five members, of whom three are non-executive Directors and two are independent Directors. 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. Hasanali Abdullah	Member - Non-Executive Director
Mr. Taher G. Sachak	Member - Non-Executive Director
Mr. Ali Raza Siddiqui	Member - Non-Executive Director
Ms. Yasmin Hyder	Member - Independent Director

20. The Board has formed the following Management Committees:

Underwriting Committee:

Name of the Member	Category
Mr. Kamran Arshad Inam	Chairman
Mr. Imran Ahmed	Member
Mr. Khurram Nasim	Member
Mr. Muhammad Sohail Nazir	Member
Mr. Mansoor Abbassi	Member

Claim Settlement Committee:

Name of the Member	Category
Mr. Kamran Arshad Inam	Chairman
Mr. Aftab Fakhruddin	Member
Mr. Badar Amin Sissodia	Member
Mr. Farrukh Aamir Baig	Member
Ms. Fatima Bano	Member

Reinsurance & Co-insurance Committee

Name of the Member	Category
Mr. Kamran Arshad Inam	Member
Mr. Altaf Gokal	Member
Mr. Mansoor Abbassi	Member
Mr. Imran Ahmed	Member
Mr. Khurram Nasim	Member
Mr. Muhammad Sohail Nazir	Member
Mr. Pervez Ahmed	Member

Risk Management & Compliance Committee

Name of the Member	Category
Mr. Kamran Arshad Inam	Chairman
Mr. Altaf Gokal	Member
Mr. Imran Ahmed	Member
Mr. Khurram Nasim	Member

Risk Management & Compliance Committee

Name of the Member	Category
Mr. Muhammad Sohail Nazir	Member
Mr. Mansoor Abbassi	Member
Mr. Atif Anwar	Member
Mr. Ali Ghulam Ali	Member
Mr. Amin Punjani	Member

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

21. The Quarterly meetings of committees were held prior to the approval of interim and final results of the company. The terms of reference 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	Thrice 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

22. 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.
23. 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. Kamran Arshad Inam	Chief Executive Officer
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. Aftab Fakhruddin	Head of Grievance Function

- Position of Head of Technical (Head of Underwriting, Claims and Re-Insurance) is vacant. The duties of Head of Technical is being performed by Managing Director & Chief Executive Officer.

24. 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.
25. 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.
26. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code.
27. The Board ensures that the risk management system of the Company is in place as per the requirements of the Code.
28. The company has set up a Risk Management function, which carries out its tasks as covered under the code.
29. The Company has been rated by AM Best, PACRA and VIS and the rating assigned by these rating agencies on September 4, 2023, June 1, 2023 and January 3, 2024 respectively. PACRA and VIS has assigned rating of AA++ with stable outlook while AM Best has assigned rating of B- with negative outlook. The ratings are used by risk management function and risk management & compliance committee as a risk-monitoring tool.
30. The Board has set up Grievance function in compliance with the requirements of the code.
31. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of the requirements of the code.
32. 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.

The independent directors are appointed in terms of Section 166 (3) of the Companies Act, 2017 (the "Act") through the process of election prescribed under Section 159 of the Act.

The Board has fixed the number of directors to be elected as seven (7) which included two (2) as independent directors which were duly elected by the shareholders in their extraordinary general meeting held on July 7, 2023. The Board of Directors have appointed a Chief Executive Officer who is a deemed director in terms of Section 188 of the Act.

The fraction has not been rounded up to one as the Board believes and understands that two (2) independent directors are sufficient and have requisite competencies, skills, knowledge, and experience to fulfill their obligations as per requirements of the applicable law and regulations. Not warrant the appointment of a third independent Director.

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Director

KAMRAN ARSHAD INAM
Managing Director &
Chief Executive Officer

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 February 2024

MUFTI MUHAMMAD IBRAHIM ESSA
Graduate from Jamiah Darul Uloom Karachi, Pakistan
Shari'ah Advisor - EFU General Insurance Ltd - WTO
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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 2023

**الحمد لله رب العالمين والعاقبة للمتقين والصلاة والسلام على اشرف الانبياء والمرسلين وعلى آله
 واصحابه اجمعين .امابعد**

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 2023

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

29 January 2024

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 2023, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, and notes to the unconsolidated financial statements, including material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated 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 confirm 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 2023 and of the profit and other 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 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 Matters	How the matters were addressed in our report
1.	<p>Insurance Liabilities</p> <p>The Company's liability relating to outstanding claims including Incurred but not reported (IBNR) aggregating to Rs. 10,775 million, which represent 23.75% 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 with the Company's policy and applicable insurance

S. No.	Key Audit Matters	How the matters were addressed in our report
	<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>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; 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 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 profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XIX of 2017), and are in agreement with the books of account;

- 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.

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

EY Ford Rhodes
Chartered Accountants

Date: 07 March 2024
Karachi
UDIN: AR202310191XvPpYdoNb

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 2023, the profit and loss account, the statement of comprehensive income, the statement of changes in fund and the cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the 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, confirm 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 2023 and of the profit and other comprehensive loss, 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 Management'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 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).

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

EY Ford Rhodes
Chartered Accountants

Date: 07 March 2024
Karachi
UDIN: AR202310191dlwo2QpGI

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 2023

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 2023 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 2023.

EY Ford Rhodes
Chartered Accountants

Date: 07 March 2024
Karachi
UDIN: CR202310191jrv61gBKU

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, 2023 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.

KAMRAN ARSHAD INAM
Managing Director & Chief Executive Officer

Karachi 28 February 2024

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 2023 (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 25 January 2024. 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 Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or 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 2023 is presented, in all material respects, in accordance with Takaful Rules, 2012.

EY Ford Rhodes
Chartered Accountants

Engagement Partner: Shaikh Ahmed Salman
Date: 07 March 2024
Karachi

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Unconsolidated Financial Statements

For the year ended 31 December 2023

Unconsolidated Statement of Financial Position As at 31 December 2023

Rupees '000

	Note	2023	2022
Assets			
Property and equipment	5	3 485 818	3 101 685
Intangible assets	6	–	–
Investment property	7	3 191 970	3 050 470
Investment in subsidiary	8	9 132 138	9 516 994
Investments			
Equity securities	9	3 565 490	2 718 022
Debt securities	10	12 982 564	11 923 983
Term deposits	11	896 684	551 692
Loans and other receivables	12	441 912	431 327
Insurance / reinsurance receivables	13	8 629 907	5 876 086
Reinsurance recoveries against outstanding claims	24	7 009 843	6 503 793
Salvage recoveries accrued		99 276	45 757
Deferred commission expense	25	1 491 266	1 111 775
Retirement benefit	18	43 955	–
Prepayments	14	12 525 940	8 551 868
Cash and bank	15	2 286 861	1 634 869
		<u>65 783 624</u>	<u>55 018 321</u>
Total assets of window takaful operations - Operator's Fund		<u>1 721 427</u>	<u>1 601 167</u>
Total assets		<u><u>67 505 051</u></u>	<u><u>56 619 488</u></u>
Equity and Liabilities			
Capital and reserves attributable to			
Company's equity holders			
Ordinary share capital	16	2 000 000	2 000 000
Reserves	17	15 674 047	15 099 111
Unappropriated profit		2 733 704	1 327 614
Total equity		20 407 751	18 426 725
Surplus on revaluation of property and equipment		1 139 550	1 133 089
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	24	10 774 706	10 368 176
Unearned premium reserve	23	19 546 386	14 167 219
Unearned reinsurance commission	25	302 821	201 585
Retirement benefit obligations	18	–	14 009
Deferred taxation	19	360 812	20 483
Premium received in advance		167 683	79 385
Insurance / reinsurance payables	20	9 472 269	7 683 702
Other creditors and accruals	21	3 804 028	3 766 305
Taxation - provision less payments		817 640	35 035
Total liabilities		<u>45 246 345</u>	<u>36 335 899</u>
		<u>66 793 646</u>	<u>55 895 713</u>
Total liabilities of window takaful operations - Operator's Fund		<u>711 405</u>	<u>723 775</u>
Total equity and liabilities		<u><u>67 505 051</u></u>	<u><u>56 619 488</u></u>
Contingencies and commitments	22		

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

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Director

ALTAF GOKAL
Chief Financial Officer

KAMRAN ARSHAD INAM
Managing Director &
Chief Executive Officer

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 February 2024

Unconsolidated Profit and Loss Account For the year ended 31 December 2023

Rupees '000

	Note	2023	2022
Net insurance premium	23	12 389 706	10 293 238
Net insurance claims	24	(5 123 388)	(5 600 092)
Net commission	25	(2 126 330)	(1 586 237)
Insurance claims and acquisition expenses		(7 249 718)	(7 186 329)
Management expenses	26	(3 491 120)	(3 037 369)
Underwriting results		1 648 868	69 540
Investment income	27	2 389 885	1 924 703
Rental income	28	125 289	124 712
Other income	29	677 978	241 283
Change in fair value of investment property	7	170 178	449 530
Other expenses	30	(248 095)	(81 387)
		3 115 235	2 658 841
Results of operating activities		4 764 103	2 728 381
Profit from window takaful operations - Operator's Fund	31	696 368	387 631
Profit before tax		5 460 471	3 116 012
Income tax expense	32		
Current year		(1 998 854)	(947 433)
Prior years		(180 006)	(162 857)
		(2 178 860)	(1 110 290)
Profit after tax		3 281 611	2 005 722
Earnings (after tax) per share - Rupees	33	16.41	10.03

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

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Director

ALTAF GOKAL
Chief Financial Officer

KAMRAN ARSHAD INAM
Managing Director &
Chief Executive Officer

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 February 2024

Unconsolidated Statement of Comprehensive Income For the year ended 31 December 2023

Rupees '000

	2023	2022
Profit after tax	3 281 611	2 005 722
Other comprehensive income		
Total items that may be reclassified subsequently to profit and loss account		
Change in fair value on available-for-sale investments during the year net of tax	582 262	(817 571)
Reclassification adjustments relating to available-for-sale investments disposed of during the year	108 565	95 644
Change in fair value on available-for-sale investments during the year of subsidiary company - net of tax	(82 751)	(179 695)
Total change in fair value on available-for-sale investments	608 076	(901 622)
Effect of translation of foreign branches - net of tax	53 061	82 744
Change in fair value on available for sale investment from window takaful operations - Operator's Fund (net of tax)	(2 959)	(1 727)
	658 178	(820 605)
Item not to be reclassified to profit and loss account in subsequent year:		
Actuarial gains / (losses) on defined benefit plans	45 982	(54 860)
Related deferred tax	(11 465)	20 221
	34 517	(34 639)
Other comprehensive income / (loss)	692 695	(855 244)
Total comprehensive income for the year	3 974 306	1 150 478

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

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Director

ALTAF GOKAL
Chief Financial Officer

KAMRAN ARSHAD INAM
Managing Director &
Chief Executive Officer

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 February 2024

Unconsolidated Cash Flow Statement For the year ended 31 December 2023

	2023	2022
Rupees '000		
Operating cash flows		
a) Underwriting activities		
Insurance premium received	35 835 129	28 126 209
Reinsurance premium paid	(22 882 244)	(15 229 166)
Claims paid	(7 863 622)	(6 649 622)
Reinsurance and other recoveries received	2 536 683	1 921 980
Commission paid	(2 690 319)	(2 229 917)
Commission received	581 102	370 092
Management expenses paid	(3 189 215)	(2 790 974)
Net cash flow from underwriting activities	2 327 514	3 518 602
b) Other operating activities		
Income tax paid	(1 333 861)	(1 014 695)
Other operating payments	(220 295)	(37 830)
Other operating receipts	163 461	616 194
Loans advanced	(1 245)	(4 121)
Loans repayments received	1 092	3 414
Net cash flow used in other operating activities	(1 390 848)	(437 038)
Total cash flow from all operating activities	936 666	3 081 564
Investment activities		
Profit / return received	2 238 543	1 358 658
Dividend received	994 984	953 800
Rentals received	98 586	120 668
Payment for investments / investment properties	(8 890 926)	(12 067 767)
Proceeds from investments / investment properties	7 686 958	9 268 652
Fixed capital expenditures	(492 826)	(346 944)
Proceeds from sale of property and equipment	100 914	62 270
Total cash flow from / (used in) investing activities	1 736 233	(650 663)
Financing activities		
Payments against lease liabilities	(52 174)	(52 005)
Dividends paid	(1 968 733)	(1 933 549)
Total cash flow used in financing activities	(2 020 907)	(1 985 554)
Net cash flow from all activities	651 992	445 347
Cash and cash equivalents at the beginning of year	1 634 869	1 189 522
Cash and cash equivalents at the end of year	2 286 861	1 634 869
Reconciliation to profit and loss account		
Operating cash flows	936 666	3 081 564
Depreciation expense	(290 655)	(259 082)
Financial charges expense	(12 045)	(13 128)
Profit on disposal of property and equipment	96 196	34 774
Profit on disposal of investments / investment properties	94 682	111 576
Rental income	125 289	124 712
Dividend Income	999 272	953 800
Other investment income	1 295 931	859 327
Profit on deposits	395 633	204 772
Other income	186 148	1 737
Change in fair value of investment properties	170 178	449 530
Increase in assets other than cash	7 403 095	6 703 123
Increase in liabilities other than borrowings	(8 815 147)	(10 634 614)
Profit after tax from conventional insurance operations	2 585 243	1 618 091
Profit from window takaful operations - Operator's Fund	696 368	387 631
Profit after tax	3 281 611	2 005 722

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

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Director

ALTAF GOKAL
Chief Financial Officer

KAMRAN ARSHAD INAM
Managing Director &
Chief Executive Officer

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 February 2024

Unconsolidated Statement of Changes in Equity For the year ended 31 December 2023

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 2022	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)
				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
Balance as at 01 January 2023	2 000 000	12 902	13 000 000	142 661	57 775	1 885 773	1 327 614	18 426 725
Total comprehensive income for the year ended 31 December 2023								
Profit after tax						(83 242)	3 364 853	3 281 611
Other comprehensive income				53 061	605 117	-	34 517	692 695
				53 061	605 117	(83 242)	3 399 370	3 974 306
Transferred from surplus on revaluation of property and equipment							6 720	6 720
Transactions with owners recorded directly in equity								
Final dividend for the year 2022 at the rate of Rs. 5.50 (55.00%) per share							(1 100 000)	(1 100 000)
1st Interim dividend paid for the year 2023 at the rate of Rs. 1.50 (15.00%) per share							(300 000)	(300 000)
2nd Interim dividend paid for the year 2023 at the rate of Rs. 1.50 (15.00%) per share							(300 000)	(300 000)
3rd Interim dividend paid for the year 2023 at the rate of Rs. 1.50 (15.00%) per share							(300 000)	(300 000)
Balance as at 31 December 2023	2 000 000	12 902	13 000 000	195 722	662 892	1 802 531	2 733 704	20 407 751

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

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Director

ALTAF GOKAL
Chief Financial Officer

KAMRAN ARSHAD INAM
Managing Director &
Chief Executive Officer

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 February 2024

Notes to the Unconsolidated Financial Statements For the year ended 31 December 2023

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 47 (2022: 53) branches in Pakistan including a branch in Export Processing Zone (EPZ).

- 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 following accounting standards, interpretations and amendments of IFRSs and the improvements to accounting standards which became effective for the current year.

Amendments to approved accounting standards

Definition of Accounting Estimates - IAS 8

Disclosure of Accounting Policies - IAS 1 and IFRS Practice Statement 2

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - IAS 12

International Tax Reform-Pillar Two Model Rules - IAS 12

These amendments had no or material impact on the Company's unconsolidated financial statements.

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

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Amendments	Effective date (annual periods beginning on or after)
Classification of Liabilities as Current or Non-current - Amendments to IAS 1 Non-current Liabilities with Covenants - Amendments to IAS 1	01-January-2024
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	01-January-2024
Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	01-January-2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized

The Company expects that such improvements to the standards will not have any material impact on the Company's unconsolidated financial statements in the period of initial application, except for IFRS 17.

SECP vide its SRO 1715 dated 21 November 2023 directed the application of IFRS 17 for the period commencing from 1 January 2026.

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF"). The key objectives of IFRS 17 are comparable recognition and measurement of contracts in the scope of the standard, the recognition of insurance service results based on the services provided to the policyholder and provision of disclosures that will enable the users of the financial statements to assess the impact of these contracts on the financial position, financial results and cash flows of the entity. The Company is currently in process of assessing the impact.

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

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

3. Summary of material accounting policies

The material accounting policies and method of computation adopted in preparation of unconsolidated financial statements are consistent to all years presented in these unconsolidated financial statements.

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.

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

3.1.1 Right of use assets

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 re-measurements 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 right-of-use asset or end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

3.1.2 Lease liability

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.

3.2 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 therein recognized in profit and loss account for the year.

3.3 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.

3.4 Commission

3.4.1 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.

3.4.2 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.

3.5 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.

3.5.1 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.

3.5.2 Insurance receivable

Receivables under insurance contracts are recognized when due, at the fair value of the consideration receivable. If there is objective evidence that the receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and recognizes it as impairment loss.

3.6 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>2023</u>	<u>2022</u>
– Fire and property damage	41 %	48 %
– Marine, aviation and transport	38 %	39 %
– Motor	49 %	50 %
– Others	57 %	58 %

3.7 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.

3.8 Segment reporting

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. 3.3.

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.

3.9 Revenue recognition

3.9.1 Premium

The revenue recognition policy for premiums is given under note 3.5.

3.9.2 Commission income

The revenue recognition policy for commission income is given under note 3.4.2.

3.9.3 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.

3.9.4 Dividend Income

Dividend income is recognized when right to receive such dividend is established.

3.10 Investments

- In subsidiary - available-for-sale
- In equity securities - available-for-sale
- In debt securities - available-for-sale
- In term deposits - held to maturity

3.10.1 Recognition

All investments are initially recognised at fair value of the consideration given and include transaction costs. 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 investments.

3.10.2 Measurement

3.10.2.1 Available-for-sale

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.

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.

3.10.2.2 Held to maturity

At the time of acquisition, investments with fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as held to maturity.

Subsequently, these are measured at amortized cost less provision for impairment in value, if any. Any premium paid or discount availed on acquisition of held to maturity investment is deferred and amortized over the term of investment using the effective yield.

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

3.11 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.

3.11.1 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.

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.

3.12 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.

3.12.1 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.

3.12.2 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.

3.13 Employees' retirement benefits

3.13.1 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.

3.13.2 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.

3.14 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.

3.15 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.

3.16 Compensated absences

The liability towards compensated absences accumulated by the employees is provided in the period in which they are earned.

3.17 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".

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	3.1.2
- Investment properties	3.2
- Premium deficiency reserve (liability adequacy test)	3.6
- Receivables related to insurance contracts	3.5.2
- Provision for outstanding claims (including IBNR)	3.11.1
- Taxation	3.12
- Employees' retirement benefits	3.13
- Contingencies	22

5. Property and equipment

		Rupees '000	
	Note	2023	2022
Operating assets	5.1	3 485 818	3 101 685
		<u>3 485 818</u>	<u>3 101 685</u>

5.1 Operating assets

Rupees '000

2023											
	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	1 572 614	-	-	70 416	1 643 030	0	-	-	-	-	1 643 030
Buildings	1 258 250	116 797	-	117 938	1 492 985	5	389 039	64 029	-	453 068	1 039 917
Right of use assets - building	200 457	31 867	(32 050)	-	200 274	lease term	90 538	41 875	(30 376)	102 037	98 237
Leasehold improvements	30 586	8 041	-	-	38 627	lease term	23 831	4 408	-	28 239	10 388
Furniture and fixtures	458 336	7 091	(201)	-	465 226	10	326 739	24 591	(184)	351 146	114 080
Office equipment	342 505	28 016	(2 151)	-	368 370	10	254 801	16 498	(1 634)	269 665	98 705
Computer equipment	128 536	31 236	(1 219)	-	158 553	30	103 238	17 263	(1 122)	119 379	39 174
Vehicles	896 420	269 778	(111 278)	-	1 054 920	20	597 833	121 991	(107 191)	612 633	442 287
	<u>4 887 704</u>	<u>492 826</u>	<u>(146 899)</u>	<u>188 354</u>	<u>5 421 985</u>		<u>1 786 019</u>	<u>290 655</u>	<u>(140 507)</u>	<u>1 936 167</u>	<u>3 485 818</u>

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	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>

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 below Rs. 50,000	201	184	17	50	Various
	<u>201</u>	<u>184</u>	<u>17</u>	<u>50</u>	
Office equipments (Negotiation)	437	348	89	230	Mr. Muhammad Hassan
	252	184	68	30	Mr. Kamran
	702	398	304	800	M/s Sticking Cotton
Written down value below Rs. 50,000	760	704	56	138	Various
	<u>2 151</u>	<u>1 634</u>	<u>517</u>	<u>1 198</u>	
Computers (Negotiation)	167	79	88	90	Mr. Murtaza Noorani- Ex-employee
Written down value below Rs. 50,000	1 052	1 043	9	536	Various
	<u>1 219</u>	<u>1 122</u>	<u>97</u>	<u>626</u>	
Vehicles (Negotiation)	1 885	943	942	1 850	M/s Honda Quaideen
	2 854	666	2 188	2 500	Mr. Malik Muhammad Parvez - Ex-employee
	97	19	78	75	Mr. Syed Muhammad Naseem Naqvi - Employee
	771	707	64	775	Mr. Mir Amjad Ali Moosvi - Employee
	1 355	1 129	226	1 500	Mr. Muhammad Naseem - Ex - employee
	1 922	1 698	224	2 325	Mr. Muhammad Arfeen - Employee
	1 114	947	167	1 350	Mr. Mazher Ali - Employee
	1 548	1 471	77	1 400	Mr. Shahid Raza kazmi Ex - employee
	852	753	99	1 050	Mr. Saifullah Ex-employee
Written down value below Rs. 50,000	98 880	98 858	22	86 215	Various
	<u>111 278</u>	<u>107 191</u>	<u>4 087</u>	<u>99 040</u>	
Total	<u>114 849</u>	<u>110 131</u>	<u>4 718</u>	<u>100 914</u>	
Right of use assets - building	<u>32 050</u>	<u>30 376</u>	<u>1 674</u>	<u>-</u>	Early termination

5.1.2 Land and Building are carried at revalued amount. The latest revaluation was carried out by independent valuer as on 31 December 2023, which resulted in surplus of Rs. 188 million (2022: Rs. 178 million). Had there been no revaluation, the carrying value of the revalued assets would have been as follows:

	Rupees '000	
	2023	2022
Land	81 664	81 664
Buildings	731 966	668 983

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 (2022: Rs. 59.57 million).

	Rupees '000	
	2023	2022
7. Investment property		
Opening net book value	3 050 470	2 599 970
Additions and capital improvements	2 822	970
Unrealized fair value gain	170 178	449 530
Disposal	(31 500)	-
Closing book value	<u>3 191 970</u>	<u>3 050 470</u>

Market value of these investment properties amounts to Rs. 3,192 million (2022: Rs. 3,050 million) based on a revaluation carried out by different valuer as at 31 December 2023 and revaluation gain of Rs. 170 million (2022: Rs. 450 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

	2023			2022		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Subsidiary						
Listed shares	13 632 235	(4 529 148)	9 103 087	13 445 926	(4 078 891)	9 367 035
Surplus on revaluation	-	-	29 051	-	-	149 959
	<u>13 632 235</u>	<u>(4 529 148)</u>	<u>9 132 138</u>	<u>13 445 926</u>	<u>(4 078 891)</u>	<u>9 516 994</u>

During the year, the Company acquired 954,965 shares of EFU Life Assurance Limited for Rs. 186.31 million (2022: 572,700 shares for Rs. 117.31 million).

Name	Year	Country of Incorporation	Rupees '000				% Interest Held
			Assets	Liabilities	Revenues	Profit	
EFU Life Assurance Limited	2023	Pakistan	210 203 902	203 254 559	36 403 845	2 066 238	47.31
EFU Life Assurance Limited	2022	Pakistan	178 446 672	172 098 122	38 471 291	1 692 118	46.35

9. Investment in equity securities - available-for-sale

Rupees '000

	2023			2022		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Related Party*						
Listed shares	402 778	(149 476)	253 302	396 299	(117 849)	278 450
Others						
Listed shares	2 175 779	(431 531)	1 744 248	2 158 262	(410 879)	1 747 383
Unlisted shares	15 216	(15 216)	–	15 216	(15 216)	–
	2 190 995	(446 747)	1 744 248	2 173 478	(426 095)	1 747 383
Surplus on revaluation	–	–	1 567 940	–	–	692 189
	<u>2 593 773</u>	<u>(596 223)</u>	<u>3 565 490</u>	<u>2 569 777</u>	<u>(543 944)</u>	<u>2 718 022</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	2023			2022		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Government Securities						
Pakistan Investment Bonds	9 297 209	–	9 297 209	8 994 569	–	8 994 569
Ijara Sukuks	2 699 465	–	2 699 465	2 592 228	–	2 592 228
Treasury Bills	1 331 398	–	1 331 398	944 243	–	944 243
	13 328 072	–	13 328 072	12 531 040	–	12 531 040
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
		240 637	(40 637)	200 000	–	200 000
Corporate Sukuks						
Others						
Dubai Islamic Bank Limited -Tier I	10.6	80 000	–	80 000	–	80 000
The Hub Power Company Limited	10.7	–	–	–	–	–
Dubai Islamic Bank Limited -Tier II	10.8	22 000	–	22 000	–	22 000
		102 000	–	102 000	–	102 000
Deficit on revaluation		–	–	(647 508)	–	(934 057)
		<u>13 670 709</u>	<u>(40 637)</u>	<u>12 982 564</u>	<u>(44 118)</u>	<u>11 923 983</u>

Rupees '000

	No. of Certificate		Face Value	Value of Certificate	
	2023	2022		2023	2022
10.1 New Allied Electronics Ltd.	–	2 000	5 000	–	–
10.2 Agritech Ltd. - 3rd Issue (B)	1 133	1 133	5 000	–	–
10.3 Agritech Ltd. - 3rd Issue (A)	7 000	7 000	5 000	–	–
10.4 Soneri Bank Limited	20 000	20 000	5 000	100 000	100 000
10.5 Habib Bank Limited	1 000	1 000	100 000	100 000	100 000
10.6 Dubai Islamic Bank Limited - Tier I	16 000	16 000	5 000	80 000	80 000
10.7 The Hub Power Company Limited	–	250	100 000	–	25 292
10.8 Dubai Islamic Bank Limited - Tier II	4 400	4 400	5 000	22 000	22 000
	<u>49 533</u>	<u>51 783</u>		<u>302 000</u>	<u>327 292</u>

Name of investment	Maturity year	Effective yield %	Profit payment	Face value	2023
5 Years Pakistan Investment Bonds	2024	11.52 to 13.35	Half yearly	8 321 500	7 691 687
3 months Treasury Bills	2024	15.59	On maturity	997 725	976 243
12 months Treasury Bills	2024	5.59	On maturity	420 000	354 181
2 Years Pakistan Investment Bonds	2025	17.15	Quarterly	424 500	420 043
3 Years Pakistan Investment Bonds	2026	16.5	Half yearly	400 000	358 229
5 Years GOP Ijara Sukuks	2027	22.19	Half yearly	2 682 500	2 725 578
10 Years Pakistan Investment Bonds	2028	13.35	Half yearly	200 000	154 471
					<u>12 680 432</u>

The amount of Pakistan Investment Bonds includes Rs. 235 million (2022: 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 (2022: Rs. 170 million).

Name of investment	Maturity year	Effective yield %	Profit payment	Face value	2023
Term Finance Certificates (TFCs) – quoted					
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
Dubai Islamic Bank Limited - Tier II	2032	17.51	Half yearly	22 000	22 132
					<u>102 132</u>
					<u>12 982 564</u>

* The term finance certificates are held under non-performing status and full provision has been made against these term finance certificates.

Name of investment	Maturity year	Effective yield %	Profit payment	Face value	Rupees '000 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	Rupees '000 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
					11 923 983

* The term finance certificates are held under non-performing status and full provision has been made against these term finance certificates.

	Note	2023	2022
11. Investment in term deposits			
Held to maturity			
Deposits maturing within 12 months			
Term deposits certificates - local currency	11.1 & 11.3	278 000	88 500
Term deposits certificates – foreign currency	11.2	618 684	463 192
		<u>896 684</u>	<u>551 692</u>

11.1 The rate of return on term deposit certificates issued by various banks ranges from 20.50 % to 21.22 % per annum (2022: 16.00 % per annum) depending on tenure. These term deposit certificates have maturities upto August 2024.

11.2 The rate of return on foreign currency term deposit certificates issued by various banks is 2.75 % per annum (2022: 0.85 % to 4.50 % per annum) depending on tenure. These term deposit certificates have maturities upto March 2024.

11.3 This includes an amount of Rs. 13 million (2022: Rs. 13 million) placed under lien with commercial banks against bank guarantees and credit facility of corporate credit cards.

Rupees '000

	Note	2023	2022
12. Loans and other receivables - considered good			
Loans to employees		2 853	2 700
Accrued investment income		367 694	315 983
Security deposits		14 128	19 154
Advances to suppliers		7 878	71 725
Advances to employees		3 306	6 027
Other receivables		46 053	15 738
		<u>441 912</u>	<u>431 327</u>
13. Insurance / reinsurance receivables - unsecured and considered good			
Due from insurance contract holders		8 573 072	5 869 227
Provision for impairment of receivables from insurance contract holders	13.1	(1 059)	(524)
		<u>8 572 013</u>	<u>5 868 703</u>
Due from other insurer / reinsurers		57 894	7 383
		<u>8 629 907</u>	<u>5 876 086</u>
13.1 Provision for impairment of receivables from insurance contract holders			
Balance as on 01 January		524	1 195
Provision / (reversal) during the year		535	(671)
Balance as on 31 December		<u>1 059</u>	<u>524</u>
14. Prepayments			
Prepaid reinsurance premium ceded	23	12 479 228	8 489 684
Software and hardware support services		1 424	1 201
Prepaid charges for vehicle tracking devices		33 637	51 499
Others		11 651	9 484
		<u>12 525 940</u>	<u>8 551 868</u>
15. Cash and bank			
Cash and cash equivalents			
Policy and revenue stamps, bond papers		36 666	36 587
Cash at bank			
Current accounts		283 722	136 857
Saving accounts	15.1 & 15.2	1 966 473	1 461 425
		<u>2 250 195</u>	<u>1 598 282</u>
		<u>2 286 861</u>	<u>1 634 869</u>
Cash and short term borrowing include following for the purposes of the cash flow statement:			
Cash and cash equivalents		<u>2 286 861</u>	<u>1 634 869</u>

15.1 The rate of return on saving accounts from various banks ranges from 14.50 % to 20.85 % per annum (2022: 14.50 % to 15.35 % per annum) depending on the size of average deposits.

15.2 This includes an amount of Rs. 26 million (2022: Rs. 45 million) under lien with commercial banks against bank guarantees.

16. Share capital

16.1 Authorized Capital

Number of shares '000		Rupees '000	
2023	2022	2023	2022
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	
2023	2022		2023	2022
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 2023, EFU Life Assurance Limited, a subsidiary undertaking, held Nil (2022: 4,680,961) ordinary shares of Rs. 10 each.

	Note	2023	2022
17. Reserves			
Capital reserve			
Reserve for exceptional losses	17.1	12 902	12 902
Revenue reserves			
General reserve		13 000 000	13 000 000
Revaluation reserve for unrealized loss on available-for-sale investments - net		662 892	57 775
Reserve for change in fair value of investment property - net		1 802 531	1 885 773
Exchange translation reserves		195 722	142 661
		15 674 047	15 099 111

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 2023 uses a discount rate of 15.75 % (2022: 14.50 %) for defined benefit obligation and plan assets. Basic salary and pension increases to average 12.75 % and 0.00 % (2022: 11.50 % and 0.00 %) respectively per annum in the long term.

Actuarial valuations were conducted using the Projected Unit Credit Method. The Company contributes to the pension and gratuity funds on the advice of the funds' actuary. The contributions are equal the current service cost with adjustment for any deficit. If there is a surplus, the Company takes a contribution holiday.

Rupees '000

	2023		2022	
	Pension	Gratuity	Pension	Gratuity
18.1 Reconciliation of the present value of defined benefit obligations				
At the beginning of the year	185 225	591 491	197 805	549 731
Current service cost	247	25 372	271	23 064
Interest cost	24 787	77 584	21 365	59 065
Remeasurement loss due to:				
Change in financial assumptions	2 310	–	(13 934)	–
Experience	2 224	12 113	3 763	31 873
Benefits paid	(28 555)	(112 850)	(24 045)	(72 242)
At the end of the year	<u>186 238</u>	<u>593 710</u>	<u>185 225</u>	<u>591 491</u>
18.2 Changes in fair value of plan assets				
At the beginning of the year	254 451	507 985	257 769	480 563
Interest income	34 882	68 092	28 317	55 088
Remeasurement gain / (loss) due to:				
Investment return	12 870	49 759	(8 566)	(24 592)
Contributions paid by Company	157	36 082	195	69 168
Contributions paid by employees	626	–	781	–
Benefits paid	(28 555)	(112 850)	(24 045)	(72 242)
At the end of the year	<u>274 431</u>	<u>549 068</u>	<u>254 451</u>	<u>507 985</u>
18.3 Charge to profit and loss account				
Service cost				
Current service cost	247	25 372	271	23 064
Employee contributions	(626)	–	(781)	–
Net interest (income) / cost	(10 095)	9 492	(6 952)	3 977
Chargeable in profit and loss account	(10 474)	34 864	(7 462)	27 041
18.4 Remeasurements recognized in other comprehensive income				
Change in financial assumptions	2 310	–	–	(13 934)
Experience on obligation	2 224	12 113	3 763	31 873
Investment return	(12 870)	(49 759)	8 566	24 592
Chargeable in statement of comprehensive income	(8 336)	(37 646)	(1 605)	56 465
Total defined benefit cost	<u>(18 810)</u>	<u>(2 782)</u>	<u>(9 067)</u>	<u>83 506</u>
18.5 (Asset) / liability on balance sheet *				
At the beginning of the year	(69 226)	83 506	(59 964)	69 168
Defined benefit cost	(18 810)	(2 782)	(9 067)	83 506
Contributions paid by Company	(157)	(36 082)	(195)	(69 168)
At the end of the year	<u>(88 193)</u>	<u>44 642</u>	<u>(69 226)</u>	<u>83 506</u>
Reconciliation				
Obligation	186 238	593 710	185 225	591 491
Plan assets	(274 431)	(549 068)	(254 451)	(507 985)
Net (asset) / liability on balance sheet	<u>(88 193)</u>	<u>44 642</u>	<u>(69 226)</u>	<u>83 506</u>

18.6 Historical data

Rupees '000

	2022	2021	2020	2019	2018
Pension					
Present value of defined benefit obligation	185 225	197 805	222 860	218 468	208 041
Fair value of plan assets	(254 451)	(257 769)	(267 126)	(246 073)	(232 183)
(Surplus) / deficit	<u>(69 226)</u>	<u>(59 964)</u>	<u>(44 266)</u>	<u>(27 605)</u>	<u>(24 142)</u>
Experience adjustment					
- Actuarial (loss) / gain on obligation	<u>3 763</u>	<u>(323)</u>	<u>(3 874)</u>	<u>(1 325)</u>	<u>2 058</u>
- Actuarial (loss) / gain on assets	<u>(8 566)</u>	<u>(11 931)</u>	<u>13 945</u>	<u>7 143</u>	<u>(14 850)</u>
Gratuity					
Present value of defined benefit obligation	591 491	549 731	511 467	448 210	426 035
Fair value of plan assets	(507 985)	(480 563)	(501 662)	(450 294)	(339 062)
Surplus / (deficit)	<u>83 506</u>	<u>69 168</u>	<u>9 805</u>	<u>(2 084)</u>	<u>86 973</u>
Remeasurements due to:					
- Actuarial (loss) / gain on obligation	<u>31 873</u>	<u>28 713</u>	<u>18 549</u>	<u>(13 557)</u>	<u>45 279</u>
- Actuarial (loss) / gain on assets	<u>(24 592)</u>	<u>(17 780)</u>	<u>26 721</u>	<u>13 926</u>	<u>(22 136)</u>

18.7 Composition of fair value of plan assets

Fund investments	Pension				Gratuity			
	2023		2022		2023		2022	
Debt	98%	269 244	97%	247 390	94%	515 747	95%	484 027
Equity	2%	5 789	2%	6 299	6%	31 354	5%	24 256
Cash	0%	512	1%	1 708	0%	2 125	0%	359
	100%	275 545	100%	255 397	100%	549 226	100%	508 642

The expected charge to pension and gratuity fund for the year 2023 amounts to Rs. 24 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	(33 569)	37 086
Salary	29 661	(27 154)
Pension	9 385	-
Weighted average duration of the plan is 5.4 years.		
Projected payments	Pension	Gratuity
Company contributions 2024	127	33 655
Benefit payments:		
2024	35 451	114 756
2025	34 773	89 517
2026	33 615	52 639
2027	32 682	80 728
2028	31 845	165 803
2029 - 2033	136 570	497 436

	Rupees '000	
	2023	2022
19. Deferred taxation		
Deferred debits arising in respect of		
Premium due but unpaid	(413)	(173)
Impairment of TFC	(15 848)	(14 559)
Defined benefit plan	(24 111)	(35 575)
Right to use asset	(6 895)	(5 396)
Impairment of available-for-sale equity securities	(1 998 895)	(1 525 639)
Deferred credits arising in respect of		
Unrealized gain on available-for-sale investments	370 298	30 980
Fair value of investment property	1 152 437	928 813
Revaluation of property and equipment	729 033	558 089
Accelerated tax depreciation	68 380	43 188
Effect of translation of foreign branch	86 826	40 755
	<u>360 812</u>	<u>20 483</u>
20. Insurance / reinsurance payables		
Reinsurance companies	9 029 081	7 066 722
Coinsurance companies	443 188	616 980
	<u>9 472 269</u>	<u>7 683 702</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.

		Rupees '000	
	Note	2023	2022
21. Other creditors and accruals			
Federal insurance fee payable		18 323	18 789
Federal excise duty and sales tax payable		198 961	504 791
Accrued expenses		315 275	301 981
Agent commission payable		863 717	568 352
Unearned rentals		48 558	74 344
Other deposits		1 418 139	1 699 486
Unclaimed dividends		506 352	475 085
Lease liability	21.1	102 981	113 201
Workers' welfare fund		152 875	-
Others		178 847	10 276
		<u>3 804 028</u>	<u>3 766 305</u>
21.1 Lease liability			
Current		34 989	41 350
Non-current		67 992	71 851
		<u>102 981</u>	<u>113 201</u>

Rupees '000

	2023			2022		
	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	37 765	2 776	34 989	43 085	1 735	41 350
Later than one year and not later than five years	65 449	16 423	49 026	65 494	14 831	50 663
Over five years	47 199	28 233	18 966	54 633	33 445	21 188
	<u>150 413</u>	<u>47 432</u>	<u>102 981</u>	<u>163 212</u>	<u>50 011</u>	<u>113 201</u>

22. Contingencies and commitments

The income tax assessment of the Company has been finalized up to the tax year 2023.

The Income Tax Department 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 has 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) 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 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 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) amended the tax assessment of the Company for the tax year 2005 to 2007 by disallowing prorated expenses. The Company had filed appeals before the Commissioner of Income Tax (Appeals). The appeals were decided in 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 High Court of Sindh. The High Court of Sindh maintained the decision of the Income Tax Appellate Tribunal (ITAT). The Department has filed appeals before the Supreme Court of Pakistan against the decision of the 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) 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 was decided in favour of the Company except addition made on account of the reinsurance premium ceded. The Company had 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 had 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 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 High Court of Sindh has issued orders in favour of the assesses on identical cases.

The Department has filed an appeal for tax years 2015 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. 200 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 appeals are 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 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 High Court of Sindh challenging the applicability of withholding tax provision on bonus shares received by the Company. The High Court of Sindh decided the case against the Company. Subsequently, the Company filed an appeal with a larger bench of the 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 2023 (31 December 2022: Nil).

	2023	2022
Rupees '000		
23. Net insurance premium		
Written gross premium	38 450 142	29 025 118
Add: Unearned premium reserve - opening	14 167 219	10 517 726
Less: Unearned premium reserve - closing	(19 546 386)	(14 167 219)
Premium earned	33 070 975	25 375 625
Less:		
Reinsurance premium ceded	24 670 813	18 103 073
Add: Prepaid reinsurance premium - opening	8 489 684	5 468 998
Less: Prepaid reinsurance premium - closing	(12 479 228)	(8 489 684)
Reinsurance expense	20 681 269	15 082 387
	<u>12 389 706</u>	<u>10 293 238</u>
24. Net insurance claim expense		
Claim Paid	7 810 103	6 680 734
Add: Outstanding claims including IBNR - closing	10 774 706	10 368 176
Less: Outstanding claims including IBNR - opening	(10 368 176)	(7 085 599)
Claims expense	8 216 633	9 963 311
Less:		
Reinsurance and other recoveries received	2 587 195	1 833 723
Add: Reinsurance and other recoveries in respect of outstanding claims - opening	(6 503 793)	(3 974 297)
Less: Reinsurance and other recoveries in respect of outstanding claims - closing	7 009 843	6 503 793
Reinsurance and other recoveries revenue	3 093 245	4 363 219
	<u>5 123 388</u>	<u>5 600 092</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.

						2023	Rupees '000
Accident year	2019 and prior	2020	2021	2022	(including IBNR)	Total	
Estimate of ultimate claims costs:							
– At end of accident year	11 170 675	7 040 966	8 543 736	11 723 775	9 254 838		
– One year later	10 200 873	6 017 883	7 306 943	10 943 965	–		
– Two years later	9 646 040	5 735 140	7 271 492	–	–		
– Three years later	9 405 110	5 564 938	–	–	–		
– Four years later	9 352 366	–	–	–	–		
Current estimate of cumulative claims	9 352 366	5 564 938	7 271 492	10 943 965	9 254 838	42 387 599	
Cumulative payments to date	7 972 425	5 360 755	6 217 788	8 041 521	4 020 404	31 612 893	
Liability recognized in statement of financial position	<u>1 379 941</u>	<u>204 183</u>	<u>1 053 704</u>	<u>2 902 444</u>	<u>5 234 434</u>	<u>10 774 706</u>	

24.2 The provision for IBNR on the basis of actuarial valuation carried out as at 31 December 2023 amounting to Rs. 386 million (2022: Rs. 292 million).

	Note	2023	Rupees '000 2022
25. Net commission expense			
Commission paid or payable		2 985 686	2 228 749
Add: Deferred commission expense - opening		1 111 775	772 985
Less: Deferred commission expense - closing		(1 491 266)	(1 111 775)
Net commission		2 606 195	1 889 959
Less:			
Commission received or recoverable		581 101	370 093
Add: Unearned reinsurance commission - opening		201 585	135 214
Less: Unearned reinsurance commission - closing		(302 821)	(201 585)
Commission from reinsurers		479 865	303 722
		<u>2 126 330</u>	<u>1 586 237</u>
26. Management expenses			
Salaries, wages and benefits	26.1	2 242 434	2 014 020
Bonus		155 348	151 081
Gratuity		30 195	22 982
Rent, rates and taxes		7 049	2 886
Telephone		23 981	24 353
Postage and telegram		11 736	11 348
Gas, electricity and fuel		91 111	70 379
Printing and stationery		71 201	47 946
Travelling, club and entertainment		150 888	93 065
Depreciation		271 015	241 682
Repair and maintenance		246 693	178 659
Publicity		25 947	20 266
Service charges		(81 434)	(93 776)
Bank charges and commission		8 022	4 102
Tracker monitoring		95 801	121 377
Bad debts		534	16 942
Inspection fee		12 883	12 394
Annual supervision fee of SECP		35 049	32 311
Training		5 819	4 768
Insurance		5 498	5 026
Levy to IAP		2 000	2 000
Business procurement		11 657	(1 722)
Security service		11 772	8 477
Meeting and conferences		22 547	28 831
Conveyance		18 140	13 716
Miscellaneous		15 234	4 256
		<u>3 491 120</u>	<u>3 037 369</u>

26.1 These include Rs. 35.47 million (2022: Rs. 34.35 million) being contribution for employees' provident fund.

	Note	2023	Rupees '000 2022
27. Investment income			
Income from subsidiary - available-for-sale			
Dividend income		696 554	688 222
Income from equity securities - available-for-sale			
Dividend income		302 717	265 578
Income from debt securities - available-for-sale			
Return on debt securities		1 672 027	1 211 976
Income from term deposits			
Return on term deposits		40 206	16 808
		2 711 504	2 182 584
Net realized gains / (losses) on investments available-for-sale financial assets			
Realized gains on:			
Equity securities		87 737	118 376
Realized losses on:			
Equity securities		–	(6 800)
		87 737	111 576
		2 799 241	2 294 160
Impairment in value of available-for-sale		(408 538)	(368 542)
Investment related expenses		(818)	(915)
		<u>2 389 885</u>	<u>1 924 703</u>
28. Rental income			
Rental income		204 823	187 618
Less: Expenses of investment property		(79 534)	(62 906)
		<u>125 289</u>	<u>124 712</u>
29. Other income			
Gain on sale of investment property		6 945	–
Gain on sale of property and equipment		96 196	58 505
Return on loans to employees		197	222
Exchange difference		7 196	(28 945)
Gain on early termination of lease agreements		283	6 729
Security deposit written off		171 528	–
Return on bank balances		395 633	204 772
		<u>677 978</u>	<u>241 283</u>
30. Other expense			
Legal and professional fee		19 747	15 784
Auditors' remuneration	30.1	11 132	7 572
Subscription to association		39 244	23 475
Charity and donations	30.2	13 052	21 428
Finance cost		12 045	13 128
Workers' welfare fund		152 875	–
		<u>248 095</u>	<u>81 387</u>
30.1 Auditors' remuneration			
Audit fee		4 300	3 520
Special certifications and sundry advisory services		4 968	13 217
Out-of-pocket expenses		1 864	835
		<u>11 132</u>	<u>17 572</u>

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	2023	2022
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	1 250	1 500

30.2.2 Donations to a single party exceeding Rs. 500 000

Name of donee	2023	2022
Memon Medical Institute	1 000	1 000
Saifyan Talim Trust	1000	-
SAARC Rehmatullah Benevolant Trust	950	-
Layton Rehmatullah Benevolant Trust	500	1 100
Citizens Foundation	500	500
Patients' Behbud Society for Aga Khan University Hospital	500	500
Bait ul Sukoon Cancer Hospital	500	500
Patient's Aid Foundation	500	-
Friends of Pink Ribbon (Women's Empowerment Group)	500	-

31. Profit from Window takaful operations - Operator's Fund

Wakala fee	1 164 096	941 037
Commission expense	(348 196)	(322 878)
General, administrative and management expenses	(420 006)	(399 223)
Modarib's share of PTF investment income	108 203	72 379
Investment income	202 284	91 614
Direct expenses	(23 185)	(1 076)
Other income	13 172	5 778
	<u>696 368</u>	<u>387 631</u>

32. Taxation

For current year		
Current	1 658 152	862 499
Deferred	(232 123)	(34 832)
Super tax	572 825	119 766
	1 998 854	947 433
For prior year(s)		
Super tax	179 649	162 565
Prior years tax	357	292
	<u>180 006</u>	<u>162 857</u>
	<u>2 178 860</u>	<u>1 110 290</u>

32.1 Relationship between tax expense and accounting profit

	Rupees '000	
	2023	2022
Profit before taxation	5 460 471	3 116 012
Tax at the applicable rate	1 583 537	903 643
Tax effects of permanent differences	3 529	5 835
Tax effects of change in tax rate	(161 037)	(81 811)
Prior years tax	180 006	162 857
Effect of super tax of current year	572 825	119 766
Total tax charged	2 178 860	1 110 290

33. Earnings per share

Profit (after tax) for the year	(Rupees '000)	3 281 611	2 005 722
Weighted average number of ordinary shares	(Numbers '000)	200 000	200 000
Earnings per share	(Rupees)	16.41	10.03

There are no dilutive potential ordinary shares outstanding as at 31 December 2023 (31 December 2022: 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:

	2023				2022			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
Fees	–	10 425	–	10 425	–	6 375	–	6 375
Managerial remuneration	38 818	–	572 527	611 345	43 080	–	492 353	535 433
Leave encashment	3 685	–	32 860	36 545	–	–	35 353	35 353
Bonus	7 500	–	85 705	93 205	–	–	79 885	79 885
Retirement benefits	1 081	–	32 403	33 484	–	–	32 193	32 193
Utilities	2 375	–	50 399	52 774	808	–	39 600	40 408
Medical expenses	549	–	23 218	23 767	952	–	17 114	18 066
Leave passage	2 000	–	8 500	10 500	–	–	5 418	5 418
Total	56 008	10 425	805 612	872 045	44 840	6 375	701 916	753 131
Number of persons	1	9	291	301	1	9	248	258

34.1 The Chief Executive Officer is provided with Company maintained cars, house rent and utilities, residence-furnishing allowance, reimbursement of servants and driver salaries, leave fare assistance, club bills, medical facility, group life cover and health insurance. 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 Chairman and Vice Chairman are provided with free use of Company maintained cars, furnished accommodations, medical insurance covers and residential utilities.

The Non-Executive Directors were paid Directors meeting fee of Rs. 10.4 million (2022: Rs. 6.4 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:

	2023	2022
Rupees '000		
Transactions		
Subsidiary Company		
Premium written	30 474	29 524
Premium paid	13 534	13 743
Claims paid	1 375	1 957
Dividend received	696 554	688 222
Dividend paid	32 766	46 810
Associated companies		
Premium written	66 591	209 001
Premium paid	28 568	25 870
Claims paid	21 327	168 759
Dividend paid	694 488	683 002
Dividend received	11 827	–
Bank deposit made / (withdrawn)	189 500	(200 000)
Key management personnel		
Premium written	465	883
Claims paid	642	168
Dividend paid	7 935	8 976
Compensation	248 795	240 935
Sale of vehicle to director	7 500	–
Others		
Premium written	86 469	82 004
Claims paid	193 867	16 580
Dividend paid	663 257	658 549
Dividend received	7 556	–
Brokerage paid	574	539
Employees' funds		
Contribution to provident fund	35 569	34 348
Contribution to gratuity fund	34 459	26 769
Contribution released to pension fund	(10 474)	(7 461)
Dividend paid	4 494	4 494
Balances		
Others		
Balances receivable	33 094	21 428
Balances payable	–	406
Bank deposits maturity within 12 months	278 000	88 500
Bank balances	707 200	417 141
Employees' funds receivable / (payable)		
EFU gratuity fund	(44 237)	(83 233)
EFU pension fund	88 192	69 224

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	47.31%
EFU Services (Pvt) Limited	Common Directorship	–
Jahangir Siddiqui & Company Limited	Common Directorship	2.15%
Pakistan International Bulk Terminal Limited	Common Directorship	–
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	–
EFU Health Insurance Limited	Common Directorship	–
Tourism Promotion Services (Pakistan) Limited	Common Directorship	–
Aga Khan University Foundation (Pakistan Branch) Geneva	Common Directorship	–
The Aga Khan Hospital & Medical College Foundation, Honorary Treasurer	Common Directorship	–
Institute of Financial Markets of Pakistan	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 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	0.26%
Azgard Nine	Associated Company	0.53%

36. Segment information

Rupees '000

Current year	For the year ended 31 December 2023					Total
	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	
Premium receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	31 509 946	5 755 400	4 712 435	2 337 073	-	44 314 854
Less: Sales tax	3 791 799	616 588	584 202	286 583	-	5 279 172
Stamp duty	449	198 529	1 161	1 022	-	201 161
Federal insurance fee	274 445	48 905	40 864	20 165	-	384 379
Gross written premium (inclusive of administrative surcharge)	27 443 253	4 891 378	4 086 208	2 029 303	-	38 450 142
Gross direct premium	27 408 053	4 834 941	3 919 856	1 999 726	-	38 162 576
Facultative inward premium	1 012	827	-	13 123	-	14 962
Administrative surcharge	34 188	55 610	166 352	16 454	-	272 604
Insurance premium earned	22 895 435	4 376 503	3 921 834	1 877 203	-	33 070 975
Insurance premium ceded to reinsurers	(17 576 004)	(2 391 706)	(38 217)	(675 342)	-	(20 681 269)
Net insurance premium	5 319 431	1 984 797	3 883 617	1 201 861	-	12 389 706
Commission income	407 546	24 539	29	47 751	-	479 865
Net underwriting income	5 726 977	2 009 336	3 883 646	1 249 612	-	12 869 571
Insurance claims	(4 880 234)	(887 220)	(1 805 419)	(643 760)	-	(8 216 633)
Insurance claims recovered from reinsurers	2 880 623	173 465	(1 231)	40 388	-	3 093 245
Net claims	(1 999 611)	(713 755)	(1 806 650)	603 372	-	(5 123 388)
Commission expense	(1 728 145)	(345 421)	(376 474)	(156 155)	-	(2 606 195)
Management expenses	(1 499 639)	(539 577)	(1 107 338)	(344 566)	-	(3 491 120)
Net insurance claims and expenses	(5 227 395)	(1 598 753)	(3 290 462)	(1 104 093)	-	(11 220 703)
Underwriting result	499 582	410 583	593 184	145 519	-	1 648 868
Net investment income						2 389 885
Rental income						125 289
Other income						677 978
Other expenses						(248 095)
Change in fair value of investment property						170 178
Profit from window takaful operations - Operator's Fund						696 368
Profit before tax						5 460 471

Rupees '000

As at 31 December 2023

Current year	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Total
Corporate segment assets	25 108 230	2 885 056	673 900	1 075 972	-	29 743 158
Corporate segment assets - Takaful OPF	223 056	24 064	335 880	18 336	-	601 336
Corporate unallocated assets						36 040 466
Corporate unallocated assets - Takaful OPF						1 120 091
Total assets						67 505 051
Corporate segment liabilities	31 538 645	4 289 178	2 900 614	3 817 284	-	42 545 721
Corporate segment liabilities - Takaful OPF	216 735	20 561	381 824	34 395	-	653 515
Corporate unallocated liabilities						2 700 624
Corporate unallocated liabilities - Takaful OPF						57 890
Total liabilities						45 957 750
Location						External premium less reinsurance by geographical segments 2023
Pakistan						12 361 161
EPZ *						28 545
Total						12 389 706

* This represents US Dollar Equivalent in Pak Rupees

Rupees '000

For the year ended 31 December 2022

Prior year	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Total
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
Prior 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

37. Movement in investment

Rupees '000					
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	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 losses)	–	(244 642)	(504 229)	(516 045)	(1 264 916)
Impairment losses	–		–	(368 228)	(368 228)
At beginning of current year	551 692	9 516 994	11 923 983	2 718 022	24 710 691
Additions	1 542 552	186 308	6 804 466	354 778	8 888 104
Disposals (sale and redemptions)	(1 197 560)	–	(6 032 434)	(330 782)	(7 560 776)
Fair value net gains / (losses) (excluding net realized gains / (losses))	–	(120 907)	286 549	781 753	947 395
Impairment (losses) / gains	–	(450 257)	–	41 719	(408 538)
At end of current year	896 684	9 132 138	12 982 564	3 565 490	26 576 876

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	2023				2022			
	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	70	47	77	57	69	46	74	51
Marine, aviation & transport	12	13	8	7	13	15	8	8
Motor	7	21	10	28	8	21	13	32
Miscellaneous	11	19	5	8	10	18	5	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	
	2023	2022
Fire and property damage	638 996 000	479 247 570
Marine aviation and transport	253 605 000	170 527 500
Motor	106 015	104 000
Miscellaneous	9 339 672	46 800 000

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	
	2023	2022	2023	2022
Impact of change in claim liabilities by +10 %				
Fire and property damage	(175 133)	(179 075)	(106 831)	(119 980)
Marine aviation and transport	(48 922)	(59 306)	(29 842)	(39 735)
Motor	(77 765)	(81 357)	(47 437)	(54 509)
Miscellaneous	(74 667)	(66 701)	(45 547)	(44 690)
	<u>(376 487)</u>	<u>(386 439)</u>	<u>(229 657)</u>	<u>(258 914)</u>
Impact of change in claim liabilities by -10 %				
Fire and property damage	175 133	179 075	106 831	119 980
Marine aviation and transport	48 922	59 306	29 842	39 735
Motor	77 765	81 357	47 437	54 509
Miscellaneous	74 667	66 701	45 547	44 690
	<u>376 487</u>	<u>386 439</u>	<u>229 657</u>	<u>258 914</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	
	2023	2022
Financial assets:		
Term deposits	896 684	551 692
Loans and other receivables	441 912	431 327
Insurance / reinsurance receivables	8 629 907	5 876 086
Reinsurance recoveries against outstanding claims	7 009 843	6 503 793
Cash and bank	2 286 861	1 634 869
Investment in debt securities	12 982 564	11 923 983
	<u>32 247 771</u>	<u>26 921 750</u>

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

Rupees '000

Rating	2023	2022
AAA	552 678	524 907
AA+	730 245	652 275
AA	162 221	1 067
AA-	709 325	417 713
A1+	91 912	–
A+	1	1
A-	11	2 319
A	3 802	–
	<u>2 250 195</u>	<u>1 598 282</u>

The credit quality of Company's investment in term finance certificates can be assessed with reference to external credit ratings as follows:

Rupees '000

Rating	Short Term	Rating Agency	2023	2022
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	A+	PACRA	100 000	100 000
Habib Bank Limited	AAA	VIS	100 000	100 000
Dubai Islamic Bank limited	A+	VIS	102 000	102 000
The Hub Power Company Limited	AA+	PACRA	–	25 292
			<u>346 118</u>	<u>371 410</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 2023, the premiums due but unpaid (other than impaired balances) includes amount receivable within one year and above one year amounting to Rs. 8,560 million (2022: Rs. 5,869 million) and Rs. 12 million (2022: 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:

Rupees '000

Rating	2023		2022	
	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)	57 423	6 278 924	7 284	5 776 568
B or above	412	635 947	98	608 566
Others	59	94 972	1	118 659
	<u>57 894</u>	<u>7 009 843</u>	<u>7 383</u>	<u>6 503 793</u>

As at 31 December 2023, the amounts due from insurers / reinsurers includes amount receivable within one year and above one year amounting to Rs. 56.243 million (2022: Rs. 7.38 million) and Rs. 1.651 (2022: 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

	2023		
	Carrying amount	Up to one year	Greater than one year
Financial liabilities:			
Outstanding claims including IBNR	10 774 706	10 774 706	–
Insurance / reinsurance payable	9 472 269	9 472 269	–
Other creditors and accruals	3 804 028	3 804 028	–
	<u>24 051 003</u>	<u>24 051 003</u>	<u>–</u>
	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>

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.

Maturity profile of financial assets and liabilities:

Rupees '000

	2023						
	Interest / mark-up bearing			Non-interest / non-mark-up bearing			
	Maturity upto one year	Maturity above one year	Sub total	Maturity upto one year	Maturity above one year	Sub total	Total
Financial assets							
Investment in subsidiary	-	-	-	-	9 132 138	9 132 138	9 132 138
Investments							
Equity securities	-	-	-	-	3 565 490	3 565 490	3 565 490
Debt securities	8 973 564	4 009 000	12 982 564	-	-	-	12 982 564
Term deposits	896 684	-	896 684	-	-	-	896 684
Loans and other receivables	2 853	-	2 853	439 059	-	439 059	441 912
Retirement benefits	-	-	-	-	43 955	43 955	43 955
Cash and bank deposit	1 966 473	-	1 966 473	320 388	-	320 388	2 286 861
Insurance / reinsurance receivables	-	-	-	8 629 907	-	8 629 907	8 629 907
Reinsurance recoveries against outstanding claims	-	-	-	7 009 843	-	7 009 843	7 009 843
	<u>11 839 574</u>	<u>4 009 000</u>	<u>15 848 574</u>	<u>16 399 197</u>	<u>12 741 583</u>	<u>29 140 780</u>	<u>44 989 354</u>
Financial liabilities							
Outstanding claims including IBNR	-	-	-	10 774 706	-	10 774 706	10 774 706
Insurance / reinsurance payables	-	-	-	9 472 269	-	9 472 269	9 472 269
Other creditors and accruals	-	-	-	3 804 028	-	3 804 028	3 804 028
	<u>-</u>	<u>-</u>	<u>-</u>	<u>24 051 003</u>	<u>-</u>	<u>24 051 003</u>	<u>24 051 003</u>
	2022						
	Interest / mark-up bearing			Non-interest / non-mark-up bearing			
	Maturity upto one year	Maturity above one year	Sub total	Maturity upto one year	Maturity above one year	Sub total	Total
Financial assets							
Investment in subsidiary	-	-	-	-	9 516 994	9 516 994	9 516 994
Investments							
Equity securities	-	-	-	-	2 718 022	2 718 022	2 718 022
Debt securities	2 961 451	8 962 532	11 923 983	-	-	-	11 923 983
Term deposits	551 692	-	551 692	-	-	-	551 692
Loans and other receivables	-	-	2 700	428 627	-	428 627	431 327
Cash and bank deposit	1 461 425	-	1 461 425	173 444	-	173 444	1 634 869
Insurance / reinsurance receivables	-	-	-	5 876 086	-	5 876 086	5 876 086
Reinsurance recoveries against outstanding claims	-	-	-	6 503 793	-	6 503 793	6 503 793
	<u>4 974 568</u>	<u>8 965 232</u>	<u>13 939 800</u>	<u>12 981 950</u>	<u>12 235 016</u>	<u>25 216 966</u>	<u>39 156 766</u>
Financial liabilities							
Outstanding claims including IBNR	-	-	-	10 368 176	-	10 368 176	10 368 176
Retirement benefits obligations	-	-	-	14 009	-	14 009	14 009
Insurance / reinsurance payables	-	-	-	7 683 702	-	7 683 702	7 683 702
Other creditors and accruals	-	-	-	3 766 305	-	3 766 305	3 766 305
	<u>-</u>	<u>-</u>	<u>-</u>	<u>21 832 192</u>	<u>-</u>	<u>21 832 192</u>	<u>21 832 192</u>

Sensitivity analysis

As on 31 December 2023, 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.

		Rupees '000
	Change in basis points	Effect on profit and loss before tax
		Effect on shareholders' equity
31 December 2023	100	19 665
	(100)	(19 665)
31 December 2022	100	14 614
	(100)	(14 614)

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. 12,698 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. 9,132 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 2023 and 2022. 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
31 December 2023	3 656 490	10 % increase	3 922 039	-	356 549
		10 % decrease	3 208 941	-	(356 549)
31 December 2022	2 718 022	10 % increase	2 989 824	-	182 107
		10 % decrease	2 446 220	-	(182 107)

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 2023								
	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	3 565 490				3 565 490	3 565 490		
Debt securities	12 982 564				12 982 564		12 982 564	
Investment in subsidiary	9 132 138				9 132 138	9 132 138		
Financial assets not measured at fair value								
Term deposits*			896 684		896 684			
Loans and other receivables*		441 912			441 912			
Insurance / reinsurance receivables*		8 629 907			8 629 907			
Reinsurance recoveries against outstanding claims*		7 009 843			7 009 843			
Cash and bank*			2 286 861		2 286 861			
Total assets of window takaful operations - Operator's fund*	957 785	495 211	89 736		1 542 732		957 785	
	26 637 977	16 576 873	3 273 281		46 488 131	12 697 628	13 940 349	
Financial liabilities not measured at fair value								
Outstanding claims including IBNR*				(10 774 706)	(10 774 706)			
Premium received in advance*				(167 683)	(167 683)			
Insurance / reinsurance payables*				(9 472 269)	(9 472 269)			
Other creditors and accruals*				(3 804 028)	(3 804 028)			
Total liabilities of window takaful operations - Operator's Fund*				(148 423)	(148 423)			
	26 637 977	16 576 873	3 273 281	(24 367 109)	22 121 022	12 697 628	13 940 349	-

* 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 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.

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 2023
Assets	
Lands and buildings	2 781 184
Furniture fixtures and office equipment	262 347
Vehicles	442 287
Property and equipment	3 485 818
Investment property	3 191 970
Investments in subsidiary	9 132 138
Investments	
Equity securities	3 565 490
Debt securities	12 982 564
Term deposits	896 684
	17 444 738
Loans and other receivables	2 853
Current Assets - Others	
Insurance / reinsurance receivables	8 572 013
Amounts due from other insurers/reinsurers	57 894
Salvage recoveries accrued	99 276
Reinsurance recoveries against outstanding claims	7 009 843
Accrued investment income	367 694
Retirement benefits	43 955
Deferred commission expenses	1 491 266
Prepayments	12 525 940
Security deposits	14 128
Other receivables	57 237
	30 239 246
Cash and bank	2 286 861
Total assets	65 783 624
Total assets of window takaful operations - Opertors' Fund	1 721 427
Total assets	67 505 051

Rupees '000

31 December
2023**In-admissible assets as per following clauses of section 32(2)
of the Insurance Ordinance, 2000**

Loans to employees	2 088
Premium due since more than three months	2 586 137
Deferred tax - Operators' fund	8 641
Bank deposits related to guarantees	1 418 139
Bank deposits related to liens	38 819
Shares in any one Company or any group of related companies	7 390 293
Vehicles, furnitures, fixtures, office equipments	704 634
Vehicles, furnitures, fixtures, office equipments - Operators' fund	6 487
Total of In-admissible assets	12 155 238
Total admissible assets	55 349 813

Total Liabilities**Underwriting provisions**

Outstanding claims including IBNR	10 774 706
Unearned premium reserves	19 546 386
Unearned reinsurance commission	302 821
Deferred taxation	360 812
Premium received in advance	167 683
Insurance / reinsurance payables	9 472 269
Taxation - payments less provision	817 640
Other creditors and accruals	3 804 028
Total liabilities	45 246 345
Total liabilities of window takaful operations - Operators' Fund	711 405
Total liabilities	45 957 750

Total net admissible assets

Minimum Solvency Requirement (higher of following)	3 495 204
Method A - U/s 36(3)(a)	150 000
Method B - U/s 36(3)(b)	3 495 204
Method C - U/s 36(3)(c)	3 311 442
Excess in net admissible assets over minimum requirements	5 896 859

40. Non-adjusting event after the financial statement date

The Board of Directors in its meeting held on 28 February 2024 have announced a final cash dividend in respect of the year ended 31 December 2023 of Rs. 5.50 per share, 55.00 % (2022: 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. 1,000 million (2022: Rs. Nil). These unconsolidated financial statements for the year ended 31 December 2023 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 2023 and 2022 are as follows.

	Rupees '000	
	2023	2022
At year end	1 077	1 128
Average during the year	1 100	1 146

42. Corresponding Figures

42.1 Corresponding figures have been 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 28 February 2024.

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Director

ALTAF GOKAL
Chief Financial Officer

KAMRAN ARSHAD INAM
Managing Director &
Chief Executive Officer

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 February 2024

A horizontal band with a teal background, featuring a geometric pattern of overlapping triangles and polygons in various shades of teal. The text is centered within this band.

Consolidated Financial Statements

For the year ended 31 December 2023

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. 76 billion (including Takaful of Rs. 10.8 billion), net premium was Rs. 48.8 billion and profit after tax was Rs. 4.2 billion. The consolidated Total Assets were Rs. 276 billion (31 December 2022: Rs. 235 billion) and consolidated Total Investments stood at Rs 212 billion (31 December 2022: Rs. 180 billion).

Movement of Reserves

	Rupees '000
	31 December 2023 (Audited)
Unappropriated profit brought forward (as previously reported)	106 701
Profit attributable to ordinary shares	3 391 308
Transferred to surplus on revaluation of property and equipment	29 974
Acquisition of Non-Controlling Interest (NCI) without a change in control	(103 508)
	<u>3 317 774</u>
Profit available for appropriations	3 424 475
Appropriations	
Cash dividend - Final 2022	(1 100 000)
Cash dividend - 1st Interim 2023	(300 000)
Cash dividend - 2nd Interim 2023	(300 000)
Cash dividend - 3rd Interim 2023	(300 000)
	<u>(2 000 000)</u>
Unappropriated Profit carried forward	<u>1 424 575</u>
Earnings per share (Rupees)	<u>16.37</u>

Economic Review

In the fiscal year 2023, Pakistan's economy contracted by 0.6 percent in real GDP. This downturn in economic activity is attributed to domestic and external shocks, climate change impact, geopolitical tensions, high gross financing requirements, heightened global commodity prices, and tightened global financing conditions. These factors collectively contributed to elevated inflation and volatility in the currency exchange rate. In response to these challenges, the State Bank of Pakistan (SBP) gradually raised the policy rate to 22%.

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Director

KAMRAN ARSHAD INAM
Managing Director &
Chief Executive Officer

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 February 2024

مجموعی مالیاتی حسابات پر شیئر ہولڈرز کیلئے ڈائریکٹرز کی رپورٹ

ہم بسمت ای ایف یوجیز انٹرنیشنل لمیٹڈ اور اپنے ذیلی ادارے ای ایف یولائف انٹرنیشنل کمپنی لمیٹڈ (ای ایف یولائف) کے مالیاتی حسابات کیجا کر کے پیش کر رہے ہیں۔

کارکردگی کا جائزہ

کیجا شدہ مجموعی تحریری پریمیئم ۶ بلین روپے (بشمول نکافل کے ۱.۸ بلین روپے) خالص پریمیئم ۳۸.۸ بلین روپے اور منافع بعد از ٹیکس ۳.۲ بلین روپے رہا۔ کیجا شدہ مجموعی اثاثہ جات ۲۷.۶ بلین روپے تھے (۳۱ دسمبر ۲۰۲۲ء: ۲۳.۵ بلین روپے) اور کیجا شدہ مجموعی سرمایہ کاری ۲۱۲ بلین روپے پر تھی (۳۱ دسمبر ۲۰۲۲ء: ۱۸۰ بلین روپے)۔

اثاثہ جات کی نقل و حمل

روپے ہزاروں میں

۳۱ دسمبر ۲۰۲۳ء
(آڈٹ شدہ)

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۱۶۰۳۷

آگے منتقل کئے جانے والے غیر مختص شدہ منافع (جیسا کہ پہلے رپورٹ کیا جا چکا ہے)

عمومی شیئرز سے منسوب منافع

پراپرٹی اور ایکویٹی کی ری ویلیویشن پر سرپلس سے منتقل شدہ

کنٹرول میں کسی تبدیلی کے بغیر نان-کنٹرولنگ انٹرسٹ (این سی آئی) کا حصول

مختص کردہ دستیاب منافع

مختص کردہ تناسب

نقد منافع منقسمہ - حتمی ۲۰۲۲ء

نقد منافع منقسمہ - پہلا عیوری ۲۰۲۳ء

نقد منافع منقسمہ - دوسرا عیوری ۲۰۲۳ء

نقد منافع منقسمہ - تیسرا عیوری ۲۰۲۳ء

آگے منتقل کیا جانے والا غیر مختص شدہ منافع

آمدنی فی شیئر (روپے)

اقتصادی جائزہ

مالیاتی سال ۲۰۲۳ء میں پاکستان کی معیشت حقیقی جی ڈی پی میں ۶.۶ فیصد کی کاٹکا رہی۔ معاشی سرگرمی میں یہ سست روی مقامی اور بیرونی طور پر اتار چڑھاؤ، موسمی صورتحال کے اثرات، خطے کے سیاسی مسائل، بلند تر مجموعی مالیاتی ضروریات، بلند تر عالمی اشیائے صرف اور سخت عالمی مالیاتی صورتحال سے منسوب کی جاسکتی ہے۔ یہ عناصر مشترکہ طور پر مہنگائی میں اضافے اور زرمبادلہ کے نرخوں میں اتار چڑھاؤ کا موجب بنے۔ ان بحرانوں اور چیلنجوں سے نمٹنے کیلئے اسٹیٹ بینک آف پاکستان (ایس بی پی) نے پالیسی ریٹ کو بتدریج ۲۲ فیصد تک بڑھایا۔

سیف الدین این۔ زومکوالا

چیئر مین

کراچی: ۲۸ فروری ۲۰۲۳ء

کامران ارشد انعام

چیئنگ ڈائریکٹر چیف ایگزیکٹو آفیسر

حسن علی عبداللہ

ڈائریکٹر

طاہر جی ساچک

ڈائریکٹر

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 2023, 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 material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the 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, confirm 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 2023 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 71% 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. 10,775 million, which represent 3.90% 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 25 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.
<p>3.</p>	<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. 4,825 million (after impairment), as at 31 December 2023 in relation to its Subsidiary Company.</p> <p>During the year, the Group has recognized an impairment of Rs. 363 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.
<p>4.</p>	<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 3.15 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.

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

EY Ford Rhodes
Chartered Accountants

Date: 07 March 2024
Karachi
UDIN: AR2023101912AbvWuNy3

Consolidated Statement of Financial Position As at 31 December 2023

Rupees '000

	Note	2023	2022
Assets			
Property and equipment	5	9 666 189	9 206 377
Intangible assets	6	5 570 969	6 051 090
Investment property	7	3 191 970	3 050 470
Investments			
Equity securities	8	28 598 567	23 291 856
Debt securities	9	175 305 523	141 556 899
Term deposits	10	8 405 112	14 978 121
Loans and other receivables	11	4 953 865	4 756 358
Insurance / reinsurance receivables	12	9 691 208	6 595 126
Reinsurance recoveries against outstanding claims	25	7 009 843	6 503 793
Salvage recoveries accrued		99 276	45 757
Deferred commission expense	26	1 491 266	1 111 775
Retirement benefit	19	43 955	–
Taxation - payments less provision		335 088	1 071 919
Prepayments	13	12 663 930	8 701 054
Cash and bank	14	7 341 653	6 193 736
		<u>274 368 414</u>	<u>233 114 331</u>
Total assets of window general takaful operations - Operator's Fund		1 721 427	1 601 167
Total assets		<u>276 089 841</u>	<u>234 715 498</u>
Equity and Liabilities			
Ordinary share capital	15	2 000 000	2 000 000
Reserves	16	15 625 981	14 952 263
Unappropriated profit		1 425 192	106 701
Equity attributable to equity holders of parent		19 051 173	17 058 964
Non-controlling interest	38	4 328 769	4 279 886
Total equity		<u>23 379 942</u>	<u>21 338 850</u>
Surplus on revaluation of property and equipment	17	2 266 140	2 343 385
Liabilities			
Insurance liabilities - life insurance business	18	196 524 888	166 382 685
Underwriting provisions - general insurance business			
Outstanding claims including IBNR	25	10 774 706	10 368 176
Unearned premium reserves	24	19 546 386	14 167 219
Unearned reinsurance commission	26	302 821	201 585
Retirement benefit obligations	19	–	14 009
Deferred taxation	20	3 954 208	2 932 554
Premium received in advance		1 940 090	1 281 718
Insurance / reinsurance payables	21	9 674 489	8 047 592
Other creditors and accruals	22	7 014 766	6 913 950
		<u>53 207 466</u>	<u>43 926 803</u>
Total liabilities		<u>249 732 354</u>	<u>210 309 488</u>
		<u>275 378 436</u>	<u>233 991 723</u>
Total liabilities of window general takaful operations - Operator's Fund		711 405	723 775
Total equity and liabilities		<u>276 089 841</u>	<u>234 715 498</u>
Contingencies and commitments	23		

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

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Director

ALTAF GOKAL
Chief Financial Officer

KAMRAN ARSHAD INAM
Managing Director &
Chief Executive Officer

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 February 2024

Consolidated Profit and Loss Account For the year ended 31 December 2023

Rupees '000

	Note	2023	2022
Net insurance premium	24	48 749 543	48 721 262
Net insurance claims	25	(37 244 683)	(31 116 685)
Net commission and other acquisition costs	26	(9 405 403)	(9 481 795)
Insurance claims and acquisition expenses		(46 650 086)	(40 598 480)
Management expenses	27	(7 353 243)	(6 134 439)
Underwriting result		(5 253 786)	1 988 343
Investment income	28	35 040 616	20 447 542
Net realized fair value gains on financial assets	29	289 080	207 791
Net fair value gains / (losses) on financial assets at fair value through profit and loss	30	5 949 453	(4 978 573)
Net change in insurance liabilities (other than outstanding claims)		(28 932 077)	(14 167 035)
Rental income	31	125 289	124 712
Other income	32	967 989	357 548
Change in fair value of investment property	7	170 178	449 530
Impairment of goodwill		(363 191)	(1 968 922)
Other expenses	33	(415 125)	(123 813)
		12 832 212	348 780
Results of operating activities		7 578 426	2 337 123
Profit from window general takaful operations - Operator's Fund	34	696 368	387 631
Profit before tax		8 274 794	2 724 754
Income tax expense	35		
Current period		(3 769 254)	(1 357 932)
Prior period		(341 356)	(241 011)
		(4 110 610)	(1 598 943)
Profit after tax		4 164 184	1 125 811
Profit attributable to:			
Equity holders of the parent		3 273 549	421 469
Non-controlling interest		890 635	704 342
		4 164 184	1 125 811
Earnings (after tax) per share - Rupees	36	16.37	2.11

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

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Director

ALTAF GOKAL
Chief Financial Officer

KAMRAN ARSHAD INAM
Managing Director &
Chief Executive Officer

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 February 2024

Consolidated Statement of Comprehensive Income For the year ended 31 December 2023

Rupees '000

	2023	2022
Profit after tax	4 164 184	1 125 811
Other comprehensive income		
Total items that may be reclassified subsequently to profit and loss account		
Change in fair value on available-for-sale investments during the year - net of tax	616 817	(849 063)
Reclassification adjustments relating to available-for-sale investments disposed of during the year	108 565	105 190
Total change in fair value for the year	725 382	(743 873)
Effect of translation of foreign branches - net of tax	53 061	82 744
Change in fair value from window takaful operations - Operator's Fund - net of tax	(2 959)	(1 727)
Other comprehensive income / (loss) for the year	775 484	(662 856)
Item not to be reclassified to profit and loss account in subsequent years:		
Actuarial losses on defined benefit plans	45 982	(54 860)
Related deferred tax	(11 465)	20 221
	34 517	(34 639)
Other comprehensive income / (loss) for the year	810 001	(697 495)
Total comprehensive income for the year	4 974 185	428 316
Total comprehensive income attributable to:		
Equity holders of the parent	4 065 026	(264 198)
Non-controlling interest	909 159	692 514
	4 974 185	428 316

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

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Director

ALTAF GOKAL
Chief Financial Officer

KAMRAN ARSHAD INAM
Managing Director &
Chief Executive Officer

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 February 2024

Consolidated Cash Flow Statement For the year ended 31 December 2023

Rupees '000

	2023	2022
Operating cash flows		
a) Underwriting activities		
Insurance premium / contribution received	74 401 752	67 886 338
Reinsurance premium / retakaful contribution paid	(23 658 814)	(16 163 200)
Claims paid	(40 129 844)	(32 845 858)
Reinsurance and other recoveries received	(1 703 519)	2 749 387
Commission paid	(2 690 319)	(6 948 931)
Commission received	581 102	370 092
Management expenses paid	(10 229 354)	(8 961 343)
Net cash flow (used in) / from underwriting activities	(3 428 996)	6 086 485
b) Other operating activities		
Income tax paid	(2 858 907)	(1 790 798)
Other operating payments	(38 608)	(569 211)
Other operating receipts	163 461	616 194
Loans advanced	(548 588)	(467 159)
Loans repayments received	588 566	493 594
Net cash flow used in other operating activities	(2 694 076)	(1 717 380)
Total cash flow (used in) / from all operating activities	(6 123 072)	4 369 105
Investment activities		
Profit / return received	33 096 177	17 343 280
Dividend received	3 001 859	2 882 844
Rentals received	98 586	120 668
Payment for investments / investment properties	(285 388 504)	(106 785 750)
Proceeds from investments / investment properties	253 611 797	76 047 400
Fixed capital expenditures	(1 395 491)	(708 400)
Proceeds from sale of property and equipment	344 094	155 240
Total cash flow from / (used in) investing activities	3 368 518	(10 944 718)
Financing activities		
Payments against lease liabilities	(243 351)	(232 971)
Dividends paid	(2 772 179)	(2 745 327)
Total cash flow used in financing activities	(3 015 530)	(2 978 298)
Net cash flow used in all activities	(5 770 084)	(9 553 911)
Cash and cash equivalents at beginning of the year	20 620 165	30 174 076
Cash and cash equivalents at end of the year	14 850 081	20 620 165
Reconciliation to profit and loss account		
Operating cash flows	(6 123 072)	4 369 105
Depreciation / amortization expense	(1 500 527)	(1 376 908)
Finance cost	(82 665)	(74 015)
Profit on disposal of property and equipment	314 993	98 982
Gain on disposal of investments / investment properties	383 762	319 367
Rental income	125 289	124 712
Dividend income	3 000 516	2 874 064
Other investment income	32 767 327	17 863 743
Profit on lease termination	21 094	5 755
Profit on deposits	395 633	204 772
Other income	215 629	30 032
Change in fair value of investment properties	170 178	449 530
Appreciation / (depreciation) in market value of investments	6 394 662	(4 416 119)
Impairment in the value of available-for-sale equity investments	(165 522)	(19 961)
Impairment of goodwill	(363 191)	(1 968 922)
Increase in assets other than cash	8 369 071	7 991 063
Increase in liabilities other than running finance	(40 455 361)	(25 737 020)
Profit after tax from conventional insurance operations	3 467 816	738 180
Profit from window takaful operations - Operator's Fund	696 368	387 631
Profit after tax	4 164 184	1 125 811

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

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Director

ALTAF GOKAL
Chief Financial Officer

KAMRAN ARSHAD INAM
Managing Director &
Chief Executive Officer

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 February 2024

Consolidated Statement of Changes in Equity For the year ended 31 December 2023

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 2022	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 loss				61 466	(733 772)	206 583	(13 361)	(685 667)	(11 828)	(697 495)
Transferred from surplus on revaluation of property and equipment on account of incremental depreciation - net of tax							18 904	18 904	19 310	38 214
Acquisition of NCI without a change in control							(72 280)	(72 280)	(45 030)	(117 310)
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)		(1 100 000)
Final dividend for the year 2021 at the rate of Rs. 10.50 (105.00%) per share									(569 302)	(569 302)
1st Interim dividend paid for the year 2022 at the rate of Rs. 1.50 (15.00%) per share							(300 000)	(300 000)		(300 000)
1st Interim dividend paid for the year 2022 at the rate of Rs. 1.50 (15.00%) per share									(81 091)	(81 091)
2nd Interim dividend paid for the year 2022 at the rate of Rs. 1.50 (15.00%) per share							(300 000)	(300 000)		(300 000)
2nd Interim dividend paid for the year 2022 at the rate of Rs. 1.50 (15.00%) per share									(80 815)	(80 815)
3rd Interim dividend paid for the year 2022 at the rate of Rs. 1.50 (15.00%) per share							(300 000)	(300 000)		(300 000)
3rd Interim dividend paid for the year 2022 at the rate of Rs. 1.50 (15.00%) per share									(80 570)	(80 570)
Other transfer within equity										
Transfer from general reserve			(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
Balance as at 01 January 2023	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
Total comprehensive income for the year ended 31 December 2023										
Profit after tax				53 061	703 899	(83 242)	3 356 791	3 273 549	890 635	4 164 184
Other comprehensive income				53 061	703 899	(83 242)	34 517	791 477	18 524	810 001
Transferred from surplus on revaluation of property and equipment on account of incremental depreciation- net of tax							29 974	29 974	26 687	56 661
Acquisition of NCI without a change in control							(102 791)	(102 791)	(83 517)	(186 308)
Transactions with owners recorded directly in equity										
Final dividend for the year 2022 at the rate of Rs. 5.50 (55.00%) per share							(1 100 000)	(1 100 000)		(1 100 000)
Final dividend for the year 2022 at the rate of Rs. 10.50 (105.00%) per share									(563 304)	(563 304)
1st Interim dividend paid for the year 2023 at the rate of Rs. 1.50 (15.00%) per share							(300 000)	(300 000)		(300 000)
1st Interim dividend paid for the year 2023 at the rate of Rs. 1.50 (15.00%) per share									(80 377)	(80 377)
2nd Interim dividend paid for the year 2023 at the rate of Rs. 1.50 (15.00%) per share							(300 000)	(300 000)		(300 000)
2nd Interim dividend paid for the year 2023 at the rate of Rs. 1.50 (15.00%) per share									(80 165)	(80 165)
3rd Interim dividend paid for the year 2023 at the rate of Rs. 1.50 (15.00%) per share							(300 000)	(300 000)		(300 000)
3rd Interim dividend paid for the year 2023 at the rate of Rs. 1.50 (15.00%) per share									(79 600)	(79 600)
Balance as at 31 December 2023	2 000 000	12 902	13 000 000	195 722	614 826	1 802 531	1 425 192	19 051 173	4 328 769	23 379 942

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

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Director

ALTAZ GOKAL
Chief Financial Officer

KAMRAN ARSHAD INAM
Managing Director &
Chief Executive Officer

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 February 2024

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

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 47 (2022: 53) branches in Pakistan including a branch in Export Processing Zone (EPZ).

1.2.2 EFU Life Assurance Limited (Subsidiary Company)

EFU Life Assurance Limited with 47.31 % 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 1, 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 during the current year

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Amendments	Effective date (annual periods beginning on or after)
Classification of Liabilities as Current or Non-current - Amendments to IAS 1 Non-current Liabilities with Covenants - Amendments to IAS 1	01-January-2024
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	01-January-2024
Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	01-January-2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized

The Group expects that such improvements to the standards will not have any material impact on the Group's consolidated financial statements in the period of initial application, except for IFRS 17.

SECP vide its SRO 1715 dated 21 November 2023 directed the application of IFRS 17 for the period commencing from 1 January 2026.

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF"). The key objectives of IFRS 17 are comparable recognition and measurement of contracts in the scope of the standard, the recognition of insurance service results based on the services provided to the policyholder and provision of disclosures that will enable the users of the financial statements to assess the impact of these contracts on the financial position, financial results and cash flows of the entity. The Group is currently in process of assessing the impact.

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

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

3. Summary of material accounting policies

The material accounting policies and method of computation adopted in preparation of consolidated financial statements are consistent to all years presented in these consolidated financial statements.

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.

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

3.4.1 Right of use assets

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 re-measurements 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 right-of-use asset or end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

3.4.2 Lease liability

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 Group. 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.

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.

3.6 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.

3.7 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 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 Holding 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.

3.7.2 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 Subsidiary 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.

3.9.1 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.

3.9.2 Insurance receivable

Receivables under insurance contracts are recognized when due, at the fair value of the consideration receivable. If there is objective evidence that the receivable is impaired, the Holding Company reduces the carrying amount of the receivable accordingly and recognizes it as impairment loss.

3.10 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.

3.11 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.

3.12 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.

3.13 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.

3.14 Revenue recognition

3.14.1 Premium

3.14.1.1 The Holding Company

The revenue recognition policy for premiums is given under note 3.9.

3.14.1.2 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.

3.14.1.3 Experience refund of premium payable to policyholders except for individual life unit linked is included in outstanding claims.

3.14.1.4 Reinsurance expense is recognised as a liability in accordance with the treaty arrangement of reinsurers.

3.14.2 Commission income

The revenue recognition policy for commission income is given under note 3.8.2

3.14.3 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.

3.14.4 Dividend Income

Dividend income is recognized when right to receive such dividend is established.

3.15 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

3.15.1 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.

3.15.2 Measurement

3.15.2.1 Available-for-sale

Investment related to non-unit linked fund subsequently measured at fair value and the difference is charged to statement of comprehensive income under the heading 'Available for sale'.

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.

3.15.2.3 Held to maturity

Investment classified as held-to-maturity are subsequently measured at amortized cost less impairment, if any, taking into account any discount and premium on acquisition, using the effective rate of interest method.

3.15.2.4 Fair value through profit and loss

Investments in equity 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 is charged to statement of profit and loss account under the heading 'Fair value through profit or loss'.

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.

3.15.2.5 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).

3.16 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.

3.16.1 Provision for outstanding claims (including IBNR)

Holding Company

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.

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.

Subsidiary Company

A liability for outstanding claims is recognised in respect of all claims incurred up to the balance sheet date, except for accident and health claims which are recognised as soon as reliable estimates of the claim amount can be made. Claims where intimation of the event giving rise to the claim is received or in respect of investment linked business when the policy ceases to participate in the earnings of the statutory fund are reported as claims in the revenue account. The liability for claims incurred but not reported at the yearend is determined by the appointed actuary and are included in the policyholders' liabilities. Experience refund of premium calculated by appointed actuary is included in outstanding claims. Experience refund of premium receivable from reinsurers is included in the reinsurance recoveries of claim.

3.17 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.

3.17.1 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.

3.17.2 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.

3.18 Employees' retirement benefits

3.18.1 Holding Company

3.18.1.1 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.

3.18.1.2 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.

3.18.2 Subsidiary Company

3.18.2.1 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.

3.18.2.2 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.

3.19 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 Holding Company and Window Takaful Operations - General Takaful Operators' Fund to the various revenue accounts on equitable basis.

3.21 Commission from reinsurers

The revenue recognition policy for commission from reinsurer is given under note 3.14.

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 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.

3.25 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.

3.26 Material accounting policies - Window family takaful operations - Subsidiary Company

3.26.1 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.

3.26.2 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.

3.26.3 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.

3.26.4 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.

3.26.5 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.

3.26.6 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.

3.26.7 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
– Receivables related to insurance contracts	3.9.2
– Premium deficiency reserve (liability adequacy test)	3.10
– Provision for outstanding claims (including IBNR)	3.16.1
– Taxation	3.17
– Employees' retirement benefits	3.18
– Policyholder liability and underlying actuarial assumptions	3.24
– Contingencies	23

5. Property and equipment

		Rupees '000				
	Note	2023 2022				
Operating assets	5.1	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-bottom: 1px solid black; text-align: right;">9 666 189</td> <td style="width: 50%; border-bottom: 1px solid black; text-align: right;">9 206 377</td> </tr> <tr> <td style="border-bottom: 3px double black; text-align: right;">9 666 189</td> <td style="border-bottom: 3px double black; text-align: right;">9 206 377</td> </tr> </table>	9 666 189	9 206 377	9 666 189	9 206 377
9 666 189	9 206 377					
9 666 189	9 206 377					

5.1 Operating assets

Rupees '000

2023											
	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	2 781 614	-	-	500 316	3 281 930	0	-	-	-	-	3 281 930
Buildings	5 253 787	116 797	-	(178 812)	5 191 772	5	1 054 576	264 022	-	1 318 598	3 873 174
Right of use assets - building	1 303 456	248 629	(92 849)	-	1 459 236	Lease Term	626 117	197 890	(31 602)	792 405	666 831
Leasehold improvements *	396 128	16 432	-	-	412 560	Lease Term	282 783	52 671	-	335 454	77 106
Furniture and fixtures	731 528	9 909	(201)	-	741 236	10	448 420	51 895	(184)	500 131	241 105
Office equipments	667 821	58 912	(2 151)	-	724 582	10	416 265	53 264	(1 634)	467 895	256 687
Computers	642 301	481 686	(1 219)	-	1 122 768	30	453 486	174 715	(1 122)	627 079	495 689
Vehicles	1 832 478	394 325	(396 792)	-	1 830 011	20	1 121 089	303 577	(368 322)	1 056 344	773 667
	<u>13 609 113</u>	<u>1 326 690</u>	<u>(493 212)</u>	<u>321 504</u>	<u>14 764 095</u>		<u>4 402 736</u>	<u>1 098 034</u>	<u>(402 864)</u>	<u>5 097 906</u>	<u>9 666 189</u>

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)	-	-	33.33	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>

5.1.2 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	201	184	17	50	Various
	<u>201</u>	<u>184</u>	<u>17</u>	<u>50</u>	
Office equipments (Negotiation)	252	184	68	30	Mr. Kamran
	437	348	89	230	Mr. Muhammad Hassan
	702	398	304	800	M/s Stiching Cotton
Written down value below Rs. 50 000	760	704	56	138	Various
	<u>2 151</u>	<u>1 634</u>	<u>517</u>	<u>1 198</u>	
Computers (Negotiation)	167	79	88	90	Mr. Mushtaq Ahmed Khan Barakzai
Written down value below Rs. 50 000	1 052	1 043	9	536	Various
	<u>1 219</u>	<u>1 122</u>	<u>97</u>	<u>626</u>	
Vehicles (Negotiation)	97	19	78	75	Mr. Syed Muhammad Naseem Naqvi
	771	707	64	775	Mr. Mir Amjad Ali Moosvi
	852	753	99	1 050	Mr. Saifullah Ex-employee
	1 104	994	110	828	Mr. M. Faisal
	1 104	994	110	819	Mr. Irfan Abbas
	1 114	947	167	1 350	Mr. Mazher Ali
	1 270	1 143	127	1 675	Mr. Sabir Ali
	1 270	1 207	63	1 675	Mr. Aqeel Iftikhar
	1 355	1 129	226	1 500	Mr. Muhammad Naseem
	1 391	1 252	139	611	Mr. Salman Zaheer
	1 391	1 321	70	1 950	Mr. M. Akram
	1 406	843	563	1 194	Mr. M. Hassan
	1 406	843	563	1 194	Mr. Imran Mehdi
	1 406	843	563	1 194	Mr. Ammar Zaheer
	1 406	843	563	1 194	Mr. Moiz Ahmed Khan
	1 406	843	563	1 194	Mr. Adnan Qadeer
	1 483	1 038	445	1 925	Mr. Shoukat Ali
	1 498	899	599	1 070	Mr. Ameer A Mohd
	1 541	1 464	77	2 100	Mr. M. Imran
	1 548	1 471	77	1 400	Mr. Shahid Raza kazmi
	1 571	1 335	236	952	Mr. Farrukh Hassan
	1 571	1 492	79	1 165	Mr. Zain Ibrahim
	1 573	1 416	157	1 195	Mr. M. Ali Ahmed
	1 597	799	798	2 250	Mr. Azeem Aslam
	1 605	963	642	1 346	Mr. Irfan Qadi
	1 608	1 126	482	2 300	Mr. Ali Ather

Category of Assets (Mode of disposal)	Rupees '000				Sold to
	Original cost	Accumulated depreciation	Book value	Sale proceeds	
	1 620	972	648	1 371	Mr. Adnan Wali
	1 620	972	648	1 371	Mr. Akbar Qazalbash
	1 671	1 504	167	1 165	Mr. Shahid Abbas
	1 691	1 184	507	1 254	Mr. Mustafa Hussainali
	1 743	1 656	87	2 385	Mr. Abdul Rasheed Vehvar
	1 803	1 623	180	2 300	Mr. Bhesham Kumar
	1 883	847	1 036	2 800	Mr. Rafay Ali
	1 885	943	942	1 850	M/s Honda Quaideen
	1 905	1 334	571	1 619	Mr. Arsalan Sabir
	1 922	1 698	224	2 325	Mr. Muhammad Arfeen
	1 933	1 160	773	194	Mr. Malik Azhar
	1 943	1 846	97	1 360	Mr. Aulim Solangi
	2 072	1 243	829	1 770	Mr. Akhtar
	2 210	1 105	1 105	1 980	Mr. Husein Sachak
	2 695	1 348	1 347	2 352	Mr. Zia Ur Rehman
	2 807	1 544	1 263	2 314	Mr. Zahny Amlany
	2 854	666	2 188	2 500	Mr. Malik Muhammad Parvez
	3 015	1 809	1 206	2 508	Mr. Fawad Habib
	3 015	1 809	1 206	2 501	Mr. Rehan Siddiq
	3 917	2 154	1 763	3 380	Mr. Raza Hassan
	4 090	2 310	1 780	3 100	Mr. Arshad Iqbal
	4 905	2 943	1 962	3 929	Mr. Ali Qureshi
	5 156	4 898	258	3 737	Mr. Ali Ameen
Written down value below Rs. 50 000	<u>304 093</u>	<u>304 070</u>	<u>23</u>	<u>258 174</u>	Various
	<u>396 792</u>	<u>368 322</u>	<u>28 470</u>	<u>342 220</u>	
	<u>400 363</u>	<u>371 262</u>	<u>29 101</u>	<u>344 094</u>	
Right of use assets	<u>92 849</u>	<u>31 602</u>	<u>61 247</u>	<u>-</u>	Lease termination
	<u>493 212</u>	<u>402 864</u>	<u>90 348</u>	<u>344 094</u>	

6. Intangible assets

Rupees '000

		2023										
		Cost				Amortization / Impairment					Written down value	
Note		As at 01 January	Additions	(Disposals) / Impairment	Revaluation	As at 31 December	Rate %	As at 01 January	For the year	(Disposals) / Impairment	As at 31 December	As at 31 December
	Computer softwares	145 671	207 358	-	-	353 029	33	142 255	20 649	-	162 904	190 125
6.1	Goodwill	7 157 434	-	-	-	7 157 434		1 968 922	-	363 191	2 332 113	4 825 321
6.2	Goodwill - Hello Doctor	-	78 205	-	-	78 205		-	-	-	-	78 205
	Customer relationships	2 672 921	-	-	-	2 672 921	14.29	1 813 759	381 844	-	2 195 603	477 318
		<u>9 976 026</u>	<u>285 563</u>	<u>-</u>	<u>-</u>	<u>10 261 589</u>		<u>3 924 936</u>	<u>402 493</u>	<u>363 191</u>	<u>4 690 620</u>	<u>5 570 969</u>

Rupees '000

2022

	Note	Cost				Rate %	Amortization / Impairment				Written down value	
		As at 01 January	Additions	(Disposals) / Impairment	Revaluation		As at 31 December	As at 01 January	For the year	(Disposals) / Impairment	As at 31 December	As at 31 December
		Computer softwares		145 671	-		-	-	145 671	33	127 295	14 960
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>396 804</u>	<u>1 968 922</u>	<u>3 924 936</u>	<u>6 051 090</u>

6.1 The management has carried out an annual impairment assessment for goodwill at reporting date. For this purpose, the management has used the fair value less cost to sale as recoverable amount of the underline CGU. As a result of impairment assessment, the management identified an impairment of Rs. 363 million (2022: Rs. 1,969) in the carrying value of goodwill as of reporting date.

6.2 During the year Subsidiary Company has acquired call centre operations and Telemedicine Setup (the Business Segment) of Hello Doctor Pvt Limited via "Business Purchase Agreement".

International Financial Reporting Standard 3, (IFRS 3) "Business Combinations", requires that all identified assets and liabilities acquired in a business combination should be carried at fair values in the acquirer's balance sheet and any intangible assets acquired in the business combination are required to be separately recognized and carried at fair values. Such valuation exercise is not yet complete and therefore this acquisition is being reported on the basis of provisional valuation.

The acquisition has been accounted for by applying the purchase method in accordance with the requirements of IFRS 3 'Business Combinations'. IFRS 3 allows the acquirer a maximum period of one year from the date of acquisition to finalize the accounting for business combination. Identified assets acquired, liabilities assumed or incurred have been carried at the fair value as at the acquisition date. The fair valuation exercise will be completed within the period of one year as allowed under IFRS 3. Any adjustment arising at the time of finalization of this exercise will be incorporated with retrospective effect from the date of acquisition.

Details of the provisional fair values of the assets acquired, liabilities assumed and purchase consideration and the resultant goodwill recognized are as follows:

	Rupees '000
Software	207 358
Office equipment	14 437
Purchase Consideration	
Consideration Paid	100 000
Consideration Payable	200 000
Excess of purchase consideration over net assets	<u>78 205</u>

	2023	2022
7. Investment property		
Opening net book value	3 050 470	2 599 970
Additions and capital improvements	2 822	970
Unrealized fair value gain	170 178	449 530
Disposal	(31 500)	-
Closing net book value	<u>3 191 970</u>	<u>3 050 470</u>

Market value of these investment properties amounts to Rs. 3,192 million (2022: Rs. 3,050 million) based on a revaluation carried out by different valuer as at 31 December 2023 and revaluation gain of Rs. 170 million (2022: Rs. 450 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

	2023			2022		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
At available-for-sale						
Related Party *						
Listed shares	607 000	(319 416)	287 584	600 521	(180 052)	314 051
Mutual funds	841 552	–	841 552	523	–	523
	1 448 552	(319 416)	1 129 136	601 044	(180 052)	314 574
Others						
Listed shares	2 220 530	(431 531)	1 788 999	2 346 383	(549 973)	1 796 410
Unlisted shares	192 319	(191 811)	508	30 927	(30 419)	508
Mutual funds	4 894	–	4 894	183 034	(32 361)	150 673
	2 417 743	(623 342)	1 794 401	2 560 344	(612 753)	1 947 591
Surplus on revaluation	–	–	1 633 256	–	–	725 116
	3 866 295	(942 758)	4 556 793	3 161 388	(792 805)	2 987 281
At fair value through profit and loss -designated upon initial recognition						
Related Party *						
Listed shares	36 609	–	89 984	476 556	–	496 431
Mutual funds	1 783 199	–	1 848 311	158 817	–	143 459
	1 819 808	–	1 938 295	635 373	–	639 890
Others						
Listed shares	18 815 772	–	22 101 372	23 979 659	–	19 579 186
Mutual funds	989	–	2 107	74 062	–	85 499
	18 816 761	–	22 103 479	24 053 721	–	19 664 685
	20 636 569	–	24 041 774	24 689 094	–	20 304 575
	24 502 864	(942 758)	28 598 567	27 850 482	(792 805)	23 291 856

* 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	2023			2022		
		Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Held to maturity	9.1						
Government securities		10 770 744	–	10 770 744	9 189 216	–	9 189 216
Available-for-sale	9.2						
Government securities		13 328 072	–	13 328 072	12 531 040	–	12 531 040
Term Finance Certificate		240 637	(40 637)	200 000	244 118	(44 118)	200 000
Corporate Sukuks		102 000	–	102 000	127 000	–	127 000
Deficit on revaluation		–	–	(647 508)	–	–	(934 057)
		13 670 709	(40 637)	12 982 564	12 902 158	(44 118)	11 923 983
Fair value through profit and loss (Designated-upon initial recognition)	9.3						
Government securities		143 144 957	–	143 144 957	113 403 106	–	112 140 361
Term Finance Certificates		5 592 836	–	5 592 836	4 948 393	–	4 948 393
Corporate Sukuks		1 870 922	(37 500)	1 833 422	2 320 197	(37 500)	2 282 697
Certificates of investment		981 000	–	981 000	1 072 249	–	1 072 249
		151 589 715	(37 500)	151 552 215	121 743 945	(37 500)	120 443 700
		176 031 168	(78 137)	175 305 523	143 835 319	(81 618)	141 556 899

9.1 Held to maturity

Name of investment	2023				
	Maturity year	Effective yield %	Amortized cost	Principal repayments	Carrying value
02 Years Pakistan Investment Bond	2024	21.28	124 403	125 000	124 403
05 Years Pakistan Investment Bond	2026	10.50	359 217	400 000	359 217
05 Years Pakistan Investment Bond	2028	22.86	2 650 567	2 742 700	2 650 567
10 Years Pakistan Investment Bond	2026	8.76	12 945	15 000	12 945
10 Years Pakistan Investment Bond	2026	10.00	234 547	273 400	234 547
10 Years Pakistan Investment Bond	2026	8.00	311 504	414 100	311 504
10 Years Pakistan Investment Bond	2026	14.00	188 888	200 000	188 888
20 Years Pakistan Investment Bond	2026	10.00	15 012	15 000	15 012
03 Months Treasury Bills	2024	21.32	286 629	300 000	286 629
06 Months Treasury Bills	2024	21.36 - 21.55	1 295 015	1 409 700	1 295 015
12 Months Treasury Bills	2024	21.44 - 22.30	3 928 134	4 614 200	3 928 134
01 Year Government Ijara Sukuk	2024	23.60	204 454	204 000	204 454
03 Year Government Ijara Sukuk	2026	21.68	96 740	100 000	96 740
05 Year Government Ijara Sukuk	2025-2027	21.14 - 22.68	420 275	422 000	420 275
10 Years Pakistan Energy Sukuk I	2029	24.02	190 033	170 000	190 033
10 Years Pakistan Energy Sukuk li	2030	21.14	452 381	450 000	452 381
			10 770 744	11 855 100	10 770 744

2022					Rupees '000
Name of investment	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
			<u>9 189 216</u>	<u>9 558 911</u>	<u>9 189 216</u>

9.2 Available-for-sale

Name of investment	Maturity year	Effective yield %	Profit payment	Face value	2023
5 Years Pakistan Investment Bonds	2024	11.52 to 13.35	Half yearly	8 321 500	7 691 687
3 months Treasury Bills	2024	15.59	On maturity	997 725	976 243
12 months Treasury Bills	2024	5.59	On maturity	420 000	354 181
2 Years Pakistan Investment Bonds	2025	17.15	Quarterly	424 500	420 043
3 Years Pakistan Investment Bonds	2026	16.5	Half yearly	400 000	358 229
5 Years GOP Ijara Sukuks	2027	22.19	Half yearly	2 682 500	2 725 578
10 Years Pakistan Investment Bonds	2028	13.35	Half yearly	200 000	154 471
					<u>12 680 432</u>

The amount of Pakistan Investment Bonds includes Rs. 235 million (2022: 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 (2022: Rs. 170 million).

Name of investment	Maturity year	Effective yield %	Profit payment	Face value	2023
Term Finance Certificates (TFCs) - quoted					
Agri-tech Limited - 3rd Issue (B)*	2017	11.00	Half yearly	5 665	-
Agri-tech 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
Dubai Islamic Bank Limited - Tier II	2032	17.51	Half yearly	22 000	22 132
					<u>102 132</u>
					<u>12 982 564</u>

* The term finance certificates are held under non-performing status and full provision has been made against these term finance certificates.

Name of investment	Maturity year	Effective yield %	Profit payment	Face value	Rupees '000 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	Rupees '000 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
					11 923 983

* 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	2023				
	Maturity year	Effective yield %	Amortized cost	Principal repayments	Carrying value
Government Securities					
03 Months Treasury Bills	2024	21.32 - 21.84	2 677 777	2 750 000	2 675 437
06 Months Treasury Bills	2024	21.55 - 21.84	1 385 609	1 490 300	1 383 788
12 Months Treasury Bills	2024	21.30 - 22.80	96 920 467	113 065 800	96 833 476
03 Years Pakistan Investment Bond	2024	7.00	48 663	50 000	46 144
03 Years Pakistan Investment Bond	2024	22.40	1 369 258	1 375 000	1 367 300
20 Years Pakistan Investment Bond	2024	10.00	100 048	100 000	95 357
05 Years Pakistan Investment Bond	2025	7.50	118 418	125 000	104 362
03 Years Pakistan Investment Bond	2026	12.00	11 736 551	13 100 000	11 733 028
03 Years Pakistan Investment Bond	2026	22.16	1 709 848	1 750 000	1 720 075
03 Years Pakistan Investment Bond	2026	22.40	392 358	400 000	392 440
05 Years Pakistan Investment Bond	2026	21.84	494 425	500 000	490 600
05 Years Pakistan Investment Bond	2027	10.50	191 289	225 000	189 618
05 Years Pakistan Investment Bond	2028	22.86	4 699 451	4 857 300	4 708 181
05 Years Pakistan Investment Bond	2028	22.88	1 659 448	1 750 000	1 697 325
10 Years Pakistan Investment Bond	2029	10.00	118 299	125 000	99 011
01 Year Government Ijara Sukuk	2024	23.60 - 23.72	2 199 091	2 196 000	2 216 286
03 Year Government Ijara Sukuk	2026	21.12 - 21.68	1 982 381	2 000 000	1 992 320
05 Year Government Ijara Sukuk	2025-2027	11.40 - 22.70	14 551 912	14 540 000	14 421 773
10 Years Pakistan Energy Sukuk I	2029	24.02	928 171	830 000	928 171
10 Years Pakistan Energy Sukuk II	2030	21.14	50 265	50 000	50 265
			143 333 729	161 279 400	143 144 957

Rupees '000

2022					
Name of investment	Maturity year	Effective yield %	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	4.20	49 490	50 000	49 485
10 Years Pakistan Investment Bonds	2024	5.00	230 207	398 400	333 634
20 Years Pakistan Investment Bonds	2024	5.00	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	6.00	100 746	100 000	93 972
10 Years Pakistan Investment Bonds	2030	4.00	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

	Maturity	No. of Certificate		Face Value	Value of Certificate	
		2023	2022		2023	2022
Term finance certificate						
Fair value through profit or loss						
Others						
Bank Alfalah Limited	2024	100 000	100 000	5	497 163	462 573
Kashf Foundation	2026	1 000	-	100	100 000	-
Bank of Punjab	Perpetual	80 000	-	5	400 000	-
Bank AL Habib Limited	2028	20 000	20 000	5	101 147	99 840
Habib Bank Limited	2029	2 000	2 000	100	200 000	200 000
Khushhali Microfinance Bank	2032	-	1 400	100	-	150 000
Bank AL Habib Limited	2032	77 000	77 000	5	393 243	385 000
Bank of Punjab	Perpetual	5 000	-	100	501 668	-
Bank of Punjab	2032	5 000	5 000	100	500 000	500 000
Bank AL Habib Limited	2032	40 000	40 000	5	200 000	200 000
Askari Bank Limited	2030	100	100	1 000	99 500	100 980
United Bank Limited	2029	250 000	250 000	5	1 000 000	1 250 000
Soneri Bank Limited	Perpetual	10 000	10 000	5	50 000	50 000
Bank Alfalah Limited	Perpetual	20 000	20 000	5	100 000	100 000
Bank AL Habib Limited	Perpetual	40 000	40 000	5	200 000	200 000
Bank Alfalah Limited	Perpetual	100 000	100 000	5	500 000	500 000
Askari Bank Limited	Perpetual	450	450	1 000	450 000	450 000
					5 292 721	4 648 393
Related Party						
Lucky Electric Power Company	2023	-	1	-	-	250 000
Held to Maturity						
Askari Bank Limited	Perpetual	50	50	1 000	50 000	50 000
United Bank Limited	Perpetual	50	-	5	250 115	
					300 115	50 000
					<u>5 592 836</u>	<u>4 948 393</u>

Rupees '000

	Maturity	No. of Certificate		Face Value	Value of Certificate	
		2023	2022		2023	2022
Corporate Sukuks						
Fair value through profit or loss						
Others						
Hascol Petroleum Limited *	2022	–	30 000	3	37 500	37 500
Byco Petroleum Pakistan Limited	2023	–	583	100	–	8 353
HUBCO	2023	–	50 000	7	–	177 048
Neelum Jehlum Hydro Power Company Limited	2026	12 500	12 500	100	331 264	491 329
Pakistan Services Limited	2027	250	250	1 000	104 191	207 506
TPL Corporation	2027	200	200	100	18 953	20 000
Dubai Islamic Bank Pakistan Limited	2028	20 000	20 000	5	100 000	100 000
TPL Trakker	2026	25	25	1 000	12 732	18 146
TPL Corporation	2027	200	200	100	18 767	20 000
K-Electric Limited	2029	120 000	120 000	5	607 200	600 000
Meezan Bank Limited	Perpetual	100 000	100 000	5	500 000	500 000
					1 730 607	2 179 882
Related Parties						
Bank Islami Pakistan Limited	Perpetual	28 063	28 063	5	140 315	140 315
					1 870 922	2 320 197
Certificates of Investment						
Pak Kuwait Investment Company	2024	–	2	–	–	400 000
First Habib Modarba Limited	2024	6	4	163 500	981 000	618 947
Pak Oman Company Limited	2024	–	1	–	–	53 302
					981 000	1 072 249
					8 444 758	8 340 839
				Note	2023	2022

10. Investment in term deposits

Held to maturity						
Deposits maturing within 12 months						
Term deposits certificates - local currency				10.1 & 10.3	7 786 428	14 514 929
Term deposits certificates – foreign currency				10.2	618 684	463 192
					8 405 112	14 978 121

- 10.1 The rate of return on term deposit certificates issued by various banks ranges from 13.50% to 23.20% per annum (2022: 13.50 % to 16.25 % per annum) depending on tenure.
- 10.2 The rate of return on foreign currency term deposit certificates issued by various banks is 2.75% per annum (2022: 0.85% to 4.50% per annum) depending on tenure. These term deposit certificates have maturities upto March 2024.
- 10.3 This includes an amount of Rs.13 million (2022: Rs.13 million) placed under lien with commercial banks against bank guarantees credit facility of corporate credit cards.

	Note	2023	2022
Rupees '000			
11. Loan and other receivables - considered good			
Loans to employees		65 061	80 132
Accrued investment income		3 411 308	3 422 242
Security deposits		103 530	75 168
Advances to suppliers		477 566	625 329
Advances to employees and agents		476 524	307 604
Other receivables		419 876	245 883
		<u>4 953 865</u>	<u>4 756 358</u>
12. Insurance / reinsurance receivables - unsecured and considered good			
Due from insurance contract holders		9 008 280	6 251 058
Provision for impairment of receivables from insurance contract holders	12.1	(1 059)	(524)
		<u>9 007 221</u>	<u>6 250 534</u>
Due from other insurer / reinsurers		683 987	344 592
		<u>9 691 208</u>	<u>6 595 126</u>
12.1. Provision for impairment of receivables from insurance contract holders			
Balance as on 01 January		524	1 195
Reversal during the year		535	(671)
Balance as on 31 December		<u>1 059</u>	<u>524</u>
13 Prepayments			
Prepaid reinsurance premium ceded		12 479 228	8 489 684
Software support service		1 424	1 201
Prepaid tracker expense		33 637	51 499
Others		149 641	158 670
		<u>12 663 930</u>	<u>8 701 054</u>

		Rupees '000	
	Note	2023	2022
14. Cash and Bank			
Cash in hand		34	101
Policy and revenue stamps, bond papers		40 321	36 854
		40 355	36 955
Cash at bank			
Current accounts		1 716 984	1 371 461
Saving accounts	14.1 & 14.2	5 584 314	4 785 320
		7 301 298	6 156 781
		<u>7 341 653</u>	<u>6 193 736</u>

Cash and short term borrowing include following for the purposes of the cash flow statement:

	2023	2022
Cash and cash equivalents		
Cash and others	40 355	36 955
Cash at bank	7 301 298	6 156 781
Term deposit maturing within three months	7 508 428	14 426 429
	<u>14 850 081</u>	<u>20 620 165</u>

14.1 The rate of return on saving accounts from various banks ranges from 14.50 % to 20.85% per annum (2022: 8.25% to 15.35% per annum) depending on the size of average deposits.

14.2 This includes an amount of Rs.26 million (2022: Rs. 45 million) under lien with commercial banks against bank guarantees.

15. Share capital

15.1 Authorized capital

Number of shares '000		Rupees '000	
2023	2022	2023	2022
<u>200 000</u>	<u>200 000</u>	<u>2 000 000</u>	<u>2 000 000</u>

15.2 Issued, subscribed and paid-up share capital

Number of shares '000			Rupees '000	
2023	2022		2023	2022
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	Rupees '000	
		2023	2022
16. Reserves			
Capital reserve			
Reserve for exceptional losses	16.1	12 902	12 902
Revenue reserves			
General reserve		13 000 000	13 000 000
Revaluation reserve for unrealized gain / (loss) on available-for-sale investments - net		614 826	(89 073)
Reserve for change in fair value of investment property - net		1 802 531	1 885 773
Exchange translation reserves		195 722	142 661
		<u>15 625 981</u>	<u>14 952 263</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.

	Rupees '000	
	2023	2022
17. Surplus on revaluation of property and equipment		
Surplus arising on revaluation of property and equipment - net of tax		
Equity holders	1 711 851	1 641 778
Non-controlling interest	554 289	701 607
	<u>2 266 140</u>	<u>2 343 385</u>

	Note	2023	Rupees '000 2022
18. Insurance liability - life insurance business			
Reported outstanding claims	18.1	6 138 861	3 835 327
Incurred but not reported claims	18.2	1 421 457	1 185 211
Investment component of unit-linked and account value policies	18.3	185 930 975	158 534 057
Liabilities under individual conventional insurance contracts	18.4	856 133	962 770
Liabilities under group insurance contracts (other than investment linked)	18.5	1 530 264	1 398 328
Participant's Takaful Fund Balance		647 198	466 992
		<u>196 524 888</u>	<u>166 382 685</u>
18.1 Reported outstanding claims			
Gross of reinsurance			
Payable within one year		5 626 042	3 331 484
Payable over a period of time exceeding one year		896 688	894 303
		<u>6 522 730</u>	<u>4 225 787</u>
Recoverable from reinsurers			
Receivable over a period of time exceeding one year		(383 869)	(390 460)
		<u>(383 869)</u>	<u>(390 460)</u>
Net reported outstanding claims		<u>6 138 861</u>	<u>3 835 327</u>
18.2 Incurred but not reported claims			
Gross of reinsurance		1 800 124	1 485 969
Reinsurance recoveries		(378 667)	(300 758)
Net of reinsurance		<u>1 421 457</u>	<u>1 185 211</u>
18.3 Investment component of unit-linked and account value policies			
Investment component of unit linked policies		185 930 975	158 534 057
		<u>185 930 975</u>	<u>158 534 057</u>
18.4 Liabilities under individual conventional insurance contracts			
Gross of reinsurance		1 066 897	1 187 321
Reinsurance credit		(210 764)	(224 551)
Net of reinsurance		<u>856 133</u>	<u>962 770</u>
18.5 Liabilities under group insurance contracts (other than investment linked)			
Gross of reinsurance		1 713 199	1 550 978
Reinsurance credit		(182 935)	(152 650)
Net of reinsurance		<u>1 530 264</u>	<u>1 398 328</u>

19. Retirement benefit obligations

19.1.1 The latest actuarial valuation of Holding Company as at 31 December 2023 uses a discount rate of 15.75 % (2022: 14.50 %) for defined benefit obligation and plan assets. Basic salary and pension increases to average 12.75 % and 0.00 % (2022: 11.50 % and 0.00 %) respectively per annum in the long term.

Actuarial valuations were conducted using the Projected Unit Credit Method. The Holding Company contributes to the pension and gratuity funds on the advice of the funds' actuary. The contributions are equal the current service cost with adjustment for any deficit. If there is a surplus, the Holding Company takes a contribution holiday.

Rupees '000

	2023		2022	
	Pension	Gratuity	Pension	Gratuity
19.1.1 Reconciliation of the present value of defined benefit obligations				
At the beginning of the year	185 225	591 491	197 805	549 731
Current service cost	247	25 372	271	23 064
Interest cost	24 787	77 584	21 365	59 065
Remeasurement loss due to:				
Change in financial assumptions	2 310	–	(13 934)	–
Experience	2 224	12 113	3 763	31 873
Benefits paid	(28 555)	(112 850)	(24 045)	(72 242)
At the end of the year	<u>186 238</u>	<u>593 710</u>	<u>185 225</u>	<u>591 491</u>
19.1.2 Changes in fair value of plan assets				
At the beginning of the year	254 451	507 985	257 769	480 563
Interest income	34 882	68 092	28 317	55 088
Remeasurement gain / (loss) due to:				
Investment return	12 870	49 759	(8 566)	(24 592)
Contributions paid by Company	157	36 082	195	69 168
Contributions paid by employees	626	–	781	–
Benefits paid	(28 555)	(112 850)	(24 045)	(72 242)
At the end of the year	<u>274 431</u>	<u>549 068</u>	<u>254 451</u>	<u>507 985</u>
19.1.3 Charge to profit and loss account				
Service cost				
Current service cost	247	25 372	271	23 064
Employee contributions	(626)	–	(781)	–
Net interest (income) / cost	(10 095)	9 492	(6 952)	3 977
Chargeable in profit and loss account	(10 474)	34 864	(7 462)	27 041
19.1.4 Remeasurements recognized in other comprehensive income				
Change in financial assumptions	2 310	–	(13 934)	–
Experience on obligation	2 224	12 113	3 763	31 873
Investment return	(12 870)	(49 759)	8 566	24 592
Chargeable in statement of comprehensive income	(8 336)	(37 646)	(1 605)	56 465
Total defined benefit cost	<u>(18 810)</u>	<u>(2 782)</u>	<u>(9 067)</u>	<u>83 506</u>
19.1.5 (Asset) / liability on balance sheet				
At the beginning of the year	(69 226)	83 506	(59 964)	69 168
Defined benefit cost	(18 810)	(2 782)	(9 067)	83 506
Contributions paid by Company	(157)	(36 082)	(195)	(69 168)
At the end of the year	<u>(88 193)</u>	<u>44 642</u>	<u>(69 226)</u>	<u>83 506</u>
Reconciliation				
Obligation	186 238	593 710	185 225	591 491
Plan assets	(274 431)	(549 068)	(254 451)	(507 985)
Net (asset) / liability on balance sheet	<u>(88 193)</u>	<u>44 642</u>	<u>(69 226)</u>	<u>83 506</u>

19.1.6 Historical data

Rupees '000

	2022	2021	2020	2019	2018
Pension					
Present value of defined benefit obligation	185 225	197 805	222 860	218 468	208 041
Fair value of plan assets	(254 451)	(257 769)	(267 126)	(246 073)	(232 183)
(Surplus) / deficit	(69 226)	(59 964)	(44 266)	(27 605)	(24 142)
Experience adjustment					
- Actuarial loss / (gain) on obligation	3 763	(323)	(3 874)	(1 325)	2 058
- Actuarial (loss) / gain on assets	(8 566)	(11 931)	13 945	7 143	(14 850)
Gratuity					
Present value of defined benefit obligation	591 491	549 731	511 467	448 210	426 035
Fair value of plan assets	(507 985)	(480 563)	(501 662)	(450 294)	(339 062)
(Surplus) / deficit	83 506	69 168	9 805	(2 084)	86 973
Remeasurements due to:					
- Actuarial loss / (gain) on obligation	31 873	28 713	18 549	(13 557)	45 279
- Actuarial gain / (loss) on assets	(24 592)	(17 780)	26 721	13 926	(22 136)

19.1.7 Composition of fair value of plan assets

Fund investments	Pension				Gratuity			
	2023		2022		2023		2022	
Debt	98 %	269 244	97 %	247 390	94 %	515 747	95 %	484 027
Equity	2 %	5 789	2 %	6 299	6 %	31 354	5 %	24 256
Cash	0 %	512	1 %	1 708	0 %	2 125	0 %	359
	100 %	275 545	100%	255 397	100 %	549 226	100 %	508 642

The expected charge to pension and gratuity fund for the year 2023 amounts to Rs. 24 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	(33 569)	37 086
Salary	29 661	(27 154)
Pension	9 385	-
Weighted average duration of the plan is 5.4 years.		
Projected payments	Pension	Gratuity
Company contributions 2024	127	33 655
Benefit payments:		
2024	35 451	114 756
2025	34 773	89 517
2026	33 615	52 639
2027	32 682	80 728
2028	31 845	165 803
2029 - 2033	136 570	497 436

19.2.1 Provident fund

The following information of Subsidiary Company based on unaudited financial statements of their fund as at 31 December 2023:

	Rupees '000		Percentage	
	2023	2022	2023	2022
Size of the fund - total assets	697 704	678 468		
Cost of investments	624 253	648 401	89.47	95.57
Fair value of investments	650 620	670 328	93.25	98.80
The breakup of fair value of investment in Provident Fund is as follows:				
Government securities	490 314	534 871	75.36	79.79
Open end mutual fund	159 942	134 883	24.58	20.12
Shares	363	574	0.06	0.09

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	
	2023	2022	2023	2022
Size of the fund - total assets	688 811	582 823		
Cost of investments	658 978	567 406	95.67	97.35
Fair value of investments	673 664	577 233	97.80	99.04
The breakup of fair value of investment in Pension Fund is as follows:				
Government securities	585 606	504 923	86.92	87.47
Open end mutual fund	87 813	72 137	13.04	12.50
Shares	245	173	0.04	0.03

20. Deferred taxation

	Rupees '000	
	2023	2022
Deferred debits arising in respect of		
Premium due but unpaid	(413)	(173)
Impairment of TFC	(15 848)	(14 559)
Define benefit plan	(24 111)	(35 575)
Unrealized gain on available-for-sale investments	–	(43 872)
Right of use asset	(53 150)	(41 694)
Impairment of available-for-sale equity securities	(1 415 405)	(148 595)
Impairment of goodwill	(909 523)	(649 744)
Deferred credits arising in respect of		
Fair value of investment property	1 152 437	928 813
Revaluation of property and equipment	2 081 401	1 707 510
Accelerated tax depreciation / Amortization	177 770	262 614
Unrealized gain on available-for-sale investments	1 571 263	–
Retained earning ledger Account D	1 302 961	927 074
Effect of translation of foreign branches	86 826	40 755
	<u>3 954 208</u>	<u>2 932 554</u>

	2023	2022
	Rupees '000	
21. Insurance / reinsurance payable		
Due to reinsureres / retakaful	9 674 489	8 047 592

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	2023	2022
22. Other creditors and accruals			
Federal insurance fee payable		18 323	18 789
Federal excise duty and sales tax payable		198 961	504 791
Accrued expenses		1 269 694	1 415 952
Agent commission payable		1 771 018	1 478 734
Unearned rentals		48 558	74 344
Other deposits		1 418 139	1 699 486
Unclaimed / unpaid dividends		581 607	542 968
Lease liability	22.1	790 177	784 858
Workers' welfare fund		274 995	-
Others		643 294	394 028
		<u>7 014 766</u>	<u>6 913 950</u>
22.1 Lease liability			
Current		138 985	182 752
Non-current		651 192	602 106
		<u>790 177</u>	<u>784 858</u>

23. Contingencies and commitments

The income tax assessment of the Holding Company and its Subsidiary Company has been finalized up to tax year 2023.

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 2015 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. 200 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 the 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 Holding 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 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 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 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 5 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 June 29, 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 Hon'ble Sindh High Court. The Hon'ble 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 1st 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. 3,537 million (2022: Rs. 2,626 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.48 million have been given in respect of Group Life coverage. These bank guarantees will expire on 29 February 2024.

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 2023 (31 December 2022: Nil).

	Rupees '000	
	2023	2022
24. Net insurance premium		
Written gross premium	75 873 270	68 546 515
Unearned premium reserve - opening	14 167 219	10 517 726
Unearned premium reserve - closing	(19 546 386)	(14 167 219)
Premium earned	70 494 103	64 897 022
Less:		
Reinsurance premium ceded	25 734 104	19 196 446
Prepaid reinsurance premium - opening	8 489 684	5 468 998
Prepaid reinsurance premium - closing	(12 479 228)	(8 489 684)
Reinsurance expense	21 744 560	16 175 760
	<u>48 749 543</u>	<u>48 721 262</u>
25. Net insurance claim expense		
Claims Paid	40 659 686	33 016 741
Outstanding claims including IBNR - closing	10 774 706	10 368 176
Outstanding claims including IBNR - opening	(10 368 176)	(7 085 599)
Claims expense	41 066 216	36 299 318
Less:		
Reinsurance and other recoveries received	3 315 483	2 653 137
Reinsurance and other recoveries in respect of outstanding claims - opening	(6 503 793)	(3 974 297)
Reinsurance and other recoveries in respect of outstanding claims - closing	7 009 843	6 503 793
Reinsurance and other recoveries revenue	3 821 533	5 182 633
	<u>37 244 683</u>	<u>31 116 685</u>

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:

						2023	Rupees '000
Accident year	2019 and prior	2020	2021	2022	(including IBNR)	Total	
Estimate of ultimate claims costs:							
– At end of accident year	11 170 675	7 040 966	8 543 736	11 723 775	9 254 838		
– One year later	10 200 873	6 017 883	7 306 943	10 943 965	–		
– Two years later	9 646 040	5 735 140	7 271 492	–	–		
– Three years later	9 405 110	5 564 938	–	–	–		
– Four years later	9 352 366	–	–	–	–		
Current estimate of cumulative claims	9 352 366	5 564 938	7 271 492	10 943 965	9 254 838	42 387 599	
Cumulative payments to date	7 972 425	5 360 755	6 217 788	8 041 521	4 020 404	31 612 893	
Liability recognized in statement of financial position	<u>1 379 941</u>	<u>204 183</u>	<u>1 053 704</u>	<u>2 902 444</u>	<u>5 234 434</u>	<u>10 774 706</u>	

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 2023:

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	1494827	792564	270911	219232	131245	80875
Unclaimed death benefits	-	-	-	-	-	-
Unclaimed disability benefits	-	-	-	-	-	-
Claims not encashed	44167	82	6823	4941	4975	27346
Other unclaimed benefits	-	-	-	-	-	-
Total	1538994	792646	277734	224173	136220	108221

	Rupees '000	
	2023	2022
26. Net commission expense and other acquisition cost		
Commission paid or payable	8 892 745	8 971 552
Deferred commission expense - opening	1 111 775	772 985
Deferred commission expense - closing	(1 491 266)	(1 111 775)
Net commission	8 513 254	8 632 762
Less:		
Commission received or recoverable	581 101	370 093
Unearned reinsurance commission - opening	201 585	135 214
Unearned reinsurance commission - closing	(302 821)	(201 585)
Commission from reinsurers	479 865	303 722
Other acquisition cost	1 372 014	1 152 755
	9 405 403	9 481 795

27. Management expenses	Note	2023	Rupees '000 2022
Salaries, wages and benefits	27.1	3 608 242	3 134 688
Bonus		155 348	151 081
Gratuity		30 195	22 982
Rent rates and taxes		19 093	13 685
Telephone		23 981	24 353
Postage and telegram		127 036	94 115
Gas electricity and fuel		185 050	144 864
Printing and stationery		176 341	122 850
Travelling club and entertainment		300 936	186 171
Depreciation / amortization		1 198 991	1 069 125
Repair and maintenance		732 495	479 513
Publicity		116 555	129 548
Service charges		(81 434)	(93 776)
Bank charges and commission		30 747	14 974
Tracker monitoring		95 801	121 377
Bad debts		15 807	16 942
Inspection fee		12 883	12 394
Annual supervision fee of SECP		108 863	82 311
Training		5 819	4 768
Insurance		5 498	5 026
Levy to IAP		2 000	2 000
Business procurement		11 657	(1 722)
Security service		11 772	8 477
Meeting and conferences		22 547	28 831
Conveyance		18 140	13 716
Legal and professional charges - business related		60 365	135 700
Appointed actuary fees		21 017	18 986
Fees and subscription		179 102	66 485
Miscellaneous		158 396	124 975
		<u>7 353 243</u>	<u>6 134 439</u>

27.1 These include Rs. 35.47 million (2022: Rs. 34.35 million) being contribution for employees' provident fund by Holding Company.

28. Investment income

Rupees '000

	2023	2022
Income from equity securities		
– Available-for-sale		
Dividend income - Equity shares	427 516	284 707
– Fair value through profit and loss		
Dividend income	2 578 630	2 598 137
Income from debt securities		
– Available-for-sale		
Return on debt securities	1 672 027	1 211 976
– Held to maturity		
On government securities	1 127 121	661 393
Return on debt securities	228 802	137 576
– Fair value through profit and loss		
Return on debt securities	2 873 840	1 311 007
On government securities	23 984 809	12 117 748
Income from term deposits		
– Return on term deposits	2 019 233	2 382 879
	<u>34 911 978</u>	<u>20 705 423</u>
Net realized gains / (losses) on investments		
Available-for-sale financial assets		
Realized gains on:		
Equity securities	87 737	118 376
Realized losses on:		
Equity securities	–	(6 800)
Net unrealized gains on investments	87 737	111 576
Reversal / (Impairment) in value of available-for-sale equity securities	41 719	(368 542)
Investment related expenses	(818)	(915)
	<u>35 040 616</u>	<u>20 447 542</u>

29. Net realized fair value gains on financial assets

Realized gain on:		
Equity securities	271 209	1 341 672
Government securities	46 704	456 808
Realized losses on		
Equity securities	(15 466)	(1 590 689)
Government securities	(13 367)	–
	<u>289 080</u>	<u>207 791</u>

	Note	2023	Rupees '000 2022
30. Net fair value gains / (losses) on financial assets at fair value through profit or loss			
Net unrealized gains / (losses) on investments in financial assets			
- government securities and debt securities (designated upon initial recognition)		967 735	(916 821)
Net unrealized gains / (losses) on investments at fair value through profit or loss (designated upon initial recognition)			
- Equity Securities		5 076 407	(4 094 575)
Total investment income / (loss)		6 044 142	(5 011 396)
Exchange gain		70 990	52 938
Impairment in value of available-for-sale securities		(165 522)	(19 961)
Investment related expenses		(157)	(154)
		<u>5 949 453</u>	<u>(4 978 573)</u>
31. Rental income			
Rental income		204 823	187 618
Less: Expenses of investment property		(79 534)	(62 906)
		<u>125 289</u>	<u>124 712</u>
32. Other income			
Gain on sale of investment property		6 945	-
Gain on sale of property and equipment		314 993	122 713
Return on loans to employees		29 678	28 517
Exchange difference		7 196	(28 945)
Return on bank balances		395 633	204 772
Gain on early termination of lease contracts		21 377	12,484
Fees charged to Policyholders		20 604	17,961
Security deposit written off		171 528	-
Others		35	46
		<u>967 989</u>	<u>357 548</u>
33. Other expense			
Legal and professional fee		19 747	15 784
Auditors' remuneration	33.1	23 603	16 636
Subscription to association		39 244	23 475
Charity and donations	33.2	29 218	43 829
Printing and Stationery		321	2 191
Advertisements and publicity		2 836	1 752
Out of pocket expenses		-	368
Directors' fees		12 300	6 650
Finance cost		12 045	13 128
Workers' welfare fund		274 992	-
Others		819	-
		<u>415 125</u>	<u>123 813</u>
33.1 Auditors' remuneration			
Audit fee		8 588	6 734
Special certifications and sundry advisory services		12 037	8 014
out-of-pocket expenses		2 978	1 888
		<u>23 603</u>	<u>16 636</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	2023	2022
Saifuddin N. Zoomkawala	Board member	SIUT Civil Hospital	5 700	3 198
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	1 250	2 750
Ruhail Muhammad	Board member	NOWPDP	1 000	–

33.2.2 Donations to a single party exceeding Rs. 500 000

Name of donee	2023	2022
Layton Rehmatullah Benevolant Trust	2 518	1 100
AKHUWAT	2 150	–
Afzaal Memorial Thalassemia Foundation	1 500	1 500
Family Educational Services Foundation	1 418	–
Memon Medical Institute	1 000	1 000
Saifyan Talim Trust	1 000	–
SAARC Chamber of Commerce and Industry	950	–
Asghari Memorial High School	600	–
Citizens Foundation	500	3 439
Patients' Behbud Society for Aga Khan University Hospital	500	500
Bait ul Sukoon Cancer Hospital	500	500
Patient's Aid Foundation	500	–
Friends of Pink Ribbon (Women's Empowerment Group)	500	–

34. Profit from Window Takaful Operations - general operator's fund

Wakala fee	1 164 096	941 037
Commission expense	(348 196)	(322 878)
General, administrative and management expenses	(420 006)	(399 223)
Modarib's share of PTF investment income	108 203	72 379
Investment income	202 284	91 614
Direct expenses	(23 185)	(1 076)
Other income	13 172	5 778
	<u>696 368</u>	<u>387 631</u>

		Rupees '000	
35. Taxation		2023	2022
For current period			
Current		3 211 342	1 755 553
Deferred		219 855	(517 387)
Super tax		338 057	119 766
		3 769 254	1 357 932
For prior year(s)			
Prior year tax		357	292
Super tax		340 999	240 719
		341 356	241 011
		<u>4 110 610</u>	<u>1 598 943</u>

		2023	2022
36. Earnings per share - basic and diluted			
Profit (after tax) for the year	(Rupees '000)	<u>3 273 549</u>	<u>421 469</u>
Weighted average number of ordinary shares	(Numbers '000)	<u>200 000</u>	<u>200 000</u>
Earnings per share	(Rupees)	<u>16.37</u>	<u>2.11</u>

	2023				2022			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
Fees	-	22 725	-	22 725	-	13 025	-	13 025
Managerial remuneration	72 841	-	1 312 649	1 385 490	78 474	-	1 103 470	1 181 944
Leave encashment	3 685	-	32 860	36 545	-	-	35 353	35 353
Bonus	15 424	-	136 807	152 231	6 648	-	134 664	141 312
Retirement benefits	6 202	-	76 265	82 467	5 810	-	70 199	76 009
Utilities	2 824	-	52 609	55 433	1 320	-	41 086	42 406
Medical expenses	1 155	-	38 798	39 953	1 748	-	29 002	30 750
Leave passage	5 033	-	8 755	13 788	1 018	-	5 866	6 884
Total	<u>107 164</u>	<u>22 725</u>	<u>1 658 743</u>	<u>1 788 632</u>	<u>95 018</u>	<u>13 025</u>	<u>1 419 640</u>	<u>1 527 683</u>
Number of persons	<u>2</u>	<u>18</u>	<u>405</u>	<u>425</u>	<u>2</u>	<u>16</u>	<u>332</u>	<u>350</u>

37.1 The Chief Executive Officer of the Holding Company is provided with Company maintained cars, house rent and utilities, residence-furnishing allowance, reimbursement of servants and driver salaries, leave fare assistance, club bills, medical facility, group life cover and health insurance. 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 Chairman and Vice Chairman are provided with free use of Company maintained cars, furnished accommodations, medical insurance covers and residential utilities.

37.2 The Chief Executive Officer of the Subsidiary Company is provided with Company maintained cars, furnished accommodation and medical insurance cover. The Executives are provided with 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 company car and residential utilities.

The Non-Executive Directors were paid Directors' meeting fee of Rs. 22.725 million (2022: Rs. 13.025 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 954,965 shares of EFU Life Assurance Limited i.e., 0.96 % from Non-Controlling Interest, increasing its ownership from 46.35 % to 47.31 % for Rs. 186.31 million.

38.2 Summary of non-controlling Interest

	2023	2022
Opening balance	4 279 886	4 424 870
Profit for the year	909 159	692 514
Acquisition of shares by Holding Company without change in control	(83 517)	(45 030)
Dividend distribution	(803 446)	(811 778)
Transfer from surplus on revaluation of property and equipment	26 687	19 310
	<u>4 328 769</u>	<u>4 279 886</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	
	2023	2022
Transactions		
Associated companies		
Premium written	288 953	371 440
Premium paid	68 543	70 784
Claims paid	75 569	225 177
Commission paid	133 404	140 624
Travelling expenses	18 432	3 864
Donation paid	6 200	12 448
Dividend received	16 966	–
Dividend paid	1 341 469	1 330 604
Interest on bank deposits	1 247 088	1 225 964
Purchase of vehicle	48 095	151 236
Investment sold	2 528 172	700 000
Investment brought	35 507 429	40 058 458
Bank deposit / (withdrawn)	191 589	(200 000)
Payment to K-Electric	–	31 139
Key management personnel		
Premium written	465	883
Claims paid	642	168
Dividend paid	13 818	16 499
Loan to key employees	1 507	7 632
Loan recovered	8 200	413
Compensation	248 795	240 935
Sale of vehicle to director	7 500	–
Others		
Premium written	86 469	7 634
Claims paid	193 867	351
Dividend paid	663 257	658 549
Dividend received	7 556	–
Brokerage paid	574	539
Employees' funds		
Contribution to provident fund	89 135	87 914
Contribution to gratuity fund	34 459	26 769
Contribution to pension fund	31 628	34 641
Dividend paid	4 494	4 494
Balances		
Others		
Balances receivable	82 235	58 610
Balances payable	3 057 429	7 728 835
Bank deposits	1 460 733	1 271 233
Bank balances	3 764 629	3 474 570
Employees' funds receivable / (payable)		
EFU gratuity fund	(44 237)	(83 233)
EFU pension fund	88 192	69 224

40. Segment Information

Rupees '000

Current year	For the year ended 31 December 2023									Total
	General Insurance					Life Assurance				
	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)	31 492 106	5 755 400	4 704 045	2 332 829	-	44 284 380	-	37 453 602	37 453 602	81 737 982
Less: Sales tax	3 791 799	616 588	584 202	286 583	-	5 279 172	-	-	-	5 279 172
Stamp duty	449	198 529	1 161	1 022	-	201 161	-	-	-	201 161
Federal insurance fee	274 445	48 905	40 864	20 165	-	384 379	-	-	-	384 379
Gross Written Premium (inclusive of administrative surcharge)	27 425 413	4 891 378	4 077 818	2 025 059	-	38 419 668	-	37 453 602	37 453 602	75 873 270
Gross direct premium	27 390 213	4 834 941	3 911 466	1 995 482	-	38 132 102	-	37 453 602	37 453 602	75 585 704
Facultative inward premium	1 012	827	-	13 123	-	14 962	-	-	-	14 962
Administrative surcharge	34 188	55 610	166 352	16 454	-	272 604	-	-	-	272 604
Insurance premium earned	22 877 595	4 376 503	3 913 444	1 872 959	-	33 040 501	-	37 453 602	37 453 602	70 494 103
Insurance premium ceded to reinsurers	(17 576 004)	(2 391 706)	(38 217)	(675 342)	-	(20 681 269)	-	(1 063 291)	(1 063 291)	(21 744 560)
Net insurance premium	5 301 591	1 984 797	3 875 227	1 197 617	-	12 359 232	-	36 390 311	36 390 311	48 749 543
Commission income	407 546	24 539	29	47 751	-	479 865	-	-	-	479 865
Net underwriting income	5 709 137	2 009 336	3 875 256	1 245 368	-	12 839 097	-	36 390 311	36 390 311	49 229 408
Insurance claims	(4 880 234)	(887 220)	(1 804 919)	(643 760)	-	(8 216 133)	-	(32 850 083)	(32 850 083)	(41 066 216)
Insurance claims recovered from reinsurers	2 880 623	173 465	(1 231)	40 388	-	3 093 245	-	728 288	728 288	3 821 533
Net claims	(1 999 611)	(713 755)	(1 806 150)	(603 372)	-	(5 122 888)	-	(32 121 795)	(32 121 795)	(37 244 683)
Commission expense	(1 728 145)	(345 421)	(376 474)	(156 155)	-	(2 606 195)	-	(7 279 073)	(7 279 073)	(9 885 268)
Management expenses	(1 493 833)	(537 404)	(1 103 094)	(343 255)	-	(3 477 586)	-	(3 875 657)	(3 875 657)	(7 353 243)
Net insurance claims and expenses	(5 221 589)	(1 596 580)	(3 285 718)	(1 102 782)	-	(11 206 669)	-	(43 276 525)	(43 276 525)	(54 483 194)
Underwriting result	487 548	412 756	589 538	142 586	-	1 632 428	-	(6 886 214)	(6 886 214)	(5 253 786)
Net investment income						2 143 588	-	32 897 028	32 897 028	35 040 616
Net realized fair value gains on financial assets						-	-	289 080	289 080	289 080
Net fair value gain on financial assets at fair value through profit and loss						-	-	5 949 453	5 949 453	5 949 453
Rental income						125 289	-	-	-	125 289
Other income						677 978	-	290 011	290 011	967 989
Change in fair value of investment property						170 178	-	-	-	170 178
Impairment of goodwill						(363 191)	-	-	-	(363 191)
Other expense						(248 095)	-	(167 030)	(167 030)	(415 125)
Net Change in Insurance Liabilities (Other than outstanding Claims)						-	-	(28 932 077)	(28 932 077)	(28 932 077)
Profit before tax from general takaful operations - OPF						696 368	-	-	-	696 368
Profit before tax						4 834 543	-	3 440 251	3 440 251	8 274 794

Rupees '000

As at 31 December 2023

Current year	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	25 108 230	2 885 056	673 900	1 075 972	-	29 743 158	-	208 429 127	208 429 127	238 172 285
Corporate segment assets - Takaful OPF	223 056	24 064	335 880	18 336	-	601 336	-	-	-	601 336
Corporate unallocated assets-conventional						30 900 134	5 295 995	-	5 295 995	36 196 129
Corporate unallocated assets - Takaful OPF						1 120 091	-	-	-	1 120 091
Consolidated total assets						<u>62 364 719</u>	<u>5 295 995</u>	<u>208 429 127</u>	<u>213 725 122</u>	<u>276 089 841</u>
Corporate segment liabilities	31 538 645	4 289 178	2 900 614	3 817 284	-	42 545 721	-	201 796 299	201 796 299	244 342 020
Corporate segment liabilities - Takaful OPF	216 735	20 561	381 824	34 395	-	653 515	-	-	-	653 515
Corporate unallocated liabilities						2 728 500	2 661 834	-	2 661 834	5 390 334
Corporate unallocated liabilities - Takaful OPF						57 890	-	-	-	57 890
Consolidated total liabilities						<u>45 985 626</u>	<u>2 661 834</u>	<u>201 796 299</u>	<u>204 458 133</u>	<u>250 443 759</u>
Location										External premium less reinsurance by geographical segments 2023
Pakistan										48 720 998
* EPZ										28 545
Total										<u>48 749 543</u>

* This represents US Dollar Equivalent in Pak Rupees

Rupees '000

For the year ended 31 December 2022

Prior year	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)
Underwriting result	(606 569)	274 045	351 972	34 387	-	53 835	-	1 934 508	1 934 508	1 988 343
Net Investment income						1 236 481	-	19 211 061	19 211 061	20 447 542
Net realized fair value gains on financial assets						-	-	207 791	207 791	207 791
Net fair value losses 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
Other expense						(81 387)	-	(42 426)	(42 426)	(123 813)
Impairment of goodwill						(1 968 922)	-	-	-	(1 968 922)
Net Change in Insurance Liabilities (Other than outstanding Claims)						-	-	(14 167 035)	(14 167 035)	(14 167 035)
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

Prior year	As at 31 December 2022									
	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	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

41. Movement in investment

Name of investment	Held to maturity	Available-for-sale	Fair value through P & L	Total
At beginning of previous year	33 247 392	16 524 822	114 919 753	164 691 967
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 / (losses)				
(excluding net realized gains / (losses))	-	(1 003 948)	(4 462 393)	(5 466 341)
Impairment losses	-	(388 188)	-	(388 188)
At beginning of current year	<u>18 464 015</u>	<u>18 550 343</u>	<u>142 812 518</u>	<u>179 826 876</u>
Additions	86 485 759	15 513 829	249 896 075	351 895 663
Disposals (sale and redemptions)	(90 529 807)	(12 900 455)	(226 401 904)	(329 832 166)
Fair value net gains				
(excluding net realized gains / (losses))	-	1 126 631	9 374 092	10 500 723
Impairment losses	-	68 106	(150 000)	(81 894)
At end of current period	<u>14 419 967</u>	<u>22 358 454</u>	<u>175 530 781</u>	<u>212 309 202</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	2.71%	3.23%
Balochistan	4.58%	5.49%
Gilgit Baltistan	1.80%	2.64%
Khyber Pakhtunkhwa	1.42%	1.68%
Punjab	38.57%	38.50%
Sindh	50.93%	48.46%

Individual family takaful business:

	Diversification of risk portfolio	
	Before reinsurance	After reinsurance
Azad Kashmir	2.07%	3.45%
Balochistan	0.84%	0.76%
Gilgit Baltistan	0.09%	0.10%
Khyber Pakhtunkhwa	1.53%	2.42%
Punjab	44.11%	47.11%
Sindh	51.36%	46.17%

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	67.46%	71.50%
Punjab	32.54%	28.50%
Group Family Takaful Business		
Punjab	82.36%	69.44%
Sindh	17.64%	30.56%

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	2023	2022
Fire and property damage	638 996 000	479 247 570
Marine aviation and transport	253 605 000	170 527 500
Motor	106 015	104 000
Miscellaneous	9 339 672	46 800 000

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 behaviour 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	181 858 494	191 632 549
Investment returns	181 858 494	191 848 081

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.

	Rupees '000			
	Profit before tax		Shareholders' equity	
	2023	2022	2023	2022
Impact of change in claim liabilities by +10				
Fire and property damage	(175 133)	(179 075)	(106 831)	(119 980)
Marine aviation and transport	(48 922)	(59 306)	(29 842)	(39 735)
Motor	(77 765)	(81 357)	(47 437)	(54 509)
Miscellaneous	(74 667)	(66 701)	(45 547)	(44 690)
	<u>(376 487)</u>	<u>(386 439)</u>	<u>(229 657)</u>	<u>(258 914)</u>
Impact of change in claim liabilities by -10				
Fire and property damage	175 133	179 075	106 831	119 980
Marine aviation and transport	48 922	59 306	29 842	39 735
Motor	77 765	81 357	47 437	54 509
Miscellaneous	74 667	66 701	45 547	44 690
	<u>376 487</u>	<u>386 439</u>	<u>229 657</u>	<u>258 914</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%	0.033%
Improvement in mortality and critical illness rates	10%	(0.033%)
Increase in investment returns	10%	(0.001%)
Decrease in investment returns	10%	0.001%

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	
	2023	2022
Financial assets		
Term deposits	8 405 112	14 978 121
Loans and other receivables	4 953 865	4 756 358
Insurance / reinsurance receivables	9 691 208	6 595 126
Reinsurance recoveries against outstanding claims	7 009 843	6 503 793
Cash and bank	7 341 653	6 193 736
	<u>37 401 681</u>	<u>39 027 134</u>

The credit quality of Group's investment in term finance certificates can be assessed with reference to external credit ratings as follows:

Rating	Short Term	Rating Agency	Rupees '000	
			2023	2022
Rating		Short Term		Rating Agency
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	A+	PACRA	100 000	100 000
Habib Bank Limited	AAA	VIS	100 000	100 000
Dubai Islamic Bank limited	A+	VIS	102 000	102 000
The Hub Power Company Limited	AA+	PACRA	–	25 292
Bank AL Habib Limited	AAA	PACRA	593 243	684 840
Bank Alfalah Limited	AA-	PACRA	100 000	100 000
United Bank Limited	AA+	VIS	1 250 115	1 250 000
Soneri Bank Limited	A	PACRA	50 000	50 000
Askari Bank Limited	AA	PACRA	99 500	100 980
Habib Bank Limited	AA+	VIS	200 000	200 000
Askari Bank Limited	AA-	PACRA	500 000	500 000
Bank Alfalah Limited	AA-	PACRA	997 163	462 573
Khushhali Microfinance Bank	BB-	VIS	–	150 000
Lucky Electric Power Company	A1+	PACRA	–	250 000
Bank of Punjab	AA-	PACRA	1 001 668	500 000
Bank of Punjab	AA	PACRA	400 000	–
Bank Al Habib Limited	AA+	PACRA	200 000	200 000
Bank Al Habib Limited	AA+	PACRA	101 147	–
			<u>5 938 954</u>	<u>5 319 803</u>

Investment in Government securities are not exposed to any credit risk.

The Holding Company's 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 2023, the premiums due but unpaid (other than impaired balances) includes amount receivable within one year and above one year amounting to Rs. 8,560 million (2022: Rs. 5,869 million) and Rs. 12 million (2022: Rs. Nil) respectively of the Holding Company.

The credit quality of amounts due from other insurers / reinsurers and claim recoveries from reinsurers of the Holding Company can be assessed with reference to external credit ratings as follows:

Rating	2023		2022	
	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)	577 423	6 278 924	7 284	5 776 568
B or above	412	635 947	98	608 566
Others	59	94 972	1	118 659
	<u>57 894</u>	<u>7 009 843</u>	<u>7 383</u>	<u>6 503 793</u>

Rupees '000

As at 31 December 2023, the Holding Company's amounts due from insurers / reinsurers includes amount receivable within one year and above one year amounting to Rs. 56.243 million (2022: Rs. 7.38 million) and Rs. 1.651 million (2022: Rs. Nil) respectively.

42.2.2 Liquidity risk

Liquidity risk is the risk that the Holding 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 Holding 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 Holding 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 Holding 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.

	2023		
	Carrying amount	Up to one year	Greater than one year
Financial liabilities:			
Outstanding claims including IBNR	10 774 706	10 774 706	–
Insurance / reinsurance payable	9 674 489	9 674 489	–
Other creditors and accruals	7 014 766	7 014 766	–
	<u>27 463 961</u>	<u>27 463 961</u>	<u>–</u>
	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	8 047 592	8 047 592	–
Other creditors and accruals	6 913 950	6 913 950	–
	<u>25 343 727</u>	<u>25 343 727</u>	<u>–</u>

Rupees '000

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 In 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 2023. The table below also presents details of assets under Shareholder's Fund:

				Rupees '000
	Investment linked products (all unit main linked plans)	Conventional products (individual, group life, riders)	Shareholder's fund	Total
Available-for-sale:				
– Government securities	147 616 557	–	–	147 616 557
– Other fixed income securities	8 272 208		–	8 272 208
Held to maturity:				
– Government securities	–	4 826 853	1 472 291	6 299 144
– Other fixed income securities	–	125 050	10 000	135 050
Available-for-sale:				
– listed equities	22 269 300	4 484	40 369	22 314 153
– mutual funds	2 718 416	–	–	2 718 416
– Unlisted equities and mutual funds	–	–	508	508
Loans and receivables	–	–	167 495	167 495
– Insurance receivables	–	435 208	–	435 208
Reinsurance assets	42 950	583 143	–	626 093
TDR and Bank Balances	11 252 409	1 288 087	19 035	12 559 531
Cash and stamps	3 672	17	–	3 689
Investment income accrued	3 168 911	83 886	40 817	3 293 614
Advances and deposits	782 287	142 790	–	925 077
Income tax asset	1 423	1 423	1 149 882	1 152 728
Prepayments	125 625	12 365	–	137 990
Sundry receivables	72 178	2 784	50 805	125 767
Fixed assets	1 075 881	–	2 344 793	3 420 674
Total assets	197 401 817	7 506 090	5 295 995	210 203 902
Long-term insurance contracts and investment contracts:				
Fixed term	118 221 404	356 810	–	118 578 214
Whole of life	70 147 827	–	–	70 147 827
Short-term insurance contracts	–	1 953 625	–	1 953 625
Riders	–	240 137	–	240 137
Equity	–	–	4 386 671	4 386 671
Other liabilities	9 104 586	5 004 518	909 324	15 018 428
Total liabilities	197 473 817	7 555 090	5 295 995	210 324 902

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

	2023						
	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	124 761 155	58 949 480	183 710 635	25 033 077	3 565 490	28 598 567	212 309 202
Loans and other receivables	440 111	94 955	535 066	4 415 946	–	4 415 946	4 951 012
Cash and bank deposits	7 017 610	–	7 017 610	324 043	–	324 043	7 341 653
Insurance / reinsurance receivables	–	–	–	9 691 208	–	9 691 208	9 691 208
Reinsurance recoveries against outstanding claims	–	–	–	7 009 843	–	7 009 843	7 009 843
Retirement benefit	–	–	–	–	43 955	43 955	43 955
	<u>132 218 876</u>	<u>59 044 435</u>	<u>191 263 311</u>	<u>46 474 117</u>	<u>3 609 445</u>	<u>50 083 562</u>	<u>241 346 873</u>
Financial liabilities							
Outstanding claims including IBNR	–	–	–	11 136 879	–	11 136 879	11 136 879
Premium received in advance	–	–	–	1 772 407	–	1 772 407	1 772 407
Insurance / reinsurance payables	–	–	–	8 557 543	–	8 557 543	8 557 543
Other creditors and accruals	–	–	–	6 820 087	–	6 820 087	6 820 087
	<u>–</u>	<u>–</u>	<u>–</u>	<u>28 286 916</u>	<u>–</u>	<u>28 286 916</u>	<u>28 286 916</u>

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	33 318 674	2 718 022	36 036 696	192 571 716
Loans and other receivables	31 346	354 930	386 276	2 741 631	–	2 741 631	3 127 907
Cash and bank deposits	6 020 025	–	6 020 025	189 462	–	189 462	6 209 487
Insurance / reinsurance receivables	–	–	–	6 595 126	–	6 595 126	6 595 126
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>49 348 686</u>	<u>2 718 022</u>	<u>52 066 708</u>	<u>215 008 029</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	–	–	–	6 913 947	–	6 913 947	6 913 947
Retirement benefit obligation	–	–	–	–	14 009	14 009	14 009
	<u>–</u>	<u>–</u>	<u>–</u>	<u>26 536 522</u>	<u>14 009</u>	<u>26 550 531</u>	<u>26 550 531</u>

Sensitivity analysis

As on 31 December 2023, 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 2023	{ 100	54 449	33 214
	{ (100)	(54 449)	(33 214)
31 December 2022	{ 100	47 853	32 0662
	{ (100)	(47 853)	(32 0662)

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. 28,599 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 2023 and 2022. 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 2023	28 598 567	10 % increase	31 458 424	–	2 859 857
		10 % decrease	25 738 710	–	(2 859 857)
31 December 2022	23 291 865	10 % increase	25 621 042	–	2 329 186
		10 % decrease	20 962 670	–	(2 329 186)

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 2023										
	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	2 840 819	22 191 356					25 032 175	25 032 175		
Equity securities - unquoted	508						508			508
Government securities		143 144 957					143 144 957		143 144 957	
Mutual funds	867 998	1 850 418					2 718 416		2 718 416	
Sukuk Bonds		1 833 422					1 833 422		1 833 422	
Debt securities	12 982 564	5 592 836					18 575 400		18 575 400	
Financial assets not measured at fair value										
Government securities			10 770 744				10 770 744			
Loans and other receivables *				441 912			441 912			
Insurance / reinsurance receivables *				8 629 907			8 629 907			
Reinsurance recoveries against outstanding claims *				7 009 843			7 009 843			
Advances *				167 496			167 496			
Other assets *					4 344 457		4 344 457			
Certificate of investment *			981 000				981 000			
Cash and bank *		12 559 531			2 286 861		14 846 392			
Total assets of window takaful operations - Operator's fund *	957 785			495 211	89 736		1 542 732		957 785	
	17 649 674	187 172 520	11 751 744	16 744 369	6 721 054		240 039 361	25 032 175	167 229 980	508
Financial liabilities not measured at fair value										
Outstanding claims including IBNR *						(10 774 706)	(10 774 706)			
Premium received in advance *						(1 940 090)	(1 940 090)			
Insurance / reinsurance payables *						(9 674 489)	(9 674 489)			
Other creditors and accruals *						(7 014 766)	(7 014 766)			
Total liabilities of window takaful operations - Operator's fund *						(148 423)	(148 423)			
	17 649 674	187 172 520	11 751 744	16 744 369	6 721 054	(29 552 474)	210 486 887	25 032 175	167 229 980	508

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 *						(6 913 950)	(6 913 950)			
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	(26 721 169)	178 852 512	23 887 421	132 635 438	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
	2023
Holding Company	
Total Net Admissible Assets	9 392 063
Minimum Solvency Requirement (higher of following)	3 495 204
Method A - U/s 36(3)(a)	150 000
Method B - U/s 36(3)(b)	3 495 204
Method C - U/s 36(3)(c)	3 311 442
Excess in Net Admissible Assets over Minimum Requirements	<u>5 896 859</u>

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 28 February 2024 have announced a final cash dividend in respect of the year ended 31 December 2023 of Rs. 5.50 per share, 55.00 % (2022: 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.1,000 million (2022: Rs. Nil). These consolidated financial statements for the year ended 31 December 2023 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 2023 and 2022 are as follows:

	2023	2022
At year end	<u>3 653</u>	<u>3 630</u>
Average during the year	<u>3 639</u>	<u>3 744</u>

46. Corresponding Figures

46.1 Corresponding figures have been rearranged and reclassified, wherever necessary, to facilitate comparisons.

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 28 February 2024.

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Director

ALTAF GOKAL
Chief Financial Officer

KAMRAN ARSHAD INAM
Managing Director &
Chief Executive Officer

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 February 2024

A horizontal band with a teal background and a geometric pattern of overlapping triangles in various shades of teal. The text is centered within this band.

Window Takaful Operations Financial Statements

For the year ended 31 December 2023

EFU General Insurance Limited – Window Takaful Operations
Statement of Financial Position
As at 31 December 2023

Rupees '000

	Note	Operator's Fund		Participants' Takaful Fund	
		2023	2022	2023	2022
Assets					
Property and equipment	5	6 487	2 111	–	–
Investments					
Debt securities	6	957 785	948 921	2 267 359	2 394 006
Loans and other receivables	7	5 072	3 139	7 016	2 217
Takaful / retakaful receivables	8	13 783	14 791	474 879	379 772
Retakaful recoveries against outstanding claims / benefits	18	–	–	826 919	746 866
Salvage recoveries accrued		–	–	46 615	44 020
Deferred commission expense	19	163 567	163 440	–	–
Receivable from PTF	9	444 797	392 211	–	–
Accrued investment income		31 559	22 053	73 583	49 814
Deferred wakala fee		–	–	533 446	572 278
Deferred taxation	10	8 641	5 572	–	–
Prepayments	11	–	–	559 941	388 124
Cash and bank	12	89 736	48 929	274 503	195 563
Total assets		1 721 427	1 601 167	5 064 261	4 772 660
Funds and liabilities					
Operator's Fund					
Statutory fund		100 000	100 000	–	–
Revaluation reserve - available-for-sale investments		(8 082)	(5 123)	–	–
Accumulated profit		918 104	782 515	–	–
Total Operator's Fund		1 010 022	877 392	–	–
Participants' Takaful Fund (PTF)					
Cede money		–	–	500	500
Revaluation reserve - available-for-sale investments		–	–	(4 027)	(20 909)
Accumulated surplus		–	–	1 369 618	1 159 390
Balance of Participants' Takaful Fund		–	–	1 366 091	1 138 981
Liabilities					
PTF Underwriting provisions					
Outstanding claims / benefits including IBNR	18	–	–	1 328 717	1 282 538
Unearned contribution reserves		–	–	1 464 614	1 438 843
Reserve for unearned retakaful rebate	17	–	–	104 374	65 847
Contribution received in advance		–	–	10 964	4 488
Takaful / retakaful payables	13	1 828	1 743	315 229	423 452
Unearned wakala fee		533 446	572 278	–	–
Payable to OPF	9	–	–	444 797	392 211
Taxation - provision less payments		27 708	40 021	–	–
Other creditors and accruals	14	148 423	109 733	29 475	26 300
Total liabilities		711 405	723 775	3 698 170	3 633 679
Total equity and liabilities		1 721 427	1 601 167	5 064 261	4 772 660
Contingencies and commitments	15				

The annexed notes 1 to 33 form an integral part of these financial statements.

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Director

ALTAF GOKAL
Chief Financial Officer

KAMRAN ARSHAD INAM
Managing Director &
Chief Executive Officer

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 February 2024

EFU General Insurance Limited – Window Takaful Operations
Profit and Loss Account
For the year ended 31 December 2023

Rupees '000

	Note	2023	2022
Participants' Takaful Fund - (PTF)			
Contributions earned		1 881 068	1 856 772
Less: Contributions ceded to retakaful		(934 309)	(710 501)
Net contribution revenue	16	946 759	1 146 271
Retakaful rebate earned	17	142 346	134 194
Net underwriting income		1 089 105	1 280 465
Net claims reported / settled - IBNR	18	(1 127 642)	(1 127 349)
Other direct expenses		(75 845)	(82 811)
(Deficit) / surplus before investment income		(114 382)	70 305
Investment Income	21	402 243	272 109
Other income	22	30 570	17 377
Less: Modarib's share of investment income		(108 203)	(72 379)
Surplus transferred to accumulated surplus		210 228	287 412
Operator's Fund - (OPF)			
Wakala fee		1 164 096	941 037
Commission expense	19	(348 196)	(322 878)
General, administrative and management expense	20	(420 006)	(399 223)
		395 894	218 936
Modarib's share of PTF investment income		108 203	72 379
Investment income	21	202 284	91 614
Direct expenses	23	(23 185)	(1 076)
Other income	22	13 172	5 778
Profit before taxation		696 368	387 631
Taxation	24	(294 092)	(135 759)
Profit after taxation		402 276	251 872

The annexed notes 1 to 33 form an integral part of these financial statements.

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Chief Financial Officer

KAMRAN ARSHAD INAM
Managing Director &
Chief Executive Officer

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 February 2024

EFU General Insurance Limited – Window Takaful Operations
Statement of Comprehensive Income
For the year ended 31 December 2023

Rupees '000

	2023	2022
Participants' Takaful Fund - (PTF)		
Surplus for the year	210 228	287 412
Other comprehensive income		
Fair value change on available-for-sale investments during the year - net	8 273	(4 810)
Reclassification adjustments relating to available-for-sale investments disposed of during the year - net	8 609	–
Total items that may be reclassified subsequently to profit and loss account	16 882	(4 810)
Total comprehensive income for the year	227 110	282 602
Operator's Fund - (OPF)		
Profit after tax for the year	402 276	251 872
Other comprehensive income		
Fair value change on available-for-sale investments during the year - net of tax	(4 622)	(1 727)
Reclassification adjustments relating to available-for-sale investments disposed of during the year - net	1 663	–
Total items that may be reclassified subsequently to profit and loss account	(2 959)	(1 727)
Total comprehensive income for the year	399 317	250 145

The annexed notes 1 to 33 form an integral part of these financial statements.

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Chief Executive Officer

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 February 2024

EFU General Insurance Limited – Window Takaful Operations
Cash Flow Statement
For the year ended 31 December 2023

Rupees '000

	Operator's Fund		Participants' Takaful Fund	
	2023	2022	2023	2022
Operating cash flows				
a) Takaful activities				
Contributions received	–	–	2 986 900	2 878 807
Retakaful contribution paid	–	–	(1 220 418)	(568 344)
Claims / benefits paid	–	–	(1 763 792)	(1 219 053)
Retakaful and other recoveries received	–	–	595 084	81 268
Commission paid	(331 954)	(319 598)	–	–
Retakaful rebate received	–	–	180 873	136 678
Wakala fee received / (paid)	1 080 753	923 976	(1 080 753)	(923 976)
Modarib received / (paid)	100 127	70 355	(100 127)	(70 355)
Net cash flow from / (used in) takaful activities	848 926	674 733	(402 233)	315 025
b) Other operating activities				
Income tax paid	(306 830)	(102 093)	–	–
General and other expenses paid	(442 131)	(401 963)	(75 845)	(82 811)
Other operating payments	(925)	(9 551)	1 270	5 802
Other operating receipts	22 105	(132)	3 176	(3 271)
Net cash flow used in other operating activities	(727 781)	(513 739)	(71 399)	(80 280)
Total cash flow from / (used in) all operating activities	121 145	160 994	(473 632)	234 745
Investment activities				
Profit / return received	203 900	86 714	409 043	264 682
Payment for investments	(457 340)	(370 708)	(645 608)	(895 034)
Proceeds from investments	442 873	71 046	789 137	351 868
Fixed capital expenditure	(5 134)	(10)	–	–
Proceeds from disposal of property and equipment	2 050	10	–	–
Total cash flow from / (used in) investing activities	186 349	(212 948)	552 572	(278 484)
Financing activities				
Transfer of profit to the Company	(266 687)	–	–	–
Net cash flow from / (used in) all activities	40 807	(51 954)	78 940	(43 739)
Cash and cash equivalents at the beginning of the year	48 929	100 883	195 563	239 302
Cash and cash equivalents at the end of the year	89 736	48 929	274 503	195 563
Reconciliation to profit and loss account				
Operating cash flow	121 145	160 994	(473 632)	234 745
Depreciation expense	(758)	(676)	–	–
Other investment income	202 284	91 614	402 243	272 109
Other income	13 172	5 778	30 570	17 407
Increase in assets other than cash	54 063	203 963	315 539	482 470
(Increase) / decrease in liabilities other than borrowings	12 370	(209 801)	(64 492)	(719 319)
Profit / surplus after tax for the year	402 276	251 872	210 228	287 412
Attributed to				
Operator's Fund	402 276	251 872	–	–
Participants' Takaful Fund	–	–	210 228	287 412
	402 276	251 872	210 228	287 412

The annexed notes 1 to 33 form an integral part of these financial statements.

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Director

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SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 February 2024

EFU General Insurance Limited – Window Takaful Operations
Statement of Changes in Funds
For the year ended 31 December 2023

	Operator's Fund			Rupees '000
	Statutory fund	Unrealized gain / (loss) on revaluation of available-for-sale investments-net	Accumulated profit	Total
Balance as at 01 January 2022	100 000	(3 396)	530 643	627 247
Total comprehensive income for the year ended 31 December 2022				
Profit for the year			251 872	251 872
Other comprehensive income		(1 727)		(1 727)
Balance as at 31 December 2022	<u>100 000</u>	<u>(5 123)</u>	<u>782 515</u>	<u>877 392</u>
Balance as at 01 January 2023	100 000	(5 123)	782 515	877 392
Total comprehensive income for the year ended 31 December 2023				
Profit for the year			402 276	402 276
Transfer of profit to the Company			(266 687)	(266 687)
Other Comprehensive Income		(2 959)		(2 959)
Balance as at 31 December 2023	<u>100 000</u>	<u>(8 082)</u>	<u>918 104</u>	<u>1 010 022</u>
	Participants' Takaful Fund			
	Cede money	Unrealized gain / (loss) on revaluation of available-for-sale investments-net	Accumulated surplus	Total
Balance as at 01 January 2022	500	(16 099)	871 978	856 379
Total comprehensive income for the year ended 31 December 2022				
Surplus for the year			287 412	287 412
Other comprehensive income		(4 810)		(4 810)
Balance as at 31 December 2022	<u>500</u>	<u>(20 909)</u>	<u>1 159 390</u>	<u>1 138 981</u>
Balance as at 01 January 2023	500	(20 909)	1 159 390	1 138 981
Total comprehensive income for the year ended 31 December 2023				
Surplus for the year			210 228	210 228
Other Comprehensive Income		16 882		16 882
Balance as at 31 December 2023	<u>500</u>	<u>(4 027)</u>	<u>1 369 618</u>	<u>1 366 091</u>

The annexed notes 1 to 33 form an integral part of these financial statements.

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Director

ALTAF GOKAL
Chief Financial Officer

KAMRAN ARSHAD INAM
Managing Director &
Chief Executive Officer

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 February 2024

EFU General Insurance Limited – Window Takaful Operations

Notes to the Financial Statements

For the year ended 31 December 2023

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 (OPF) 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

The Operator has adopted following accounting standards, interpretations and amendments of IFRSs and the improvements to accounting standards which became effective for the current year.

Amendments to approved accounting standards

Definition of Accounting Estimates - IAS 8

Disclosure of Accounting Policies - IAS 1 and IFRS Practice Statement 2

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - IAS 12

International Tax Reform-Pillar Two Model Rules - IAS 12

These amendments had no or material impact on the Operator's financial statements.

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

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Amendments	Effective date (annual periods beginning on or after)
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	01-January-2024
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	01-January-2024
Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	01-January-2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized

The Operator expects that such improvements to the standards will not have any material impact on the Operator's financial statements in the period of initial application, except for IFRS 17.

SECP vide its SRO 1715 dated 21 November 2023 directed the application of IFRS 17 for the period commencing from 1 January 2026.

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF"). The key objectives of IFRS 17 are comparable recognition and measurement of contracts in the scope of the standard, the recognition of insurance service results based on the services provided to the policyholder and provision of disclosures that will enable the users of the financial statements to assess the impact of these contracts on the financial position, financial results and cash flows of the entity. The Operator is currently in process of assessing the impact.

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

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

3. Summary of material accounting policies

The material 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.

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>2023</u>	<u>2022</u>
– Fire and property damage	36 %	68 %
– Marine, aviation and transport	11 %	17 %
– Motor	53 %	53 %
– Miscellaneous	46 %	29 %

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.

3.6.1 Takaful receivable

Receivables under takaful contracts are recognized when due, at the fair value of the consideration receivable. If there is objective evidence that the receivable is impaired, the Operator reduces the carrying amount of the receivable accordingly and recognizes it as impairment loss.

3.7 Segment reporting

The Operator presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Rules, 2017 as the primary reporting format.

The Operator has four primary business segments for reporting purposes namely, fire and property damage, marine, 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 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.

3.8 Revenue recognition

3.8.1 PTF

3.8.1.1 Contribution

The revenue recognition policy for contributions is given under note 3.3.

3.8.1.2 Rebate from retakaful operators

The revenue recognition policy for rebate from retakaful operator is given under note 3.13.2.

3.8.2 OPF

The revenue recognition policy for wakala fee is given under note 3.14.

3.8.3 PTF / OPF

3.8.3.1 Investment Income

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

3.9 Investments

- In debt securities - available-for-sale
- In term deposit - held-to-maturity

3.9.1 Recognition

All investments are initially recognised at fair value of the consideration given and include transaction costs. 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 investments.

3.9.2 Measurement

3.9.2.1 Available-for-sale

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.

3.9.2.2 Held to maturity

At the time of acquisition, investments with fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as held to maturity.

Subsequently, these are measured at amortized cost less provision for impairment in value, if any. Any premium paid or discount availed on acquisition of held to maturity investment is deferred and amortized over the term of investment using the effective yield.

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

3.10 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.

3.10.1 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.

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.

3.11 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.

3.11.1 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.

3.11.2 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.

3.12 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 Operators' Fund are proportionately allocated.

3.13 Commission

3.13.1 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.

3.13.2 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.

3.14 Wakala fees

The Operator manages the general takaful operations for the participants and charges 35.00% (2022: 35.00%) for fire and property, 35.00% (2022: 35.00%) for marine, aviation and transport, 35.00% (2022: 35.00%) for motor, 40.00% (2022: 40.00%) for motor Ijara, 35% (2022: 35%) 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.

3.15 Modarib fee

The Operator also manages the participants' investment as modarib and charges 25% (2022: 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.

3.16 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	3.6.1
– Provision for outstanding claims (including IBNR)	3.10.1
– Taxation	3.11

5. Property and equipment

Rupees '000

OPF - 2023										
	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	1 074	156	-	1 230	272
Office equipment	333	192	-	525	10	251	34	-	285	240
Computer equipment	1 029	-	-	1 029	30	829	123	-	952	77
Vehicles	5 176	4 942	(1 696)	8 422	20	3 775	445	(1 696)	2 524	5 898
	<u>8 040</u>	<u>5 134</u>	<u>(1 696)</u>	<u>11 478</u>		<u>5 929</u>	<u>758</u>	<u>(1 696)</u>	<u>4 991</u>	<u>6 487</u>

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>

5.1.1 Details of tangible assets disposed off during the year are as follows:

Category of Assets (Mode of disposal)	Rupees '000			
	Original cost	Accumulated depreciation	Book value	Sale proceeds
Vehicles				
Written down value below Rs. 50 000	<u>1 696</u>	<u>1 696</u>	<u>-</u>	<u>2 050</u>

6. Investment in debt securities - available-for-sale

6.1 Operator's Fund

	2023			2022		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Fixed Income Securities						
Ijara Sukuks	943 774	-	943 774	915 540	-	915 540
Corporate Sukuks	36 192	(8 931)	27 261	49 959	(8 931)	41 028
	<u>979 966</u>	<u>(8 931)</u>	<u>971 035</u>	<u>965 499</u>	<u>(8 931)</u>	<u>956 568</u>
Deficit on revaluation	-	-	(13 250)	-	-	(7 647)
	<u>979 966</u>	<u>(8 931)</u>	<u>957 785</u>	<u>965 499</u>	<u>(8 931)</u>	<u>948 921</u>

Name of investments	Maturity year	Effective yield %	Profit payment	Face value	Rupees '000
					31 December 2023
Ijara Sukuk					
1 Year Ijara Sukuk	2024	20.07	Half yearly	37 000	37 508
5 Years Ijara Sukuk	2025	20.76	Half yearly	30 000	29 895
5 Years Ijara Sukuk	2025	20.76	Half yearly	43 500	43 348
5 Years Ijara Sukuk	2025	20.76	Half yearly	17 000	16 941
5 Years Ijara Sukuk	2025	20.81	Half yearly	30 000	29 862
5 Years Ijara Sukuk	2025	20.88	Half yearly	30 000	29 895
5 Years Ijara Sukuk	2025	20.80	Half yearly	27 000	26 906
5 Years Ijara Sukuk	2025	22.44	Half yearly	13 000	13 130
5 Years Ijara Sukuk	2025	22.35	Half yearly	15 000	15 170
5 Years Ijara Sukuk	2025	22.42	Half yearly	17 000	17 170
5 Years Ijara Sukuk	2025	8.52	Half yearly	59 000	49 446
5 Years Ijara Sukuk	2025	8.15	Half yearly	13 500	11 312
5 Years Ijara Sukuk	2025	21.89	Half yearly	40 000	39 796
5 Years Ijara Sukuk	2025	21.89	Half yearly	25 000	24 873
5 Years Ijara Sukuk	2025	8.14	Half yearly	25 000	20 948
5 Years Ijara Sukuk	2025	21.92	Half yearly	50 000	49 745
5 Years Ijara Sukuk	2025	20.77	Half yearly	19 000	19 173
5 Years Ijara Sukuk	2025	21.03	Half yearly	35 000	34 878
5 Years Ijara Sukuk	2025	20.76	Half yearly	25 000	25 228
5 Years Ijara Sukuk	2025	20.66	Half yearly	40 000	40 364
5 Years Ijara Sukuk	2026	21.76	Half yearly	10 000	10 150
5 Years Ijara Sukuk	2026	21.65	Half yearly	25 000	25 250
5 Years Ijara Sukuk	2026	22.25	Half yearly	2 000	2 020
5 Years Ijara Sukuk	2027	22.21	Half yearly	15 000	15 225
5 Years Ijara Sukuk	2027	21.69	Half yearly	30 000	30 535
5 Years Ijara Sukuk	2027	22.25	Half yearly	50 000	50 890
5 Years Ijara Sukuk	2027	21.91	Half yearly	20 000	20 356
5 Years Ijara Sukuk	2027	22.39	Half yearly	68 000	69 220
5 Years Ijara Sukuk	2027	22.74	Half yearly	25 000	25 445
5 Years Ijara Sukuk	2027	22.74	Half yearly	20 000	20 356
5 Years Ijara Sukuk	2027	22.17	Half yearly	30 000	30 534
5 Years Ijara Sukuk	2027	22.39	Half yearly	4 000	4 073
5 Years Ijara Sukuk	2027	21.40	Half yearly	50 000	50 890
					930 532
Corporate Sukuk					
5 Years Dubai Islamic Bank Ltd. Sukuk	2024	24.35	Monthly	25 000	25 000
4 Years Hub Power Company Ltd. Sukuk	2024	21.12	Half yearly	2 250	2 253
					27 253
					957 785

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

6.2 Participants' Takaful Fund

	2023			2022		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Fixed Income Securities						
Ijara Sukuks	2 220 368	–	2 220 368	2 331 550	–	2 331 550
Corporate Sukuks	59 948	(8 931)	51 017	92 295	(8 931)	83 364
	2 280 316	(8 931)	2 271 385	2 423 845	(8 931)	2 414 914
Deficit on revaluation	–	–	(4 026)	–	–	(20 908)
	2 280 316	(8 931)	2 267 359	2 423 845	(8 931)	2 394 006

Rupees '000

Name of investments	Maturity year	Effective yield %	Profit payment	Face value	31 December 2023
Ijara Sukuk					
1 Year Ijara Sukuk	2024	20.07	Half yearly	63 000	63 883
5 Years Ijara Sukuk	2025	21.24	Half yearly	60 000	59 790
5 Years Ijara Sukuk	2025	20.75	Half yearly	106 500	106 127
5 Years Ijara Sukuk	2025	20.74	Half yearly	68 000	67 762
5 Years Ijara Sukuk	2025	20.74	Half yearly	70 000	69 755
5 Years Ijara Sukuk	2025	20.74	Half yearly	82 000	81 713
5 Years Ijara Sukuk	2025	20.74	Half yearly	18 000	17 937
5 Years Ijara Sukuk	2025	20.81	Half yearly	25 000	24 913
5 Years Ijara Sukuk	2025	20.77	Half yearly	15 000	14 988
5 Years Ijara Sukuk	2025	20.77	Half yearly	22 000	21 982
5 Years Ijara Sukuk	2025	20.72	Half yearly	15 000	14 988
5 Years Ijara Sukuk	2025	22.44	Half yearly	40 000	40 400
5 Years Ijara Sukuk	2025	22.45	Half yearly	6 000	6 060
5 Years Ijara Sukuk	2025	22.34	Half yearly	40 000	40 400
5 Years Ijara Sukuk	2025	22.35	Half yearly	7 000	7 070
5 Years Ijara Sukuk	2025	22.35	Half yearly	12 000	12 120
5 Years Ijara Sukuk	2025	22.37	Half yearly	10 000	10 100
5 Years Ijara Sukuk	2025	22.37	Half yearly	25 000	25 250
5 Years Ijara Sukuk	2025	22.36	Half yearly	15 000	15 150
5 Years Ijara Sukuk	2025	22.36	Half yearly	27 000	27 270
5 Years Ijara Sukuk	2025	22.36	Half yearly	32 000	32 320
5 Years Ijara Sukuk	2025	8.52	Half yearly	41 000	34 354
5 Years Ijara Sukuk	2025	8.22	Half yearly	15 000	12 568
5 Years Ijara Sukuk	2025	21.89	Half yearly	17 000	16 913
5 Years Ijara Sukuk	2025	20.81	Half yearly	120 000	119 590
5 Years Ijara Sukuk	2025	21.96	Half yearly	25 000	24 873
5 Years Ijara Sukuk	2025	21.81	Half yearly	18 000	17 918
5 Years Ijara Sukuk	2025	22.22	Half yearly	38 000	37 806
5 Years Ijara Sukuk	2025	20.77	Half yearly	44 000	44 400
5 Years Ijara Sukuk	2025	21.05	Half yearly	50 000	49 825
5 Years Ijara Sukuk	2025	20.76	Half yearly	15 000	15 136
5 Years Ijara Sukuk	2025	20.76	Half yearly	75 000	75 683
5 Years Ijara Sukuk	2025	20.66	Half yearly	20 000	20 182
5 Years Ijara Sukuk	2025	20.66	Half yearly	15 000	15 136
5 Years Ijara Sukuk	2025	20.84	Half yearly	120 000	121 098
5 Years Ijara Sukuk	2025	20.71	Half yearly	77 000	77 701
5 Years Ijara Sukuk	2026	22.27	Half yearly	10 000	10 100
5 Years Ijara Sukuk	2026	21.77	Half yearly	34 000	34 510
5 Years Ijara Sukuk	2026	22.05	Half yearly	80 000	81 200
5 Years Ijara Sukuk	2026	21.76	Half yearly	4 000	4 060
5 Years Ijara Sukuk	2026	22.27	Half yearly	50 000	50 750
5 Years Ijara Sukuk	2027	21.73	Half yearly	10 000	10 150
5 Years Ijara Sukuk	2027	22.05	Half yearly	15 000	15 225
5 Years Ijara Sukuk	2027	22.21	Half yearly	77 000	78 185
5 Years Ijara Sukuk	2027	22.25	Half yearly	36 000	36 651
5 Years Ijara Sukuk	2027	22.39	Half yearly	200 000	203 000
5 Years Ijara Sukuk	2027	22.39	Half yearly	75 000	76 335
5 Years Ijara Sukuk	2027	22.39	Half yearly	24 000	24 427
5 Years Ijara Sukuk	2027	22.39	Half yearly	30 000	30 534
5 Years Ijara Sukuk	2027	22.07	Half yearly	94 000	95 673
5 Years Ijara Sukuk	2027	21.40	Half yearly	22 000	22 392
					2 216 353

Rupees '000

Name of investments	Maturity year	Effective yield %	Profit payment	Face value	31 December 2023
Corporate Sukuk					
5 Years Dubai Islamic Bank Ltd. Sukuk	2024	24.35	Monthly	25 000	25 000
4 Years Hub Power Company Ltd. Sukuk	2024	21.12	Half Yearly	12 000	4 006
10 Years Dubai Islamic Bank Ltd. Sukuk	2032	22.13	Half Yearly	22 000	22 000
					51 006
					<u>2 267 359</u>

Name of investments	Maturity year	Effective yield %	Profit payment	Face value	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

Name of investments	Maturity year	Effective yield %	Profit payment	Face value	Rupees '000
					31 December 2022
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>

7. Loans and other receivables – considered good

	OPF		PTF	
	2023	2022	2023	2022
Security deposits	301	301	–	–
Other receivables	4 771	2 838	7 016	2 217
	<u>5 072</u>	<u>3 139</u>	<u>7 016</u>	<u>2 217</u>

		Rupees '000			
		OPF		PTF	
		2023	2022	2023	2022
8.	Takaful / retakaful receivables – unsecured and considered good				
	Due from takaful participants holders	–	–	456 941	366 430
	Due from other takaful / retakaful operators	13 783	14 791	17 938	13 342
		<u>13 783</u>	<u>14 791</u>	<u>474 879</u>	<u>379 772</u>
9.	Receivable (OPF) / Payable (PTF)				
	Wakala fee	423 986	379 476	423 986	379 476
	Modarib fee	20 811	12 735	20 811	12 735
		<u>444 797</u>	<u>392 211</u>	<u>444 797</u>	<u>392 211</u>
				<u>2023</u>	<u>2022</u>
10.	Deferred taxation				
	Deferred debit arising in respect of:				
	Accelerated tax depreciation			–	325
	Unrealized loss on available-for-sale investments			5 167	2 522
	Impairment on available-for-sale investments			3 483	2 725
	Deferred credit arising in respect of:				
	Accelerated tax depreciation			(9)	–
				<u>8 641</u>	<u>5 572</u>
				<u>2023</u>	<u>2022</u>
		OPF		PTF	
	Note	2023	2022	2023	2022
11.	Prepayments				
	Prepaid retakaful contribution ceded	–	–	530 772	352 886
	Prepaid charges for vehicle tracking devices	–	–	29 169	35 238
		<u>–</u>	<u>–</u>	<u>559 941</u>	<u>388 124</u>
12.	Cash and bank				
	Cash and cash equivalents				
	Policy stamps	–	–	2 496	3 041
	Cash at bank				
	Current accounts	4 156	1 415	1 517	634
	Saving accounts	85 580	47 514	270 490	191 888
		<u>89 736</u>	<u>48 929</u>	<u>272 007</u>	<u>192 522</u>
		<u>89 736</u>	<u>48 929</u>	<u>274 503</u>	<u>195 563</u>

12.1 The rate of profit on profit and loss sharing accounts from various banks were 8.00 to 16.50 % per annum (2022: 8.25% to 14.00%) depending on the size of average deposits.

	Rupees '000			
	OPF		PTF	
	2023	2022	2023	2022
13. Takaful / retakaful payables				
Co-takaful payable	1 828	1 743	158 001	114 795
Re-takaful payable	–	–	157 228	308 657
	<u>1 828</u>	<u>1 743</u>	<u>315 229</u>	<u>423 452</u>

The Operator has co-takaful and re-takaful arrangements with various takaful operators and a domestic re-takaful company. 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 premium 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	
	2023	2022	2023	2022
14. Other creditors and accruals				
Federal insurance fee payable	–	–	2 395	2 322
Sales tax payable	1 107	1 465	26 920	22 797
Accrued expenses	4 461	4 160	–	–
Agent commission payable	120 069	103 785	–	–
Retirement benefit obligations	405	272	–	–
Workers' welfare fund	22 118	–	–	–
Other creditors	263	51	160	1 181
	<u>148 423</u>	<u>109 733</u>	<u>29 475</u>	<u>26 300</u>

15. Contingencies and commitments

There are no contingencies and commitments as at 31 December 2023 (31 December 2022: Nil).

	Rupees '000	
	2023	2022
16. Net contribution revenue		
Written gross contribution	3 070 936	2 931 815
Wakala fee	(1 125 264)	(1 102 354)
Contribution net of wakala fee	1 945 672	1 829 461
Unearned contribution reserve - opening	866 565	893 876
Unearned contribution reserve - closing	(931 169)	(866 565)
Contribution earned	<u>1 881 068</u>	<u>1 856 772</u>
Less:		
Retakaful contribution ceded	1 112 195	779 569
Prepaid retakaful contribution - opening	352 886	283 818
Prepaid retakaful contribution - closing	(530 772)	(352 886)
Retakaful expense	<u>934 309</u>	<u>710 501</u>
	<u>946 759</u>	<u>1 146 271</u>

	Rupees '000	
	2023	2022
17. Retakaful rebate earned		
Rebate received or recoverable	180 873	136 679
Unearned retakaful rebate - opening	65 847	63 362
Unearned retakaful rebate - closing	(104 374)	(65 847)
	<u>142 346</u>	<u>134 194</u>
18. Takaful benefits / claims expense		
Benefits / claims paid	1 761 198	1 225 113
Outstanding benefits / claims including IBNR - opening	(1 282 538)	(1 088 118)
Outstanding benefits / claims including IBNR - closing	1 328 717	1 282 538
Claim expense	1 807 377	1 419 533
Less:		
Retakaful and other recoveries received	599 682	86 569
Retakaful and other recoveries in respect of outstanding claims - opening	(746 866)	(541 251)
Retakaful and other recoveries in respect of outstanding claims - closing	826 919	746 866
Retakaful and other recoveries revenue	679 735	292 184
	<u>1 127 642</u>	<u>1 127 349</u>

18.1 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	2019 and prior	2020	2021	2022	2023 (including IBNR)	Rupees '000
						Total
Estimate of ultimate claims costs:						
- At end of accident year	1 621 303	1 980 788	1 406 107	1 650 383	1 980 428	
- One year later	1 422 941	1 738 050	1 221 401	1 481 087	-	
- Two years later	1 404 433	1 713 227	1 215 699	-	-	
- Three years later	1 383 114	1 717 957	-	-	-	
- Four years later	1 380 328	-	-	-	-	
Current estimate of cumulative claims	<u>1 380 328</u>	<u>1 717 957</u>	<u>1 215 699</u>	<u>1 481 087</u>	<u>1 980 428</u>	7 775 499
Cumulative payments to date	1 379 279	1 297 431	1 188 250	1 197 519	1 384 303	6 446 782
Liability recognized in statement of financial position	<u>1 049</u>	<u>420 526</u>	<u>27 449</u>	<u>283 568</u>	<u>596 125</u>	<u>1 328 717</u>

18.2 The provision for IBNR on the basis of actuarial valuation carried out as at 31 December 2023 amounted to Rs. 65,770 thousand (2022: Rs. 62,532 thousand).

		Rupees '000	
	Note	2023	2022
19. Commission expense			
Commission paid or payable		348 323	336 823
Deferred commission expense - opening		163 440	149 495
Deferred commission expense - closing		(163 567)	(163 440)
		<u>348 196</u>	<u>322 878</u>
20. General, administrative and management expense			
Salaries, wages and benefits	20.1	293 665	288 210
Bonus		23 159	23 981
Gratuity		4 635	4 030
Rent rates and taxes		16 201	7 210
Telephone		2 372	2 657
Postage and telegram		2 983	2 481
Gas electricity and fuel		10 630	9 305
Printing and stationery		7 215	6 400
Travelling and entertainment		16 737	18 837
Depreciation		20 400	18 350
Repair and maintenance		8 949	8 227
Annual supervision fee of SECP		4 316	3 836
Service charges		(8 871)	(9 554)
Bank charges and commission		3	9
Training		465	444
Insurance		292	278
Meeting & Conferences		1 230	2 884
Security services		565	516
Conveyance expense		1 799	1 549
Miscellaneous		13 261	9 573
		<u>420 006</u>	<u>399 223</u>

20.1 This includes Rs 315 thousand (2022: Rs. 297 thousand) being contribution for employees' provident fund.

	OPF		PTF		Rupees '000
	2023	2022	2023	2022	
21. Investment Income					
Income from debt securities - available-for-sale					
Return on debt securities	201 465	91 914	419 643	269 538	
Income from term deposits					
Return on term deposits	-	76	-	1 291	
Net realized gains on investments	201 465	91 990	419 643	270 829	
Available for sale financial assets					
Realized gains / (losses) on:					
Debt securities	819	(376)	(17 400)	1 280	
Total investment income	<u>202 284</u>	<u>91 614</u>	<u>402 243</u>	<u>272 109</u>	

		OPF		PTF		Rupees '000
		2023	2022	2023	2022	
22.	Other income					
	Profit on bank deposits	11 122	5 768	30 570	17 407	
	Gain on sale of fixed assets	2 050	10	–	–	
	Exchange loss	–	–	–	(30)	
		<u>13 172</u>	<u>5 778</u>	<u>30 570</u>	<u>17 377</u>	
			Note	2023	2022	
23.	Direct expense - OPF					
	Auditor's remuneration		23.1	940	1 046	
	Subscription to association			127	30	
	Workers' welfare fund			22 118	–	
				<u>23 185</u>	<u>1 076</u>	
23.1	Auditor's remuneration					
	Audit fee			675	693	
	Shari'ah Compliance audit fee			250	165	
	Out of pocket expenses			15	188	
				<u>940</u>	<u>1 046</u>	
24.	Taxation					
	For current year					
	Current			201 694	112 487	
	Deferred			(425)	(64)	
	Super tax			69 550	15 516	
				<u>270 819</u>	<u>127 939</u>	
	For prior year					
	Super tax			23 273	7 820	
				<u>294 092</u>	<u>135 759</u>	
24.1	Relationship between tax expense and accounting profit					
	Profit before taxation			<u>696 368</u>	<u>387 631</u>	
	Tax at the applicable rate			201 947	112 413	
	Tax effects of deduction not allowed			(678)	10	
	Tax effects of prior year tax			23 273	7 820	
	Average effective tax rate charged on income			<u>224 542</u>	<u>120 243</u>	
	Effect of super tax			69 550	15 516	
	Total average effective tax rate			<u>294 092</u>	<u>135 759</u>	

25. 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

	2023			2022		
	Head of WTO	Executives	Total	Head of WTO	Executives	Total
Managerial remuneration	5 400	6 216	11 616	5 160	3 840	9 000
Leave encashment	–	239	239	–	198	198
Bonus	–	886	886	–	293	293
Retirement benefits	–	301	301	–	213	213
Utilities	374	334	708	220	122	342
Medical expenses	300	59	359	92	56	148
Total	6 074	8 035	14 109	5 472	4 722	10 194
Number of persons	1	2	3	1	2	3

26. 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

	2023	2022
26.1 Participants' Takaful Fund		
Associate		
Contributions written	772	684
Contribution paid	121	103
Claims paid	692	950
Key management personnel		
Contributions written	70	78
Others		
Contributions written	285	1 870
Claims paid	57	148
Employee fund		
Contribution to gratuity fund	405	272
Balances		
Other balances payable	–	(509)
Employees' gratuity fund payable	(405)	(272)

27. Segment information

27.1 Operator's Fund

Rupees '000

	For the year ended 31 December 2023					
	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Total
Current year						
Wakala fee	250 104	66 781	804 182	43 029	–	1 164 096
Commission expense	(97 873)	(31 324)	(208 987)	(10 012)	–	(348 196)
General administrative and management expenses	(15 368)	(10 193)	(384 654)	(9 791)	–	(420 006)
Net commission and expenses	(113 241)	(41 517)	(593 641)	(19 803)	–	(768 202)
	<u>136 863</u>	<u>25 264</u>	<u>210 541</u>	<u>23 226</u>	<u>–</u>	<u>395 894</u>
Modarib's share of PTF investment income						108 203
Investment income						202 284
Direct expenses						(23 185)
Other income						13 172
Profit before taxation						696 368
Taxation						(294 092)
Profit after taxation						<u>402 276</u>
	As at 31 December 2023					
Corporate segment assets	223 056	24 064	335 880	18 336	–	601 336
Corporate unallocated assets						1 120 091
Total assets						<u>1 721 427</u>
Corporate segment liabilities	216 735	20 561	381 824	34 395	–	653 515
Corporate unallocated liabilities						57 890
Total liabilities						<u>711 405</u>
	For the year ended 31 December 2022					
Prior year						
Wakala fee	164 077	53 412	700 799	22 749	–	941 037
Commission expense	(75 535)	(25 145)	(214 199)	(7 999)	–	(322 878)
General administrative and management expenses	(12 884)	(8 646)	(371 418)	(6 275)	–	(399 223)
Net commission and expenses	(88 419)	(33 791)	(585 617)	(14 274)	–	(722 101)
	<u>75 658</u>	<u>19 621</u>	<u>115 182</u>	<u>8 475</u>	<u>–</u>	<u>218 936</u>
Modarib's share of PTF investment income						72 379
Investment income						91 614
Direct expenses						(1 076)
Other income						5 778
Profit before taxation						387 631
Taxation						(135 759)
Profit after taxation						<u>251 872</u>
	As at 31 December 2022					
Corporate segment assets	157 225	17 208	365 513	17 761	–	557 707
Corporate unallocated assets						1 043 460
Total assets						<u>1 601 167</u>
Corporate segment liabilities	152 456	16 489	479 499	27 619	–	676 063
Corporate unallocated liabilities						47 712
Total liabilities						<u>723 775</u>

27.2 Participants' Takaful Fund

Rupees '000

For the year ended 31 December 2023						
Current year	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Total
Contribution receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	1 011 602	241 372	2 130 466	161 791	–	3 545 231
Less: Sales tax	122 146	24 813	263 045	18 274	–	428 278
Stamp duty	68	15 066	193	15	–	15 342
Federal insurance fee	8 806	1 995	18 488	1 386	–	30 675
Gross written contribution (inclusive of administrative surcharge)	880 582	199 498	1 848 740	142 116	–	3 070 936
Gross direct contribution	875 687	190 953	1 737 726	138 292	–	2 942 658
Facultative inward premium	–	–	–	3 483	–	3 483
Administrative surcharge	4 895	8 545	111 014	341	–	124 795
Wakala fee	(296 239)	(69 825)	(709 459)	(49 741)	–	(1 125 264)
Contributions earned	470 193	124 020	1 208 695	78 160	–	1 881 068
Contributions ceded to retakaful	(672 254)	(146 720)	(28 350)	(86 985)	–	(934 309)
Net contribution revenue	(202 061)	(22 700)	1 180 345	(8 825)	–	946 759
Retakaful rebate earned	93 879	33 006	–	15 461	–	142 346
Net underwriting income	(108 182)	10 306	1 180 345	6 636	–	1 089 105
Takaful claims	(648 042)	(20 944)	(1 038 711)	(99 680)	–	(1 807 377)
Takaful claims recovered from retakaful	601 522	16 756	–	61 457	–	679 735
Net claims	(46 520)	(4 188)	(1 038 711)	(38 223)	–	(1 127 642)
Other direct expenses	(154)	(141)	(75 441)	(109)	–	(75 845)
(Deficit) / surplus before investment income	(154 856)	5 977	66 193	(31 696)	–	(114 382)
Investment income						402 243
Other income						30 570
Modarib's share of investment income						(108 203)
Surplus transferred to accumulated surplus						210 228
	As at 31 December 2023					
Corporate segment assets	1 598 785	74 248	585 539	189 297	–	2 447 869
Corporate unallocated assets						2 616 392
Total assets						5 064 261
Corporate segment liabilities	1 540 197	124 631	1 206 486	243 125	–	3 114 439
Corporate unallocated liabilities						583 731
Total liabilities						3 698 170

Rupees '000

For the year ended 31 December 2022

Prior year	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Total
Contribution receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	705 540	188 884	2 349 715	121 076	–	3 365 215
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	2 056 128	105 920	–	2 931 815
Gross direct contribution	608 822	148 982	1 909 816	105 599	–	2 773 219
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)
(Deficit) / Surplus 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	–	2 131 060
Corporate unallocated assets						2 641 600
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

28. Movement in investment

28.1 Operator's Fund

Name of investment	Available- for-sale debt securities	Held to maturity term deposit	Rupees '000
			Total
At beginning of previous year	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 beginning of current year	948 921	–	948 921
Additions	457 340	–	457 340
Disposals (sale and redemptions)	(442 873)	–	(442 873)
Fair value net losses (excluding net realized gains / (losses))	(5 603)	–	(5 603)
At end of current year	957 785	–	957 785

28.2 Participants' Takaful Fund

Name of investment	Available- for-sale debt securities	Held to maturity term deposit	Rupees '000
			Total
At beginning of previous 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 beginning of current year	2 394 006	–	2 394 006
Additions	645 608	–	645 608
Disposals (sale and redemptions)	(789 137)	–	(789 137)
Fair value net gains (excluding net realized gains / (losses))	16 882	–	16 882
At end of current year	2 267 359	–	2 267 359

29. Management of takaful and financial risk

29.1 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 minimise 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 categorised 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 takaful 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.

29.1.1 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 risks 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 takaful 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	2023				2022			
	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	57	7	33	4	56	6	22	3
Marine, aviation & transport	2	1	2	1	2	1	2	1
Motor	31	83	59	92	38	91	71	94
Miscellaneous	10	9	6	3	4	2	5	2
	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 takaful 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	
	2023	2022
Fire and property damage	17 419 000	17 419 000
Marine, aviation and transport	740 460	481 000
Motor	130 000	150 000
Miscellaneous	2 800 000	1 250 000

Since the Operator operates in Pakistan only hence all the takaful risks relate to policies written in Pakistan.

29.1.2 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 takaful 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.

29.1.3 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.

29.1.4 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.

	Rupees '000			
	2023		2022	
	PTF		PTF	
	Revenue	Equity	Revenue	Equity
Impact of change in claim liabilities by + 10 %				
Fire and property damage	(3 135)	(3 135)	(1 030)	(1 030)
Marine, aviation and transport	(503)	(503)	(457)	(457)
Motor	(41 798)	(41 798)	(51 385)	(51 385)
Miscellaneous	(4 745)	(4 745)	(1 815)	(1 815)
	<u>(50 181)</u>	<u>(50 181)</u>	<u>(54 687)</u>	<u>(54 687)</u>
Impact of change in claim liabilities by - 10 %				
Fire and property damage	3 135	3 135	1 030	1 030
Marine, aviation and transport	503	503	457	457
Motor	41 798	41 798	51 385	51 385
Miscellaneous	4 745	4 745	1 815	1 815
	<u>50 181</u>	<u>50 181</u>	<u>54 687</u>	<u>54 687</u>

29.2 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.

29.2.1 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:

	Rupees '000			
	2023		2022	
	OPF	PTF	OPF	PTF
Financial assets:				
Loans and other receivables	5 072	7 016	3 139	2 217
Takaful / retakaful receivables	13 783	474 879	14 791	379 772
Retakaful recoveries against outstanding claims	–	826 919	–	746 866
Receivable from PTF	444 797	–	392 211	–
Accrued investment income	31 559	73 583	22 053	49 814
Cash and bank	89 736	274 503	48 929	195 563
	<u>584 947</u>	<u>1 656 900</u>	<u>481 123</u>	<u>1 374 232</u>

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

Rating	Rupees '000			
	2023		2022	
	OPF	PTF	OPF	PTF
AAA	11 740	74 244	7 924	59 796
AA+	7 185	23 268	3 164	10 886
AA	53 281	120 720	18 997	100 873
A+	17 530	53 775	18 837	20 950
A	–	–	7	17
	<u>89 736</u>	<u>272 007</u>	<u>48 929</u>	<u>192 522</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	2023	2022
	Amounts due from takaful / retakaful	Amounts due from takaful / retakaful
A or above	13 783	14 791
	13 783	14 791

As at 31 December 2023 the amount due from takaful / retakaful operator includes amount receivable within one year and above one year amounting to Rs. 5,727 thousand (2022: Rs. 8,925 thousand) and Rs. 8,056 thousand (2022: Rs. 5,866 thousand) respectively.

b. Participants' Takaful Fund

Rupees '000

Rating	2023		2022	
	Amounts due from takaful / retakaful	Retakaful recoveries against outstanding claims	Amounts due from takaful / retakaful	Retakaful recoveries against outstanding claims
A or above	17 938	813 305	13 342	733 639
B or above	–	13 614	–	13 227
	17 938	826 919	13 342	746 866

As at 31 December 2023, the amount due from takaful / retakaful operator includes amount receivable within one year and above one year amounting to Rs. 2,337 thousand (2022: Rs. 13,342 thousand) and Rs. 15,601 thousand (2022: Rs. Nil) respectively.

29.2.2 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 2023		
	Carrying amount	Up to one year	Greater than one year
Financial liabilities:			
Takaful / retakaful payables	1 828	1 828	-
Other creditors and accruals	148 423	148 423	-
	<u>150 251</u>	<u>150 251</u>	<u>-</u>
	PTF 2023		
	Carrying amount	Up to one year	Greater than one year
Financial liabilities:			
Provision for outstanding claims (including IBNR)	1 328 717	1 328 717	-
Takaful / retakaful payables	315 229	315 229	-
Payable to OPF	444 797	444 797	-
Other creditors and accruals	29 475	29 475	-
	<u>2 118 218</u>	<u>2 118 218</u>	<u>-</u>
	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>

29.2.3 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.

29.2.3.1 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 2023							
	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	64 761	893 024	957 785	–	–	–	957 785
Loans and other receivables	–	–	–	5 072	–	5 072	5 072
Accrued investment income	–	–	–	31 559	–	31 559	31 559
Takaful / retakaful receivables	–	–	–	13 783	–	13 783	13 783
Receivable from OPF	–	–	–	444 797	–	444 797	444 797
Cash and bank	85 580	–	85 580	4 156	–	4 156	89 736
	<u>150 341</u>	<u>893 024</u>	<u>1 043 365</u>	<u>499 367</u>	<u>–</u>	<u>499 367</u>	<u>1 542 732</u>
Financial liabilities							
Takaful / retakaful payables	–	–	–	1 828	–	1 828	1 828
Other creditors and accruals	–	–	–	148 423	–	148 423	148 423
	<u>–</u>	<u>–</u>	<u>–</u>	<u>150 251</u>	<u>–</u>	<u>150 251</u>	<u>150 251</u>
On-balance sheet sensitivity gap	150 341	893 024	1 043 365	349 116			
Total yield / mark-up rate risk sensitivity gap	<u>150 341</u>	<u>893 024</u>	<u>1 043 365</u>	<u>349 116</u>			

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
Term deposits	–	–	–	–	–	–	–
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	47 514	948 921	996 435	322 133			
Total yield / mark-up rate risk sensitivity gap	<u>47 514</u>	<u>948 921</u>	<u>996 435</u>	<u>322 133</u>			

Rupees '000

PTF 2023							
	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	92 889	2 174 470	2 267 359	-	-	-	2 267 359
Loans and other receivables	-	-	-	7 016	-	7 016	7 016
Accrued investment income	-	-	-	73 583	-	73 583	73 583
Takaful / retakaful receivables	-	-	-	474 879	-	474 879	474 879
Retakaful recoveries against outstanding claims / benefits	-	-	-	826 919	-	826 919	826 919
Cash and bank	270 490	-	270 490	4 013	-	4 013	274 503
	<u>363 379</u>	<u>2 174 470</u>	<u>2 537 849</u>	<u>1 386 410</u>	<u>-</u>	<u>1 386 410</u>	<u>3 924 259</u>
Financial liabilities							
Outstanding claims / benefits including IBNR	-	-	-	1 328 717	-	1 328 717	1 328 717
Takaful / retakaful payables	-	-	-	315 229	-	315 229	315 229
Payable to OPF	-	-	-	444 797	-	444 797	444 797
Other creditors and accruals	-	-	-	29 475	-	29 475	29 475
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2 118 218</u>	<u>-</u>	<u>2 118 218</u>	<u>2 118 218</u>
On-balance sheet sensitivity gap	<u>363 379</u>	<u>2 174 470</u>	<u>2 537 849</u>	<u>(731 808)</u>			
Total yield / mark-up rate risk sensitivity gap	<u>363 379</u>	<u>2 174 470</u>	<u>2 537 849</u>	<u>(731 808)</u>			

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
Term deposits	-	-	-	-	-	-	-
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
	<u>191 888</u>	<u>2 394 006</u>	<u>2 585 894</u>	<u>1 182 344</u>	<u>-</u>	<u>1 182 344</u>	<u>3 768 238</u>
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
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2 124 501</u>	<u>-</u>	<u>2 124 501</u>	<u>2 124 501</u>
On-balance sheet sensitivity gap	<u>191 888</u>	<u>2 394 006</u>	<u>2 585 894</u>	<u>(942 157)</u>			
Total yield / mark-up rate risk sensitivity gap	<u>191 888</u>	<u>2 394 006</u>	<u>2 585 894</u>	<u>(942 157)</u>			

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 2023	100	856	522
	(100)	(856)	(522)
31 December 2022	100	475	318
	(100)	(475)	(318)

Participants' Takaful Fund

	Change in basis points	Effect on PTF Revenue	Participants' Takaful Fund
31 December 2023	100	2 705	2 705
	(100)	(2 705)	(2 705)
31 December 2022	100	1 919	1 919
	(100)	(1 919)	(1 919)

29.2.3.2 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.

29.3 Fair value

29.3.1 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.

29.3.2 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:

29.3.3 Operator's Fund

Rupees '000

As at 31 December 2023								
	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	930 532				930 532		930 532	
Corporate Sukuks	27 253				27 253		27 253	
Financial assets not measured at fair value								
Loans and other receivables*		5 072			5 072			
Takaful / retakaful receivables*		13 783			13 783			
Receivable from PTF*		444 797			444 797			
Accrued investment income*		31 559			31 559			
Cash and bank balances*			89 736		89 736			
	957 785	495 211	89 736		1 542 732		957 785	
Financial liabilities not measured at fair value								
Other creditors and accruals*				(148 423)	(148 423)			
	957 785	495 211	89 736	(148 423)	1 394 309	-	957 785	-

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	-

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

29.3.4 Participants' Takaful Fund

Rupees '000

As at 31 December 2023

	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	2 216 353				2 216 353		2 216 353	
Corporate Sukuk	51 006				51 006		51 006	
Financial assets not measured at fair value								
Investments								
Loans and other receivables*		7 016			7 016			
Takaful / retakaful receivables*		474 879			474 879			
Retakaful recoveries against outstanding claims*		826 919			826 919			
Accrued investment income*		73 583			73 583			
Cash and bank balances*			274 503		274 503			
	<u>2 267 359</u>	<u>1 382 397</u>	<u>274 503</u>		<u>3 924 259</u>		<u>2 267 359</u>	
Financial liabilities not measured at fair value								
Outstanding claims including IBNR*				(1 328 717)	(1 328 717)			
Contributions received in advance*				(10 964)	(10 964)			
Takaful / retakaful payable*				(315 229)	(315 229)			
Payable to OPF*				(444 797)	(444 797)			
Other creditors and accruals*				(29 475)	(29 475)			
	<u>2 267 359</u>	<u>1 382 397</u>	<u>274 503</u>	<u>(2 129 182)</u>	<u>1 795 077</u>	<u>-</u>	<u>2 267 359</u>	<u>-</u>

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			
	<u>2 394 006</u>	<u>1 178 669</u>	<u>195 563</u>		<u>3 768 238</u>		<u>2 394 006</u>	
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)			
	<u>2 394 006</u>	<u>1 178 669</u>	<u>195 563</u>	<u>(2 128 989)</u>	<u>1 639 249</u>	<u>-</u>	<u>2 394 006</u>	<u>-</u>

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

30. Corresponding figures

Corresponding figures have been rearranged and reclassified, wherever necessary to facilitate comparisons.

31. General

The figures have been rounded off to the nearest thousand rupees.

32. Statement of solvency

Rupees '000

2023

Assets

Investments

Intangible assets

Debt securities

2 267 359

Current Assets - Others

Takaful / retakaful receivables

456 941

Amounts due from other insurers / reinsurers

17 938

Salvage recoveries accrued

46 615

Loans and other receivables

7 016

Retakaful recoveries against outstanding claims

826 919

Accrued investment income

73 583

Deferred wakala fees

533 446

Prepayments

559 941

2 522 399

Cash and bank

274 503

Total assets

5 064 261

In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance 2000

Contribution due since more than three months

218 665

Total of In-admissible assets

218 665

Total admissible assets

4 845 596

Total liabilities

Underwriting provisions

Outstanding claims (including IBNR)

1 328 717

Unearned contribution reserves

1 464 614

Unearned retakaful rebate

104 374

Contribution received in advance

10 964

Takaful / retakaful payables

315 229

Payable to OPF

444 797

Other creditors and accruals

29 475

Total liabilities

3 698 170

Total net admissible assets

1 147 426

Minimum Solvency Requirement (higher of following)

319 640

Method A - U/s 36(3)(a)

150 000

Method B - U/s 36(3)(b)

189 352

Method C - U/s 36(3)(c)

319 640

Excess / deficit in net admissible assets over minimum requirements

827 786

33. 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 28 February 2024.

TAHER G. SACHAK
Director

HASANALI ABDULLAH
Director

ALTAF GOKAL
Chief Financial Officer

KAMRAN ARSHAD INAM
Managing Director &
Chief Executive Officer

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 28 February 2024

Pattern of Shareholding As at 31 December 2023

Number of shareholders	Shareholdings		Shares held
	From	To	
313	1	100	10 710
289	101	500	76 658
155	501	1000	119 285
260	1001	5000	651 251
108	5001	10000	799 602
57	10001	15000	717 303
31	15001	20000	548 814
22	20001	25000	509 466
16	25001	30000	444 424
7	30001	35000	228 870
15	35001	40000	583 192
7	40001	45000	305 271
6	45001	50000	287 514
7	50001	55000	357 094
7	55001	60000	408 493
1	60001	65000	63 363
5	65001	70000	340 499
7	70001	75000	506 161
11	75001	80000	867 269
2	80001	85000	164 500
3	85001	90000	261 405
2	90001	95000	186 467
8	95001	100000	792 400
6	100001	110000	636 157
7	110001	120000	816 846
3	120001	130000	386 886
1	130001	140000	138 534
5	150001	160000	777 911
1	160001	170000	162 162
1	170001	180000	176 661
2	200001	210000	403 387
1	230001	240000	237 600
3	250001	275000	773 183
5	275001	300000	1 461 036
1	300001	325000	316 800
4	350001	375000	1 465 655
3	375001	400000	1 187 907
2	450001	475000	906 394
1	475001	500000	493 300
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
1	900001	925000	913 078
2	925001	950000	1 866 667
1	975001	1000000	1 000 000
2	1000001	1100000	2 012 234
1	1200001	1300000	1 227 200
1	1400001	1500000	1 455 197
3	2400001	3400000	8 539 858
1	4300001	5300000	4 315 676
1	5400001	6400000	5 455 675
2	7200001	8200000	16 313 532
1	15000001	16000000	15 086 619
1	22000001	23000000	22 192 613
1	24000001	25000000	24 042 744
1	28000001	29000000	28 876 218
1	42000001	43000000	42 191 152
1412			200 000 000

Categories of shareholders	Shareholders	Shares held	Percentage
Associated Companies, Undertakings and Related Parties			
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		15 086 619	
Trustee - Future Trust		7 577 361	
The Aga Khan University Foundation		162 162	
Trustee EFU General Insurance Limited, 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 EFU Health Insurance, Employees Provident Fund		44 800	
	14	73 173 197	36.59
NIT	-	-	-
Directors, CEO, & their Spouse and Minor Children			
Saifuddin N. Zoomkawala		316 800	
Hasanali Abdullah		374 958	
Taher G. Sachak		14 046	
Ali Raza Siddiqui		800	
Saad Bhimjee		1 000 842	
Tanveer Sultan Moledina		20 000	
Yasmin Hyder		60 000	
Kamran Arshad Inam		2 500	
Lulua Saifuddin Zoomkawala		792 000	
	9	2 581 946	1.29
Executives	13	702 600	0.35
Public Sector Companies & Corporations	1	4 315 676	2.16
Banks, Development Finance Institutions, Non-Banking Finance Companies	8	1 733 547	0.87
Modarabas and Mutual Funds	2	75 575	0.04
Charitable Institutions	3	24 054 344	12.03
Local Individuals / Others	1 358	92 985 630	46.50
Foreigner Investors (repatriable basis)	4	377 485	0.19
Total	1 412	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		22 192 613	11.10
Managing Committee Of Ebrahim Alibhai Foundation		24 042 744	12.02
Energy Infrastructure Holding (Private) Limited		15 086 619	7.54

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).

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Ali Kausar
Deputy Executive Director
(Development)

Mazher H. Qureshi
Assistant Executive Director
(Development)

Syed Shahid Raza
Executive Vice President
(Development)

Wasim Ahmed
Executive Vice President
(Development)

Babar Zeeshan
Senior Vice President
(Development)

Hassan Abbas Shigri
Senior Vice President
(Development)

Mir Amjad Ali Moosvi
Senior Vice President
(Development)

Syed Sohail Haider Abidi
Senior 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
Vice President (Development)

Muhammad Zia-Ul-Haq
Vice President (Development)

Shahida Aslam
Vice President (Development)

Syed Zulfiqar Mehdi
Vice President (Development)

Syed Abid Raza
Assistant Vice President
(Development)

Syed Mojiz Hasan
Assistant Vice President
(Development)

Zeeshan Ali
Assistant Vice President
(Development)

Kirshan Lal
Manager (Development)

S. Kashif Ali
Manager (Development)

Syed Majid
Manager (Development)

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

Sikander
Executive Vice President

Syed Mudasir Ali
Senior Vice President

Zain Ul Abideen
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

Muhammad Owais 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)

Malik Akhtar Rafique
Senior Vice President
(Development)

Shahid Iqbal
Vice President (Development)

Muhammad Zeeshan Haider
Assistant Vice President
(Development)

Muhammad Zubair
Manager (Development)

VEHARI (Sub-Office)

Awais City Center, 2nd Floor
Karkhana Bazar Vehari
067-3362900

RAHIM YARKHAN (Sub-Office)

7-Shaheen Market, Shahi Road
5873794. Fax: 5877194

Mian Abdul Razzak Raza, M.A.
Executive 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

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 Razaq 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

Sagheer Ahmed
Assistant Vice President

Babar A. Sheikh
Deputy Executive Director
(Development)

Fauzia Nasir
Vice President (Development)

Saqib Riaz
Assistant Vice President
(Development)

Afsand 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

Shahzad Qamar
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

Syeda Anam, M.A, M.B.A.
Assistant Vice President

Javed Akhtar Shaikh, B.B.A.
Assistant Executive Director
(Development)

Muhammad Farooq
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)

Muhammad Shakeel, M.B.A.
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, M.A.
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)

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)

Atif Muzaffar
Assistant 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

Farman Ali Afridi, B.E.
Executive Vice President
(Development)

Arshad Iqbal
Vice President (Development)

Mohsin Ali Khan
Assistant 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 _____

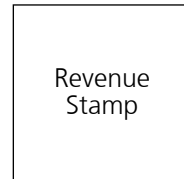
as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the 91st Annual General Meeting of the Company to be held on Thursday March 28, 2024 at 11:30 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2024.

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.



GENERAL

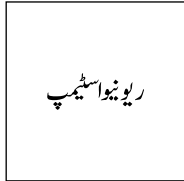
پراکسی فارم

میں/ہم _____ ساکن
_____ ساکن
_____ بحیثیت ممبر ای ایف یو جنرل انٹرنیشنل لمیٹڈ ریجیڈرڈ مسمی
_____ ساکن
_____ کو یا ان کی عدم دستیابی کی صورت میں مسمی
_____ ساکن

کو اپنی/ہماری جانب سے پراکسی مقرر کر دیا/رہی ہوں تاکہ وہ بروز جمعرات ۲۸ مارچ ۲۰۲۳ء بوقت ۱۱:۳۰ بجے صبح منعقد ہونے والے ۹۱ 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 اسٹیپ

ممبر (میران) کے دستخط

۱- دستخط: _____
نام: _____
پتہ: _____
_____ سی این آئی سی یا پاسپورٹ نمبر

۲- دستخط: _____
نام: _____
پتہ: _____
_____ اور ڈبلیو 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 شیئرز 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 شیئرز ہولڈرز یا ان کے پراکسیز سے درخواست ہے کہ اپنے اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ بشمول پارٹنیشن 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

Ballot Paper

Ballot paper for voting through post for the Special Business at the 91st Annual General Meeting to be held on Thursday, March 28, 2024 at 11:30 a.m. at ISE Auditorium, ISE Towers, 55-B, Jinnah Avenue Blue Area, Islamabad. Website: www.efuinsurance.com

Folio / CDS Account Number		
Name of Shareholder / Proxy Holder		
Registered Address		
Number of Shares Held		
CNIC / Passport No. (in case of foreigner) (copy to be attached)		
Additional information and enclosures (in case of representative of body corporate, corporation, and federal Government)		
Name of Authorized Signatory		
CNIC / Passport No. (in case of foreigner) of Authorized Signatory (copy to be attached)		
Instructions For Poll		
1. Please indicate your vote by ticking (✓) the relevant box.		
2. In case if both the boxes are marked as (✓), your poll shall be treated as "Rejected".		
I / we hereby exercise my / our vote in respect of the above resolution through ballot by conveying my / our assent or dissent to the resolution by placing tick (✓) mark in the appropriate box below;		
Special Resolution	I/We assent to the Special Resolution (FOR)	I/We dissent to the Special Resolution (AGAINST)
"RESOLVED that consent of the members of EFU General Insurance Limited (the "Company") be and is hereby accorded in terms of section 199 and other applicable provisions of Companies Act, 2017 and the Company be and is hereby authorized to further invest up to Rs. 1,000,000,000 (Rupees One Billion Only) from time to time in EFU Life Assurance Limited ("EFU Life"), an associated company for purchase of ordinary shares of face value of Rs. 10 each at the price ruling in stock exchange at the date of purchase as per terms and conditions disclosed to the members and the resolution shall be valid for a period of 3 years from the date of passing of special resolution". "FURTHER RESOLVED that Managing Director & Chief Executive Officer or Company Secretary be and are hereby individually authorized to fulfill all legal and corporate formalities for making the above investment."		

NOTES:

1. Dully filled ballot paper should be sent to the Chairman, 5th Floor, EFU House, M.A. Jinnah Road, Karachi or email at amin.punjani@efuinsurance.com
2. Copy of CNIC / Passport (in case of foreigner) should be enclosed with the postal ballot form.
3. Ballot paper should reach the Chairman within business hours by or before Wednesday March 27, 2024. Any postal ballot received after this date, will not be considered for voting.
4. Signature on the ballot paper should match with signature on CNIC / Passport (in case of foreigner).
5. Incomplete, unsigned, incorrect, defaced, torn, mutilated, or over-written poll paper will be rejected.
6. In case of a representative of a body corporate, corporation or Federal Government, the Ballot Paper Form must be accompanied by a copy of the CNIC of an authorized person, an attested copy of Board Resolution / Power of Attorney / Authorization Letter etc., in accordance with Section(s) 138 or 139 of the Companies Act, 2017 as applicable. In the case of foreign body corporate etc., all documents must be attested by the Counsel General of Pakistan having jurisdiction over the member.
7. Ballot paper form has also been placed on the website of the Company at: www.efuinsurance.com. Members may download the ballot paper from the website or use an original/photocopy published in newspapers.

Shareholder / Proxy holder Signature / Authorized Signatory
(In case of corporate entity, please affix company stamp)

Date



GENERAL

بیلٹ پیپر

جمعرات ۲۸ مارچ ۲۰۲۳ء کو صبح ۱۱:۳۰ بجے بمقام آئی ایس ای آڈیو ریم، آئی ایس ای ناورز، 55-B، جناح ایویو، بلیو ایریا، اسلام آباد میں منعقدہ ۹۱ ویں سالانہ اجلاس عام میں خصوصی کارروائی کیلئے پوسٹ کے ذریعے ووٹنگ کیلئے بیلٹ پیپر۔ ویب سائٹ: www.efuinsurance.com

	فولیو/سی ڈی ایس اکاؤنٹ نمبر
	شیر ہولڈر/پراکسی ہولڈر کا نام
	رجسٹرڈ ایڈریس
	موجودہ شیرز کی تعداد
	سی این آئی سی/پاسپورٹ نمبر (غیر ملکی ہونے کی صورت میں) (کاپی منسلک کی جائے)
	اضافی معلومات دستاویزات (ہاڈی کارپوریٹ، کارپوریشن اور وفاقی حکومت کے نمائندے کی صورت میں)
	دستخط کنندہ کا نام
	سی این آئی سی/پاسپورٹ نمبر (غیر ملکی ہونے کی صورت میں) (کاپی منسلک کریں)
پول کے لئے ہدایات	
۱۔ براہ مہربانی متعلقہ خانے میں ٹک کے نشان (✓) کے ذریعے اپنے ووٹ کو واضح کریں۔	
۲۔ دونوں خانوں کو ٹک کے نشان شدہ (✓) کرنے کی صورت میں آپ کا ووٹ "مسترد شدہ" تصور کیا جائے گا۔	
میں/ہم بیلٹ کے ذریعے مذکورہ بالا قرارداد کے سلسلے میں اپنا/ہمارا ووٹ استعمال کرتے ہوئے درج ذیل مناسب خانے میں ٹک کے نشان (✓) لگا کر اس قرارداد کیلئے اپنی/ہماری رضامندی یا غیر رضامندی ظاہر کر رہے ہیں۔	
میں/ہم خصوصی قرارداد پر رضامند نہیں ہوں (AGAINST)	میں/ہم خصوصی قرارداد پر رضامند ہوں (FOR)
<p>"قرارداد پاپا کی ای ایف یو جنرل انشورنس لمیٹڈ (دی "کمپنی") کے ممبران کی اجازت حاصل کی جائے اور بذریعہ ہذا حاصل کی جاتی ہے جس کے مطابق کمپنی ایکٹ، ۲۰۱۷ء کے سیکشن ۱۹۹ اور دیگر وجوہات کے مطابق اور کمپنی بذریعہ ہذا اختیار دیا جاتا ہے کہ وہ منسلک کمپنی ای ایف یو انشورنس لمیٹڈ ("ای ایف یو انشورنس") میں وقتاً فوقتاً ۱۰۰,۰۰۰,۰۰۰ روپے (ایک ملین روپے صرف) کی سرمایہ کاری پر ایک ۱۰/۱۰ روپے کی ظاہری مالیت کے عمومی شیرز کی خریداری پر صرف کرے جو اسٹاک ایکسچینج میں خریداری کی تاریخ پر مقررہ نرخوں پر ممبران کے سامنے واضح کردہ شرائط و ضوابط اور قرارداد کے مطابق کی جائے اور یہ خصوصی قرارداد کو منظور کرنے کی تاریخ سے ۳ سال کی مدت کے لئے کارآمد ہوگی۔"</p> <p>"مزید قرارداد پاپا کی شینگ ڈائریکٹرز اور چیف ایگزیکٹو آفیسر یا کمپنی کی بیوری کو اختیار دیا جائے اور بذریعہ ہذا اختیار دیا جاتا ہے کہ وہ انفرادی طور پر درج بالا سرمایہ کاری کو یقینی بنانے کیلئے تمام قانونی اور کارپوریٹ کارروائیوں کو پورا کرنے کے لئے مجاز ہیں۔"</p>	

نوٹ:

- ۱۔ باقاعدہ پر شدہ بیلٹ پیپر چیئر مین، ۵ ویں منزل، ای ایف یو ہاؤس، ایم جے رائے روڈ، کراچی کو ارسال یا amin.punjani@efuinsurance.com پر ای میل کریں۔
- ۲۔ سی این آئی سی/پاسپورٹ کی کاپی (غیر ملکی ہونے کی صورت میں) پوسٹل بیلٹ فارم کے ساتھ منسلک کی جائے۔
- ۳۔ بیلٹ پیپر چیئر مین کو بدھ ۲۷ مارچ ۲۰۲۳ء تک یا اس سے قبل اوقات کار کے دوران پہنچ جائیں۔ اس تاریخ کے بعد موصولہ کوئی بھی پوسٹل بیلٹ ووٹنگ کیلئے قابل غور نہ ہوگا۔
- ۴۔ بیلٹ پیپر پر دستخطی این آئی سی/پاسپورٹ (غیر ملکی ہونے کی صورت میں) پر موجود دستخط سے مماثل ہونے چاہئیں۔
- ۵۔ نامکمل، غیر دستخط شدہ، غیر واضح، کٹے پھٹے، اوور رائٹنگ کے حامل پول پیپر مسترد کر دیئے جائیں گے۔
- ۶۔ کسی ہاڈی کارپوریٹ، کارپوریشن یا وفاقی حکومت کے نمائندے کی صورت میں بیلٹ پیپر فارم کے ساتھ لازماً مجاز شخص کے سی این آئی سی کی کاپی، بورڈ کی قرارداد/یاور آف انارٹی/اختیارات کے لیٹر وغیرہ کی مصدقہ نقول وغیرہ کمپنی ایکٹ، ۲۰۱۷ء کے سیکشن ۱۳۸ یا ۱۳۹ کے مطابق منسلک ہوں جیسا کہ نافذ العمل ہے۔ غیر ملکی ہاڈی کارپوریٹ کی صورت میں تمام دستاویزات ممبر کی حدود میں آنے والے کولسل جنرل آف پاکستان کی جانب سے تصدیق شدہ ہوں۔
- ۷۔ بیلٹ پیپر فارم کمپنی کی ویب سائٹ www.efuinsurance.com پر بھی دستیاب ہیں۔ ممبران ویب سائٹ سے بیلٹ پیپر ڈاؤن لوڈ کر سکتے ہیں یا اخبار میں شائع شدہ اشتہار کی فوٹو کاپی/یا اصل استعمال کر سکتے ہیں۔

شیر ہولڈر/پراکسی ہولڈر کے دستخط/مجاز دستخط کنندہ

(کارپوریٹ ادارے کی صورت میں براہ مہربانی کمپنی کی اسٹمپ چسپاں کریں)

تاریخ



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.



GENERAL

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 کر 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 سی 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) بینک 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/ہم فوری 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 فزیکل 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۔

