2021 Annual Report

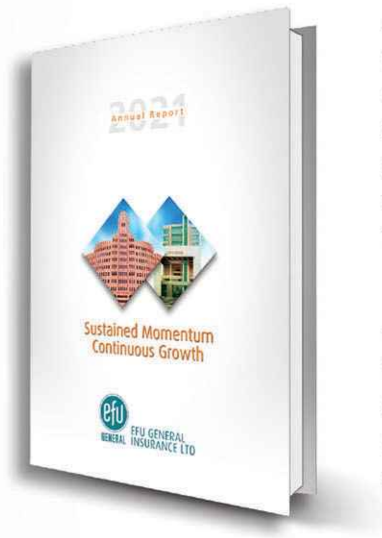
Sustained Momentum Continuous Growth

EFU GENERAL

EFU GENERAL INSURANCE LTD

EFU GENERAL INSURANCE LTD
ISO 9001: 2015 Certified

efuinsurance.com



Sustained Momentum Continuous Growth

Established in 1932, EFU General, is operating in Pakistan since the country's birth. Over the years EFU has grown from strength to strength due to unremitting dedication to customer interest and commitment to be fully deserving of the trust of the customers.

We believe that leadership flows from the acknowledgement by the public that the company is true to its word. Our commitment and reliability have earned us credibility and trust from customers and other stakeholders.

Today, we are acknowledged at home and abroad as the flagship of Pakistan's insurance industry.

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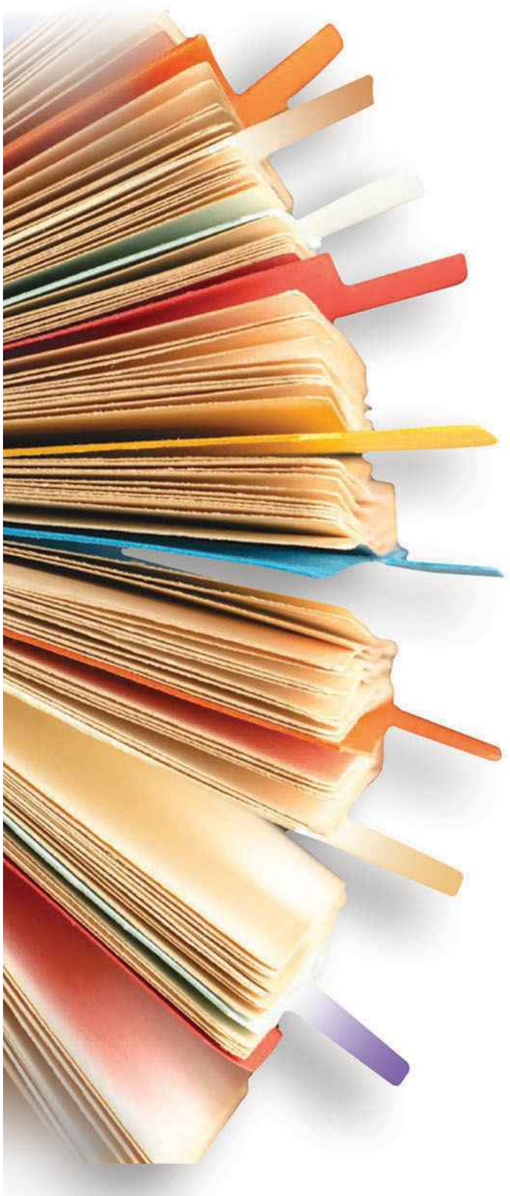


Financial Highlights 2021

Investment & Properties
26 034
(Rupees in million)

Underwriting Result
1 552
(Rupees in million)

Investment & Other Income
2 471
(Rupees in million)

Profit After Tax
2 802
(Rupees in million)

Breakup Value
96.37
(Rupees)

Claims Paid (Gross)
6 992
(Rupees in million)

Shareholders Equity
19 274
(Rupees in million)

Cash Dividend
2 000
(Rupees in million)

Premium (including Takaful Contribution)
24 657
(Rupees in million)

Total Assets Book Value
47 000
(Rupees in million)

AA+
Outlook Stable
VIS

AA+
Outlook Stable
PACRA

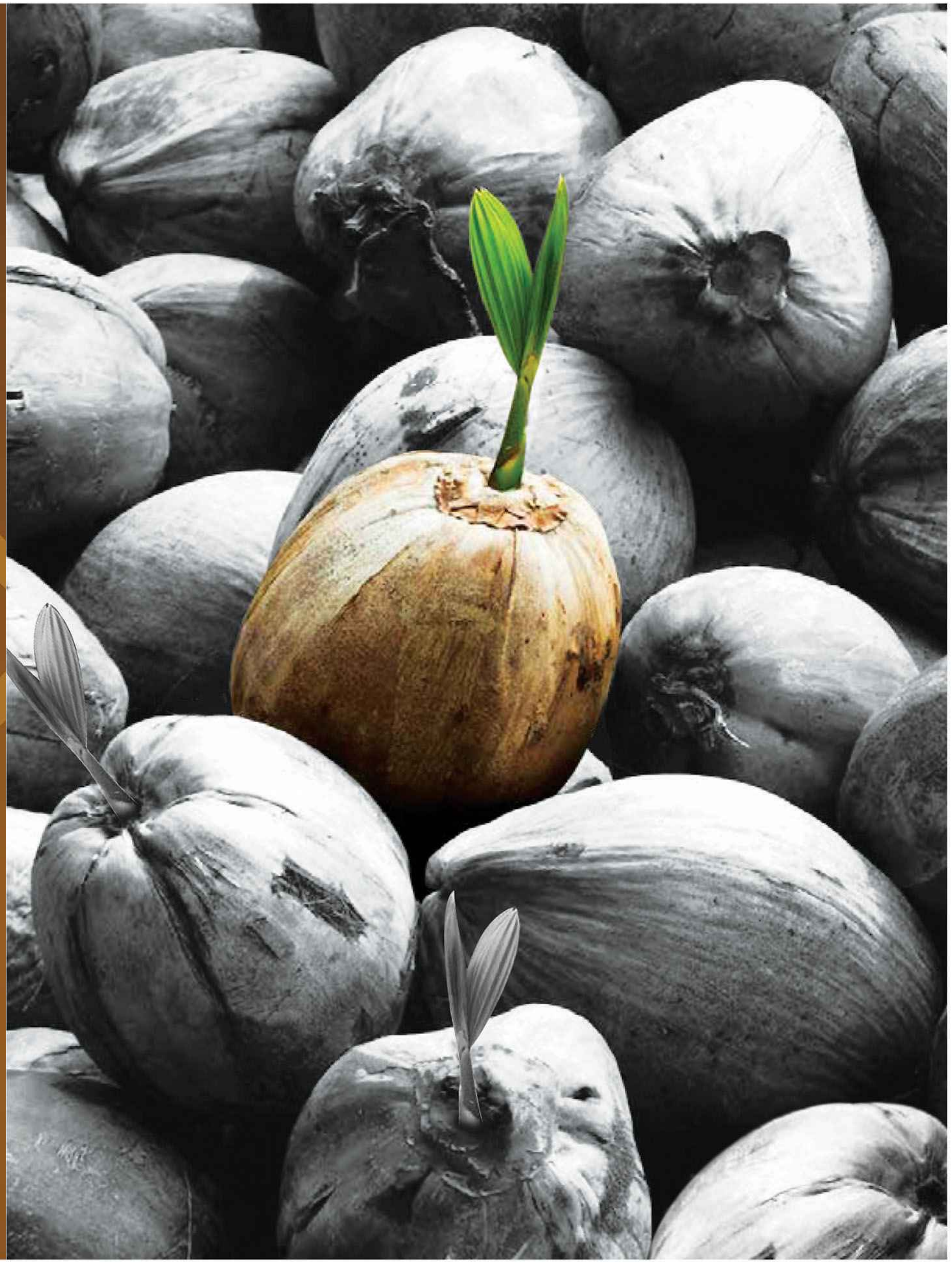
B+
Outlook Stable
A.M.BEST

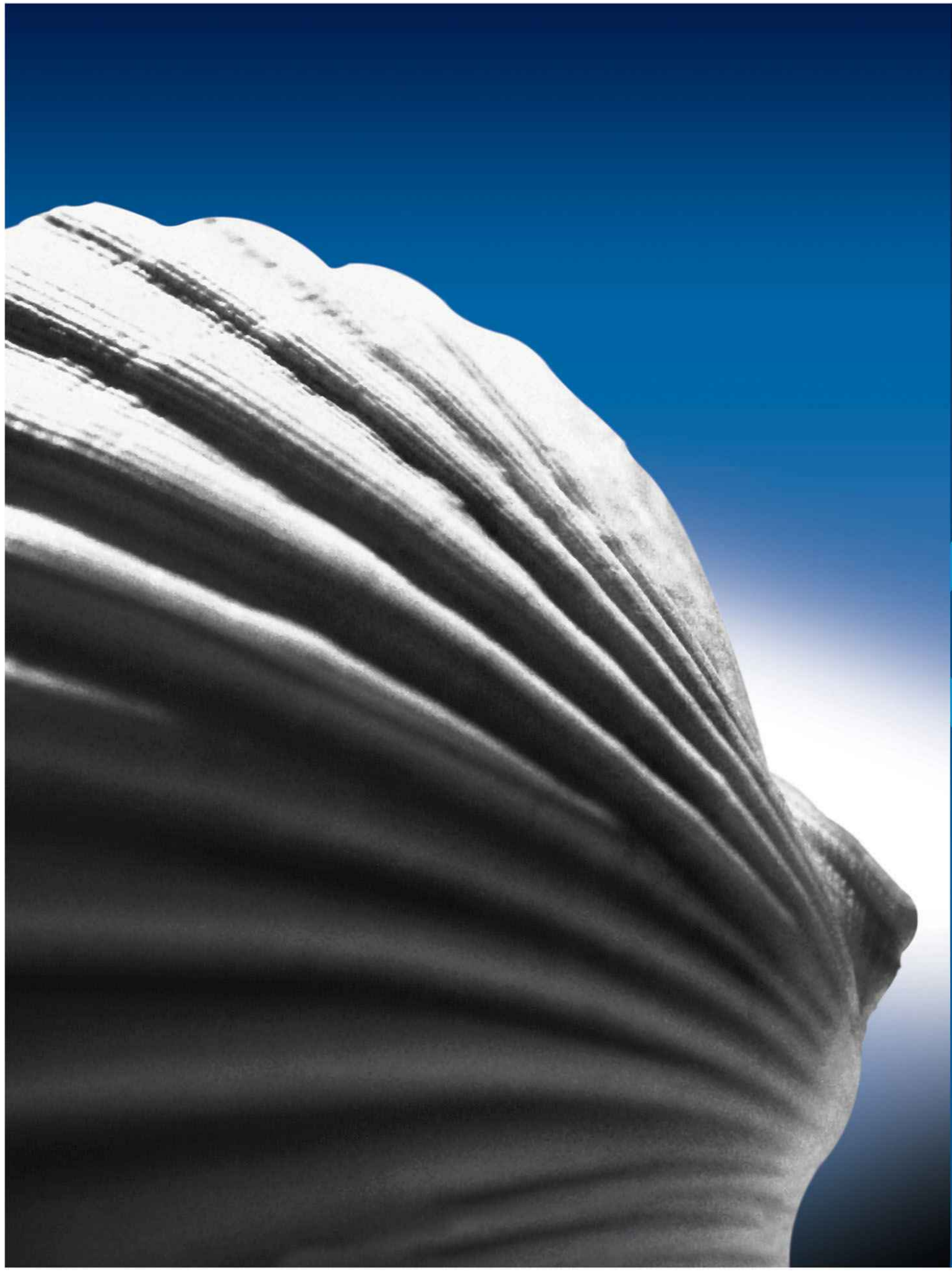
strength

EFU enjoys among the highest financial strength ratings in Pakistan's Insurance Industry as a result of consistent focus on financial discipline, strong equity level, risk management and operational excellence.

integrity

At EFU, core value is integrity. It is at the heart of every decision made. EFU believes in hard work and zealous pursuit of excellence. EFU's creed is professionalism and fairness in dealings.



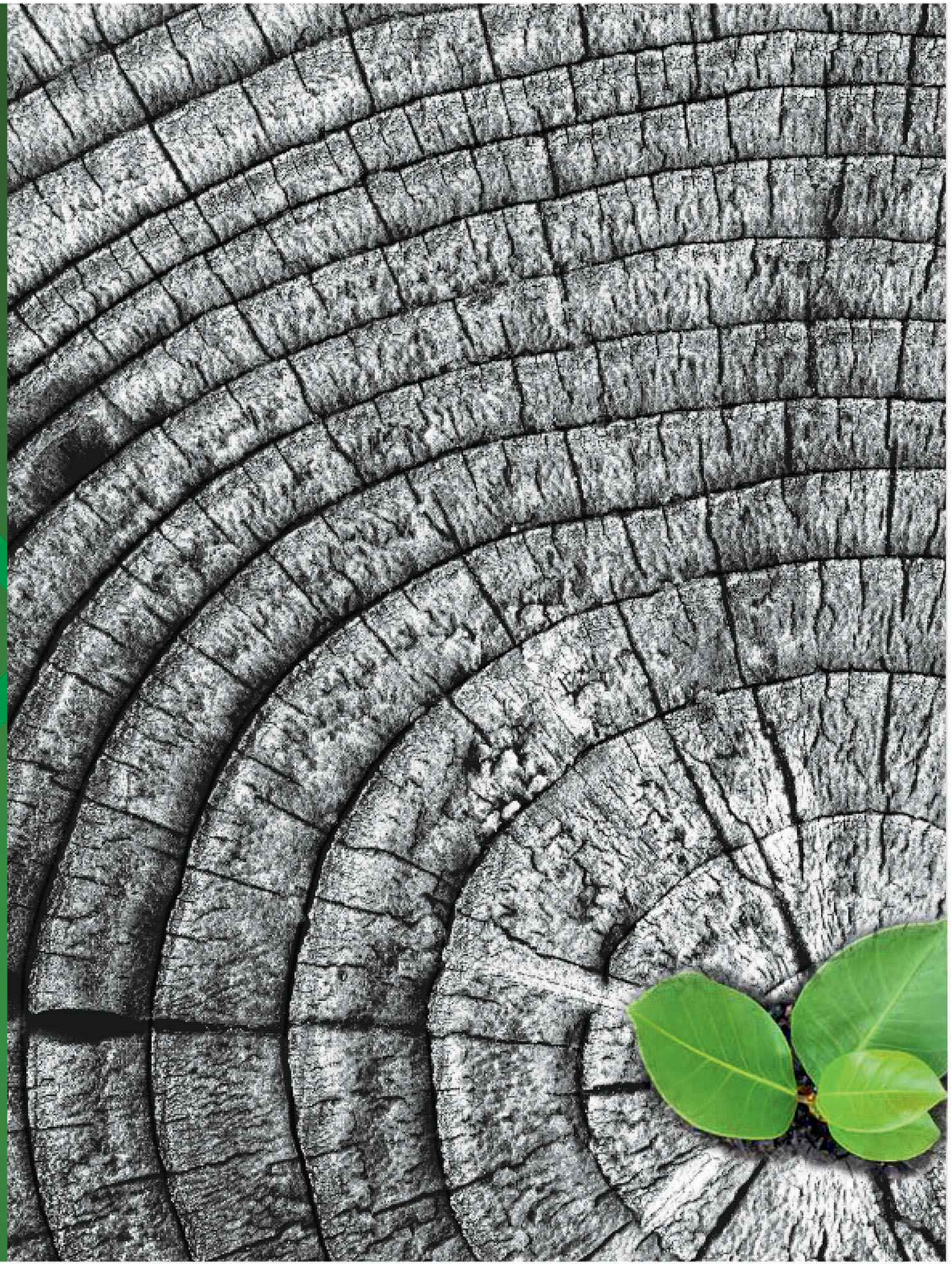


security

EFU has a proven track record of delivering on promises. EFU is firmly rooted in a top-rated balance sheet and led by people with decades of experience in insurance. EFU's stable capacity and expertise gives customers the desired security.

experience

EFU's vast and varied experience of nine decades is reflected in the wide spectrum of insurance handled and magnitude of risks covered. This experience enables EFU to provide optimized solutions for even the most complex of insurance solutions.



trust

EFU has nurtured customer trust with standard setting service, impregnable protection and delivering on promises. Customer trust is EFU's most valuable asset and we are committed to always build upon it.

Company Information

Chairman
Saifuddin N. Zoomkawala

Managing Director & Chief Executive
Hasanali Abdullah

Directors
Rafique R. Bhimjee
Taher G. Sachak
Ali Raza Siddiqui
Mohammed Iqbal Mankani
Saad Bhimjee
Mahmood Lotia
Tanveer Sultan Moledina
Yasmin Hyder

Chief Financial Officer
Altaf Qamruddin Gokal, F.C.A.

Company Secretary
Amin Punjani, A.C.A., A.C.C.A., M.A.

Legal Advisor
Mohammad Ali Sayeed

Advisors
S.C. (Hamid) Subjally
Syed Mehdi Imam, M.A.
Darius H. Sidhwa, F.C.I.I.
S. Aftab Hussain Zaidi, M.A., M.B.A.

Shari'ah Advisor
Mufti Muhammad Ibrahim Essa

Audit Committee
Tanveer Sultan Moledina
Rafique R. Bhimjee
Ali Raza Siddiqui
Taher G. Sachak
Yasmin Hyder

Investment Committee
Rafique R. Bhimjee
Saifuddin N. Zoomkawala
Hasanali Abdullah
Taher G. Sachak
Altaf Gokal

Ethics, Human Resource & Remuneration Committee
Iqbal Mankani
Saifuddin N. Zoomkawala
Hasanali Abdullah

Auditors
KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi

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

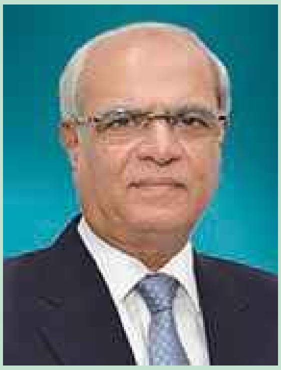
Saifuddin N. Zoomkawala
Chairman

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

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

He is on the Board of Governors of:

- Shaukat Khanum Memorial Trust and Research Centre
- Burhani Hospital
- Sindh Institute of Urology and Transplantation
- Fakhr-e-Imdad Foundation



Hasanali Abdullah
Managing Director & Chief Executive

Mr. Hasanali Abdullah is Chartered Accountant and Certified Director from Pakistan Institute of Corporate Governance (PICG). He is associated with EFU General Insurance Ltd. since 1979 and is Managing Director & Chief Executive of the company from 2011. He is Director of EFU Life Assurance Ltd., Allianz EFU Health Insurance Ltd., EFU Services (Private) Ltd., 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. Director of Institute of Financial Markets of Pakistan and Chairman of Pakistan Insurance Institute from January, 2020 to July, 2020 and 2014 – 15.

He has served on the Boards, Council and Committees of various Aga Khan Development Network institutions from 1976 to 2002. He has been Director of PICG in 2011, Chairman of Insurance Association of Pakistan for the year 2008, 2010 – 11 and 2016 – 2017, and Executive Committee Member of Federation of Pakistan Chambers of Commerce & Industries for 2011 & 2017.

Rafique R. Bhimjee
Director

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

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

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

Taher G. Sachak
Director

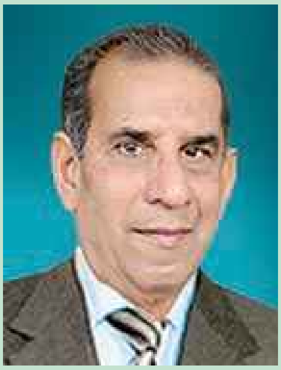
Mr. Taher G. Sachak has studied in UK and is a graduate in Business Studies from Bournemouth University, and also has a post-graduate Diploma in Management Studies from Liverpool University. Following his studies, he joined the British Civil Service and after 5 years decided to pursue a career in life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

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

Ali Raza Siddiqui
Director

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

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



Mahmood Lotia
Director

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

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

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

Mohammed Iqbal Mankani
Director

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

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

In 2001, Mr. Mankani was requested by the Executive Office of His Highness, Ruler of Dubai and Dubai Islamic Bank to help set up the first local Takaful company Dubai Islamic Insurance & Reinsurance Co and joined them as General Manager. On behalf of this company, Mr. Mankani helped set up a Takaful company in Kuwait, Boubyan Takaful Insurance owned by the Boubyan Bank in 2009. He was also a Board Member of Amity Health, a joint venture between Dubai Islamic Insurance and AGILITY Health of South Africa. He remained with Dubai Islamic insurance as the General Manager and Chief Operating Officer until 2012. He then set up his own Consulting Company M.I.M. Business Consultants in Dubai as Consultants to Dubai Airports Authority for a period of two years helping them with their insurance program until 2014. He later moved to Canada in 2015.

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

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

He has been a frequent speaker at many insurance seminars in Barcelona (Spain), Malaysia, Bahrain and UAE and has published several articles on the performance of Takaful business in the UAE. Mr. Mankani is an active member of the Canadian Business Council in Dubai, Institute of Insurance and Risk Management Canada and Canadian Marketing Association.

Saad Bhimjee
Director

Mr. Saad Bhimjee is an Insurance and Risk Management professional with over twelve years of experience in Canadian and UK markets. He is presently working for Aon Canada as Senior Vice President and is 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.

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 Hascol Terminals Limited. Previously, He has also worked with Merck Pakistan (Pvt.) Limited, Merck Pharmaceutical (Pvt.) Limited, Merck Specialties (Pvt.) Limited, Novartis Saudi Arabia Limited and Saudi Pharmaceuticals Private Limited in the capacity of Chief Financial Officer.

Yasmin Hyder
Director

Yasmin Hyder has 32 years of work experience primarily in trade, marketing and communication, gender, businesswomen networks and HR/knowledge events with both local and international organizations. She is deeply passionate about building peace across borders and contributing to an inclusive environment for women professionals through initiatives that foster economic empowerment and global integration. She is CEO of New World Concepts, a management and marketing consulting practise based in Karachi and President, Pakistan Women Entrepreneurs Network for Trade (WE-NET) – a national representative platform for women SME's, established with support of the World Bank Group and Australian Government

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

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

The Role of Chairman and Managing Director

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

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

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

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

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

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

Matters Delegated by the Board of Directors

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

Vision & Mission

Vision

To continue our journey to be better than the best.

Our Values

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

FOLLOWING ARE OUR CORE VALUES:

- **INTEGRITY & ETHICS**
  Conduct business with ethics, dignity, fairness and transparency.
- **EXCELLENCE**
  We measure our performance by results but more by quality of service.

Mission

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

- **PROFESSIONALISM**
  We believe professionalism is perfection. Business resources are utilized in a manner to achieve optimum returns on resources.
- **OUR PEOPLE**
  In EFU we work like a family. Everyone is treated with respect and without any discrimination.
- **CORPORATE SOCIAL RESPONSIBILITY**
  We donate to various institutions in health and education sectors, for improving the lifestyle of common man.
- **CODE OF CONDUCT**
  The Board has adopted the Statement of Ethics and Business Practices to be followed by Directors and Employees.

Company Overview

Ownership, Operating Structure and Group Companies

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

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

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

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

Company Profile (www.efuinsurance.com)

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

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

  - Fire and Property Damage
  - Marine, Aviation and Transport
  - Motor
  - Miscellaneous
  - Takaful

- The shares of the Company are quoted on Pakistan Stock Exchange.
- EFU is one of the few Pakistani organizations run totally by professional management and highly motivated field force.
- Policies accepted by all institutions in the country.
- Rating: Insurer Financial Strength AA+, Outlook: Stable (Rating Agencies: VIS and PACRA). The Company also maintains rating from A. M. Best. A. M. Best is the world's specialized insurance rating agency and has assigned Financial Strength Rating of “B+” and a Long-Term Issuer Credit Rating of “bbb-” with Stable Outlook for both.
- Client-base comprises of many leading business houses and multinational companies.

We are in the business of providing a full range of non-life insurance products and services customized to meet the varied needs of a wide spectrum of businesses and industrial clients as well as individuals, providing Property, Marine, Aviation, Motor and other Miscellaneous products. In addition to this, we have Window Takaful operations since 2015. The most important aspect of our operation is that we have created a separate Risk Management Team and an Engineering Group who work closely with clients to identify various risk exposures and then provide specific insurance. This helps in loss prevention and reducing the cost of premium. Our market-driven team of inspired and technically qualified insurance personnel, specializing in civil, mechanical, metallurgy, electronics and having overseas linkages, is on-call for necessary professional advice at all times. It is our policy not only to provide protection and risk reduction but help clients develop preventive capabilities to avert major perils and calamities. Over the years we have developed a full range of insurance services for large infrastructure projects including the areas of oil / gas exploration field.

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

External Environment Effecting the Company

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

Discount rate is 9.75% and expected to remain same in 2022. The Pakistan Stock Exchange during the year has remained volatile due to various factors. The KSE -100 index ranged between 42,780 and 48,726.

Significant Changes From Last Year

There were no significant structural changes during the year.

Product Portfolio

EFU General provides a full range of insurance services to fulfill the needs of all of its customers being commercial and individual clients. Our product portfolio includes:

FIRE AND PROPERTY DAMAGE

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

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

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

MARINE, AVIATION AND TRANSPORT

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

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

MOTOR

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

MISCELLANEOUS

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

VALUE ADDED SERVICES

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

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

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

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

TAKAFUL

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

The Modus Operandi of Takaful

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

The Role of the Operator in Takaful System

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

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

Management

Managing Director
Hasanali Abdullah, F.C.A.

Joint Managing Director
Kamran Arshad Inam, M.B.A., B.E.

Senior Deputy Managing Director
Qamber Hamid, LL.B., LL.M.

Deputy Managing Director
Abdur Rahman Khandia, A.C.I.I.
Altaf Qamruddin Gokal, F.C.A.
Nudrat Ali
S. Salman Rashid, B.Sc

Senior Executive Directors
Imran Ahmed, M.B.A., B.E., A.C.I.I.
K.M. Anwer Pasha
Muhammad Iqbal Lodhia
Syed Muhammad Haider, M.Sc

Executive Directors
Abdul Sattar Baloch
Aftab Fakhruddin, B.E., Dip C.I.I.
Khurram Nasim, B.S. (Ins. Mgmt)
M. Shehzad Habib
Muhammad Iqbal Dada, M.A., A.C.I.I.
Salim Razzak Bramchari, A.C.I.I.
Syed Kamran Rashid

Deputy Executive Directors
Abdul Hameed Qureshi, M.Sc
Abdul Wahid
Ali Kausar
Babar A. Sheikh
Javed Iqbal Barry, M.B.A., L.L.B., F.C.I.I.
Khalid Usman
M. Shoaib Razzak 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 Amin Sissodia
Faisal Gulzar
Kauser Ali Zuberi
Mazhar H. Qureshi
Mohammad Naeem Shaikh, A.C.I.I.
Muhammad Arif Khan
Muhammad Naeem M. Hanif
Muhammad Sheeraz, M.B.A.
Munawar, F.C.A.
Nadeem Ahmad Khan
Shamim Pervez, M.B.A.
Syed Amir Aftab
Syed Asim Iqbal, M.B.A.

Senior Executive Vice Presidents
Abdul Hameed
Abdul Qadir Memon, M.Sc
Ali Ghulam Ali, A.C.A.
Ali Raza
Ansa Azhar, M.Sc., A.C.I.I.
Arshad Ali Khan, F.C.M.A.
Aslam A. Ghole, F.C.I.S.
Atif Anwar, F.C.C.A., M.B.A.
Fakhruddin
Farrukh Aamir Beg, M.B.A.
Fatima Bano, M.B.A., A.C.I.I.
Ghulam Haider, M.Sc
Imran Mughal
Imran Saleem, M.B.A, M.C.S.
Irfan Raja Jagirani, M.B.A., M.A.
Kamran Bashir, M.B.A.
Karim Merchant, B.E., A.C.I.I.
Kashif Gul, B.E.
Malik Firdaus Alam
Mannan Mehboob, A.C.I.I.
Mansoor Abbas Abbasi, B.E.
Masroor Hussain
Mohammad Arshad Khan
Muhammad Afzal Khan, E.M.B.A.
Muhammad Amin Sattar, M.Com
Muhammad Kamil Khan, M.A.
Muhammad Mujtaba
Muhammad Tawheed Alam, M.B.A., B.E.
Muhammad Waleed Polani
Muhammad Yousuf Jagirani, M.A.
Murtaza Noorani, F.C.C.A, C.A.T.
Nadeemuddin Farooqi, LL.B
Pervez Ahmed, M.B.A.
Quaid Johar
Rao Abdul Hafeez Khan
Riaz Ahmed
Shah Asghar Abbas, M.B.A.
Shahab Khan
Shahzad Zakaria
Syed Abid Raza Rizvi, M.Com
Syed Ahmed Hassan, M.B.A.
Syed Anwer Hasnain, M.B.A.
Syed Farhan Ali Bokhari, M.B.A.
Syed Nazish Ali, A.C.I.I.
Umair Ali Khan, M.A.
Usman Ali, M.A.B., LL.B
Usman Ali Khan
Zia Mahmood
Zulfiqar Ali Khan, M.Sc, F.C.I.I.

Executive Vice Presidents
Aamer Ali Khan, B.B.A.
Abdul Bari Khan
Abdul Rashid
Agha Ali Khan
Amin Punjani, A.C.A., A.C.C.A.
Amjad Irshad, B.B.A.
Arshad Aziz Siddiqui
Asadullah Khan
Ashfaque Ahmed
Asif Mehmood
Ejaz Ahmed Khan, M.B.A,
Farhat Iqbal
Farman Ali Afridi, B.Se.
Imran Yasin, M.B.E., A.C.I.I.
Javed Iqbal Khan
Kaleem Imtiaz, M.A.
Liaquat Imran Khan
Mansoor Ahmed
Mohammad Asif Ehtesham, M.B.A.
Muhammad Adnan, E.M.B.A,ACIS, M.A, CAT
Muhammad Ali Charanya, M.B.A., F.C.M.A.
Muhammad Hussain
Muhammad Naseem
Muhammad Salahuddin
Mushtaq Ahmed Khan Barakzai, M.S.C., M.S.

Rehan-ul-Haq Qazi, M.B.A.
Riazuddin Qazi, M.A.
Rizwan Ahmed, M.B.A.
S. Asim Ijaz
S.M. Aamir Kazmi, LL.B
Saifullah
Salma Altaf, M.B.A.
Shafaqat Ali, E.M.B.A.
Waheed Yousaf, M.B.A.
Waseem Ahmed

Senior Vice Presidents

Abdul Aziz
Aftab Ahmed, LL.B
Amanullah Khan
Amer Arif Bhatti
Atif Haider Khan, M.B.A.
Chaudhary Sheraz Qamer, M.B.A.
Fouzia Naz
Haris Ahmed Khan
Imran Qasim, B.Tech
Irfan Ahmad, A.C.M.A., C.I.A.
Junaid Agha, M.COM
Kashif Karim Gilani, A.C.M.A.
Kausar Hamad, M.B.A.
Khalid Rafiq, M.B.A.
Mansoor Hassan Khan
Mazhar Ali
Mian Ikramul Ghani, M.A.
Mohsin Ali Baig
Muhammad Rehan, B.E.
Muhammad Maroof Chaudhry
Muhammad Mubeen
Muhammad Naeem Ahsan
Muhammad Rafiq Khowaja, M.A.
Muhammad Saleem Gaho
Muhammad Shahjahan
Muhammad Shoaib
Muhammad Sirajuddin
Muhammad Taufiq
Muhammad Usman
Nadeem Ahmed
Noman Mehboob, M.B.A., 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 Rafique
Rana Zafar Iqbal
S.M. Adnan Ashraf Jelani, A.C.I.I.
Sarfaraz Mahmood Khan
Sarfaraz Muhammad Khan
Shabbir Hussain
Shabeeh Hyder, B.E.
Shadab Muhammad Khan
Shahab Saleem
Shahbaz Khan
Shaikh Muhammad Khurram
Sheraz Mansoor, M.Com
Sikandar Kasbati
Tariq Mahmood
Wahaj Ur Rehman, M.B.A.
Waqar Ahmed, M.Sc

Vice Presidents

Ali Farman, M.A.
Altaf Hussain
Aneel Ahmed Khan, M.B.A
Arif Hussain
Arshad Hameed
Arshad Hussain
Asif Ahmed
Asif Ali Khan
Farkhanda Jabeen, A.C.I.I., M.B.A.
Farooq Shaukat
Fiaz Ahmed, M.B.A., D.C.M.A.
Ghulam Abbas, M.B.A.
Habib Ali
Ijaz Anwer Chughtai
Imran Ahmed Siddiqui, LL.B
Imtiaz Ahmed
Intikhab Ahmed
Israr Gul, M.A.
Jazib Hassan Khan
Khalid Akhtar, M.B.A.
Mansoor Anwar
Mansoor Hassan Siddiqi, M.Sc
Maqsood Ahmed
Mohammad Moosa
Mohammad Mustafa
Mudassar Raza, M.B.A.
Muhammad Kashif, M.Sc
Muhammad Mushtaq
Muhammad Ahmer Siddiqi
Muhammad Ali
Muhammad Allauddin
Muhammad Farhan Rasheed, M.C.S.
Muhammad Rashid
Muhammad Saeed
Muhammad Sarwar
Muhammad Shoaib Naziruddin, E.M.B.A.
Muhammad Tauseef
Muhammad Yamin
Naif Javaid, M.B.A.
Najma Riaz, M.A.
Naseem Ahmad
Naseer Ahmad
Nayyar Sultana, LL.B
Nida Muazzam, B.E.
Nimra Inam, MA. (Eco), A.C.I.I.
Noor Asghar Khan
Rizwan Jalees
S. M. Farhan Asfi
S. Arshad Sajjad Rizvi, M.B.A.
S. Mahmood Razi
S. Imran Raza Jafri
S. M. Noor-uz-Zaman, E.M.B.A.
S. Muhammad Saleem
Saeed Ahmed
Saleem Hameed Qureshi, M.A.
Shaheena Ashfaq, M.A., E.M.B.A.
Shahid Naseem, M.B.A.
Shazia Hussain, M.A.
Syed Kamal Ahmed
Syed Mudasir Ali
Syed Muhammad Ali
Syed Sajjad Haider Zaidi
Syed Zeewaqar Ali
Syed Zubair Ali
Waqas Ahmad Sheikh, M.B.A., C.M.A.
Zahid Qureshi, M.B.A.
Zainul Abedin

Assistant Vice Presidents

Abdul Qaiyum Khalfe
Abdul Saboor
Allah Dino Khan, M.A.

Amjad Javed, M.Sc
Arshadul Huq
Arshia Afzal
Asif Iqbal, M.Sc.
Asif Raza, B.B.A.
Faisal Masood
Farhan Qamar Siddiqui
Ghulam Fatima, M.B.A.
Imran Faisal
Imran Siddiq
K.M. Elias
Kamran Vohra, M.Com
Khalid Usman
Khalida, LL.B
Khalil Ahmed
Mahmood Saleh
Masud Akhtar
Mazharuddin
Mohammad Rashid Salim Siddiqui
Mohsin Ali Khan, M.B.A.
Muhammad Arshad Siddiqi
Muhammad Ashfaq
Muhammad Asif, M.A.
Muhammad Attaullah Khan
Muhammad Furqan
Muhammad Haroon, M.Sc
Muhammad Imran Hanif, M.B.A., A.C.I.I.
Muhammad Imran Siddique
Muhammad Irfan
Muhammad Kashif, M.B.A.
Muhammad Merajuddin
Muhammad Moizuddin
Muhammad Rizwan, M.Sc
Muhammad Tariq
Mukhtar Alam
Mumtaz Ahmed
Munir Ahmed Awan
Murad Ali, M.B.A.
Navaid Ahmed
Niaz Ahmed, M.B.A.
Omair Atiq Mahmudi, M.B.A.
Omran Ghias Qureshi
Qazi Maqsood Ahmed
Rafiullah Khan
Rahim, M.A.
Riaz-ul-Haq
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
Saifuddin
Saniya Salahuddin, M.Com
Shahid Yaqub
Shahzad Qamar
Subhash Kumar, M.B.A.
Suhail Akhtar
Syed Asim Raza
Syed Muhammad Faisal
Syed Nadeem Akhtar
Syed Zakir Hussain
Umar Rashid, M.B.A.
Waqas Ahmed Najmi
Zeeshan Ahmed

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

Chief Information Security Officer
Muhammad Azam Mughal, M.Sc

Window Takaful Operations

Assistant Executive Director
M. Vaqaruddin, M.B.A., A.C.I.I.

Senior Executive Vice President
Kashif Masood, M.B.A., A.C.I.I.

Senior Vice President
Saeed Iqbal

Marketing Executives

Senior Executive Directors
Jahangir Anwar Shaikh

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

Deputy Executive Directors
Agha S.U. Khan
Satwat Mahmood Butt, M.B.A.

Assistant Executive Directors
Abdul Wahab
Adeel Ahmed
Javed Akhtar Shaikh, B.B.A.
Khuzema T. Haider Mota
Mohammad Arif, M.A.
Muhammad Arfeen
Rashid Habib, M.A.
Rizwan Siddiqi
Saad Anwar
Saad Reyaz
Shahab Khan, B.C.S.
Shazim Altaf Kothawala
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 Elahi
Azmat Maqbool, M.B.A.
Faiza Ali Chinoy
Imran Ali Khan
Jameel Masood
Khalid Mahmood Mirza
Mohammad Aamir, M.B.A.
Mohammad Sohail
Mohammad Younus
Muhammad Farooq
Muhammad Imran Naeem, A.C.A.
Muhammad Mushtaq Najam
Muhammad Najeeb Anwar
Muhammad Shakeel, M.B.A.
Muhammad Younus
Syed Iftikhar Haider Zaidi, M.A.
Syed Mohammad Iftikhar
Syed Sadiq Ali Jafri

Syed Shahid Raza
Zarrar Ibn-e-Zahoor Bandey

Executive Vice Presidents

Abdul Ghaffar
Azharul Hassan Chishty
Ejaz Ahmed
Faisal Khalid, M.Sc
Faraz Javed
Iftikhar-ud-Din, LL.B
Imdadullah Awan
Malik Akhtar Rafique
Mian Abdul Razzak Raza, M.A.
Mubashir Saleem
Muhammad Aamir Hanif
Muhammad Adnan Sharif
Muhammad Arif Bhatti
Muhammad Azeem Hanif
Muhammad Javed
Muhammad Razzaq Chaudhry
Muhammad Rehan Iqbal Booti
Muhammad Shamim Siddiqui
Muhammad Umer Memon
Noor Ulain Mahmood
Rana Khalid Manzoor
Seema N Jagirani
Shazia Rahil Razzak
Somia Ali
Syed Nisar Ahmed, M.A.
Tahir Ali Zuberi
Syed Tayyeb Hassan Gardezi, M.Sc
Wasim Ahmed

Senior Vice Presidents

Babar Zeeshan
Bashir Ahmed Sangi
Dr. Ghulam Jaffar, Ph.D
Faisal Hassan
Faisal Mahmood Jaffery
Hamid-us-Salam
Kayomarz H. Sethna
Khalid Mehmood
Mahnoor Atif
Mian Ali Raza Shaukat, B.Sc (Hons)
Mohammad Waseem
Muhammad Imran
Muhammad Anis-ur-Rehman
Muhammad Asif Jawed, M.A.
Muhammad Awais Memon
Muhammad Haroon Akbar, M.B.A.
Muhammad Salim Babar, M.B.A.
Nasrullah
Qasim Ayub
Raja Jamil Ahmed
Rashid A. Islam
Rizwan-ul-Haque, B.B.A.
S. M. Shamim
Shahid Raza Kazmi
Shakil Wahid
Syed Sohail Haider Abidi
Wasif Mubeen, LL.B

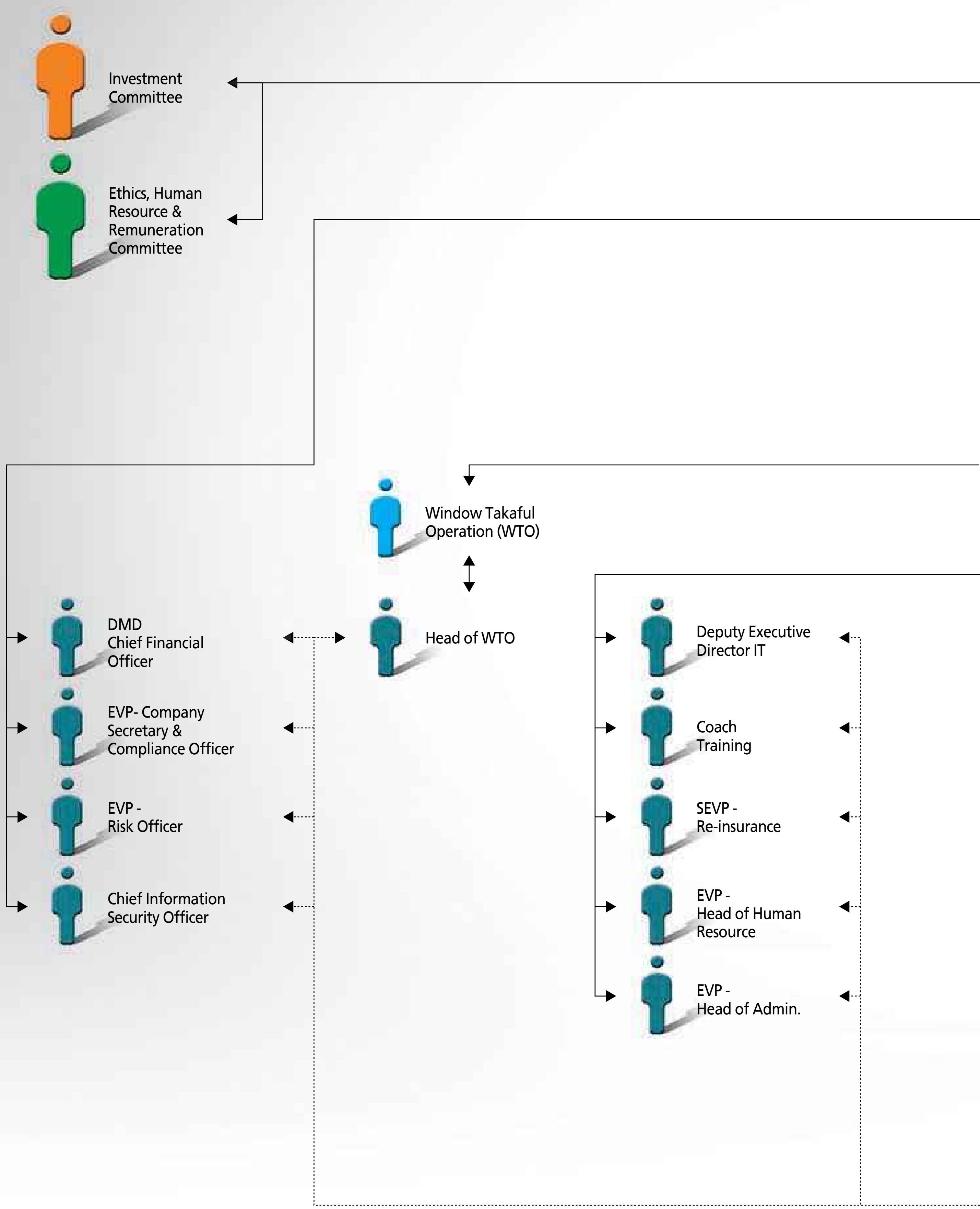
Vice Presidents

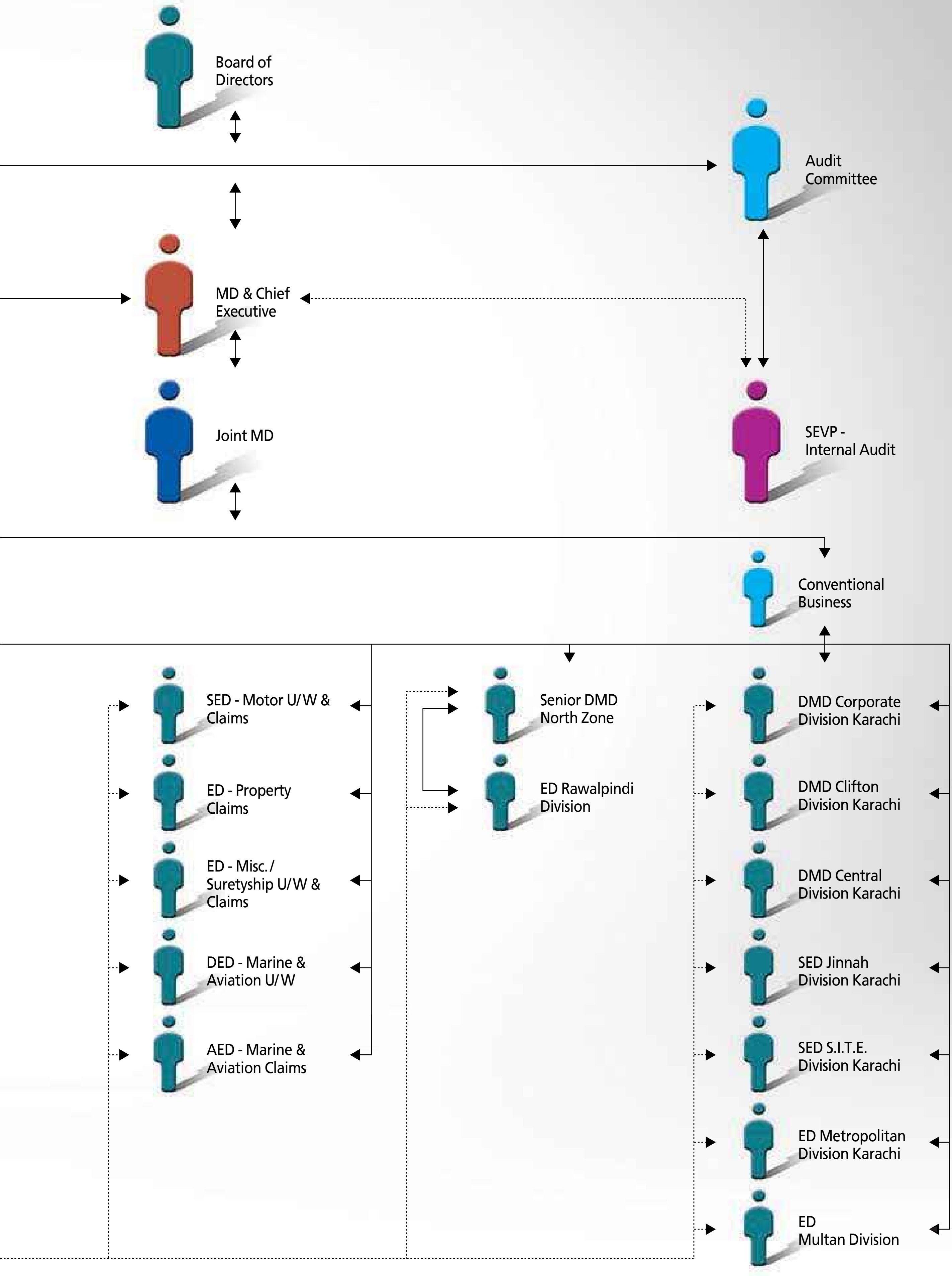
Abdullah Alam
Ahmad Saeed Khan
Aizaz-ur-Rehman, M.B.A.
Aman Nazar Muhammad
Amina Azam
Arshad Iqbal, M.B.A.
Faizan Imran
Fauzia Nasir
Haris Alamgir Shaikh
Hassan Abbas
Jalal-uddin Ahmed
Khurram Younas
Khusbakht Farhan
Kinza Babar
Mahnoor Ibrahim
Maleeha Shafiq
Mehak Akbar
Muhammad Ahmed, M.B.A.
Muhammad Altaf, LL.B
Muhammad Ashraf Samana
Muhammad Iqbal
Muhammad Mubashir Nasir
Muhammad Zia-ul-Haq
Rahib Diwan
Rashid Umer Burney
S. Ali Haider Rizvi
Sadia Khanum
Shahid Iqbal
Shahida Aslam
Shaikh Mohammad Nadeem
Shehzad Ali Shivjani
Sohail Raza
Syed Abid Raza
Syed Rashid Ali
Syed Rizwan Haider, M.Sc
Syed Zulfiqar Mehdi
Tauseef Hussain Khan

Assistant Vice Presidents

Ahmed Nawaz, M.A.
Ashiq Hussain Bhatti
Atif Muzaffar
Danish Saleem Qayum
Javed Iqbal Chema
M.A. Qayum, M.Com
Mahnoor Shafiq
Muhammad Hunzala
Muhammad Umair
Muhammad Ali Zarrar
Muhammad Mussarrat Hussain, M.Sc
Muhammad Naveed Asghar
Muhammad Zaid Tahir
Muhammad Zeeshan Haider
Muhammad Zubair
Mustafa Ahmed
Nadeem Ahmad Siddiqi
Noman Khan
Qamar Aziz
S. Zeeshan Abbas Abidi
Shagufta Asrar Ahmad
Shakeel Hassan Bakhtiar
Syed Mojiz Hasan
Tahir Ali, M.B.A.
Urooj Sohail
Zafar Ali Khokhar, M.A.
Zakaullah Khan

Organogram


Investment Committee
Ethics, Human Resource & Remuneration Committee
Window Takaful Operation (WTO)
DMD Chief Financial Officer
Head of WTO
Deputy Executive Director IT
EVP- Company Secretary & Compliance Officer
Coach Training
EVP - Risk Officer
SEVP - Re-insurance
Chief Information Security Officer
EVP - Head of Human Resource
EVP - Head of Admin.


Board of Directors
Audit Committee
MD & Chief Executive
Joint MD
SEVP - Internal Audit
Conventional Business
SED - Motor U/W & Claims
ED - Property Claims
ED - Misc. / Suretyship U/W & Claims
DED - Marine & Aviation U/W
AED - Marine & Aviation Claims
Senior DMD North Zone
ED Rawalpindi Division
DMD Corporate Division Karachi
DMD Clifton Division Karachi
DMD Central Division Karachi
SED Jinnah Division Karachi
SED S.I.T.E. Division Karachi
ED Metropolitan Division Karachi
ED Multan Division

Code of Conduct

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

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

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

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

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

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

EFU's Culture

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

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

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

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

Organizational Ethics

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

Notice of Meeting

Notice is hereby given that the 89th Annual General Meeting of the Shareholders of EFU General Insurance Limited will be held at the Registered Office of the Company at Kamran Centre, 1st Floor, 85 East, Jinnah Avenue, Blue Area, Islamabad, on Thursday March 31, 2022 at 10:00 a.m. to transact the following business to:

A. **ORDINARY BUSINESS:**

1. confirm the minutes of the 88th Annual General Meeting held on March 31, 2021.
2. receive, consider and approve the Audited Financial Statements (consolidated and unconsolidated) for the year ended December 31, 2021 together with the Chairman's review, Directors' and Auditors' reports thereon.
3. consider and if thought fit to approve the payment of Final Cash 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, 2021.
4. appoint Auditors of the Company for a term ending at the conclusion of next Annual General Meeting and fix their remuneration. The retiring auditors KPMG Taseer Hadi & Co., Chartered Accountants have completed five years as auditors of the Company and are no longer eligible for appointment. The Board of Directors and Audit Committee recommend the appointment of EY Ford Rhodes, Chartered Accountants who have indicated their consent to act as auditors.

B. **SPECIAL BUSINESS:**

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

   "Resolved that the transactions carried out by the Company in the normal course of business with EFU Life Assurance Limited and Allianz EFU Health Insurance Limited (related parties) in 2021 be and are hereby ratified, approved and confirmed."

   "Further Resolved that the Managing Director & Chief Executive be and is hereby authorized to approve all the transactions to be carried out in the normal course of business with EFU Life Assurance Limited and Allianz EFU Health Insurance Limited till the next Annual General Meeting."

6. 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 items 5 of the Notice.
   b. Status of previous approval of investments in associated company.

By Order of the Board

AMIN PUNJANI

Karachi: 23 February 2022 — Company Secretary

NOTES

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

   In view of the prevailing situation of Pandemic Covid-19, particularly in the wake of its fifth wave and concerning the well-being of the participants of the AGM, this General Meeting is being conducted as per guidelines circulated by SECP vide its Circular No. 4 of 2021 dated 15th February 2021 and Circular No. 6 of 2021 dated 03rd March 2021. Accordingly, the following arrangements have been made by the Company to facilitate the participation of the shareholders in the AGM through online video conference, either in-person or through appointed proxies:

   The shareholders are requested to please provide below information to our Company Secretary at e-mail address: amin.punjani@efuinsurance.com, at least 24 hours before the time of AGM i.e. latest by 10:00 am on March 30, 2022.

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 31, 2022 at 10:00 AM.

2. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as a proxy to attend and vote in respect of him. Form of proxy must be deposited at the Company's Registered Office not later than 48 hours before the time appointed for the meeting.

3. CDC Account holders are advised to follow the following guidelines of the Securities & Exchange Commission of Pakistan.

   A. For attending the meeting:

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

      (ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

   B. For appointing proxies:

      (i) In case of individuals, the account holder and / or sub-account holder and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

      (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

      (iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

      (iv) The proxy shall produce his original CNIC or original passport at the time of the meeting.

      (v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

4. The Share Transfer Books of the Company will be closed from March 25, 2022 to March 31, 2022 (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 24, 2022 will be considered in time to attend and vote at the meeting and for the entitlement of Dividend.

5. Members are requested to notify / submit the following, in case of book entry securities in CDC to respective CDC participants and in case of physical shares, to the Company's Share Registrar, if not earlier provided / notified:

   a. Change in their addresses;

   b. Valid and legible photocopies of Computerized National Identity Card (CNIC) for Individuals and National Tax Number (NTN) both for individual and corporate entities.

6. ELECTRONIC TRANSMISSION OF FINANCIAL STATEMENTS AND NOTICES

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

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

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

7. ELECTRONIC DIVIDEND MANDATE

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

In order to receive dividend directly into their bank account, shareholders are requested (if not already provided) to fill in Bank Mandate Form for Electronic Credit of Cash Dividend available in the Annual Report and also on the Company's website and send it duly signed along with a copy of CNIC to the Share Registrar of the Company, CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 in case of physical shares.

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

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

8. SUBMISSION OF VALID CNIC (MANDATORY)

As per SECP directives, the dividend warrants of the shareholders whose valid CNICs, are not available with the Share Registrar could be withheld. All shareholders having physical shareholding are, therefore, advised to submit a photocopy of their valid CNICs immediately, if already not provided, to the Company's Share Registrar at the following address, CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 without any further delay.

9. ZAKAT DECLARATION (CZ-50)

Zakat will be deducted from the dividends at source under the Zakat and Usher Laws and will be deposited within the prescribed period with the relevant authority. In case you want to claim exemption, please submit your Zakat declarations under Zakat and Usher Ordinance, 1980 and Rule 4 of Zakat (Deduction & Refund) Rules, 1981 CZ-50 Form with our Share Registrar, CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 or in case of book entry securities in CDC to respective CDC participants. The shareholders while sending the Zakat Declarations must quote company name and their respective CDS A/C # or Folio No.

10. DEDUCTION OF WITHHOLDING TAX ON THE AMOUNT OF DIVIDEND

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

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

a. for filers of income tax returns: 15 %

b. for non-filers of income tax returns: 30 %

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

(ii) In the case of shares registered in the name of two or more shareholders, each joint-holder is to be treated individually as either a filer or non-filer and tax be deducted by the Company on the basis of shareholding of each joint-holder as may be notified to the Company in writing. The joint-holders are, therefore, requested to submit their shareholdings otherwise each joint-holder shall be presumed to have an equal number of shares.

(iii) For any query / problem/information, the investors may contact the Company and / or the Share Registrar at the following phone numbers and email address. The contact number of Company Secretary is 021-32313471-90 (Ext: 9444) and email: amin.punjani@efuinsurance.com and the contact numbers of Share Registrar, CDC Share Registrar Services Limited is 0800-23275 & email: info@cdcsrsl.com.

(iv) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or its Share Registrar, CDC Share Registrar Services Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

11. CONSENT FOR VIDEO CONFERENCING FACILITY

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

I / We, _______________ of _______________________, being a member of EFU General Insurance Limited holder of ______ ordinary share(s) as per registered folio / CDC no. _______ hereby opt for video conferencing facility.

12. UNCLAIMED DIVIDEND

As per the provision of Section 244 of the Companies Act 2017, any shares issued or dividend declared by the Company which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable are required to be deposited with the Commission for the credit of Federal Government after issuance of notices to the shareholders to file their claim. The details of the shares issued and dividend declared by the Company which have remained due for more than three years was sent to shareholders, uploaded on Company website and Final notice was issued in newspaper on October 23, 2018. In case, no claim is lodged with the Company in the given time, the Company will deposit the unclaimed/unpaid amount and shares with the Federal Government pursuant to the provision of Section 244 (2) of Companies Act, 2017.

13. DEMAND A POLL

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

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

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

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

The audited financial statement of the Company for the year ended December 31, 2021 have been made available on the Company's website www.efuinsurance.com

16. DEPOSIT OF PHYSICAL SHARES IN TO CDC ACCOUNTS

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

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

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

We once again strongly advise members of the Company, in their best interest, to convert their physical shares into book-entry form at the earliest.

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 31, 2021.

1. **Item No. 5 of the Notice**

Transactions carried out with related parties during the year ended December 31, 2021 to be passed as a Special Resolution.

The transactions carried out in normal course of business with associated companies (related parties) are approved by the Board as recommended by the Audit Committee on quarterly basis. In the case of EFU Life Assurance Limited and Allianz EFU Health Insurance Limited, a majority of the Directors were interested and in accordance with the provisions of Section 208 of the Companies Act, 2017. Such transactions, therefore, are being placed before the shareholders for approval through special resolution proposed to be passed at the annual general meeting.

In view of the above, the normal business transactions conducted during the year 2021 with EFU Life Assurance Limited and Allianz EFU Health Insurance Limited as per following details are being placed before the shareholders for their consideration and approval / ratification.

Amount in PKR '000'

EFU Life Assurance Limited	Premium written	27 063
EFU Life Assurance Limited	Claims paid	2 283
EFU Life Assurance Limited	Balance Receivable	4 292
EFU Life Assurance Limited	Dividend received	668 627
EFU Life Assurance Limited	Dividend paid	46 810
Allianz EFU Health Insurance Limited	Premium written	2 941
Allianz EFU Health Insurance Limited	Premium paid	21 521
Allianz EFU Health Insurance Limited	Claims paid	921

The names of Directors with interest as Director in related parties:

i. Mr. Saifuddin N. Zoomkawala, Director of the Company is also a Director in EFU Life Assurance Limited and Allianz EFU Health Insurance Limited.

ii. Mr. Hasanali Abdullah, Director of the Company is also a Director in EFU Life Assurance Limited and Allianz EFU Health Insurance Limited.

iii. Mr. Rafique R. Bhimjee, Director of the Company is also a Director in EFU Life Assurance Limited and Allianz EFU Health Insurance Limited.

iv. Mr. Taher G. Sachak, Director of the Company is also a Director in EFU Life Assurance Limited and Allianz EFU Health Insurance Limited.

v. Mr. Ali Raza Siddiqui, Director of the Company is also a Director in EFU Life Assurance Limited.

Authorization to the Chief Executive for the approval of transactions carried out and to be carried out with EFU Life Assurance Limited and Allianz EFU Health Insurance Limited (related parties) till the next Annual General Meeting to be passed as a Special Resolution.

The Company would be conducting transactions with EFU Life Assurance Limited and Allianz EFU Health Insurance Limited in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship in EFU Life Assurance Limited and Allianz EFU Health Insurance Limited as detailed herein above. Therefore, in order to comply with the provisions of clause 15 under Listed Companies (Code of Corporate Governance) Regulations 2019, the shareholders may authorize the Managing Director & Chief Executive to approve transactions carried out and to be carried out in the normal course of business with EFU Life Assurance Limited and Allianz EFU Health Insurance Limited till the next Annual General Meeting.

The names of Directors and nature and extent of their interest in the proposed resolution is the same as mentioned above.

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. 237.67 million has been invested out of Rs. 1 billion as at December 31, 2021.

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 change 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. 6,178 million as at December 31, 2021 and Rs. 6,175 million as at December 31, 2020.

Effect of Technological Change

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

Effect of Societal Issues

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

External oversight of systems audit / internal audit

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

EFU General Insurance is an ISO 901:2015 certified organization. As part of ISO 9001:2015 standards, EFU has established procedures for quality assurance of services ensuring continual improvement of effectiveness of the quality management system. In this respect, annual audit conducted by external specialist i.e Independent Chartered Accountants Firm also ensure compliance of regulatory and standard requirements.

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 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 2021	Half year ended 30 June 2021	Third quarter ended 30 September 2021	Year ended 31 December 2021
Announcement Date	Announcement Date	Announcement Date	Announcement Date
APRIL 28, 2021	AUGUST 25, 2021	OCTOBER 28, 2021	FEBRUARY 23, 2022

DIVIDENDS

Final Cash 2020 Announcement Date	Entitlement Date	Statutory limit upto which payable (within 15 working days of AGM)	
FEBRUARY 25, 2021	MARCH 24, 2021	APRIL 23, 2021	
First Interim Cash 2021	Entitlement Date	Paid on	Statutory limit upto which payable
APRIL 28, 2021	MAY 12, 2021	MAY 24, 2021	JUNE 02, 2021
Second Interim Cash 2021	Entitlement Date	Paid on	Statutory limit upto which payable
AUGUST 25, 2021	SEPTEMBER 08, 2021	SEPTEMBER 15, 2021	SEPTEMBER 22, 2021
Third Interim Cash 2021	Entitlement Date	Paid on	Statutory limit upto which payable
OCTOBER 28, 2021	NOVEMBER 10, 2021	NOVEMBER 17, 2021	NOVEMBER 24, 2021

Date of Issuance of Annual Report 2021	**MARCH 10, 2022**
Date of Annual General Meeting	**MARCH 31, 2022**

Access to Reports and Enquiries

Annual Report

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

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

Quarterly Reports

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

Shareholders' Enquiries

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

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

Stock Exchange Listing

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

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

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

Investors’ Grievance Policy

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

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

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

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

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

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

Decisions taken at the last Annual General Meeting held on March 31, 2021

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 minutes of the Extra-Ordinary General Meeting.
3. Approve the Audited Financial Statements (consolidated and unconsolidated) for the year ended December 31, 2020 together with the Chairman's review, Directors' and Auditors' reports thereon.
4. Approval of Final dividend @ Rs. 5.5 per share in addition a total of Rs. 4.5 per share was paid for three interim dividends for the year 2020 details as under:
    - The First Interim dividend was paid on May 20, 2020.
    - The Second Interim dividend was paid on September 15, 2020.
    - The Third Interim dividend was paid on November 12, 2020.
    - Final dividend was paid to the Shareholders on April 02, 2021.
5. Re-appointment of KPMG Taseer Hadi & Co. as Auditors for the year 2021.
6. Approval of related party transactions with EFU Life Assurance Ltd. and Allianz EFU Health Insurance Ltd. transacted till last Annual General Meeting.
7. Authorize Managing Director & Chief Executive to approve the transaction carried out in normal course of business with related parties EFU Life Assurance Ltd. and Allianz EFU Health Insurance Ltd. till next Annual General Meeting.
8. Approval to invest further in the shares of Associated Company, EFU Life Assurance Ltd, of Rs. 1 billion within a period of next three years.

Presence of Chairman - Audit Committee in the Annual General Meeting

The Chairman of the Audit Committee attended the 88th 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 2021.

Months	Highest	Lowest	Average of Volume
January	125.00	116.01	7 259
February	123.40	114.10	4 138
March	120.00	107.00	12 011
April	116.00	106.00	1 569
May	118.00	110.00	58 355
June	117.98	113.95	14 140
July	117.50	113.50	2 445
August	117.98	112.00	15 206
September	113.00	108.85	6 989
October	113.89	106.00	3 620
November	114.00	104.01	9 313
December	111.00	104.50	691

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					
	2021	2020	2019	2018	2017	2016
Number of Shares outstanding (in million)	200	200	200	200	200	200
Market closing price of share as on 31 December (PSX) (Rs.)	105	120	110	100	153	151
Market Share Capitalisation (Rs. in million)	21 000	24 000	22 060	20 000	30 580	30 200

Chairman's Review

It indeed gives me immense pleasure in presenting 89th Annual Report of your Company.

The Unconsolidated Written Premium for the year was Rs. 24.7 billion (including Takaful Contribution of Rs. 2.7 billion). Your Company has a market share of 21 % and continues to lead the non-life insurance business in the country.

The earnings per share was Rs. 14.01 as against earnings per share of Rs. 11.85 last year.

The consolidated (inclusive of EFU Life) Written Premium was Rs. 59 billion, Net Premium was Rs. 46 billion and Total Assets were Rs. 211 billion.

During the year, economic landscape achieved stabilization as economic growth clocked in at 3.9% for fiscal year 2021. However, heightened global commodity prices led to external account imbalance and surging inflation. State Bank of Pakistan (SBP) proactively addressed these imbalances by increasing the policy rate by 275bps. Going forward, likely resumption of IMF program is anticipated to alleviate the pressure on current account.

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 23 February 2022

چیئرمین کی جائزہ رپورٹ

آپ کی کمپنی کی ۸۹ویں سالانہ رپورٹ پیش کرتے ہوئے میں دلی مسرت محسوس کررہا ہوں۔

سال کیلئے غیر مجموعی تحریری پریمیئم ۲۴ء۷ بلین روپے (بشمول ۲ء۷ بلین روپے کا تکافل کنٹری بیوشن) تھا۔آپ کی کمپنی پاکستان میں ۲۱ فیصد مارکیٹ شیئر کی حامل ہے اور ملک میں نان۔لائف انشورنس کاروبار میں سبقت برقرار رکھنے کا سلسلہ جاری ہے۔

آمدنی فی شیئر ۱۴ء۰۱ روپے رہی جیسا کہ اس کے برخلاف گزشتہ سال بیان کردہ آمدنی فی شیئر ۱۱ء۸۵ روپے تھی۔

مجموعی (بشمول ای یف یولائف) تحریری پریمیئم ۵۹ بلین روپے تھا، خالص پریمیئم ۴۶ بلین روپے اور مجموعی اثاثہ جات ۲۱۱ بلین روپے تھے۔

سال کے دوران معاشی واقتصادی صورتحال میں استحکام حاصل ہوا جیسا کہ مالی سال ۲۰۲۱ء کیلئے معاشی شرح نمو ۳ء۹ فیصد تک رہی۔تاہم عالمی سطح پر اشیائے صرف کے بلندترین نرخوں کی وجہ سے بیرونی کھاتوں میں عدم توازن اور مہنگائی انتہائی بڑھ گئی۔اسٹیٹ بینک آف پاکستان (ایس بی پی) نے ۲۷۵ بی پی ایس کی شرح تک پالیسی ریٹ میں اضافے کے ذریعے عدم توازن سے نمٹنے کے فوری اقدامات کئے۔آگے بڑھتے ہوئے ممکنہ طور پر آئی ایم ایف پروگرام کی بحالی سے کرنٹ اکاؤنٹ پر دباؤ میں کمی کا امکان ہے۔

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

میں سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان ری انشورنس کمپنی لمیٹڈ اور ہمارے تمام ری انشوررز کی جانب سے کمپنی کو حاصل سرپرستی اور تعاون پر ان کی مستقل معاونت پر انہیں خراجِ تحسین پیش کرتا ہوں اور ان کا مشکور ہوں۔میں اپنی فیلڈ فورس، آفیسرز اور کمپنی کے اسٹاف کی جانب سے ان کی مخلصانہ کوششوں کا بھی شکرگزار ہوں۔

سیف الدین این۔زومکاوالا
چیئرمین

کراچی: ۲۳ فروری ۲۰۲۲ء

Report of the Directors to Shareholders

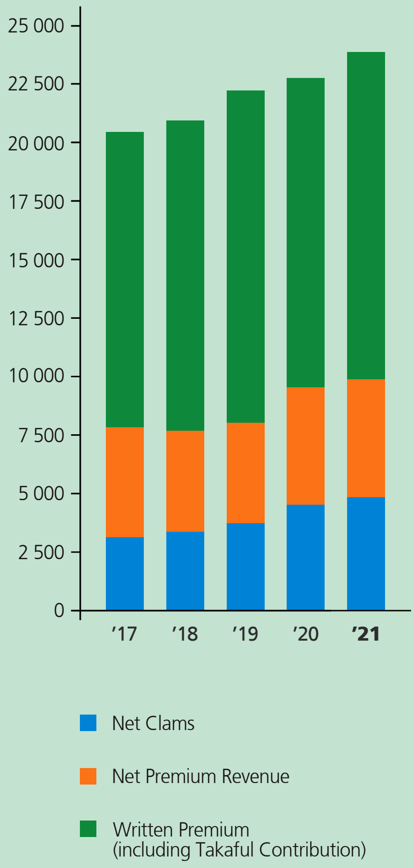
The Directors of your Company are pleased to present the Eighty-Ninth Annual Report of the Company for the year ended 31 December 2021.

Your Company's profit after tax for the year 2021 increased by 16.7 % to Rs. 2.8 billion as compared to Rs. 2.4 billion in 2020. The earning per share was Rs. 14.01 as against Rs. 11.85 last year.

Your Company had written Direct premium and Takaful business of Rs. 24.7 billion (inclusive of Rs. 2.7 billion of Takaful contribution) as compared to Rs. 22.6 billion (inclusive of Rs. 2.4 billion of takaful contribution) in 2020. The Net Premium Revenue grew by 14 % to Rs. 9.8 billion as compared to Rs. 8.6 billion in 2020.

WRITTEN PREMIUM
(including Takaful Contribution)
NET PREMIUM REVENUE
AND NET CLAIMS

(Rupees in Million)



Insurance Industry

Conditions in the insurance industry continued to be challenging due to lower than expected GDP growth in 2021. Your Company continues to maintain its leading position in the insurance industry by offering the best professional service to its clients.

Economic Review

Pakistan's economic growth was 5.57 % during fiscal year 2021. However, rapid deterioration of external account and surging inflation have caused the Pak Rupee to slide by 17 % from May 2021 to December 2021 because of which State Bank of Pakistan (SBP) initiated monetary tightening. Cumulatively, SBP has hiked the policy rate by 275 basis points in last quarter of 2021.

Company's performance

The segment wise performance was as follows:

FIRE AND PROPERTY

The written premium increased by 5 % to Rs. 13,758 million compared to Rs. 13,050 million in 2020. Claims as percentage of net premium revenue were 39 % as against 60 % in 2020. The underwriting profit for the year was Rs. 679 million compared to Rs. 9 million in 2020.

MARINE, AVIATION AND TRANSPORT

The written premium increased by 28 % to Rs. 3,044 million compared to Rs. 2,370 million in 2020. Claims as a percentage of net premium revenue were constant at 37 % and the underwriting profit was Rs. 346 million compared to Rs. 273 million in 2020.

MOTOR

The written premium increased by 9 % to Rs. 3,492 million compared to Rs. 3,208 million in 2020. Claims as percentage of net premium revenue were 49 % as against 48 % in 2020 and the underwriting profit was Rs. 422 million compared to Rs. 297 million in 2020.

OTHERS

The written premium increased by 3 % to Rs. 1,666 million compared to Rs. 1,613 million in 2020. Claims as percentage of net premium revenue were 58 % as against 50 % in 2020. The underwriting profit for the year was Rs. 96 million compared to Rs. 160 million in 2020.

Window Takaful Operations

The written contribution revenue was Rs. 2,697 million as against Rs. 2,398 million in the previous year. The net contribution revenue was Rs. 1,218 million compared to Rs. 1,205 million in 2020 and profit for Takaful Operator was constant at Rs. 132 million.

Investment Income

The Stock Market was volatile during this year. The total investment income for the year was Rs. 1,930 million as against Rs. 2,185 million last year. The dividend income for the year was Rs. 892 million as against Rs. 774 million last year.

Earnings per share

Your Company has reported earnings per share of Rs. 14.01 for the year as compared to Rs. 11.85 in 2020.

Appropriation and Dividend

The profit after tax was Rs. 2,802 million as compared to Rs. 2,371 million in 2020. Your Directors have recommended a final cash dividend of Rs. 0.0 per share (00%) to the shareholders whose names appear in the share register of the Company at the close of business on March 24 2022. This cash dividend is in addition to interim cash dividends of Rs. 4.5 per share (45 %) declared for the year.

		Rupees '000
Balance at commencement of the year i.e. January 01, 2020		2 295 315
Interim cash dividends 2020 @ 45 % (2019: 45%)	900 000	
Final cash dividend 2020 @ 55 % (2019: 55 %)	1 100 000	
Transfer to general reserve	250 000	2 250 000
Balance brought forward from previous year		45 315
Profit after tax for the year		2 745 900
Other comprehensive loss		(24 848)
Transferred from surplus on revaluation of property and equipment on account of incremental depreciation - net of tax		242
Amount available for appropriation		2 766 609
The Directors recommend that this amount be appropriated in the following manner:		
Less: Appropriation		
Interim cash dividends 2021 @ 45 % (2020: 45 %)	900 000	
Proposed final cash dividend 2021 @ 55 % (2020: 55 %)	1 100 000	
Transfer to general reserve	750 000	2 750 000
Carry forward to next year		16 609

Market Share

Based on the available published financial information as of 30 September 2021 and based on the statistics published by The Insurance Association of Pakistan, your Company has market share of 21 % of the private non-life insurance sector business in Pakistan.

Information Technology

In the continuation of efforts to strengthen the information security posture of the company, the Company is in process to implement SECP Cybersecurity Framework and Information Security Management System (ISMS) - ISO-27001-2013 standard as well to fulfill SECP Guidelines on Cybersecurity Framework for the Insurance Sector 2020, which will also help to align Cybersecurity Framework with overall Risk Management Framework.

To comply with SECP Cybersecurity Framework and ISO-27001-2013 the company implemented:

1) Encryption - Secure end-to-end communication
2) EDR (Event Detection and Response) - enhanced visibility to endpoints (Desktop / Laptops) for any malware / malicious activity.
3) SIEM (Security Information and Event Management) - Enhances defense against cyber-attacks and reduces the impact of security events.

The company regularly conducts evaluation of IT Risk Assessment for improved effectiveness of existing controls and to minimize and prevent risks.

Furthermore, a dedicated resource is in place to monitor and mitigate information security related issues in the Internal / External Network systems, applications, and database

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 & 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 desired level of risk appetite, 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 every process of the Company.

Credit Rating

Your Company is rated by A. M. Best, the world's specialized insurance rating agency and has assigned Financial Strength Rating of "B+" and a Long-Term Issuer Credit Rating of "bbb-" with Stable Outlook for both.

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

Human Resource

EFU's success over the years speaks the caliber of our workforce especially in the challenging business landscape which is constantly evolving. We firmly believe in the employees' development through various training & development opportunities for their hidden potential, and ensure that knowledge, skills and abilities are nurtured at all levels that facilitate employees to perform their jobs more effectively and to assume higher responsibilities.

We provide “enabling environment” that stimulates team building and cohesiveness through our open culture where dialogue and different perspectives are valued and challenged. Our people appreciate being largely free to organize their day, thus empowering them to reach their full potential.

At EFU, people from diverse backgrounds bring a wide array of expertise to cater the ever changing needs of its existing and prospective customers.

We attract talent with required qualification background and skill-set. They are provided with a blend of both theoretical and practical trainings to polish their knowledge and skills in line with the Company's needs for better productive gains.

The Company encourages employees in acquiring internationally recognized insurance qualifications i.e. ACII from the Chartered Insurance Institute (UK). We have 27 chartered insurers, 22 engineers and 12 professional accountants.

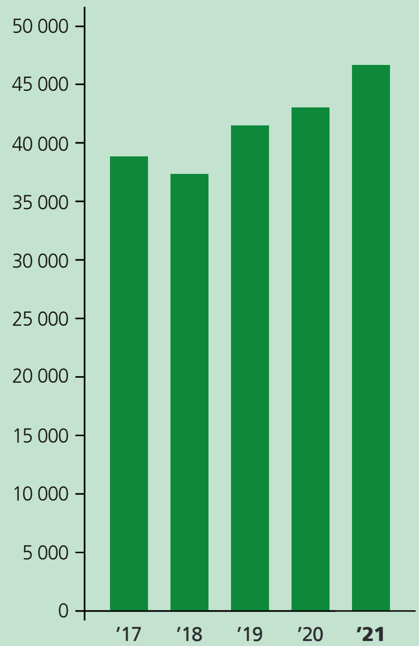
EFU has its in-house training facilities in all major cities of Pakistan to provide both technical and soft skills trainings.

Securities Exchange Commission of Pakistan has also acknowledged the in-house training facilities of EFU

We actively participate in various insurance seminars, workshops, conferences through sponsoring of such events. Besides this, our officers are encouraged to conduct training sessions on technical and other related subjects.

TOTAL ASSETS

(Rupees in Million)



Covid-19 and Omicron Pandemic

The pandemic outbreak continues to have negative repercussions for the domestic as well as global economic landscape. However, successful vaccination drive has substantially decreased the hospitalization rate, which in turn has led to normalization of business activities.

To prevent and reduce transmission and maintain healthy business operations and work environments, EFU follows preventative measures. Virtual Communications are used to minimize the risk of contracting a virus.

Internal Communications regarding SOPs, social distancing, hygiene, prevention and curation (in case of contraction of virus) by the Human Resource Department are regularly disseminated for the benefit of the employees. Our Chief Medical Officer along with his team provide needful assistance to employees regarding vaccination. All our employees and their family members are fully vaccinated.

From the outset, our priority has been to continue to provide uninterrupted service to our customers. The priority has remained to maintain service levels continuity to meet the expectations of customers and minimize the impact of the pandemic. During the pandemic, EFU continued to be responsive, facilitated proactively to ensure business continuity and coped with the challenges related to the pandemic in the insurance sector.

Significant Entity's Objectives

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

Prospects for 2022

Our strategy for 2022 is to continue to deliver sustainable, profitable growth in a challenging business environment and to maintain leading position in Pakistan.

The key performance indicators devised for achieving the management objective will as before, be maximization of customer satisfaction, improvement in operational underwriting results, control costs and increasing shareholders' wealth.

Information Sources and Assumptions

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

Reinsurance

Your Company continues to enjoy very sound reinsurance arrangements with leading international securities, like Allianz SE Reinsurance Company, Hannover Ruck SE, Korean Reinsurance Company, Lloyds of London, Partner Reinsurance Asia Pte. Ltd, Swiss Reinsurance Company, SCOR Reinsurance

Asia Pacific Pte Ltd and Toa Reinsurance Company Ltd. all of them being A rated.

Related Party Transactions

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

Environmental Protection Measures

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

Directors' Training Program

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

Corporate Briefing

Corporate Briefing Session was held for shareholders and analysts on March 31, 2021 as per requirement of the Pakistan Stock Exchange. Company's Senior Management and Shareholders attended the session.

Board Committees

The Company has following Board Committees.

S. No.	Board Committees	No. of meetings held in 2021
1	Audit Committee	4
2	Investment Committee	4
3	Ethics, Human Resources and Remuneration Committee	1

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

Management Committees

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

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

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

Risks to Business

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

National cause donations

Your Company, being a responsible corporate citizen, donates every year. In 2021, the Company donated Rs. 18.34 million to various organizations including Sindh Institute of Urology and Transplantation, The Aga Khan Hospital and Medical College Foundation, Government of Sindh Coronavirus Emergency Fund (CEF), Anjuman-e-Kashana-e-Atfal-o-Naunihal, Shaukat Khanum Memorial Trust, The Layton Rehmatullah Benevolent Trust and The Patients' Behbud Society for The Aga Khan University Hospital, Memon Medical Institute Hospital amongst others.

Relationship with other Stakeholders

Your Company continues to maintain good relationship with:

- its employees by providing good working environment;
- its clients through building trust and providing quality service;
- the business community through honest and fair dealing;
- the government through promoting free enterprise along with competitive market system and complying with applicable laws; and
- the society in general through providing safe and healthy workplace and provide 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 on the functioning of the Board and improving its effectiveness. The placement and functioning of evaluation mechanism is out sourced to 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 Companies Act, 2017, Listed Companies (Code of Corporate Governance) Regulations, 2019 and Articles of Association of the Company, the Company has policy with respect to the remuneration of Chairman, Chief Executive, Non-Executive, Executive and Independent Directors.

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

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

Directors	meeting fees	Managerial remuneration	Utilities	Medical expense	Total
					Rupees '000'
Hasanali Abdullah	–	40 680	670	801	42 151
Saifuddin N. Zoomkawala	600	–	–	–	600
Rafique R. Bhimjee	–	–	–	–	–
Abdul Rehman Haji Habib	300	–	–	–	300
Ali Raza Siddiqui	450	–	–	–	450
Mohammad Iqbal Mankani	500	–	–	–	500
Saad Bhimjee	–	–	–	–	–
Taher Gulamhusein Sachak	650	–	–	–	650
Tanveer Sultan Moledina	600	–	–	–	600
Yasmin Hyder	600	–	–	–	600
Grand Total	3 700	40 680	670	801	45 851

Adequacy of Internal Financial Controls

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

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

Government of Pakistan policies and their impact

The Government of Pakistan has implemented various Ordinances, Rules and 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.

Compliance with Code of Corporate Governance

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

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

During the year 2021, four meetings of the Board were held. The attendance at the meetings were as under:

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

* Abdur Rehman Haji Habib passed away on October 26, 2021.

Statement of Ethics and Business Practices

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

Corporate and Financial Reporting Framework

a) 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.

b) Proper books of account have been maintained by the Company.

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.

d) The International Financial Reporting Standards (IFRS) as applicable in Pakistan, have been followed in preparation of financial statements and any departure from there has been adequately disclosed.

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

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

g) There has been no material departure from the best practices of Corporate Governance, as detailed in the Regulations.

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

i) Trading of shares by 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.

Trading in shares of the Company during the year by Chief Executive, Directors, Executives and their spouse and Substantial Shareholder is as follows:

Directors		
Mr. Rafique R. Bhimjee	Purchase	1 150 000
Ms. Yasmin Hyder	Purchase	15 000
Substantial Shareholder		
Mr. Muneer Bhimjee	Purchase	1 618 899
Executives		
Mr. Kamran Arshad Inam	Purchase	2 000
Mr. Amin Punjani	Purchase	500

j) The value of investments of provident, gratuity and pension funds based on their unaudited accounts as on 31 December 2021 were:

Provident Fund	Rs. 949 million
Gratuity Fund	Rs. 462 million
Pension Fund	Rs. 249 million

k) The statement of pattern of shareholding in the Company as at 31 December 2021 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 recommends the appointment of EY Ford Rhodes, Chartered Accountants as Auditors of the Company for the year 2022 as suggested by the Audit Committee in place of retiring auditors KPMG Taseer Hadi & Co., Chartered Accountants as they have completed five years and in accordance with requirements of Listed Companies Code of Corporate Governance cannot continue.

Outlook

Going forward, trajectory of inflation and interest rates would largely hinge upon the international commodity prices. However, likely resumption of IMF program, flexible exchange rate and proactive monetary policy stance could have positive impact on the economy.

Challenging economic landscape may lead to modest growth in insurance industry. However, increase in policy rate could propel investment income.

Acknowledgements

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

RAFIQUE R. BHIMJEE	MAHMOOD LOTIA	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Managing Director & Chief Executive	Chairman

Karachi 23 February 2022

ڈی۔ انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS) پر، جیسا کہ پاکستان میں نافذ العمل ہے، مالیاتی اسٹیٹمنٹ کی تیاری کی جاتی ہے اور کہیں اس سے انحراف کیا گیا ہو تو اس کو واضع 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 وشبہات نہیں کہ یہ چلتے رہنے والا ادارہ ہے۔

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

ایچ۔ گزشتہ ٦ سال کے نمایاں آپریٹنگ اور فنانشل اعداد وشمار منسلک ہیں۔

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

چیف ایگزیکٹو، ڈائریکٹرز، ایگزیکٹوز اور اُن کی شریک حیات اور مضبوط شیئر ہولڈر کے شیئرز کی خرید وفروخت کا منسلک شیڈول مندرجہ ذیل ہے:

ڈائریکٹرز		
جناب رفیق آر۔ بھیم جی	خریدے	۱ ۱۵۰ ۰۰۰
محترمہ یاسمین حیدر	خریدے	۱۵ ۰۰۰
مضبوط شیئر ہولڈر		
جناب منیر بھیم جی	خریدے	۱ ٦۱۸ ۸۹۹
ایگزیکٹوز		
جناب کامران ارشد انعام	خریدے	۲ ۰۰۰
جناب امین پنجانی	خریدے	۵۰۰

جے۔ پراویڈنٹ، گریجویٹی اور پنشن فنڈز کی سرمایہ کاریوں کی مالیت ۳۱ دسمبر ۲۰۲۱ء کے مطابق ان کے غیر آڈٹ شدہ حسابات پر مبنی ہیں، ان کی تفصیل یہ ہے:

پراویڈنٹ فنڈ	۹۴۹ ملین روپے
گریجویٹی فنڈ	۴٦۲ ملین روپے
پنشن فنڈ	۲۴۹ ملین روپے

کے۔ کمپنی میں ۳۱ دسمبر ۲۰۲۱ء کو شیئر ہولڈنگ کی جو صورتحال تھی اس کا اسٹیٹمنٹ رپورٹ میں شامل ہے۔

بعدازاں 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 ۲۰۲۲ء کے لئے کمپنی کے آڈیٹرز کے طور پر ای وائی فورڈ رہوڈز، چارٹرڈ اکاؤنٹینٹس کی تقرری کی سفارش کی ہے جیسا کہ آڈٹ کمیٹی کی جانب سے سبکدوش ہونے والے آڈیٹرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس کی جگہ تقرری کی تجویز دی گئی ہے جیسا کہ سبکدوش ہونے والے آڈیٹرز ۵ سال مکمل کر چکے ہیں اور لسٹڈ کمپنیز کوڈ آف کارپوریٹ گورنینس کی شرائط کے مطابق وہ مزید کام جاری نہیں رکھ سکتے۔

مستقبل کا جائزہ

آگے بڑھتے ہوئے افراطِ زر اور شرح سود کی رفتار بین الاقوامی اشیائے صرف کے نرخوں پر وسیع طور پر اثر انداز ہوگی۔ تاہم ممکنہ طور پر آئی ایم ایف پروگرام کی بحالی، لچکدار شرح تبادلہ کے نرخوں اور موثر مانیٹری پالیسی کی بدولت معیشت میں مثبت اثرات مرتب ہوں گے۔

چیلنجنگ معاشی واقتصادی صورتحال بھی بیمہ کی صنعت پر سست رفتار ترقی کی صورت میں ظاہر ہوسکتی ہے تاہم پالیسی ریٹ میں اضافہ سرمایہ کاری کی آمدنی کو متناسب سطح پر برقرار رکھے گا۔

اظہارِ تشکر

ہم اپنے معزز کسٹمرز کی مسلسل سرپرستی اور حمایت کے لئے ان کا شکریہ ادا کرنا چاہیں گے جبکہ پاکستان ری انشورنش کمپنی لمیٹڈ، سیکیورٹیز 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۔

رفیق آر۔ بھیم جی	**محمود لوٹیا**	**حسن علی عبداللہ**	**سیف الدین این۔ زومکاوالا**
ڈائریکٹر	ڈائریکٹر	مینجنگ ڈائریکٹر و چیف ایگزیکٹو	چیئرمین

کراچی ۲۳ فروری ۲۰۲۲ء

روپے ہزاروں میں

ڈائریکٹرز	اجلاس کا معاوضہ	منیجریل معاوضہ	یوٹیلیٹز	میڈیکل اخراجات	ٹوٹل
حسن علی عبداللہ	ـ	۶۸۰ ۴۰	۶۷۰	۸۰۱	۴۲ ۱۵۱
سیف الدین این۔زومکاوالا	۶۰۰	ـ	ـ	ـ	۶۰۰
رفیق آر۔بھیم جی	ـ	ـ	ـ	ـ	ـ
عبدالرحمٰن حاجی حبیب	۳۰۰	ـ	ـ	ـ	۳۰۰
علی رضا صدیقی	۴۵۰	ـ	ـ	ـ	۴۵۰
محمد اقبال منکانی	۵۰۰	ـ	ـ	ـ	۵۰۰
سعد بھیم جی	ـ	ـ	ـ	ـ	ـ
طاہر جی۔ساچک	۶۵۰	ـ	ـ	ـ	۶۵۰
تنویر سلطان مولیدینہ	۶۰۰	ـ	ـ	ـ	۶۰۰
یاسمین حیدر	۶۰۰	ـ	ـ	ـ	۶۰۰
مجموعی ٹوٹل	۳،۷۰۰	۴۰،۶۸۰	۶۷۰	۸۰۱	۴۵،۸۵۱

اندرونی مالیاتی کنٹرولز کی مناسبت

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

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

حکومت پاکستان کی پالیسیاں اور ان کے اثرات

حکومت پاکستان نے سیاسی، سماجی اور معاشی واقتصادی 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 رولز۲۰۱۴، انشورنس رولز۲۰۱۷، انشورنس آرڈیننس ۲۰۰۰، دی میرین انشورنس ایکٹ، ۲۰۱۸ اور کمپنیز ایکٹ، ۲۰۱۷ کے علاوہ حکومت پاکستان نے (اینٹی منی لانڈرنگ اینڈ کاؤنٹرنگ فنانسنگ آف ٹیرارزم اے ایم ایل/سی ایف ٹی ریگولیشنز، ۲۰۲۰) بھی منظور کیا جو کہ رقومات کی منتقلی کی موزوں نگرانی کے ساتھ ساتھ بیمہ کی پروڈکٹس کے مجرمانہ مقاصد کے استعمال کو روکتا ہے اور اس کے ساتھ انشوررز کو اے ایم ایل/سی ایف ٹی پروگرامز بشمول ان کے صارفین کی شناخت کی تصدیق کے لیے صارف کی باقاعدہ نگرانی (سی ڈی ڈی) کے موزوں اقدام میں معاونت فراہم کرتا ہے۔ مزید برآں (کارپوریٹ انشورنس ایجنٹس ریگولیشنز، ۲۰۲۰) لائف اور نان۔لائف بزنس میں بیمہ ایجنٹ کے طور پر کام کرنے والے کسی بھی فرد کے لیے ضابطہ اخلاق، سرٹیفکیشن، اور ٹریننگ پروگرام پر عملدرآمد کے لئے لازم ہے جس کے بغیر وہ کام کرنے کے اہل نہیں ہو سکتے۔

کوڈ آف کارپوریٹ گورننس پر عملدرآمد

ریگولیٹری 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 اجلاسِ عام منعقدہ ۸ جولائی ۲۰۲۰ء کو منتخب ہوئے اور ۳ سالہ مدت، ۱۰ جولائی ۲۰۲۰ء سے شروع ہوتی ہے اور ۹ جولائی ۲۰۲۳ء کو ختم ہو جائے گی۔

سال ۲۰۲۱ء کے دوران بورڈ کے ۴ 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۔زومکاوالا (نان۔ایگزیکٹو ڈائریکٹر)	۴ میں سے ۳
۲۔	حسن علی عبداللہ (ایگزیکٹو ڈائریکٹر)	۴ میں سے ۴
۳۔	رفیق بھیم جی (نان۔ایگزیکٹو ڈائریکٹر)	۴ میں سے ۴
۴۔	عبدالرحمٰن حاجی حبیب* (نان۔ایگزیکٹو ڈائریکٹر)	۳ میں سے ۳
۵۔	طاہر جی۔ساچک (نان۔ایگزیکٹو ڈائریکٹر)	۴ میں سے ۴
۶۔	علی رضا صدیقی (نان ایگزیکٹو ڈائریکٹر)	۴ میں سے ۳
۷۔	محمد اقبال منکانی (انڈیپنڈنٹ ڈائریکٹر)	۴ میں سے ۴
۸۔	سعد بھیم جی (نان۔ایگزیکٹو ڈائریکٹر)	۴ میں سے ۴
۹۔	یاسمین حیدر (انڈیپنڈنٹ ڈائریکٹر)	۴ میں سے ۴
۱۰۔	تنویر سلطان مولیدینہ (انڈیپنڈنٹ ڈائریکٹر)	۴ میں سے ۴

*عبدالرحمٰن حاجی حبیب ۲۶ اکتوبر ۲۰۲۱ء کو انتقال کر گئے۔

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 وضوابط سے متعلق ضابطہ اخلاق اور کاروبار کے طریقہ کار اور قوائد 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 وشفاف 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 قوائد وضوابط 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۔

ری انشورنس ایشیاء پیسیفک پی ٹی ای لمیٹڈ، اورٹو اری انشورنس کمپنی لمیٹڈ جن سب کو ''A'' ریٹنگ حاصل ہے۔

متعلقہ پارٹی ٹرانز یکشنز

منسلکہ کمپنیوں/متعلقہ پارٹیوں کے ساتھ کمپنی کی ٹرانز یکشنز بورڈ آف ڈائریکٹرز کی منظوری ہر بورڈ میٹنگ میں دی جاتی ہے۔ متعلقہ پارٹیوں کے ساتھ طے پانے والی تمام ٹرانز یکشنز 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 حوصلہ افزائی کرتے ہیں اور ہم وہ اقدامات کرتے ہیں جن سے ہماری ساکھ مزید بہتر ہو۔

ڈائریکٹرز ٹریننگ پروگرام

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

کارپوریٹ بریفنگ

شیئر ہولڈرز اور تجزیہ کاروں کے لئے کارپوریٹ بریفنگ سیشن کا انعقاد پاکستان اسٹاک ایکسچینج کی شرائط کے مطابق ۳۱ مارچ ۲۰۲۱ء کو کیا گیا۔ کمپنی کی سینئر انتظامیہ اور شیئر ہولڈرز نے سیشن میں شرکت کی۔

بورڈ کمیٹیاں

کمپنی کی بورڈ کمیٹیاں درج ذیل ہیں:

نمبر شمار	بورڈ کمیٹیاں	۲۰۲۱ء میں منعقدہ اجلاسوں کی تعداد
۱	آڈٹ کمیٹی	۴
۲	انویسٹمنٹ کمیٹی	۴
۳	ایتھکس، ہیومن ریسورسز اینڈ ری میونریشن کمیٹی	۱

بورڈ کی کمیٹیوں کے بارے میں تفصیلات اس رپورٹ سے منسلکہ ضمیمہ میں گورنینس سیکشن کے تحت دی گئی ہے آڈٹ کمیٹی اور ایتھکس، ہیومن ریسورسز اینڈ ری میونریشن کمیٹی کے چیئر مین انڈیپنڈنٹ ڈائریکٹرز ہیں۔

مینجمنٹ کمیٹیاں

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

- انڈر رائٹنگ کمیٹی،
- کلیمز سیٹلمنٹ کمیٹی،
- ری انشورنس اینڈ کوانشورنس کمیٹی اور
- رسک مینجمنٹ اینڈ کمپلائنس کمیٹی:

کمیٹیوں کے بارے میں تفصیلات مثلاً ممبران کے نام، منعقدہ اجلاسوں کی تعداد، ٹرمز آف ریفرینسس گورنینس 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 ۰۰ پر کی گئی ہے۔

عطیات برائے قومی مقاصد

آپ کی کمپنی ایک ذمہ دار کارپوریٹ سٹیزن ہونے کی حیثیت سے ہر سال عطیات دیتی ہے۔ ۲۰۲۱ء میں کمپنی نے مختلف اداروں کو ۳۴ء۱۸ ملین روپے عطیات دیئے۔ عطیات دئے جانے والے اداروں میں سندھ انسٹی ٹیوٹ آف یورولوجی اینڈ ٹرانسپلانٹیشن، دی آغا خان اسپتال اینڈ میڈیکل کالج فاؤنڈیشن، گورنمنٹ آف سندھ کرونا وائرس ایمرجنسی فنڈ (سی ای ایف)، انجمن کاشانہ اطوال ونونہال، شوکت خانم میموریل ٹرسٹ، دی لیٹن رحمت اللہ بنی والینٹ ٹرسٹ اور دی پیشنٹس بہبود سوسائٹی فار دی آغا خان یونیورسٹی واسپتال، میمن میڈیکل انسٹی ٹیوٹ اسپتال وغیرہ شامل ہیں۔

دیگر اسٹیک ہولڈرز کے ساتھ تعلقات

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

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

بورڈ کی کارکردگی کا سالانہ جائزہ وجانچ

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

ایم ڈی کی کارکردگی کا جائزہ

مینجنگ ڈائریکٹر کی کارکردگی کی نگرانی بورڈ کی جانب سے مقرر کردہ اغراض ومقاصد اور کارکردگی کے اہداف کے تحت بورڈ کے ذریعے جانچی جاتی ہے۔

ڈائریکٹر کے معاوضہ کی پالیسی

کمپنیز ایکٹ ۲۰۱۷ پر عملدر آمد کے تحت اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورنینس) ریگولیشنز، ۲۰۱۹ اور کمپنی کے آرٹیکلز آف ایسوسی ایشن کے مطابق کمپنی نے چیئر مین، چیف ایگزیکٹو، نان۔ ایگزیکٹو، ایگزیکٹو اور انڈیپنڈنٹ ڈائریکٹرز کے معاوضے کے سلسلے میں پالیسی وضع کر رکھی ہے۔

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

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

ہم ''صلاحیتوں سے بھرپور ماحول'' فراہم کرتے ہیں جو ہمارے اوپن کلچر کے ذریعے ٹیم اور اجتماعیت کے فروغ کی ضمانت ہے۔اس کلچر میں ڈائیلاگ اور مختلف امکانات وتصورات پر خصوصی توجہ کے ساتھ چیلنجوں سے نبردآزما ہونے کی صلاحیت حاصل ہوتی ہے۔ ہمارے ملازمین اپنے روزمرہ اموکوانجام دینے کیلئے آزاد ہیں جس سے انہیں اپنی صلاحیتوں کے مکمل اظہار کا موقع ملتا ہے۔

ای ایف یو میں ملازمین مختلف طبقات اور پس منظر سے تعلق رکھتے ہیں جس سے کمپنی کے موجودہ اور متوقع صارفین کی بدلتی ہوئی ضروریات کو پورا کرنے کے ضمن میں مختلف مہارت اور صلاحتیوں کا مجموعہ حاصل ہوتا ہے۔

ہمیں مطلوبہ قابلیت کے پس منظر کے ساتھ ٹیلنٹ متاثر کرتا ہےاور بہتر نتائج وفوائد کیلئے کمپنی کی ضروریات کے مطابق ملازمین کے عمل وقابلیت اور صلاحیتوں کومزید نکھارنے کیلئے زبانی و عملی تربیتوں کے ذریعے ان کومتعلقہ شعبوں میں مہارت دی جاتی ہے۔

کمپنی ملازمین کو بین الاقوامی تسلیم شدہ انشورنس قابلیتوں یعنی چارٹرڈ انشورنس انسٹی ٹیوٹ سے ACII (یوکے) کی حوصلہ افزائی کرتی ہے۔ہم 27 چارٹرڈ انشوررز، 22 انجینئرز اور 12 پیشہ وارانہ قابلیت کے حامل اکاؤنٹینٹس کے بھی حامل ہیں۔

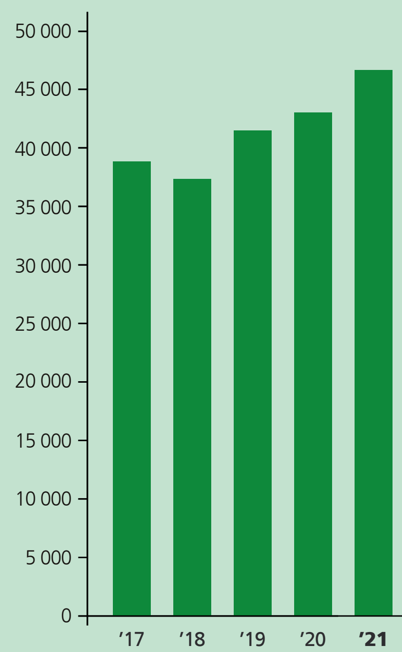
ای ایف یوٹیکنیکل اور سافٹ اسکلز دونوں کی ٹریننگ فراہم کرنے کیلئے پاکستان کے تمام بڑے شہروں میں اِن۔ہاؤس ٹریننگ کی سہولتوں کا بھی حامل ہے۔

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے بھی ای ایف یو کی اِن۔ہاؤس ٹریننگ سہولتوں کا اعتراف کیا ہے۔

ہم مختلف بیمہ سیمینارز، ورک شاپس، کانفرنسز میں بھی اپنے ایونٹس کواسپانسر کرنے کے ذریعے بھرپور شراکت کا اعزاز رکھتے ہیں۔اس کے ساتھ ہمارے افسران بھی ٹیکنیکل اور دیگر متعلقہ مضامین پر تربیتی سیشن منعقد کرانے کی حوصلہ افزائی کرتے ہیں۔

TOTAL ASSETS

(Rupees in Million)



COVID-19 (کوروناوائرس) اوراومی کرون کی وبائی صورتحال

وبا کے مستقل طور پر جاری رہنے کی وجہ سے مقامی نیز عالمی اقتصادی صورتحال پر منفی اثرات مرتب ہورہے ہیں، تاہم ویکسی نیشن کی کامیاب مہم کی بدولت اسپتالوں میں مریضوں کے داخلے کی شرح میں کمی آئی ہے جس کی وجہ سے ملک میں کاروباری سرگرمیاں معمول کے مطابق بحال ہوتی جارہی ہیں۔

وائرس سے تحفظ اور پھیلاؤ کوروکنے کے ساتھ صحتمند کاروباری سرگرمیوں اور کام کے ماحول کو برقرار رکھنے کے لئے ای ایف یو نے تمام تر حفاظتی اقدامات پر عملدرآمد کیا۔وائرس پھیلنے کے خدشات کوکم کرنے کے لئے ورچوئل کمیونی کیشن کا زیادہ سے زیادہ استعمال کیا گیا۔

ایس او پیز، سماجی فاصلے کو برقرار رکھنے، حفظان صحت کے اصولوں پر عمل اور تحفظ و دیکھ بھال (وائرس کے پھیلنے کی صورت میں) سے متعلق ہیومن ریسورس ڈپارٹمنٹ کی جانب سے اندرونی روابط اور کمیونی کیشن باقاعدگی سے ملازمین کے بینی فٹ کو مدنظر رکھتے ہوئے مرتب کیے گئے۔ ہمارے چیف میڈیکل آفیسر بشمول ان کی ٹیم نے تمام ملازمین کو ویکسی نیشن کے حوالے سے تمامتر ضروری معاونت فراہم کی ہے، ہمارے تمام ملازمین اوران کے اہل خانہ مکمل ویکسی نیٹڈ ہیں۔

ابتداء ہی سے ہماری ترجیح یہ رہی ہے کہ ہم مستقل طور پر اپنے صارفین کو بلارکاوٹ خدمات فراہم کرنے کا سلسلہ جاری رکھیں۔ ہماری ترجیح صارفین کی توقعات پر پورا اترتے ہوئے سروس کے معیار کو برقرار رکھنا اور وبائی صورتحال کے اثرات کوکم سے کم کرنا ہے۔کورونا کے پھیلاؤ کے دوران ای ایف یو نے کاروباری سرگرمیوں کوموثر طور پر جاری رکھنے میں فعال اور مصروف عمل رہنےاور بیمہ صنعت کے شعبے کو وبائی صورتحال کے سبب درپیش چیلنجوں سے نمٹنے کے لئے نمایاں اقدامات کیے۔

ادارے کے اہم مقاصد

آپ کی کمپنی انشورنس کرانے والوں کا پسندیدہ انشورر اور اپنی لیڈرشپ برقرار رکھنے کے لئے مستقل سرگرم رہتی ہے۔

۲۰۲۲ء کے لئے امکانات

۲۰۲۲ء کے لئے ہماری حکمت عملی چیلنجنگ کاروباری ماحول میں مستحکم و پائیدار اور منافع بخش گروتھ کا سلسلہ جاری رکھنا اور پاکستان میں اپنی سرکردہ پوزیشن کو برقرار رکھنا ہے۔

کارکردگی کے کلیدی اشاریئے پہلے کی طرح انتظامی اغراض ومقاصد کے حصول کیلئے واضح ہیں جو صارفین کے زیادہ سے زیادہ اطمینان، آپریشنل انڈررائٹنگ نتائج میں بہتری اور لاگت پر کنٹرول برقرار رکھنےاور شیئر ہولڈرز کے اثاثوں کو بڑھانے پر مرکوز رکھے جاتے ہیں۔

معلوماتی ذرائع اور مفروضے

مستقبل کے اعداد وشمار اور مفروضوں کیلئے استعمال ہونے والا ڈیٹا ماضی کے رجحانات کے جائزے، مستقبل کے غوروخوض اور مارکیٹ کی موجودہ صورتحال پر مبنی ہیں۔ ہم اکاؤنٹ کی موجودہ صورتحال اور میکرواکنامک 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 وشمار تیار کرتی ہے۔ حقیقی اقدامات متوقع اعداد وشمار اور تخمینے کی تیاری کے وقت کیے جاتے ہیں۔ پروجیکشنز کوان کی منظوری کیلئے بورڈ کے رُوبرو پیش کرنے سے قبل انتظامیہ باقاعدگی سے ان کا اچھی طرح جائزہ لیتی ہے۔

ری انشورنس

آپ کی کمپنی کے ری انشورنس انتظامات نہایت معتبر ہیں۔ سرکردہ بین الاقوامی سیکیورٹیز مثلاً، آلیانز SE ری انشورنس کمپنی، ہان اوورک ایس ای، کورین ری انشورنس کمپنی، لائیڈز آف لندن، پارٹنر ری انشورنس ایشیا پی ٹی ای لمیٹڈ، سوئس ری انشورنس کمپنی، SCOR

آمدنی فی شیئر

آپ کی کمپنی نے اس سال فی شیئر آمدن ۱۴٫۰۱ روپے ظاہر کی ہے جبکہ ۲۰۲۰ء میں یہ آمدن ۱۱٫۸۵ روپے تھی۔

مختص رقوم اور منافع منقسمہ

بعد از ٹیکس منافع ۲،۸۰۲ ملین روپے رہا جبکہ ۲۰۲۰ء میں ۲،۳۷۱ ملین روپے تھا۔ آپ کے ڈائریکٹرز نے حتمی نقد منافع منقسمہ بحساب ۶٫۰ روپے فی شیئر (۶۰ فیصد) ادا کرنے، جن شیئر ہولڈر کے نام ۲۴ مارچ ۲۰۲۲ء 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 عبوری نقد منافع منقسمہ کے علاوہ ہے۔

(روپے ہزاروں میں)

سال کے آغاز یعنی یکم جنوری ۲۰۲۰ء کے آغاز پر بیلنس		۲ ۲۹۵ ۳۱۵
عبوری نقد منافع منقسمہ ۲۰۲۰ء بشرح ۴۵ فیصد (۲۰۱۹ء: ۴۵ فیصد)	۹۰۰ ۰۰۰	
مجوزہ حتمی نقد منافع منقسمہ ۲۰۲۰ء بشرح ۵۵ فیصد (۲۰۱۹ء: ۵۵ فیصد)	۱ ۱۰۰ ۰۰۰	
جنرل ریزرو کو ٹرانسفر	۲۵۰ ۰۰۰	۲ ۲۵۰ ۰۰۰
گزشتہ سال سے آگے لایا گیا بیلنس		۴۵ ۳۱۵
اس سال کیلئے بعد از ٹیکس منافع		۲ ۷۴۵ ۹۰۰
دیگر کمپری ہینسو خسارہ		(۲۴ ۸۴۸)
پراپرٹی اور ایکوپمنٹ کی ری ویلیوایشن پر اضافی ڈیپریسی ایشن کے کھاتے میں سرپلس سے منتقل شدہ		۲۴۲
مختص کرنے کے لئے دستیاب رقم		۲ ۷۶۶ ۶۰۹
ڈائریکٹرز سفارش کرتے ہیں کہ یہ رقم حسب ذیل حساب سے مختص کی جائے:		
منہا: مختص رقوم		
عبوری نقد منافع منقسمہ ۲۰۲۱ء بشرح ۴۵ فیصد (۲۰۲۰ء: ۴۵ فیصد)	۹۰۰ ۰۰۰	
مجوزہ حتمی نقد منافع منقسمہ ۲۰۲۱ء بشرح ۵۵ فیصد (۲۰۲۰ء: ۵۵ فیصد)	۱ ۱۰۰ ۰۰۰	
جنرل ریزرو کو ٹرانسفر	۷۵۰ ۰۰۰	۲ ۷۵۰ ۰۰۰
آئندہ سال کے لئے آگے لیجایا گیا		۱۶ ۶۰۹

مارکیٹ شیئر

۳۰ ستمبر ۲۰۲۱ء 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 بزنس میں ۲۱ فیصد مارکیٹ شیئر کی حامل ہے۔

انفارمیشن ٹیکنالوجی

کمپنی کے انفارمیشن سیکیورٹی کے نظام کو مستحکم بنانے کی کوششوں کے تسلسل کو برقرار رکھنے کے ضمن میں کمپنی نے ایس ای سی پی کے سائبر سیکیورٹی فریم ورک اور انفارمیشن سیکیورٹی مینجمنٹ سسٹم (آئی ایس ایم ایس)۔ ISO-27001-2013 اسٹینڈرڈ کے ساتھ انشورنس سیکٹر ۲۰۲۰ء کے لئے سائبر سیکیورٹی فریم ورک پر ایس ای سی پی کی رہنما ہدایت پر بھی عمل کیا جس سے خطرات کے انتظام کے مجموعی فریم ورک کے ساتھ سائبر سیکیورٹی فریم ورک کو برقرار رکھنے میں بھی مدد ملے گی۔

ایس ای سی پی کے سائبر سیکیورٹی فریم ورک اور ISO-27001-2013 پر عملدرآمد کرتے ہوئے کمپنی نے درج ذیل اقدامات پر عمل کیا ہے:

۱۔ خفیہ کاری۔ محفوظ اور ایک مقام سے دوسرے تک خفیہ رابطے۔

۲۔ ای ڈی آر (ایونٹ، ڈیٹیکشن اینڈ ریسپانس)۔ کمپیوٹر کو خراب کرنے/ بگاڑنے کی کسی بھی سرگرمی کے لئے آخری پوائنٹس (ڈیسک ٹاپ/ لیپ ٹاپس) تک بصارت میں اضافہ۔

۳۔ ایس آئی ای ایم (سیکیورٹی انفارمیشن اینڈ ایونٹ مینجمنٹ)۔ سائبر حملوں کے خلاف دفاعی قوت میں اضافہ کرنا اور سیکیورٹی ایونٹس کے اثرات میں کمی۔

کمپنی باقاعدگی کے ساتھ موجودہ کنٹرولز کی اثر پذیری کو مزید بہتر بنانے، خطرات کو کم کرنے اور اس کے تحفظ کے لئے آئی ٹی رسک کا باقاعدگی سے جائزہ لیتی ہے۔

مزید برآں ایک مخصوص ریسورس سے انٹرنل/ ایکسٹرنل نیٹ ورک سسٹم، اپلی کیشنز اور ڈیٹا بیس میں انفارمیشن سیکیورٹی سے متعلق معاملات کی نگرانی اور ان کے تدارک کیلئے موجود ہے۔

انٹرپرائز رسک مینجمنٹ

انٹرپرائز رسک 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 ممکنہ 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 کے ہر ایک عمل میں کیپٹل اور خطرات کو روکنے کے کلچر کے تدارک سے نمٹ کر منافع کا حصول ممکن ہو سکے۔

کریڈٹ ریٹنگ

آپ کی کمپنی کو دنیا کی ایک خصوصی انشورنس ریٹنگ ایجنسی A.M.Best کی جانب سے ریٹنگ دی گئی اور ایجنسی نے ہماری کمپنی کو "B+" کی فنانشل اسٹرینتھ ریٹنگ اور لونگ ٹرم ایشوئر کریڈٹ ریٹنگ "bbb-" دونوں کے لئے مثبت رجحانات تفویض کئے گئے۔

مذکورہ بالا کے علاوہ کمپنی کو ملک کی دو کریڈٹ ریٹنگ ایجنسیوں یعنی VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ اور پاکستان کریڈٹ ریٹنگ ایجنسی کی جانب سے بھی ریٹنگ دی گئی ہے۔ دونوں ریٹنگ ایجنسیوں نے AA+ مع مثبت آؤٹ لک کی ریٹنگ تفویض کی ہے۔

ہیومن ریسورس

گزشتہ سالوں میں ای ایف یو کی کامیابی ہماری افرادی قوت کی کارکردگی کا منہ بولتا ثبوت ہے بالخصوص بحرانی کاروباری صورتحال میں جو مستقل طور پر درپیش رہی ہے۔ ہم اپنے ملازمین کی صلاحیتوں میں اضافے کے لئے مختلف تربیتی پروگراموں اور ان کی چھپی ہوئی صلاحیتوں کو اُجاگر کرنے کے ذریعے ان کو بڑھانے پر کامل یقین رکھتے ہیں اور ان کے لئے ملازمتوں کے دوران ان کی کارکردگی پر توجہ دینے بلکہ ملازمین کو تمام سطحوں پر ان کی معلومات، مہارتوں اور صلاحیتوں کے فروغ کا بھرپور موقع فراہم کیا جاتا ہے اور بھاری ذمہ داریاں تفویض کی جاتی ہیں۔

ممبران کے لئے ڈائریکٹرز کی رپورٹ

(یہ انگریزی رپورٹ کا ترجمہ ہے)

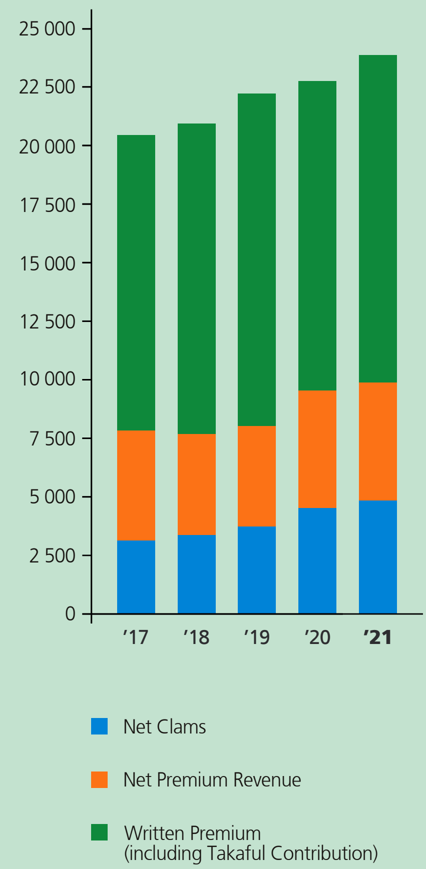
آپ کی کمپنی کے ڈائریکٹرز کو کمپنی کی ۸۹ ویں سالانہ رپورٹ اختتام سال ۳۱ دسمبر ۲۰۲۱ء پیش کرتے ہوئے خوشی ہورہی ہے۔

سال ۲۰۲۱ء میں کمپنی کا منافع بعداز ٹیکس ۱۶ء۷ فیصد بڑھ کر ۲ء۸ بلین روپے ہوگیا جبکہ ۲۰۲۰ء میں یہ منافع ۲ء۴ بلین روپے تھا، فی شیئر آمدن ۱۴ء۰۱ روپے رہی جبکہ گزشتہ سال ۱۱ء۸۵ روپے تھی۔

آپ کی کمپنی نے براہِ راست تحریری پریمیئم اور تکافل بزنس میں ۲۴ء۷ بلین روپے کا منافع حاصل کیا (بشمول ۲ء۷ بلین روپے کا تکافل کنٹریبیوش) جبکہ ۲۰۲۰ء میں ۲۲ء۶ بلین روپے (بشمول ۲ء۴ بلین روپے کا تکافل کنٹریبیوشن) تھا۔ خالص پریمیئم آمدن ۱۴ فیصد بڑھ کر ۹ء۸ بلین روپے رہا جبکہ ۲۰۲۰ء میں ۸ء۶ بلین روپے تھا۔

WRITTEN PREMIUM
(including Takaful Contribution)
NET PREMIUM REVENUE
AND NET CLAIMS

(Rupees in Million)



بیمہ کی صنعت

۲۰۲۱ء میں متوقع طور پر کمتر جی ڈی پی گروتھ کی وجہ سے بیمہ کی صنعت کے لئے مجموعی طور پر صورت حال مستقل طور پر چیلنجنگ ہی رہی۔ آپ کی کمپنی نے اپنے کلائنٹس کو بہترین پیشہ ورانہ خدمات کی فراہمی کے ذریعے بیمہ کی صنعت میں مرکزی حیثیت کو برقرار رکھا۔

اقتصادی جائزہ

پاکستان کی معاشی شرح نمو مالی سال ۲۰۲۱ء کے دوران ۵ء۵۷ فیصد رہی۔ تاہم بیرونی کھاتوں میں تیزی سے کمی اور افراطِ زر کی بڑھتی ہوئی شرح کے باعث پاک روپے کی قدر میں مئی ۲۰۲۱ء سے دسمبر ۲۰۲۱ء تک ۱۷ فیصد تک کمی آئی جس کی وجہ اسٹیٹ بینک آف پاکستان (ایس بی پی) کی مانیٹری سخت پالیسی کا آغاز تھا۔ مجموعی طور پر ایس بی پی نے ۲۰۲۱ء کی آخری سہ ماہی میں پالیسی ریٹ میں ۲۷۵ بی پی ایس کا اضافہ کیا۔

کمپنی کی کارکردگی

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

فائیر و پراپرٹی

تحریری پریمیئم اس سال کے دوران ۵ فیصد بڑھ کر ۱۳،۷۵۸ ملین روپے رہا جبکہ اس کے مقابلے میں ۲۰۲۰ء میں ۱۳،۰۵۰ ملین روپے تھا۔ کلیمز کی شرح کمپنی کے خالص پریمیئم آمدن کے تناسب سے ۳۹ فیصد رہی جبکہ ۲۰۲۰ء میں ۶۰ فیصد تھی۔ سال کیلئے انڈر رائٹنگ منافع جات ۶۷۹ ملین روپے تھے جبکہ اس کے مقابلے میں ۲۰۲۰ء میں ۹۰۰ ملین روپے رہا تھا۔

میرین، ایوی ایشن و ٹرانسپورٹ

تحریری پریمیئم ۲۸ فیصد بڑھ کر ۳،۰۴۴ ملین روپے رہا جبکہ اس کے مقابلے میں ۲۰۲۰ء میں ۲،۳۷۰ ملین روپے تھا، کلیمز کی شرح خالص پریمیئم ریونیو ۳۷ فیصد پر برقرار رہی اور انڈر رائٹنگ منافع جات ۳۴۲ ملین روپے رہے جو سال ۲۰۲۰ء میں ۲۷۳ ملین روپے تھے۔

موٹر

تحریری پریمیئم ۹ فیصد بڑھ کر ۳،۴۹۲ ملین روپے رہا جبکہ اس کے مقابلے میں ۲۰۲۰ء میں ۳،۲۰۸ ملین روپے تھا، کلیمز کی شرح کمپنی کے خالص پریمیئم آمدن کا ۴۹ فیصد رہی جبکہ ۲۰۲۰ء میں ۴۸ فیصد تھی۔ اور اس سال انڈر رائٹنگ منافع ۴۲۲ ملین روپے رہا جبکہ گزشتہ سال ۲۰۲۰ء میں ۲۹۷ ملین روپے تھا۔

دیگر

تحریری پریمیئم ۳ فیصد بڑھ کر ۱،۶۶۶ ملین روپے رہا جبکہ اس کے مقابلے میں ۲۰۲۰ء میں ۱،۶۱۳ ملین روپے تھا۔ کلیمز کی شرح کمپنی کے خالص پریمیئم آمدن کا ۵۸ فیصد رہی جبکہ ۲۰۲۰ء میں ۵۰ فیصد تھی۔ سال کے دوران انڈر رائٹنگ منافع ۹۶ ملین روپے رہا جبکہ ۲۰۲۰ء میں ۱۶۰ ملین روپے تھا۔

ونڈو تکافل آپریشنز

تحریری کنٹریبیوشن ریونیو ۲،۶۹۷ ملین روپے رہا جو اس کے مقابلے میں گزشتہ سال کے دوران ۲،۳۹۸ ملین روپے رہا تھا۔ خالص کنٹریبیوشن آمدنی کا حجم ۱،۲۱۸ ملین روپے رہا جو ۲۰۲۰ء میں ۱،۲۰۵ ملین روپے تھا۔ اور تکافل آپریٹرز کے لئے منافع جات ۱۳۲ ملین روپے تھے جبکہ اس کے مقابلے میں گزشتہ سال کا منافع بھی ۱۳۲ ملین روپے تھا۔

سرمایہ کاری سے آمدن

اسٹاک مارکیٹ اس سال کے دوران اتار چڑھاؤ کا شکار رہی۔ سال کیلئے مجموعی سرمایہ کاری سے آمدنی ۱،۹۳۰ ملین روپے رہی جبکہ اس کے مقابلے میں گزشتہ سال ۲،۱۸۵ ملین روپے تھی۔ سال کے لئے منافع منقسمہ کی آمدنی ۸۹۲ ملین روپے رہی جبکہ گزشتہ سال ۷۷۴ ملین روپے تھی۔

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 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 Auditors is to conduct periodic audits to ensure adequacy in operational controls, consistency in application of policies and procedures, compliance with laws and regulations.

TORs of Audit Committee

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

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

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

(a) Determination of appropriate measures to safeguard the Company's assets.

(b) Review of annual and interim financial statements of the Company, prior to their approval by the Board of Directors, focusing on:

- major judgmental areas;
- significant adjustments resulting from the audit;
- going concern assumption;
- any changes in accounting policies and practices;
- compliance with applicable accounting standards; and
- compliance with statutory and regulatory requirements.

(c) Review of preliminary announcement of results prior to its external communication and publication.

(d) Review of all related party transactions and recommending for approval of the Board of Directors thereon.

(e) Facilitating the external audit and discussion with external auditors of major observations arising from audit and any matter that the auditors may wish to highlight (in the absence of management, where necessary).

(f) Review of management letter issued by external auditors and discuss management's response thereto.

(g) Ensuring coordination between the internal and external auditors of the Company.

(h) Review the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.

(i) Consideration of major findings of internal investigations and management's response thereto.

(j) Ascertaining that the internal control systems including financial and operational controls, accounting systems and the reporting structure are adequate and effective.

(k) Review of Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports.

(l) Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body.

(m) Determination of compliance with relevant statutory requirements.

(n) Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof.

(o) Recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements.

(p) Consideration of any other issue or matter as may be assigned by the Board of Directors.

Meetings Attendance

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

Investment Committee

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

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

Ethics, Human Resources and Remuneration Committee

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

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

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

Board and Board Committees Meetings

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

Directors' Training and Orientation

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

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

Security Clearance of a Foreign Director

There is no foreign Director on the Board.

Significant Changes in Board Committees

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

Management Committees

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

Underwriting Committee

The underwriting committee formulates the underwriting policy of your Company. It sets out the criteria for assessing various types of insurance risks and determines the premium policy of different insurance covers. The committee regularly reviews the underwriting and premium policies of the Company with due regard to relevant factors such as its business portfolio and the market development.

Claims Settlement Committee

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

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 belief that success and accomplishment of our Company be determined by the success and accomplishment of our employees. We promote and encourage honest and ethical behavior in our business activities. There is no discrimination amongst employees on the basis of religion, race, ethnicity and gender. 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.

Succession Planning

In EFU General, succession planning is a process whereby we ensure that our employees are developed to fill vacant posts within the Company. Through our succession planning process, we develop their knowledge, skills, and abilities, and prepare them for advancement or promotion into ever more challenging roles.

EFU prides on its formidable team of professionals. The Company lays great emphasis on building and nurturing its intellectual capital. These thoroughly trained professionals ensure that EFU maintains its competitive edge in the market.

EFU has the lowest turnover ratio not only in the insurance industry but almost in the entire corporate sector, as EFU culture is of a family.

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, 2021 were:

- Provident Fund Rs. 949 million
- Gratuity Fund Rs. 462 million
- Pension Fund Rs. 249 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 Code of Corporate Governance, 2019 (COCG) 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, COCG 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.

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

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, Mufti Ibrahim Essa.

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' Assessment of Compliance with the Shariah Principles" are also attached to this Annual Report.

External Oversight of Systems Audit / Internal Audit

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

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

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 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.

Statement on Operations on 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 relevant regulations, legal requirements and accounting standards.

Redressal of Investors' Complaints

The investor can write a letter or email or call the Company Secretary about his grievance. The management tries to 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.

Chairman's Significant Commitments

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

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

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.

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 in which majority of directors are interested are referred to the shareholders in Annual General Meeting for approval.

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.

Corporate Social Responsibility

Enterprises exist within communities. It is our belief that responsible corporate citizenship dictates we give back to the community something of what we earn. We believe that businesses, no matter what their size or field, have a responsibility to share the burden of building society's future. We at EFU regularly contribute to creditable and worthy causes that keeps us in the forefront when relief is required if disasters strike. We will keep demonstrating our concern for the future of Pakistan. The impact of our presence in society is both direct and indirect. The impact flows from the resources we consistently mobilize and the investments we make.

Sports Activities

The Company maintains an in-house games facility including Table Tennis, Snooker, Chess, Carrum and Draught for both male and female employees. In addition, gym facilities are also available for employees' fitness. Further, new games were also introduced namely hand football and Daboo Carrum.

EFU Sports and recreation club has promoted various sports events over time. Annual winner's prize Distribution Ceremony of sports was arranged by EFU Sports and Recreation Club. The Company also have cricket and table tennis teams which participate in various tournaments. To encourage sportsmen spirit, the Company sponsors trip to Pakistan Tour for the winners of Annual EFU Sports.

Every year our team participates and hold position in the following championship:

- Insurance Premier League (IPL)
- IAP Cricket Trophy
- Insurance Association of Pakistan Table Tennis Tournament
- Karachi Insurance Institute Chess Tournament
- Karachi Insurance Institute Table Tennis Tournament
- Karachi Inter firms Table Tennis Tournament
- EFU Premier League Cricket Tournament

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.

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

Procedure Adopted for Quality Assurance of Products Industrial Relations

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

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

- the quality policy,
- quality objectives,

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

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

Employment of Special Persons

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

Occupational Safety and Health

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

Business Ethics and Anti-Corruption Measures

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

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

Community Investment and Welfare Schemes

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

Financial Contribution to the National Exchequer

Your Company contributes substantially to the national economy in terms of taxes and duties and the contribution is increasing as the Company is growing. This year the Company contributed Rs. 4.7 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

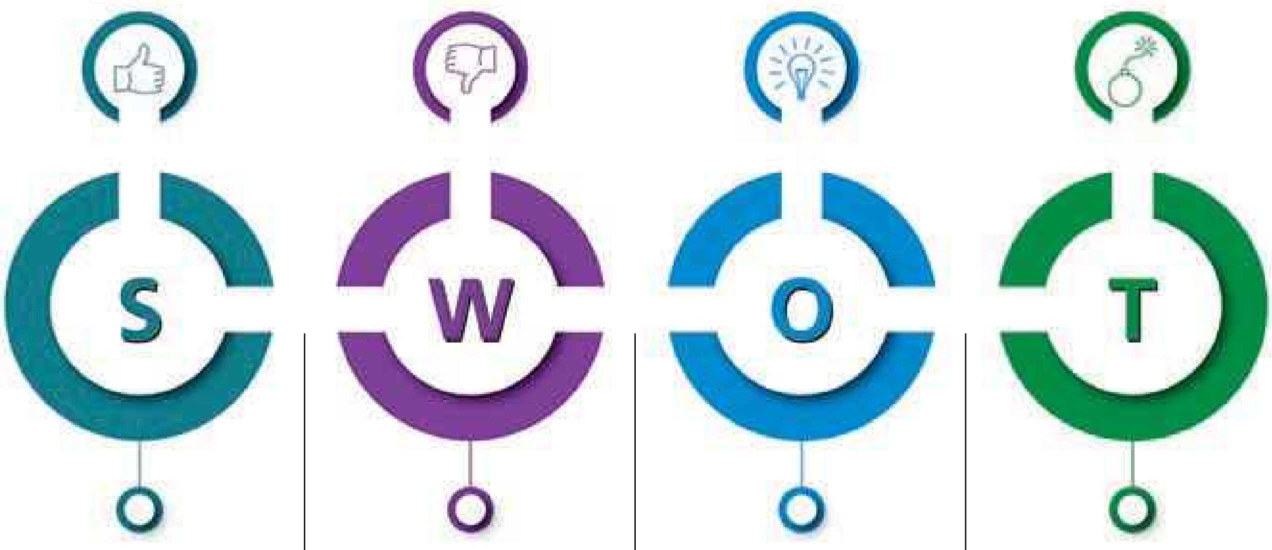
Natural disaster is an act of nature such as earthquakes, floods, and hurricanes which inflict serious damage to property and lives. In order to assess potential insured loss from natural catastrophe perils, various catastrophe models were designed like Risk Quantification & Engineering and Corporate 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

13th Corporate Social Responsibility Award 2021	24 February 2021
Participation and Sponsored Special Olympics Pakistan (SOP) Lakson Investments 6th SOP Unified Marathon 2021	28 February 2021
Participation and Sponsored LRBT Golf Tournament	7 March 2021
Participated and Sponsored Shaukat Khanum Golf Tournament	21 March 2021
Awareness Campaign on Anti Money Laundering & CFT	Jul - Sep 2021
Eagles Golf Tournament - Sponsored and Participation by EFU General	1 August 2021
Brand of the year Award 2020	6 August 2021
15th Consumer Choice Award	11 September 2021
18th Environment Excellence Award	16 September 2021
11th Executive Green Supply Chain Awards	14 October 2021
Insurance Bazar Agreement Signing Ceremony	11 November 2021
25th "ASF Passing Out Parade" 49th Air force Security Force - Participation and Sponsorship by EFU General	29 November 2021
11th Annual Fire Safety Awards 2021	9 December 2021

SWOT Analysis

The Company's brief SWOT analysis is follows:



STRENGTHS

- Over 85 years in the business
- PACRA and VIS credit rating of AA+ with Stable Outlook
- AM Best credit rating of B+ 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

WEAKNESSES

- Geographical restrictions on investment

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

THREATS

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

Awards & Recognition

We are honoured to be honoured

Our passion for excellence is also reflected in the awards and recognition we receive every year. Here are some of the major awards received during 2021.

13th Corporate Social Responsibility Award 2021

The Professionals Network (TPN)

Consumers Choice Award 2020

Consumers Association of Pakistan (CAP)

18th Annual Environment Excellence Award 2021

The Professionals Network (TPN) and Ethical Business Update (EBU)

11th Executive Green Supply Chain Award 2021

The Professionals Network (TPN)

Brands of the Year Award 2020

Brands Foundation

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 the brands. For this certificate, 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
- Federation of Afro-Asian Insurers and Reinsurers "FAIR"
- Pakistan Business Council
- Management Association of Pakistan
- Pakistan Institute of Corporate Governance
- Pakistan International Chamber of Commerce
- Economic Cooperation Organization Chamber of Commerce and Industry
- 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
- Faisalabad Chamber of Commerce and Industry
- Multan Chamber of Commerce and Industry
- Islamabad Chamber of Commerce and Industry
- 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 over eight 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.

Capital Structure

The Company maintains strong financial base. The Company's solvency as at 31st December 2021 was Rs. 8.4 billion as against required solvency of Rs. 2.3 billion i.e. excess of Rs. 6.0 billion over minimum required solvency (which is more than 3.6 times the minimum required).

Liquidity Management Strategy

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

Significant Changes in Assets & Liabilities

The Company's performance, as compared to the preceding year, has shown improvement, details of which are in the Directors' Report. The Company's Total Assets rose by 2.6 % over last year. Window Takaful Operations Assets showed a significant increase of 22 % over last year.

Future Strategy

To take EFU General to the greater height, we are focusing more closely on the markets and customers segments where we have a competitive edge, those where we can offer a superior value proposition to our customers.

The Window Takaful Operations are growing. We see further growth in Takaful market in 2022. 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.

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 then 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.

Forward Looking Statement

Our strategy for 2022 is designed to deliver sustainable, profitable growth in a changing and competitive business environment in order to maintain leading position in Pakistan.

Skilled human resource is a major challenge facing the insurance industry. Therefore, the Company intends to continue investing in people and making EFU General the best place to build career and developing the competencies and skills of their employees along with technical abilities to innovate new products. More importantly, inculcating ethics and good business practices.

We will continue investing in systems and processes to further improve service to customers and increase collaboration with them and improve efficiency. The Company believes that its strength lies in customer trust and satisfaction.

More than eight successful decades of the Company's existence points towards the fact that, the quality of service, customer satisfaction and employees' motivation are the key areas where management on ongoing basis continues to take measures for improvement.

The way to continuous success will be the persistent execution of our strategic plan to build a more competitive and successful business and improved results and maintain the lead position in Pakistan.

The key performance indicators devised for achieving the management objective remains to be maximization of customer satisfaction, improvement in underwriting results, control and maintain overhead costs at reasonable levels, increasing shareholders' wealth and continue to be market leader in Pakistan.

Analysis of Prior Period's Forward Looking Disclosure

Your Company had set financial targets for 2021 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 2021

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

During the year, gross written premium (including takaful contribution) registered 9 % year-on-year growth at Rs. 24.7 billion as against Rs. 22.6 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. 9.7 billion as against Rs. 8.6 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 2022

Pakistan's general insurance industry is poised to undergo rapid growth over the next decade given favorable demographics, increasing urbanization and more importantly, the emerging industrialization waive under CPEC. Given the ample opportunities, your company is poised to capitalize upon these emerging trends.

In an uncertain economic landscape, where rapid digitization is re-shaping established business models, your company is endeavoring hard to stay ahead. We are embedding technology across all our processes to build a business that is future-fit, thus creating value for investors and customers alike.

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

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

The Management has established systems of internal control that are designed to provide reasonable assurance that assets are safeguarded from loss or un-authorised 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 on 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.

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

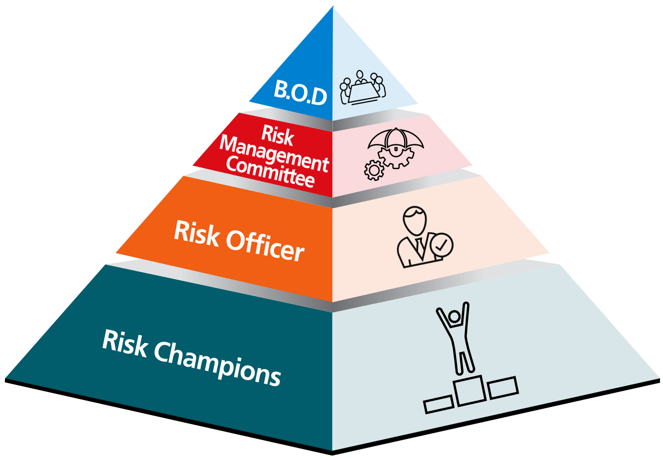
Our strategy is designed to deliver sustainable, profitable growth in competitive business environment and to maintain leading position in the country.

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

Description of the Risk Management Framework including risk management methodology

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

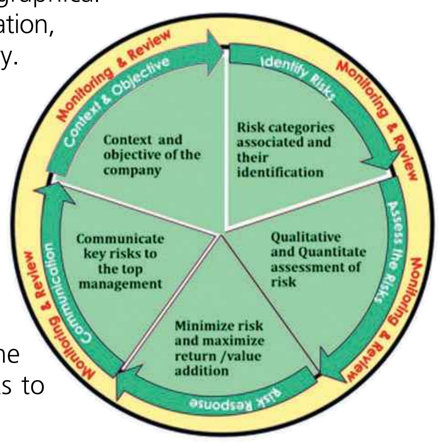
The Enterprise Risk Management (ERM) of our Company is based on two pillars; the governance and framework of ERM. The governance structure provides organizational and hierarchical structure, defines roles and responsibilities, and policies & procedures, whereas the framework outlines the processes to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



The organizational and hierarchical structure of the ERM consist of risk champions, Risk Officer, and RMCC. Each department has one or two risks champions who identify risks in their respective department and provide expert opinion on the severity and likelihood of risks through risk registers and report risks of their respective department to the Risk Officer of the Company who independently quantify, monitor, and rank the risks. The risk officer report key risks to the RMCC. The RMCC makes tactical and strategic decisions to minimize, mitigate, avoid, or transfer key risks thereby enhancing the chances of achieving strategic objectives of the Company. The RMCC provides updates to the Board of Directors on key risks of the Company.

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

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



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

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

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

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

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

Business Risk

The Company continuously monitors and controls risks to the business.

Risk Factors

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

Actual claims exceed our loss reserves

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

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

Premium Risk

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

Natural Disasters

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

Emerging Claims

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

Reinsurance Risk

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

Credit Risk

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

Investment Risk

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

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

Interest Rate Risk

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

Liquidity Risk

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

Credit Downgrade Rating Risk

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

Operational

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

Political uncertainty

Political uncertainty in the country affect our business, our liquidity and financial condition, and our 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

Our success is based on the services of our existing key executives and to attract and retain qualified personnel in the future. 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 may result from, among other things, 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, results of operations, and 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 increases, this may affect the income of our shareholders.

Opportunity Report

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

- Expand general takaful solutions through window operations;
- Increasing reach to all parts of the country through expanding distribution network;
- 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 has commenced recording Investment in equities and fixed income securities at fair value effective January 2018. As a consequence, the Investments in Subsidiary is now accounted for at fair value and classified as available-for-sale investments in the unconsolidated condensed interim financial statements. The Company has changed its accounting policies for determination of income from Subsidiary / Associates from equity method of accounting to dividend accrual basis.

Both changes in accounting policies have been applied retrospectively in accordance with the requirement of IAS. The comparatives have been restated accordingly.

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 and 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.

Structural 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
The financial measures identified by the Company into consideration are as follows: • Budgets • Monetary policy / discount rate • Taxes and levies • Inflation • Capital market	The non-financial measures identified by the Company taken into consideration are as follows: • 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 sensitive to the fluctuation in exchange rates of foreign currencies.

Operations in Export Processing Zone (EPZ)

The Company operates through 57 branches (2021: 54) 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.

Key Financial Data

(Rupees in Million)

	2021	2020	2019	2018	2017	2016
Written Premium (including Takaful Contribution)	24 657	22 639	22 064	20 813	20 405	17 195
Earned Premium	20 853	19 974	18 984	18 923	17 730	15 435
Net Premium Revenue	9 807	8 617	7 460	7 562	7 615	7 243
Underwriting Result	1 552	739	505	1 307	1 632	1 789
Investment & Other Income	2 393	2 616	2 808	1 995	1 774	2 043
Profit before tax	3 952	3 453	3 827	3 262	3 662	3 781
Profit after tax	2 802	2 371	2 609	2 171	2 500	2 392
Paid-up Capital	2 000	2 000	2 000	2 000	2 000	2 000
Shareholders' Equity	19 274	19 580	19 296	19 298	20 841	21 084
Breakup Value per Share (Rs.)	96.37	97.90	96.48	96.49	104.21	105.42
Earnings per Share (Rs.)	14.01	11.85	13.04	10.86	12.50	11.96
Investments & Properties	26 034	27 254	25 881	25 483	28 224	26 260
Cash & Bank Balances	1 190	1 329	1 192	1 267	1 164	1 196
Total Assets	47 000	45 812	45 699	42 869	43 654	41 343
Dividend (%)	100.00	100.00	100.00	100.00	100.00	100.00

Statement of Value Added

Rupees in Million

	2021	2020
Wealth generated		
Wealth generated		
Net premium revenue	9 807	8 617
Investment income	1 930	2 185
Rental income	122	117
Other income	233	298
	12 092	11 217
Less: Claims, Commission & Expenses	(6 168)	(5 778)
(excluding employees remuneration, depreciation and donations)		
Profit / (loss) from general takaful operations - OPF	186	186
Net wealth generated	6 110	5 625
Wealth distribution		
Employees remuneration	2 024	1 833
Income tax	1 151	1 083
Contribution to society / donations	18	13
	3 193	2 929
Distribution		
Cash Dividend	2 000	2 000
	2 000	2 000
Retained in equity		
Depreciation	332	325
Retained earnings	585	371
	917	696
	6 110	5 625

Value Added - 2021

Employees Remuneration	**33 %**
Income Tax	**19 %**
Distribution	**33 %**
Depreciation	**5 %**
Retained Earnings	**10 %**
Total	**100 %**

Value Added - 2020

Employees Remuneration	**33 %**
Income Tax	**19 %**
Distribution	**36 %**
Depreciation	**6 %**
Retained Earnings	**7 %**
Total	**100 %**

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

	2021		2020	
	Rupees	%	Rupees	%
Statement of Financial Position				
Assets				
Property, plant and equipment	2 887	6.14	2 819	6.15
Investment property	2 600	5.53	2 518	5.50
Investments in subsidiary / associate	9 644	20.52	9 299	20.30
Investments				
Equity Securities	3 705	7.88	4 481	9.78
Debt Securities	9 406	20.01	10 273	22.42
Term Deposits	679	1.44	683	1.49
Loans and other receivables	387	0.82	345	0.75
Insurance / reinsurance receivables	5 013	10.67	3 640	7.95
Reinsurance recoveries against outstanding claims	3 974	8.46	3 856	8.42
Salvage recoveries accrued	77	0.16	55	0.12
Deferred commission expense	773	1.64	678	1.48
Retirement benefit	–	–	34	0.07
Taxation - payments less provision	–	–	–	–
Prepayments	5 524	11.75	4 864	10.62
Cash and bank	1 190	2.53	1 329	2.90
Total Assets	45 859	97.57	44 874	97.95
Total assets of Window Takaful Operations - Operator's Fund	1 141	2.43	939	2.05
Total Assets	47 000	100.00	45 699	100.00
Equity and Liabilities				
Capital and reserves attributable to Company's equity holders				
Ordinary Share Capital	2 000	4.26	2 000	4.37
Reserves	15 407	32.78	16 184	35.33
Unappropriated profit	1 867	3.97	1 396	3.05
Total Equity	19 274	41.01	19 580	42.74
Surplus on revaluation of property and equipment	1 077	2.29	1 013	2.21
Liabilities		–		–
Underwriting provisions		–		–
Outstanding claims including IBNR	7 086	15.08	7 112	15.52
Unearned premium reserves	10 518	22.38	9 411	20.54
Unearned reinsurance commission	135	0.29	152	0.33
Retirement benefit obligation	9	0.02	–	–
Deferred taxation	278	0.59	724	1.58
Premium received in advance	27	0.06	44	0.10
Insurance / reinsurance payables	4 810	10.23	4 559	9.95
Other creditors and accruals	3 221	6.85	2 683	5.86
Taxation - provision less payments	51	0.11	93	0.20
Total Liabilties	26 135	55.61	24 778	54.09
Total Equity and Liabilities	46 486	98.91	45 371	99.04
Total liabilities of Window Takaful Operations - Operator's Fund	514	1.09	442	0.96
Total Equity and Liabilities	**47 000**	**100.00**	**45 699**	**100.00**

Rupees in Million

2019		2018		2017		2016	
Rupees	%	Rupees	%	Rupees	%	Rupees	%
2 967	6.49	2 616	6.10	1 289	2.95	1 147	2.78
2 341	5.12	1 879	4.38	1 847	4.23	1 548	3.74
10 169	22.25	9 898	23.08	10 999	25.20	9 285	22.46
–		–		–			
3 271	7.16	4 970	11.59	6 419	14.71	9 493	22.96
9 655	21.13	8 229	19.20	8 527	19.53	5 262	12.73
444	0.97	507	1.19	431	0.99	672	1.63
259	0.57	100	0.23	119	0.27	243	0.59
4 013	8.78	3 577	8.34	2 819	6.46	3 998	9.67
4 082	8.94	3 363	7.85	3 539	8.11	3 425	8.28
45	0.10	42	0.10	68	0.16	37	0.09
599	1.31	601	1.40	690	1.58	565	1.37
30	0.06	–	–	–	–	–	–
22	0.05	–	–	110	0.25	–	–
5 851	12.80	5 199	12.13	5 202	11.92	4 207	10.18
1 192	2.61	1 267	2.95	1 164	2.67	1 196	2.89
44 940	98.34	42 248	98.55	43 223	99.01	41 077	99.36
760	1.66	621	1.45	431	0.99	266	0.64
42 869	**100.00**	**43 654**	**100.00**	**41 343**	**100.00**	**32 264**	**100.00**
2 000	4.38	2 000	4.67	2 000	4.58	2 000	4.84
15 766	34.50	14 523	33.88	15 639	35.82	15 444	37.35
1 530	3.35	2 775	6.47	3 202	7.34	3 640	8.81
19 296	42.23	19 298	45.02	20 841	47.74	21 084	51.00
1 000	2.19	859	2.00	–	–	–	–
6 273	13.73	5 177	12.08	5 572	12.76	5 415	13.10
9 144	20.01	8 354	19.49	8 497	19.46	7 389	17.87
431	0.94	395	0.92	462	1.06	344	0.83
–	–	63	0.15	72	0.16	1	0.00
668	1.46	825	1.92	1 123	2.57	1 337	3.23
68	0.15	57	0.13	31	0.07	5	0.01
6 068	13.28	5 333	12.44	4 992	11.44	3 585	8.67
2 356	5.16	2 055	4.79	1 814	4.16	1 844	4.46
–	–	47	0.11	–	–	206	0.50
25 009	54.72	22 304	52.03	22 563	51.69	20 125	48.68
45 305	99.14	42 462	99.05	43 405	99.43	41 208	99.67
394	0.86	408	0.95	250	0.57	135	0.33
42 869	**100.00**	**43 654**	**100.00**	**41 343**	**100.00**	**32 264**	**100.00**

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

	2021		2020	
	Rupees	%	Rupees	%
Profit and Loss Account				
Written Premium	**21 960**		**20 241**	
Net Premium Revenue	**9 807**	**100.00**	**8 617**	**100.00**
Net Insurance Claims	(4 277)	(43.61)	(4 359)	(50.59)
Net Commission	(1 269)	(12.94)	(775)	(8.99)
Total Insurance claims and acquisition expenses	(5 546)	(56.55)	(5 134)	(59.58)
Management Expenses	(2 709)	(27.62)	(2 744)	(31.84)
Underwriting Results	1 552	15.83	739	8.57
Investment Income	1 930	19.68	2 185	25.36
Rental Income	122	1.24	117	1.36
Other Income	155	1.58	128	1.49
Non-Recurring - reversal of provision for impairment	–	–	–	–
Changes in fair value of investment property	78	0.80	170	1.97
Other Expenses	(70)	(0.71)	(71)	(0.82)
Results of operating activities	3 767	38.41	3 268	37.92
Reversal of workers' welfare fund	–	–	–	–
Profit from Window Takaful Operations - Operator's Fund	186	1.90	186	2.16
Profit before Tax	3 953	40.31	3 454	40.08
Income Tax Expense	(1 151)	(11.74)	(1 083)	(12.57)
Profit after Tax	**2 802**	**28.57**	**2 371**	**27.51**

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

	2021	2020	2019	2018
Statement of Financial Position				
Assets				
Property, plant and equipment	2 887	2 819	2 967	2 616
Investment property	2 600	2 518	2 341	1 879
Investments in subsidiary / associate	9 644	9 299	10 169	9 898
Investments				
Equity Securities	3 705	4 481	3 271	4 970
Debt Securities	9 406	10 273	9 655	8 229
Term Deposits	679	683	444	507
Loans and other receivables	387	345	259	100
Insurance / reinsurance receivables	5 013	3 640	4 013	3 577
Reinsurance recoveries against outstanding claims	3 974	3 856	4 082	3 363
Salvage recoveries accrued	77	55	45	42
Deferred commission expense	773	678	599	601
Retirement benefit	–	34	30	–
Taxation - payments less provision	–	–	22	–
Prepayments	5 524	4 864	5 851	5 199
Cash and bank	1 190	1 329	1 192	1 267
Total Assets	45 859	44 874	44 940	42 248
Total assets of Window Takaful Operations - Operator's Fund	1 141	939	760	621
Total Assets	**47 000**	**45 813**	**45 699**	**42 869**

Rupees in Million

2019		2018		2017		2016	
Rupees	%	Rupees	%	Rupees	%	Rupees	%
19 774	–	18 780	–	18 838	–	16 100	–
7 460	100.00	7 562	100.00	7 615	100.00	7 243	100.00
(3 549)	(47.57)	(3 089)	(40.85)	(2 975)	(39.07)	(2 694)	(37.20)
(556)	(7.45)	(588)	(7.77)	(662)	(8.69)	(588)	(8.12)
(4 105)	(55.03)	(3 677)	(48.62)	(3 637)	(47.76)	(3 282)	(45.32)
(2 849)	(38.19)	(2 579)	(34.10)	(2 346)	(30.80)	(2 172)	(29.98)
505	6.77	1 307	17.28	1 632	21.44	1 789	24.70
2 262	30.32	1 612	21.32	1 512	19.86	1 877	25.92
112	1.50	104	1.38	97	1.27	141	1.94
219	2.94	161	2.13	118	1.54	19	0.26
–	–	–	–	–	–	–	–
434	5.82	11	0.14	299	3.92	–	–
(65)	(0.87)	(50)	(0.66)	(43)	(0.57)	(50)	(0.70)
3 467	46.47	3 145	41.59	3 615	47.47	3 775	52.13
146	1.95	–	–	–	–	–	–
214	2.86	117	1.55	47	0.62	6	0.08
3 827	51.27	3 262	43.14	3 662	48.09	3 781	52.21
(1 219)	(16.34)	(1 091)	(14.43)	(1 161)	(15.25)	(1 389)	(19.18)
2 609	**34.97**	**2 171**	**28.71**	**2 500**	**32.84**	**2 392**	**33.03**

Rupees in Million		% Increase / (decrease) over preceding year					
2017	2016	2021	2020	2019	2018	2017	2016
1 289	1 147	2.41	(4.99)	13.42	102.95	12.38	4.18
1 847	1 548	3.26	7.56	24.59	1.73	19.32	710.47
10 999	9 285	3.71	(8.56)	2.74	(10.01)	18.46	(19.76)
6 419	9 493	(17.32)	36.99	(34.19)	(22.57)	(32.38)	94.33
8 527	5 262	(8.44)	6.40	17.33	(3.49)	62.05	94.10
431	672	(0.59)	53.83	(12.43)	17.63	(35.86)	20.65
119	243	12.17	33.20	159.00	(15.97)	(51.03)	6.11
2 819	3 998	37.72	(9.29)	12.19	26.89	(29.49)	79.12
3 539	3 425	3.06	(5.54)	21.38	(4.97)	3.33	3.73
68	37	40.00	22.22	7.14	(38.24)	83.78	(11.90)
690	565	14.01	13.19	(0.33)	(12.90)	22.12	4.24
–	–	(100.00)	13.33	–	–	–	–
110	–	–	(100.00)	–	(100.00)	–	–
5 202	4 207	13.57	(16.87)	12.54	(0.06)	23.65	16.73
1 164	1 196	(10.46)	11.49	(5.92)	8.85	(2.68)	0.34
43 223	41 077	2.19	(0.15)	6.37	(2.26)	5.22	27.73
431	266	21.51	23.55	22.38	44.08	62.03	150.94
43 654	41 343	2.59	0.25	6.60	(1.80)	5.59	28.14

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

	2021	2020	2019	2018
Equity and Liabilities				
Capital and reserves attributable to Company's equity holders				
Ordinary Share Capital	2 000	2 000	2 000	2 000
Reserves	15 407	16 184	15 766	14 523
Unappropriated profit	1 867	1 396	1 530	2 775
Total Equity	19 274	19 580	19 296	19 298
Surplus on revaluation of property and equipment	1 077	1 013	1 000	859
Liabilities				
Underwriting provisions				
Outstanding claims including IBNR	7 086	7 112	6 273	5 177
Unearned premium reserves	10 518	9 411	9 144	8 354
Unearned reinsurance commission	135	152	431	395
Retirement benefit obligation	9	–	–	63
Deferred taxation	278	724	668	825
Premium received in advance	27	44	68	57
Insurance / reinsurance payables	4 810	4 559	6 068	5 333
Other creditors and accruals	3 221	2 683	2 356	2 055
Taxation - provision less payments	51	93	–	47
Total Liabilties	26 135	24 778	25 009	22 304
Total Equity and Liabilities	46 486	45 371	45 305	42 461
Total liabilities of Window Takaful Operations - Operator's Fund	514	442	394	408
Total Equity and Liabilities	**47 000**	**45 813**	**45 699**	**42 869**
Profit and Loss Account				
Written Premium	21 960	20 241	19 774	18 780
Net Premium Revenue	9 807	8 617	7 460	7 562
Net Insurance Claims	(4 277)	(4 359)	(3 549)	(3 089)
Net Commission	(1 269)	(775)	(556)	(588)
Total Insurance claims and acquisition expenses	(5 546)	(5 134)	(4 105)	(3 677)
Management Expenses	(2 709)	(2 744)	(2 849)	(2 579)
Underwriting Results	1 552	739	505	1 307
Investment Income	1 930	2 185	2 262	1 612
Rental Income	122	117	112	104
Other Income	155	128	219	161
Non-Recurring - reversal of provision for impairment	–	–	–	–
Changes in fair value of investment property	78	170	434	11
Other Expenses	(70)	(71)	(65)	(50)
Results of operating activities	3 767	3 268	3 467	3 145
Finance costs	–	–	–	–
Reversal of workers' welfare fund	–	–	146	–
Profit from Window Takaful Operations - Operator's Fund	186	186	214	117
Profit before Tax	3 953	3 454	3 681	3 262
Income Tax Expense	(1 151)	(1 083)	(1 219)	(1 091)
Profit after Tax	**2 802**	**2 371**	**2 462**	**2 171**

Rupees in Million		% Increase / (decrease) over preceding year					
2017	2016	2021	2020	2019	2018	2017	2016
2 000	2 000	–	–	–	–	–	25.00
15 639	15 444	(4.80)	2.65	8.56	(7.14)	1.26	46.90
3 202	3 640	33.74	(8.76)	(44.86)	(13.34)	(12.03)	(2.52)
20 841	21 084	(1.56)	1.47	(0.01)	(7.40)	(1.15)	33.05
–	–	6.32	1.30	16.41	–	–	–
5 572	5 415	(0.37)	13.37	21.17	(7.09)	2.90	21.33
8 497	7 389	11.76	2.92	9.46	(1.68)	15.00	9.89
462	344	(11.18)	(64.73)	9.11	(14.50)	34.30	0.58
72	1	–	–	(100.00)	(12.50)	7 100.00	(98.28)
1 123	1 337	(61.60)	8.38	(19.03)	(26.54)	(16.01)	952.76
31	5	(38.64)	(35.29)	19.30	83.87	520.00	–
4 992	3 585	5.51	(24.87)	13.78	6.83	39.25	21.65
1 814	1 844	20.05	13.88	14.65	13.29	(1.63)	16.34
–	206	(45.16)	–	(100.00)	–	(100.00)	92.52
22 563	20 125	5.48	(0.92)	12.13	(1.15)	12.11	23.03
43 404	41 208	2.46	0.15	6.70	(2.17)	5.33	27.96
250	135	16.29	12.18	(3.43)	63.20	85.19	128.81
43 654	**41 343**	**2.59**	**0.25**	**6.60**	**(1.80)**	**5.59**	**28.14**
18 838	16 100	8.49	2.36	5.29	(0.31)	17.00	7.27
7 615	7 243	13.81	15.51	(1.35)	(0.69)	5.13	8.48
(2 975)	(2 694)	(1.88)	22.82	14.90	3.83	10.43	(10.14)
(662)	(588)	63.74	39.39	(5.39)	(11.17)	12.48	(5.09)
(3 637)	(3 282)	8.02	25.07	11.65	1.10	10.80	(9.27)
(2 346)	(2 172)	(1.28)	(3.69)	10.47	9.95	8.01	8.22
1 632	1 789	110.08	46.29	(61.36)	(19.95)	(8.75)	70.13
1 512	1 877	(11.67)	(3.40)	40.29	6.62	(19.45)	(2.16)
97	141	4.27	4.46	7.70	7.22	(31.03)	8.25
118	19	21.09	(41.55)	35.83	37.21	526.60	(27.06)
–	–	–	–	–	–	–	(100.00)
299	–	(54.15)	(60.80)	3 963.29	(96.42)	–	–
(43)	(50)	(1.41)	9.23	29.67	15.92	(14.32)	(83.27)
3 615	3 775	15.27	(5.74)	10.24	(13.00)	(4.25)	(21.53)
–	–	–	–	–	–	–	–
–	–	–	(100.00)	–	–	–	–
47	6	–	(13.08)	82.20	150.67	691.87	(289.22)
3 662	3 781	14.45	(6.17)	12.83	(10.90)	(3.17)	(21.36)
(1 161)	(1 389)	6.28	(11.16)	11.72	(6.04)	(16.39)	79.15
2 500	2 392	18.18	(3.70)	13.39	(13.16)	4.51	(40.68)

Cash Flow Summary

Rupees in Million

	2021	2020	2019	2018	2017	2016
Cash Flow Summary						
Operating Activities	158	1 402	911	20	3 096	1 342
Investing Activities	1 706	748	1 152	2 016	(1 015)	136
Financing Activities	(2 003)	(2 012)	(2 139)	(1 934)	(2 113)	(1 250)
Cash and Cash Equivalents at year end	1 329	1 190	1 192	1 267	1 164	1 192

Financial Ratios

Rupees in Million

		2021	2020	2019	2018	2017	2016
Profitability							
Profit after Tax / Net Insurance Premium	%	28.57	27.51	34.97	28.71	32.84	33.03
Profit before Tax / Net Insurance Premium	%	40.31	40.08	51.31	43.14	48.09	52.21
Underwriting Result / Net Insurance Premium	%	15.83	8.57	6.77	17.28	21.44	24.70
Underwriting Result / Written Premium	%	7.07	3.65	2.55	6.96	8.67	11.11
Profit before Tax / Total Income	%	32.20	30.29	35.77	34.10	37.80	40.72
Profit after Tax / Total Income	%	22.82	20.79	24.38	22.69	25.81	25.77
Profit before Tax / Written Premium	%	18.00	17.06	19.35	17.37	19.44	23.48
Profit after Tax / Written Premium	%	12.76	11.71	13.19	11.56	13.27	14.86
Combined Ratio	%	84.89	92.25	92.16	83.38	79.13	76.00
Management Expeses / Net Insurance Premium	%	27.62	31.84	38.20	34.10	30.80	29.98
Net Claims / Net Insurance Premium	%	43.61	50.59	47.57	40.85	39.07	37.20
Net Commission / Net Insurance Premium	%	12.94	8.99	7.45	7.77	8.69	8.12
Other Expenses / Net Insurance Premium	%	0.71	0.82	(1.08)	0.66	0.57	0.70
Return to Share Holders							
Return on Assets	%	5.96	5.19	5.71	5.06	5.73	5.79
Return on Equity	%	13.77	11.51	12.85	10.77	12.00	11.35
Earnings per Share	Rs.	14.01	11.85	13.04	10.86	12.50	11.96
Earnings Growth	%	18.18	(9.13)	20.07	(13.12)	4.52	(6.49)
Price to Earnings Ratio	Times	7.49	10.12	8.46	9.21	12.23	12.62
Dividend Yield	%	9.52	8.33	9.07	10.00	6.54	6.62
Breakup Value per Share	Rs.	96.37	97.90	96.48	96.49	104.21	105.42

Rupees in Million

		2021	2020	2019	2018	2017	2016
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.	105.00	120.00	110.30	100.00	152.90	151.00
Market Price per share - Highest during the year	Rs.	125.00	129.41	127.65	157.99	175.01	179.21
Market Price per share - Lowest during the year	Rs.	104.01	78.32	67.50	99.76	133.17	116.71
KSE 100 Index	Points	44 596	43,755	40,735	37,067	40,471	47,807
Market Capitlization	(Rs. M)	21 000	24,000	22,060	20,000	30,580	30,200
Price to Book Value	Times	1.09	1.23	1.14	1.04	1.47	1.43
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	%	71.38	84.36	76.69	92.08	80.00	83.61
Dividend Cover	Times	1.40	1.19	1.30	1.09	1.25	1.20
Performance / Liquidity							
Current Ratio	Times	1.19	1.26	1.22	1.30	1.36	1.55
Cash / Current Liabilities	%	4.60	5.53	4.82	5.90	5.43	6.36
Total Assets Turnover	Times	0.21	0.19	0.16	0.18	0.17	0.18
Fixed Assets Turnover	Times	4.79	5.30	6.13	5.67	5.73	5.71
Total Liabilities / Equity	Times	1.36	1.27	1.32	1.16	1.08	0.95
Paid-up Capital / Total Assets	%	41.01	42.85	42.22	45.02	47.74	51.00
Earning Assets / Total Assets	%	56.21	60.39	57.20	59.68	64.92	64.10
Equity / Total Assets	%	41.01	42.85	42.22	45.02	47.74	51.00
Return on Capital Employed	%	20.21	19.83	19.83	16.90	17.57	17.93

Free Cash Flow

Rupees in Million

Particulars	2021	2020
Net cash flow from operating activities	158	1 402
Net cash generated from / (used in) investing activities	1 706	748
Net cash outflow from financing activities	(2 003)	(2 012)
Free Cash Flows	(139)	137

Economic Value Added

Net Operating Profit after Tax	2 802	2 371
Less: Cost of Capital	–	–
Economic Value Added	2 802	2 371

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 improved to 43.6 % from 50.6 % and 27.6% from 31.84% compared to last year. The combined ratio improved to 84.9% as compared to 92.3% last year.

The return on equity in 2021 was 13.8% as compared to last year's 11.5 % while return on capital employed was 20.21 % as compared to 19.43 % last year.

The Company has been maintaining a healthy dividend payout ratio.

Balance sheet

The Company's assets were at Rs. 47.0 billion compared to Rs. 45.8 billion last year. Total equity of the Company stood at Rs. 20.4 billion as compared to Rs.20. 6 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. 24.7 billion as against Rs. 22.6 billion last year.

Net premium revenue grew by 13.8% despite challenging business scenarios whereas investment & other income was Rs. 2.4 billion.

Analysis of Financial Statements

Gross Premium - 2021

Fire & Property Damage	63 %
Marine, Aviation & Transport	14 %
Motor	16 %
Others	7 %
Total	**100 %**

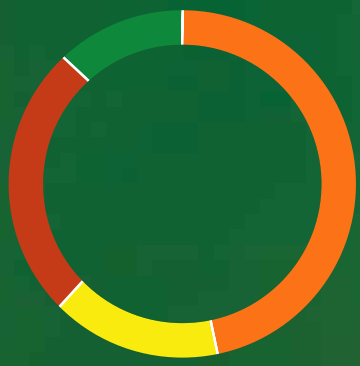
Gross Premium - 2020

Fire & Property Damage	64 %
Marine, Aviation & Transport	12 %
Motor	16 %
Others	8 %
Total	**100 %**

Gross Claims - 2021

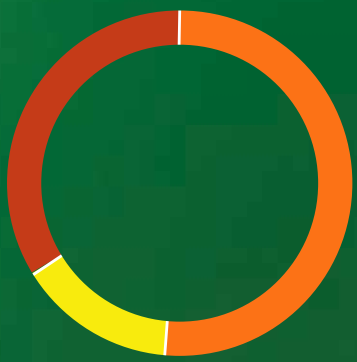
Fire & Property Damage	53 %
Marine, Aviation & Transport	12 %
Motor	23 %
Others	12 %
Total	**100 %**

Gross Claims - 2020



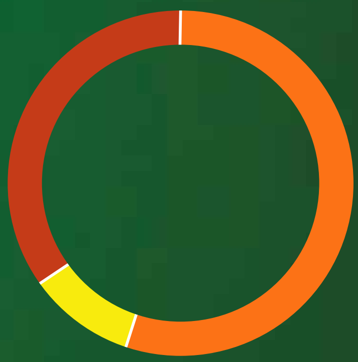
Fire & Property Damage	47 %
Marine, Aviation & Transport	16 %
Motor	25 %
Others	12 %
Total	**100 %**

Combined Expenses - 2021



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

Combined Expenses - 2020



Net Claims	55 %
Net Commission	10 %
Expenses	35 %
Total	**100 %**

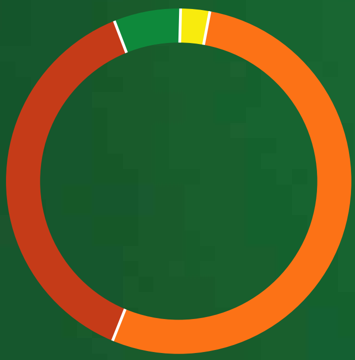
Analysis of Income - 2021

Underwriting Profit	39 %
Investment & Other Income	61 %
Total	**100 %**

Analysis of Income - 2020

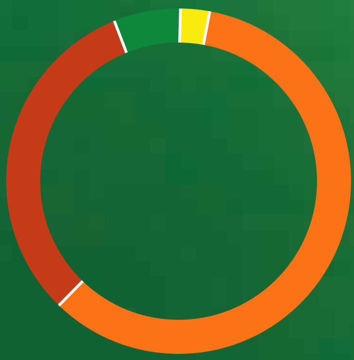
Underwriting Profit	22 %
Investment & Other Income	78 %
Total	**100 %**

Total Assets - 2021



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

Total Assets - 2020



	Cash & Bank Deposits	3 %
	Investment & Property	60 %
	Other Assets including Reinsurance Recoveries	32 %
	Fixed Assets	6 %
	Total	**100 %**

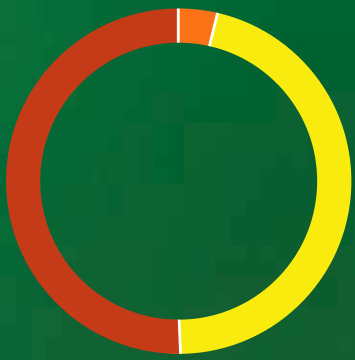
Total Equity & Liabilities - 2021

	Equity	43 %
	Liabilities	57 %
	Total	**100 %**

Total Equity & Liabilities - 2020

	Equity	45 %
	Liabilities	55 %
	Total	**100 %**

Cash Flow Analysis - 2021



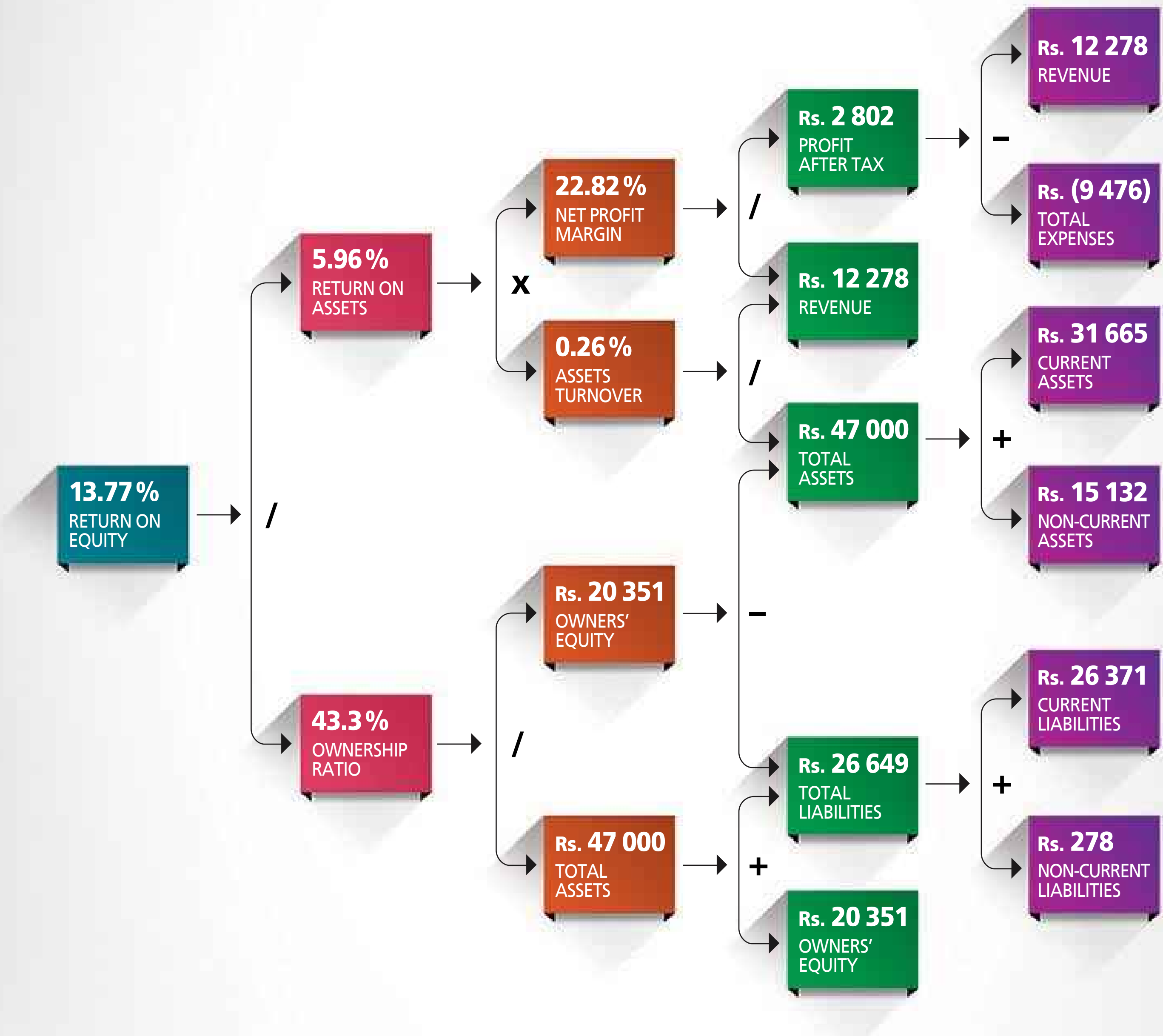
Operating Activities	4 %
Investing Activities	45 %
Financing Activities	51 %
Total	**100 %**

Cash Flow Analysis - 2020

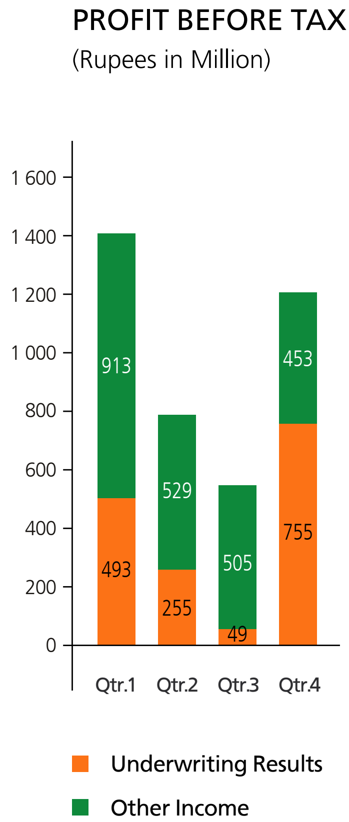
Operating Activities	34 %
Investing Activities	18 %
Financing Activities	48 %
Total	**100 %**

DuPont Analysis

Rupees in Million



Analysis of Variation in Results Reported in Quarterly Accounts



Underwriting Results

During the year, the Company recorded 8.9 % growth in written premium. The Company had Written Direct Premium and takaful business in Pakistan of Rs. 24.7 billion (inclusive of Rs. 2.7 billion of takaful contribution) as compared to Rs. 22.6 billion (inclusive of Rs. 2.4 billion of takaful contribution) in 2020, while the Net Premium Revenue grew by 13.8 % to Rs. 9.8 billion as compared to Rs. 8.6 billion in 2020.

Profit after Tax

Your Company's profit after tax for the year 2021 was Rs. 2.8 billion as compared to Rs. 2.37 billion in 2020. The earnings per share was Rs. 14.01 as against earnings per share of Rs. 11.85 last year.

Report of the Audit Committee
For the year ended December 31, 2021

1. Four meetings of the Committee were held during the year 2021.

2. The Committee reviewed and approved interim and annual financial statements of the Company and recommended them for approval of the Board of Directors.

3. The Company issued a Statement of Compliance with the Code of Corporate Governance which has also been reviewed by the external auditors of the Company.

4. The Chief Executive Officer and the Chief Financial Officer have endorsed the standalone as well as consolidated financial statements of the Company and the Board of Directors Report. They acknowledge their responsibility for true and fair presentation of the financial statements and compliance with regulations and applicable accounting standards.

5. The financial statements have been prepared in accordance with approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, the Insurance Ordinance, 2000 and Insurance Rules, 2017.

6. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment. The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

7. Proper books of accounts have been maintained by the Company.

8. The Committee reviewed and approved all related party transactions and recommended them for approval of the Board of Directors.

9. The Committee oversees Company's risk management and internal control framework and reviews their adequacy in relation to the risks faced by the Company. The Company's system of internal control established at all levels is sound in design and is continually evaluated for effectiveness and adequacy.

10. For appraisal of internal controls and monitoring compliance, the Company has in place an appropriately staffed Internal Audit department. The Committee reviewed the resources of the Internal Audit department to ensure that they were adequate for the planned scope of the Internal Audit function.

11. The role of Internal Audit is to assess risk management processes and internal control as well as to ensure implementation of and compliance with the defined policies and procedures. Internal Audit submits its reports directly to audit committee for appropriate actions with timely follow-up on audit findings to ensure that corrective actions are taken in a timely manner.

12. The Committee on the basis of internal audit reports reviewed the adequacy of controls and compliance shortcomings in areas audited and discussed corrective actions in the light of management responses. This has ensured the continual evaluation of controls and improved compliance.

13. The Internal Auditor has full access to the Chairman of the Board Audit Committee, further internal auditor meets senior management to discuss internal audit reports and is fully independent to access the management any time to discuss audit issues in order to make the audit process transparent and effective and ensure that the identified risks are mitigated to safeguard the interest of the Company. The Committee evaluates head of internal audit performance jointly with chief executive.

14. The external auditors KPMG Taseer Hadi & Co, 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, 2021.

18. The Committee is of the view that the annual report was fair, balanced and understandable and provide complete information for shareholders to assess the Company's position and performance, business model and strategy.

19. The Committee has complied with all the applicable provisions of Code of Corporate Governance, presence of sufficient commercial and financial experience and knowledge to carry out audit matters and assisted Board by delivering reports on timely basis.

Profile of Shari’ah Advisor - Window Takaful Operations

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

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

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

BUSINESS MODEL

Vision

To continue our journey to be better than the best.

Mission statement

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.

Strategic Objectives

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

Input / Resources

1. Capital Provided by the shareholder
2. Tangible Assets of the company (Buildings, Investment properties, Offices, Furniture, computer system, other equipment etc.)
3. Intangible Assets of the company (Various software, Apps, Websites, Brand name etc.)
4. Human Capital (Board of Directors, Management, employees etc.)
5. Legal Existence (Registered and licensed to operate in the country)
6. Use of other natural resources such environmental resources include but not limited to water, gas, and air etc.
7. Use of man-made resources, building, cars etc.

Processes

1. Product development and Marketing
2. Underwriting
3. Claims Processing
4. Investments
5. Financial Management
6. Governance, Risk and Controls
7. IT and Systems
8. Human resource Management

Outputs

1. Value Addition to the Company (shareholder etc.) and enhancing Profitability
2. Meeting the needs of our Stakeholders such as Management, Regulators, Clients / Customers, Employees, and Rating Agencies
3. Insurance and Takaful Products
4. Innovations in products and marketing channels
5. Best Services to our customers
6. Enhance our Reputation
7. Corporate Social Responsibility

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, 2021

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

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

1. The total numbers of Directors are ten as per the following:

    a: Male: 9

    b: Female: 1

2. The Insurer encourages representation of independent, non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

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

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

3. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies including this Company.

4. All the resident Directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a development financial institution or a non-banking financial institution or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.

5. A causal vacancy occurring on the Board during the year on October 26, 2021 due to passing away of Mr. Abdur Rehman Haji Habib was filled up by appointment of Mr. Mahmood Lotia as Director with effect from January 20, 2022.

6. The Company has prepared a "Statement of Ethics and Business Practices" as Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

7. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

8. All powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / shareholders as empowered by the relevant provisions of the Act and CCG 2019. The decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of Chief Executive Officer and key Officers have been taken by the Board.

9. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board met atleast 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 atleast seven days before the meeting.

10. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and CCG 2019.

11. All Directors of the Company have acquired certification under the Director's training program.

12. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the code.

13. The management of the Company has submitted a Booklet to the Board of Directors during the year to consider it as an orientation course for its Directors and to apprise them of their duties and responsibilities. The course Booklet also apprised the Directors about changes in Code of Corporate Governance and other laws Regulations.

14. There was no change of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year. The Board had approved the remuneration of Chief Financial Officer, Company Secretary and the Head of Internal Audit Department.

15. The Directors' Report for this year has been prepared in compliance with the requirements of the code and CCG 2019 and fully describes the salient matters required to be disclosed.

16. The financial statements of the company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.

17. The Directors, Chief Executive Officer and Executives do not hold any interest in the shares of the company other than disclosed in the pattern of shareholding.

18. The company has complied with all the corporate and financial reporting requirements of the code and CCG 2019.

19. The Board has formed the following Board Committees:

Ethics, Human Resource and Remuneration Committee

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

Investment Committee

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

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

Audit Committee

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

21. The Board has formed the following Management Committees:

Underwriting Committee:

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

Claim Settlement Committee

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

Reinsurance & Co-insurance Committee

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

Risk Management & Compliance Committee

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

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

22. The meetings of the Committees except Ethics, Human Resource and Remuneration Committee, were held at least once every quarter. The Quarterly meetings of audit committee were held prior to the approval of interim and final results of the company. The terms of references of the Committees have been formed and advised to the Committees for compliance.

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

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

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

25. The statutory auditors of the company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No, XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Directors of the Company.

26. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.

27. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code.

28. The Board ensures that the risk management system of the Company is in place as per the requirements of the Code.

29. The company has set up a Risk Management function, which carries out its tasks as covered under the code.

30. The Company has been rated by AM Best, PACRA and VIS and the rating assigned by these rating agencies on June 25, 2021, October 11, 2021 and January 20, 2022 respectively. PACRA and VIS has assigned rating of AA+ with stable outlook while AM Best has assigned rating of B+ with stable outlook.

31. The Board has set up Grievance function in compliance with the requirements of the code.

32. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of the requirements of the code.

33. We confirm that all requirements no. 3, 6, 7, 8, 27, 32, 33 and 36 of the CCG 2019 and all material requirement of Code have been complied with.

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

RAFIQUE R. BHIMJEE Director	MAHMOOD LOTIA Director	HASANALI ABDULLAH Managing Director & Chief Executive	SAIFUDDIN N. ZOOMKAWALA Chairman

Karachi 23 February 2022

MUFTI MUHAMMAD IBRAHIM ESSA
Graduate from Jamiah Darul Uloom Karachi, Pakistan
Shari'ah Advisor - EFU General Insurance Ltd - WTO
Email: mibrahimesa@yahoo.com
Phone: +92.322.2671867

المفتى ابراهيم عيسىٰ
خريج الجامعة دار العلوم كراتشى
المشير الشرعى للامور المالية الاسلامية

Annual Shari'ah Review Report
For the year ended 31 December 2021

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 sixth successful year of Takaful in EFU General. In this year, the Management, sales personnel and Board of Directors have shown their sincere efforts for the promotion of Takaful and underwritten good number in Takaful that crossed 2 billion of Takaful contributions. Alhamdulillah

Progress of the Year:

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

1. Alhamdulillah, EFU General- Window Takaful Operations achieved the milestone by underwriting approximately 2.7 billion Takaful contributions in 2021.
2. Dedicated Window Takaful Branch of Head office successfully recorded the Takaful contracts executed during the year.
3. 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.
4. 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.

Shari'ah Certification:

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

- I have carefully 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 Alhamdulilalh, 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.
- For the investment purpose of Takaful Funds, a Shariah Compliant Investment Policy has been drafted with the consultation of undersigned and all the investments of Takaful are undertaken in accordance with this Policy. 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 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 that 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 علیکم ورحمۃ اللہ وبرکاتہ

Mufti Muhammad Ibrahim Essa
Shari'ah Advisor

EFU General Insurance Limited
Window Takaful Operations

03 February 2022

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 2021, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated 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 forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at 31 December 2021 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 Unconsolidated 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 unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S. No.	Key Audit Matter(s)	How the matter was addressed in our audit
1.	**Valuation of Claim Liabilities** Refer notes 3.15 and 24 to the unconsolidated financial statements relating to claim liabilities. The Company's claim liabilities represent 27% of its total liabilities. Valuation of these claim liabilities involves significant management judgment regarding uncertainty in the estimation of claims payments and assessment of frequency and severity of claims. Claim liabilities are recognized on intimation of the insured event based on management judgment and estimation. The Company maintains provision for claims incurred but not reported (IBNR) based on the advice of an independent actuary. The actuarial valuation process involves significant judgment and the use of actuarial assumptions. We have identified the valuation of claim liabilities as key audit matter because estimation of claim liabilities involves a significant degree of judgment.	Our audit procedures in respect of this matter included the following: • Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of information related to the claims; • Inspected significant arrangements with reinsurer to obtain an understanding of contracts terms and assessed that recoveries from reinsurance on account of claims reported has been accounted for based on terms and conditions; • Assessed on a sample basis the reinsurer share of claims against the term of the reinsurance contracts and the related recorded liabilities; • Assessed the appropriateness of the Company's accounting policy for recording of claims in line with requirements of applicable accounting and reporting standards;

S. No.	Key Audit Matter(s)	How the matter was addressed in our audit
		• Tested claims transactions on sample basis with underlying documentations to evaluate that whether the claims reported during the year are recorded in accordance with the requirements of the Company's policy and insurance regulations; • Assessed the sufficiency of reserving of claim liabilities, by testing calculations on the relevant data including recoveries from reinsurers based on their respective arrangements; • Tested specific claims transactions on sample basis recorded close to year end and subsequent to year end with underlying documentation to assess whether claims had been recognized in the appropriate accounting period; • Used an external actuarial specialist to assist us in evaluation of general principles, actuarial assumptions and methods adopted for actuarial valuations by the actuary of the Company for determination of IBNR; and • Considered the adequacy of Company's disclosures about the estimates used and the sensitivity to key assumptions.
2.	**Revenue Recognition Risk** Refer notes 3.6, 23 and 27 to the unconsolidated financial statements relating to revenue recognition. The Company receives its revenue primarily from two main sources namely; premiums and investments income. Premiums from insurance policies comprise of 84% of the total revenue. We identified revenue recognition as a key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not be recognized in the appropriate period.	Our audit procedures in respect of this matter included the following: • Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of premium income; • Assessed the appropriateness of the Company's accounting policy for recording of premiums and investment income in line with requirements of applicable accounting and reporting standards; • Tested the policies on sample basis where premium was recorded close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate accounting period; and • Tested the investment income transaction on sample basis and subsequent to year end, and evaluated that these were recorded in the appropriate period;
3.	**Valuation of insurance / reinsurance receivables** Refer notes 3.9 and 13 to the unconsolidated financial statements relating to valuation of insurance / reinsurance receivables.	Our audit procedures in respect of this matter included the following: • Tested the accuracy of insurance / reinsurance receivables aging report, on a sample basis, by comparing individual balances in the report with underlying documentation to evaluate that the balances appearing in the ageing report were classified within appropriate ageing bucket; and

S. No.	Key Audit Matter(s)	How the matter was addressed in our audit
	The Company's insurance / reinsurance receivables represent 11% of its total assets which are stated net of provision for impairment of Rs. 1.19 million. Valuation of these receivables involves significant judgment regarding uncertainty in determining impairment / provisions. We identified the valuation of insurance / reinsurance receivables as a key audit matter as the estimation involves a significant degree of judgment.	• Assessed the appropriateness of assumptions and estimates made by the management for the provision for impairment by comparing, on a sample basis, past experience and historical trends of collection, actual write offs and receipts and settlement from / with customers and reinsurer subsequent to the financial year end;
4.	**Valuation, Classification and Impairment of Investments** Refer notes 3.13, 3.18, 8, 9, 10 and 11 to the unconsolidated financial statements relating to Valuation, Classification and Impairment of Investments. The Company's investment portfolio comprises of government debt securities, equity securities including investment in subsidiary, other fixed income securities and term deposits. Investments carried at Available for Sale represent 97% of the total investments while investments classified as Held to Maturity represent 3% of the total investments. We identified the valuation, classification and impairment of investments as key audit matter because of the significance of investments and management's judgment involved in valuation, classification and impairment.	Our audit procedures in respect of this matter included the following: • Obtained an understanding, evaluated the design and tested the operating effectiveness of controls designed for valuation and classification of investments and for impairment of investments classified as available for sale; • Tested, on a sample basis, specific investments buying and selling transactions and classification recorded with underlying documentation; • Assessed the methodology used and evaluated the valuation of debt securities using the market yield pricing methodology based on interpolation of relevant rates and valuation of equity securities and mutual fund units by comparing the quoted prices of Pakistan Stock Exchange and Mutual Fund Association of Pakistan (MUFAP) respectively for the securities; • Involved our internal valuation specialist to assist us in evaluating the assumptions and judgments adopted by the professional valuer in calculation of value in use working of investment in subsidiary; and • Assessed the appropriateness of impairment in the value of available for sale securities including investment in subsidiary held by the Company in accordance with accounting and reporting standards as applicable in Pakistan.

Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the Other Information. The Other Information comprises the information included in the Company's Annual Report but does not include the unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the unconsolidated 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 Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated 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 unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Report on other legal and regulatory requirements

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

a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);

b) the 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 (XXI of 2017), and are in agreement with the books of account;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the 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 Muhammad Taufiq.

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 7 March 2022

Karachi

UDIN: AR202110106TwRe32oWj

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 2021, the profit and loss account, the statement of comprehensive income, the statement of changes in fund and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in fund and the statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Operator's affairs as at 31 December 2021 and of the profit, total comprehensive income, the changes in fund and its cash flows for the year then ended.

Basis for Opinion

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

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

Management is responsible for the Other Information. The Other Information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on other legal and regulatory requirements

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

a) proper books of account have been kept by the Operator as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the 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 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 Muhammad Taufiq.

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 7 March 2022
Karachi

Independent Auditor's Review Report
To the members of EFU General Insurance Limited Review of the Statement of compliance with the Code of Corporate Governance for Insurers, 2016 & Listed Companies (Code of Corporate Governance) Regulations, 2019 for the year ended 31 December 2021

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance for Insurer, 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 2021 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 requires 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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 2021.

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 7 March 2022
Karachi
UDIN: CR202110106dQsOczH9J

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, 2021 are in compliance with the Takaful Rules, 2012.

Further we confirmed that:

– The Company has developed and implemented all the policies and procedures in accordance with the Takaful Rules, 2012 and rulings of the Shariah Advisor along with a comprehensive mechanism to ensure compliance with such rulings and Takaful Rules, 2012 in their overall operations. Further, the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shariah Advisor and the Board of Directors have been implemented.

– The Company has imparted trainings / orientations and ensured availability of all manuals / agreements approved by Shariah Advisor/ Board of Directors to maintain the adequate level of awareness, capacity and sensitisation of the staff and management;

– All the products and policies have been approved by Shariah Advisor and the financial arrangements including investments made, policies, contracts and transactions, entered into by Window Takaful Operations are in accordance with the policies approved by Shariah Advisor; and

– The assets and liabilities of Window Takaful Operations (Participants' Takaful Fund and Operator's fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.

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

HASANALI ABDULLAH
Managing Director & Chief Executive

Karachi 23 February 2022

Independent Reasonable Assurance Report to the Board of Directors on the Statement of Management's Assessment of Compliance with the Shari'ah Principles

We were engaged by the Board of Directors of EFU General Insurance Limited ("the Company") to report on the management's assessment of compliance of the Window Takaful Operations ("Takaful Operations") of the Company, as set out in the annexed statement prepared by the management for the year ended 31 December 2021, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

Applicable Criteria

The criteria against which the subject matter information (the Statement) is assessed comprise of the provisions of Takaful Rules, 2012.

Responsibilities of the Management

The Board of Directors / management of the Company are responsible for designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. It also includes ensuring the overall compliance of the Takaful Operations with the Takaful Rules, 2012.

The Board of Directors / management of the Company are also responsible for preventing and detecting fraud and for identifying and ensuring that the Takaful Operations comply with laws and regulations applicable to its activities. They are also responsible for ensuring that the management, where appropriate, those charged with governance, and personnel involved with the Takaful Operations in compliance with the Takaful Rules, 2012 are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

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

Our responsibilities

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board. The standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with the Takaful Rules, 2012, whether due to fraud or error. In making those risk assessments, we have considered internal controls relevant to the Takaful Operations compliance with the Takaful Rules, 2012, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's internal control over the Takaful Operations' compliance with the Takaful Rules, 2012. Reasonable assurance is less than absolute assurance.

A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with Takaful Rules, 2012, will be met. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

The procedures performed included:

- Evaluate the systems, procedures and practices in place with respect to the Takaful operations against the Takaful Rules, 2012 and Shariah advisor's guidelines;

- Evaluating 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;

- Test for a sample of transactions relating to Takaful operations to ensure that these are carried out in accordance with the laid down procedures and practices including the regulations relating to Takaful operations as laid down in Takaful Rules, 2012; and

- Review the statement of management's assessment of compliance of the Takaful transactions during the year ended 31 December 2021 with the Takaful Rules, 2012.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the annexed statement, for the year ended 31 December 2021, presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

KPMG Taseer Hadi & Co.
Chartered Accountants

Muhammad Taufiq
Date: 7 March 2022
Karachi

UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

Unconsolidated Statement of Financial Position
As at 31 December 2021

Rupees '000

	Note	2021	2020
Assets			
Property and equipment	5	2 887 013	2 818 853
Intangible assets	6	–	–
Investment property	7	2 599 970	2 517 970
Investment in subsidiary	8	9 644 327	9 298 848
Investments			
Equity securities	9	3 705 178	4 480 733
Debt securities	10	9 405 824	10 273 302
Term deposits	11	678 785	683 006
Loans and other receivables	12	387 908	344 839
Insurance / reinsurance receivables	13	5 012 826	3 639 822
Reinsurance recoveries against outstanding claims	24	3 974 297	3 856 142
Salvage recoveries accrued		76 869	55 059
Deferred commission expense	25	772 985	678 039
Retirement benefit	18	–	34 454
Prepayments	14	5 523 607	4 864 069
Cash and bank	15	1 189 522	1 328 500
		45 859 111	44 873 636
Total assets of window takaful operations - Operator's Fund		1 141 221	938 700
Total assets		47 000 332	45 812 336
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	16	2 000 000	2 000 000
Reserves	17	15 407 203	16 183 550
Unappropriated profit		1 866 609	1 395 315
Total equity		19 273 812	19 578 865
Surplus on revaluation of property and equipment		1 076 919	1 013 365
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	24	7 085 599	7 111 989
Unearned premium reserve	23	10 517 726	9 411 142
Unearned reinsurance commission	25	135 214	152 144
Retirement benefit obligations	18	9 038	–
Deferred taxation	19	278 253	724 126
Premium received in advance		26 779	43 747
Insurance / reinsurance payables	20	4 809 795	4 559 213
Other creditors and accruals	21	3 222 312	2 683 162
Taxation - provision less payments		50 910	92 583
Total liabilities		26 135 626	24 778 106
		46 486 357	45 370 336
Total liabilities of window takaful operations - Operator's Fund		513 975	442 000
Total equity and liabilities		47 000 332	45 812 336
Contingencies and commitments	22		

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

RAFIQUE R. BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer	Managing Director & Chief Executive	Chairman

Karachi 23 February 2022

Unconsolidated Profit and Loss Account
For the year ended 31 December 2021

Rupees '000

	Note	2021	2020
Net insurance premium	23	9 806 853	8 616 759
Net insurance claims	24	(4 276 597)	(4 359 123)
Net commission and other acquisition cost	25	(1 269 422)	(775 077)
Insurance claims and acquisition expenses		(5 546 019)	(5 134 200)
Management expenses	26	(2 709 138)	(2 743 670)
Underwriting results		1 551 696	738 889
Investment income	27	1 930 219	2 185 430
Rental income	28	122 193	116 595
Other income	29	154 361	128 234
Change in fair value of investment property	7	78 421	170 138
Other expenses	30	(70 767)	(71 561)
		2 214 427	2 528 836
Results of operating activities		3 766 123	3 267 725
Profit from window takaful operations - Operator's Fund	31	186 105	185 669
Profit before tax		3 952 228	3 453 394
Income tax expense	32	(1 150 649)	(1 082 571)
Profit after tax		2 801 579	2 370 823
Earnings (after tax) per share - Rupees	33	14.01	11.85

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

RAFIQUE R. BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer	Managing Director & Chief Executive	Chairman

Karachi 23 February 2022

Unconsolidated Statement of Comprehensive Income
For the year ended 31 December 2021

Rupees '000

	2021	2020
Profit after tax	2 801 579	2 370 823
Other comprehensive income		
Total items that may be reclassified subsequently to profit and loss account		
Unrealized (loss) / gain on available-for-sale investments during the year	(1 702 523)	677 994
Reclassification adjustments relating to available-for-sale investments disposed of during the year	72 970	167 422
Unrealized gain / (loss) on available-for-sale investments during the year of subsidiary company	107 804	(989 874)
Total unrealized loss on available-for-sale investments	(1 521 749)	(144 458)
Deferred tax on available-for-sale investments	472 570	(245 171)
Deferred tax on available-for-sale investments of subsidiary company	(31 263)	287 063
Net unrealized loss from window takaful operations - Operator's Fund (net of deferred tax)	(1 584)	(568)
	(1 082 026)	(103 134)
Item not to be reclassified to profit and loss account in subsequent year:		
Actuarial (loss) / gains on defined benefit plans	(34 998)	21 236
Related deferred tax	10 150	(6 158)
	(24 848)	15 078
Other comprehensive loss	(1 106 874)	(88 056)
Total comprehensive income for the year	1 694 705	2 282 767

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

RAFIQUE R. BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer	Managing Director & Chief Executive	Chairman

Karachi 23 February 2022

Unconsolidated Cash Flow Statement
For the year ended 31 December 2021

Rupees '000

	2021	2020
Operating cash flows		
a) Underwriting activities		
Insurance premium received	20 591 870	20 647 335
Reinsurance premium paid	(11 456 381)	(11 924 632)
Claims paid	(7 014 018)	(5 243 056)
Reinsurance and other recoveries received	2 549 293	1 880 038
Commission paid	(1 572 352)	(1 410 436)
Commission received	254 100	298 718
Management expenses paid	(2 343 509)	(2 365 111)
Net cash flow from underwriting activities	1 009 003	1 882 856
b) Other operating activities		
Income tax paid	(1 158 821)	(821 027)
Other operating payments	(120 728)	35 372
Other operating receipts	428 753	303 596
Loans advanced	(889)	(483)
Loans repayments received	750	1 418
Net cash flow used in other operating activities	(850 935)	(481 124)
Total cash flow from all operating activities	158 068	1 401 732
Investment activities		
Profit / return received	1 217 218	1 264 821
Dividend received	899 414	770 029
Rentals received	134 082	87 979
Payment for investments / investment properties	(16 522 680)	(13 249 892)
Proceeds from investments / investment properties	16 280 174	12 098 409
Fixed capital expenditures	(340 810)	(246 358)
Proceeds from sale of property and equipment	38 922	22 544
Total cash flow from investing activities	1 706 320	747 532
Financing activities		
Payments against lease liabilities	(52 820)	(50 464)
Dividends paid	(1 950 546)	(1 961 988)
Total cash flow used in financing activities	(2 003 366)	(2 012 452)
Net cash flow (used in) / from all activities	(138 978)	136 812
Cash and cash equivalents at the beginning of year	1 328 500	1 191 688
Cash and cash equivalents at the end of year	1 189 522	1 328 500
Reconciliation to profit and loss account		
Operating cash flows	158 068	1 401 732
Depreciation expense	(349 154)	(340 999)
Financial charges expense	(10 707)	(12 065)
Profit on disposal of property and equipment	28 795	(49 674)
Profit on disposal of investments / investment properties	128 463	200 289
Rental income	122 193	116 595
Dividend Income	891 712	773 726
Other investment income	910 044	1 211 415
Profit on deposits	90 729	106 869
Other income	34 837	71 039
Change in fair value of investment properties	78 421	170 138
Increase / (decrease) in assets other than cash	2 318 662	(1 559 892)
(Increase) / decrease in liabilities other than borrowings	(1 786 589)	95 981
Profit after tax from conventional insurance operations	2 615 474	2 185 154
Profit from window takaful operations - Operator's Fund	186 105	185 669
Profit after tax	2 801 579	2 370 823

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

RAFIQUE R. BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer	Managing Director & Chief Executive	Chairman

Karachi 23 February 2022

Unconsolidated Statement of Changes in Equity
For the year ended 31 December 2020

Rupees '000

	Attributable to equity holders of the Company						
			Revenue reserves				
	Share capital	Capital Reserve - Reserve for exceptional losses	General reserve	Unrealized gain / (loss) on revaluation of available-for-sale investment-net	Unrealized gain on fair value of investment property	Unapprop-riated profit	Total
Balance as at 01 January 2020	2 000 000	12 902	15 000 000	(749 729)	1 502 713	1 530 185	19 296 071
Total comprehensive income for the year ended 31 December 2020							
Profit after tax					120 798	2 250 025	2 370 823
Other comprehensive income				(103 134)		15 078	(88 056)
				(103 134)	120 798	2 265 103	2 282 767
Transactions with owners recorded directly in equity							
Final dividend for the year 2019 at the rate of Rs. 5.50 (55.00%) per share						(1 100 000)	(1 100 000)
1st Interim dividend paid for the year 2020 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)
2nd Interim dividend paid for the year 2020 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)
3rd Interim dividend paid for the year 2020 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)
Transferred from surplus on revaluation of property and equipment on account of incremental depreciation - net of tax						27	27
Other transfer within equity							
Transfer to general reserve			400 000			(400 000)	–
Balance as at 31 December 2020	2 000 000	12 902	15 400 000	(852 863)	1 623 511	1 395 315	19 578 865
Balance as at 01 January 2021	2 000 000	12 902	15 400 000	(852 863)	1 623 511	1 395 315	19 578 865
Total comprehensive income for the year ended 31 December 2021							
Profit after tax					55 679	2 745 900	2 801 579
Other comprehensive income				(1 082 026)		(24 848)	(1 106 874)
				(1 082 026)	55 679	2 721 052	1 694 705
Transactions with owners recorded directly in equity							
Final dividend for the year 2020 at the rate of Rs. 5.50 (55.00%) per share						(1 100 000)	(1 100 000)
1st Interim dividend paid for the year 2021 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)
2nd Interim dividend paid for the year 2021 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)
3rd Interim dividend paid for the year 2021 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)
Transferred from surplus on revaluation of property and equipment on account of incremental depreciation - net of tax						242	242
Other transfer within equity							
Transfer to general reserve			250 000			(250 000)	–
Balance as at 31 December 2021	2 000 000	12 902	15 650 000	(1 934 889)	1 679 190	1 866 609	19 273 812

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

RAFIQUE R. BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer	Managing Director & Chief Executive	Chairman

Karachi 23 February 2022

Notes to the Unconsolidated Financial Statements
For the year ended 31 December 2021

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 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 57 (2020: 54) branches in Pakistan including a branch in Export Processing Zone (EPZ) and a branch in Gwadar Free Zone.

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

2. Basis of preparation and statement of compliance

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

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

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

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

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

2.1 Basis of measurement

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

2.2 Functional and presentation currency

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

2.3 Standards, interpretations and amendments effective during the current year

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after 01 January 2021 but are considered not to be relevant or do not have any significant effect on the Company's operation and therefore not detailed in these financial statements.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2022:

2.4.1 Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 01 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Annual improvement to IFRS Standards 2018-2020

2.4.2 The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022.

- IFRS 16 - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

2.4.3 Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

2.4.4 Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) - the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

– requiring companies to disclose their material accounting policies rather than their significant accounting policies;

– clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

– clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 01 January 2023 with earlier application permitted.

2.4.5 Definition of Accounting Estimates (Amendments to IAS 8) - The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023 and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

2.4.6 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) - The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 01 January 2023 with earlier application permitted.

2.4.7 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

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

The Company has determined that it is eligible for the temporary exemption option since the Company has not previously applied any version of IFRS 9, its activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the company doesn't engage in significant activities unconnected with insurance based on historical available information. Under the temporary exemption option, the Company can defer the application of IFRS 9 until the application IFRS 17.

To determine the appropriate classification of financial assets under IFRS 9, an entity would need to assess the contractual cash flows characteristics of any financial asset. Indeed, the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding (“SPPI”) i.e. cash flows that are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest.

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

The tables below set out the fair values as at the end of reporting period and the amount of change in the fair value during that period for the following two groups of financial assets separately:

a) financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding, excluding any financial asset that meets the definition of held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis, and

b) all other financial assets:

Rupees '000

Financial assets	31 December 2021				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized gain or (loss) during the year	Carrying Value	Cost less Impairment	Change in unrealized gain or (loss) during the year
Cash and bank *	184 562	–	1 004 960	–	–
Investment in subsidiary - available-for-sale	9 644 327	107 804	–	–	–
Investments in equity securities - available-for-sale	3 705 178	(919 108)	–	–	–
Investments in debt securities - available-for-sale	–	–	9 405 824	–	(710 445)
Term deposits *	–	–	678 785	–	–
Loans and other receivables *	385 915	–	1 993	–	–
Total	13 919 982	(811 304)	11 091 562	–	(710 445)

* The carrying amount of these financial assets measured applying IAS 39 are a reasonable approximation of their fair values.

Rupees '000

	31 December 2021				
	Gross carrying amounts of debt instruments that pass the SPPI test				
	AAA	AA+	AA	AA-	Unrated
Investments in debt securities - available-for-sale	100 000	51 807	53 803	180 000	9 020 214
Term deposits	390 285	–	–	288 500	–
Total	490 285	51 807	53 803	468 500	9 020 214

3. Summary of significant accounting policies

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

3.1 Property and equipment

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

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

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

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

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

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

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

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

3.1.1 Leases

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

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

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

3.1.2 Capital work in progress

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

3.2 Intangible asset

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

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

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

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

3.3 Investment properties

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

3.4 Insurance contracts

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

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

The Company underwrites non-life insurance contracts that can be categorized into fire and property damage, marine, aviation and transport, motor and miscellaneous contracts. Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) of a facultative nature are included within the individual category of insurance contracts, other than those, which fall under Treaty. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insurer.

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

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

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

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

3.5 Commission

3.5.1 Deferred commission expense

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

3.5.2 Commission income

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

3.6 Premium

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

3.6.1 Unearned premium reserves

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

3.7 Premium deficiency reserve (liability adequacy test)

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

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

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

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

	2021	2020
– Fire and property damage	44 %	45 %
– Marine, aviation and transport	41 %	41 %
– Motor	50 %	50 %
– Miscellaneous	54 %	45 %

3.8 Reinsurance contracts

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

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

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

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

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

3.9 Receivables and payables

3.9.1 Receivables and payables related to insurance contracts

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

Provision for impairment in premium receivables is estimated on a systematic basis after analyzing the receivables as per their ageing.

3.9.2 Creditors, accruals and provisions

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

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

3.10 Segment information

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' results are reviewed regularly by the Company to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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

The Company has four primary business segments for reporting purposes namely, fire and property damage, marine, motor and miscellaneous. The nature and business activities of these segments are disclosed in note no. 3.4.

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

3.11 Cash and cash equivalents

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

3.12 Revenue recognition

3.12.1 Premium

The revenue recognition policy for premiums is given under note 3.6.

3.12.2 Commission income

The revenue recognition policy for commission income is given under note 3.5.2.

3.12.3 Investment income

Return on debt investments, profit and loss sharing accounts and bank deposits are recognized using effective interest rate method.

Profit or loss on sale of investments is recognized at the time of sale.

3.12.4 Dividend Income

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

3.13 Investments

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

3.13.1 Recognition

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

All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Company commits to purchase or sell the investments.

3.13.2 Measurement

3.13.2.1 Available-for-sale

Available-for-sale Investments are those non-derivative instruments that are designated as available-for-sale or are not classified in any other category.

At the time of acquisition, investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

Subsequent to initial measurement, these are remeasured at fair value. Surplus / (deficit) on revaluation from one reporting date to other is taken to other comprehensive income in the Statement of Comprehensive Income. On derecognition or impairment of available-for-sale investments, the cumulative gain or loss previously reported in other comprehensive income is transferred to profit and loss for the period within Statement of Comprehensive Income. Whereas, any reversal in impairment is taken in Statement of Comprehensive Income.

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

3.13.2.2 Held to maturity

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

Subsequently, these are measured at amortized cost less provision for impairment in value, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition using the effective yield method.

The difference between the redemption value and the purchase price of the held to maturity investment is amortized and taken to the profit and loss account over the term of investment.

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

3.13.3 Derivatives

Derivative instruments held by the Company primarily comprise of future contracts in the capital market. These are initially recognized at fair value and are subsequently remeasured at fair value. The fair value of future contracts is calculated as being the net difference between the contract price and the closing price reported on the primary exchange of the future contracts. Derivatives with positive market values (unrealized gains) are included in assets and derivatives with negative market values (unrealized losses) are included in liabilities in the financial statement. The resultant gains and losses are included in the profit and loss account.

3.14 Offsetting of financial assets and financial liabilities

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

3.15 Claims

Claims are charged to income as incurred based on estimated liability for compensation owed under the insurance contracts. It includes claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

3.15.1 Provision for outstanding claims (including IBNR)

A liability for outstanding claims is recognized in respect of all claims incurred upto the financial statement date, which is measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to claims reported but not settled, claims incurred but not reported (IBNR) and expected claims settlement costs.

Reinsurance recoveries against outstanding claims are recognized as an asset and measured at the amount expected to be received.

3.15.2 Claims reported but not settled

Provision for liability in respect of claims reported but not settled at the financial statement date is made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the sums insured. Case estimates are reviewed periodically to ensure that the recognized outstanding claim amounts are adequate to cover expected future payments including expected claims settlement costs and are updated as and when new information becomes available.

3.15.3 Claims incurred but not reported

The provision for claims incurred but not reported (IBNR) is made at the financial statement date. The Company takes actuarial advice for the determination of IBNR claims. IBNR claims have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF), which represents the extent of future development of claims to reach their ultimate level.

3.16 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income or below equity, in which case it is recognized in other comprehensive income or below equity.

3.16.1 Current

Provision for current taxation is based on taxable income determined in accordance with the prevailing law for taxation of income and is calculated using enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for the current taxation also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year or required by any other reason.

3.16.2 Deferred

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

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.17 Employees' retirement benefits

3.17.1 Defined benefit plans

The Company operates the following employee defined benefit plans:

– Funded gratuity scheme

  The Company operates an approved gratuity fund for all employees who complete qualifying period of service.

– Funded pension scheme

  Defined benefit funded pension for all eligible officers.

These funds are administered by trustees. The pension plan is a career average salary plan and the gratuity plan is a final basic salary plan. The actuarial valuation of both the plans is carried out on a yearly basis using the Projected Unit Credit Method and contributions to the plans are made accordingly.

Actuarial gains and losses are recognized in other comprehensive income in the year in which they arise.

3.17.2 Defined contribution plan

The Company contributes to a provident fund scheme, which covers all permanent employees. Both the Company and the employees make equal contributions to the fund at the rate of 8.33 % of basic salary.

3.18 Impairment

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

If a decline in fair value is significant or prolonged, then there is objective evidence of impairment, regardless of how long management intends to hold the investment. If there has been a significant or prolonged decline in the market price of subsidiary/associate at the reporting date, then the impairment test is performed in accordance with IAS 36.

The carrying amount of non-financial assets is reviewed at each financial statement date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such asset is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

All impairment losses are recognized in the profit and loss account. Provisions for impairment are reviewed at each financial statement date and are adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense.

3.19 Dividend and bonus shares

Dividend to shareholders is recognized as liability in the period in which it is approved. Similarly, reserve for issue of bonus shares is recognized in the year in which such issue is approved.

3.20 Expenses of management

All expenses of management have been allocated between business of Company and window takaful operations - Operators' Fund to the various revenue accounts on equitable basis.

3.21 Rental income

Rental income on investment properties is recognized over the term of lease.

3.22 Compensated absences

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

3.23 Foreign currencies

Revenue transactions in foreign currencies are recorded at the rates prevailing on the date of the transactions. Income and expense amounts relating to foreign branches have been translated at the applicable exchange rates. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing on the financial statement date. Exchange gains or losses, if any, are taken into profit and loss account.

3.24 Financial instruments

Financial instruments include cash and bank balances, loans to employees, investments, premiums due but unpaid, amount due from other insurers / reinsurers, accrued investment income, reinsurance recoveries against outstanding claims, security deposits, other receivables, outstanding claim liabilities, amount due to other insurers / reinsurers, accrued expenses, agents' balances, other creditors, deposits and unclaimed dividends.

All the financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or losses on de-recognition of financial assets and financial liabilities are taken to income directly.

3.25 Earnings per share

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

profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4. Accounting estimates and judgements

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

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

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

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the unconsolidated financial statements are:

	Note
– Property and equipment	3.1
– Lease liabilities	3.1.1
– Investment properties	3.3
– Premium deficiency reserve (liability adequacy test)	3.7
– Receivables related to insurance contracts	3.9.1
– Provision for outstanding claims (including IBNR)	3.15.1
– Taxation	3.16
– Employees' retirement benefits	3.17
– Impairment	3.18
– Contingencies	22

4.1 Change in accounting estimates

The Company, during the year has reviewed the useful life of tracker equipment. This has resulted into revision of useful life of tracker equipment from five years to three years. This change has been accounted for as change in accounting estimate in accordance with the requirements of International Accounting Standard (IAS-8) “Accounting Policies, Changes in Estimates and Errors" whereby the effect of the change has been recognized prospectively by including the same in the profit and loss account in the year of the change. Had the Company's accounting estimate not been changed, written down value of property and equipment of the Company and profit after tax for the year would have been higher by Rs. 51.33 million and Rs. 36.45 million respectively.

5. Property and equipment

Rupees ‘000

	Note	2021	2020
Operating assets	5.1	2 887 013	2 818 853
		2 887 013	2 818 853

5.1 Operating assets

Rupees '000

2021

	Cost / Revaluation					Rate	Depreciation				Written down value
	As at 01 January	Additions	(Disposals) / Adjustments	Revaluation	As at 31 December	Rate %	As at 01 January	For the year	(Disposals) / Adjustments	As at 31 December	As at 31 December
Land	1 502 198	–	–	23 472	1 525 670	0	–	–	–	–	1 525 670
Buildings	932 158	95 413	–	66 381	1 093 952	5	287 444	48 191	–	335 635	758 317
Right of use assets - building	186 321	84 803	(72 474)	–	198 650	lease term	88 279	44 422	(69 252)	63 449	135 201
Leasehold improvements	29 935	2 167	–	–	32 102	lease term	23 187	3 767	–	26 954	5 148
Furniture and fixtures	438 483	18 632	(18 779)	–	438 336	10	284 245	31 694	(16 285)	299 654	138 682
Office equipment	304 148	21 662	(1 720)	–	324 090	10	226 487	19 809	(1 034)	245 262	78 828
Computer equipment	101 421	23 758	(6 441)	–	118 738	30	70 855	21 325	(5 187)	86 993	31 745
Vehicles	768 954	70 104	(56 598)	–	782 460	20	548 981	94 693	(50 905)	592 769	189 691
Tracker equipment	169 081	24 271	(72 712)	–	120 640	33.33	84 368	85 253	(72 712)	96 909	23 731
	4 432 699	340 810	(228 724)	89 853	4 634 638		1 613 846	349 154	(215 375)	1 747 625	2 887 013

2020

	Cost / Revaluation					Rate	Depreciation				Written down value
	As at 01 January	Additions	(Disposals) / (Write off)	Revaluation	As at 31 December	Rate %	As at 01 January	For the year	(Disposals) / (Write off)	As at 31 December	As at 31 December
Land	1 489 974	–	–	12 224	1 502 198	0	–	–	–	–	1 502 198
Buildings	825 089	101 013	–	6 056	932 158	5	243 983	43 461	–	287 444	644 714
Right of use assets - building	161 067	25 254	–	–	186 321	lease term	43 842	44 437	–	88 279	98 042
Leasehold improvements	27 671	2 264	–	–	29 935	lease term	18 544	4 643	–	23 187	6 748
Furniture and fixtures	592 381	20 654	(174 552)	–	438 483	10	416 122	35 504	(167 381)	284 245	154 238
Office equipment	322 101	13 667	(31 620)	–	304 148	10	227 559	27 559	(28 631)	226 487	77 661
Computer equipment	214 389	15 164	(128 132)	–	101 421	30	179 412	19 568	(128 125)	70 855	30 566
Vehicles	768 397	39 126	(38 569)	–	768 954	20	479 241	104 275	(34 535)	548 981	219 973
Tracker equipment	403 735	29 216	(263 870)	–	169 081	20	228 670	61 552	(205 854)	84 368	84 713
	4 804 804	246 358	(636 743)	18 280	4 432 699		1 837 373	340 999	(564 526)	1 613 846	2 818 853

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

Category of Assets (Mode of disposal)	Original cost	Accumulated depreciation	Book value	Sale proceeds	Sold to
	Rupees '000				
Furniture & fixtures (Negotiation)	7 117	5 133	1 984	685	Mr. Ahsan Ali
Written down value below Rs. 50 000	11 662	11 152	510	649	Various
	18 779	16 285	2 494	1 334	
Office equipments (Negotiation)	464	121	343	20	Mr. Kamran
Written down value below Rs. 50 000	1256	913	343	74	Various
	1 720	1 034	686	94	
Computers (Negotiation)	974	531	443	2	Nayab Computers
Written down value below Rs. 50 000	5 467	4 656	811	250	Various
	6 441	5 187	1 254	252	
Vehicles (Negotiation)	2 772	1 848	924	2 000	Mr. Malik Mohammad Parvez
	2 430	1 175	1 255	–	Theft
	2 425	1 738	687	2 200	Mr.Fahad Ali Subhani
	1 984	860	1 124	1 650	Mr. Syed Wasif Hussain
	1 264	885	379	900	Mr. Hasan Riaz (Ex-Employee)
	1 121	449	672	750	Mr. Haji Nausherwan (Ex-Employee)
	849	481	368	350	Mr. Khawaja Samiullah (Ex-Employee)
	718	658	60	530	Mr. Arshad Iqbal (Employee)
	717	550	167	375	Mr. Haseeb Bajwa (Ex-Employee)
Written down value below Rs. 50 000	42 318	42 261	57	28 487	Various
	56 598	50 905	5 693	37 242	
Tracker equipments Written down value below Rs. 50 000	72 712	72 712	–	–	
Total	156 250	146 123	10 127	38 922	
Right of use assets - building	72 474	69 252	3 222	–	Lease termination

6. Intangible assets

Cost and accumulated amortization in respect of fully amortized intangible assets still in use at the end of the year amounting to Rs. 59.57 million (2020: Rs. 59.57 million).

Rupees '000

	2021	2020
7. Investment property		
Opening net book value	2 517 970	2 341 470
Additions and capital improvements	3 579	6 362
Unrealized fair value gain	78 421	170 138
Closing book value	2 599 970	2 517 970

Market value of these investment properties amounts to Rs. 2,600 million (2020: Rs. 2,518 million) based on a revaluation carried out by different valuer as at 31 December 2021 and revaluation gain of Rs. 78 million (2020: Rs. 170 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 recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Company's investment properties every year.

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) and which is considered as highest and best use of investment property.

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.

8. Investment in subsidiary

Rupees '000

	2021			2020		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Subsidiary						
Listed shares	13 328 616	–	13 328 616	13 090 943	–	13 090 943
Deficit on revaluation	–	–	(3 684 289)	–	–	(3 792 095)
	13 328 616	–	9 644 327	13 090 943	–	9 298 848

During the year, the Company acquired 1,291,467 shares of EFU Life Assurance Limited for Rs. 237.68 million (2020: 537,100 shares for Rs. 119.39 million).

Rupees '000

Name	Year	Country of Incorporation	Assets	Liabilities	Revenues	Profit	% Interest Held
EFU Life Assurance Limited	2021	Pakistan	163 178 594	157 000 215	36 350 499	1 508 197	45.78
EFU Life Assurance Limited	2020	Pakistan	154 479 936	148 304 847	31 653 339	1 784 150	44.49

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

Rupees '000

	2021			2020		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Related Party*						
Listed shares	396 298	–	396 298	396 298	–	396 298
Others						
Listed shares	2 260 862	(160 216)	2 100 646	1 969 892	(39 956)	1 929 936
Unlisted shares	15 500	(15 500)	–	15 500	(15 500)	–
	2 276 362	(175 716)	2 100 646	1 985 392	(55 456)	1 929 936
Surplus on revaluation	–	–	1 208 234	–	–	2 154 499
	2 672 660	(175 716)	3 705 178	2 381 690	(55 456)	4 480 733

* 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	2021			2020		
		Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Government securities							
Pakistan Investment Bonds		9 010 397	–	9 010 397	8 990 047	–	8 990 047
Treasury Bills		445 256	–	445 256	622 638	–	622 638
		9 455 653	–	9 455 653	9 612 685	–	9 612 685
Term finance certificate							
Others							
New Allied Electronics Ltd.	10.1	3 481	(3 481)	–	3 481	(3 481)	–
Agritech Ltd. - 3rd Issue (B)	10.2	5 665	(5 665)	–	5 665	(5 665)	–
Agritech Ltd. - 3rd Issue (A)	10.3	34 972	(34 972)	–	34 972	(34 972)	–
Soneri Bank Limited	10.4	100 000	–	100 000	100 000	–	100 000
Habib Bank Limited	10.5	100 000	–	100 000	100 000	–	100 000
		244 118	(44 118)	200 000	244 118	(44 118)	200 000
Corporate sukuks							
Others							
Dubai Islamic Bank Limited	10.6	80 000	–	80 000	80 000	–	80 000
Engro Polymer & Chemicals Limited	10.7	50 000	–	50 000	50 000	–	50 000
The Hub Power Company Limited	10.8	50 000	–	50 000	50 000	–	50 000
		180 000	–	180 000	180 000	–	180 000
(Deficit) / surplus on revaluation		–	–	(429 829)	–	–	280 617
		9 879 771	(44 118)	9 405 824	10 036 803	(44 118)	10 273 302

Rupees '000

	No. of Certificate 2021	No. of Certificate 2020	Face Value	Value of Certificate 2021	Value of Certificate 2020
10.1 New Allied Electronics Ltd.	2 000	2 000	5000	–	–
10.2 Agritech Ltd. - 3rd Issue (B)	1 133	1 133	5000	–	–
10.3 Agritech Ltd. - 3rd Issue (A)	7 000	7 000	5000	–	–
10.4 Soneri Bank Limited	20 000	20 000	5000	100 000	100 000
10.5 Habib Bank Limited	1 000	1 000	100000	100 000	100 000
10.6 Dubai Islamic Bank Limited	16 000	16 000	5000	80 000	80 000
10.7 Engro Polymer & Chemicals Limited	500	500	100000	53 803	51 075
10.8 The Hub Power Company Limited	500	500	100000	51 807	51 124
	48 133	48 133		385 610	382 199

Name of investment	Maturity year	Effective yield %	Profit payment	Face value	2021
6 months Treasury Bills	2022	7.38	On maturity	450 000	443 292
3 Years Pakistan Investment Bonds	2023	8.12	Half yearly	300 000	286 765
5 Years Pakistan Investment Bonds	2023	11.26 - 13.80	Half yearly	164 300	156 710
5 Years Pakistan Investment Bonds	2024	7.52 - 11.52	Half yearly	8 321 500	7 958 217
10 Years Pakistan Investment Bonds	2028	13.43	Half yearly	200 000	175 230
					9 020 214
The amount of Pakistan Investment Bonds includes Rs. 235 million (2020: Rs. 225 million) deposited with the State Bank of Pakistan as required by Section 29 of the Insurance Ordinance, 2000 and Rs. 170 million deposited with NCCPL (2020: Rs. 170 million)					
Term finance certificates (TFCs) – quoted					
New Allied Electronics Limited*	2012	12.92	Quarterly	3 481	–
Agritech Limited – 3rd Issue (B)*	2017	11.00	Half yearly	5 665	–
Agritech Limited – 3rd Issue (A)*	2019	13.35	Quarterly	34 972	–
Soneri Bank Limited	2026	9.70	Half yearly	100 000	100 000
Habib Bank Limited	Perpetual	9.36	Quarterly	100 000	100 000
					200 000
Corporate sukuks – quoted					
Dubai Islamic Bank Limited	2023	9.21	Monthly	80 000	80 000
The Hub Power Company Limited	2023	9.29	Quarterly	50 000	51 807
Engro Polymer & Chemicals Limited	2026	8.35	Quarterly	50 000	53 803
					185 610
					9 405 824

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

Rupees '000

Name of investment	Maturity year	Effective yield %	Profit payment	Face value	2020
3 months Treasury Bills	2021	7.11 - 7.16	On maturity	628 000	622 590
3 Years Pakistan Investment Bonds	2021	11.91 - 14.25	Half yearly	4 492 000	4 493 285
3 Years Pakistan Investment Bonds	2023	8.12	Half yearly	300 000	300 495
5 Years Pakistan Investment Bonds	2023	11.26 - 11.80	Half yearly	164 300	163 558
5 Years Pakistan Investment Bonds	2024	7.52 - 11.52	Half yearly	4 041 500	4 121 966
10 Years Pakistan Investment Bonds	2028	13.43	Half yearly	200 000	189 208
					9 891 102
The amount of Pakistan Investment Bonds includes Rs. 225 million (2019: Rs. 204 million) deposited with the State Bank of Pakistan as required by Section 29 of the Insurance Ordinance, 2000.					
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	15.50	Half yearly	100 000	100 000
Habib Bank Limited	Perpetual	15.14	Quarterly	100 000	100 000
					200 000
Corporate sukuks – quoted					
Dubai Islamic Bank Limited	2023	15.6	Monthly	80 000	80 000
The Hub Power Company Limited	2023	15.51	Quarterly	50 000	51 125
Engro Polymer & Chemicals Limited	2026	14.54	Quarterly	50 000	51 075
					182 200
					10 273 302

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

Rupees '000

	Note	2021	2020
11. Investment in term deposits			
Held to maturity			
Deposits maturing within 12 months			
Term deposits certificates - local currency	11.1 & 11.3	288 500	366 800
Term deposits certificates - foreign currency	11.2	390 285	316 206
		678 785	683 006

11.1 The rate of return on term deposit certificates issued by various banks ranges from 7.70 % to 10.00 % per annum (2020: 6.75 % to 13.00 % per annum) depending on tenure. These term deposit certificates have maturities upto August 2022.

11.2 The rate of return on foreign currency term deposit certificates issued by various banks ranges from 0.15 % to 0.85% per annum (2020: 0.10 % to 1.35 % per annum) depending on tenure. These term deposit certificates have maturities upto January 2022.

11.3 This includes an amount of Rs. 13 million (2020: Rs. 13 million) under lien with banks against guarantees issued in favour of the Company.

Rupees '000

	Note	2021	2020
12. Loans and other receivables – considered good			
Loans to employees		1 993	1 854
Accrued investment income		246 992	289 588
Security deposits		17 969	17 431
Advances to suppliers		50 026	4 098
Advances to employees		7 200	5 102
Other receivables		63 728	26 766
		387 908	344 839
13. Insurance / reinsurance receivables - unsecured and considered good			
Due from insurance contract holders		4 918 382	3 573 077
Provision for impairment of receivables from insurance contract holders	13.1	(1 195)	(7 123)
		4 917 187	3 565 954
Due from other insurer / reinsurers		95 639	73 868
		5 012 826	3 639 822
13.1 Provision for impairment of receivables from insurance contract holders			
Balance as on 01 January		7 123	209 784
Reversal during the year	26	(5 928)	(13 474)
Written off		–	(189 187)
Balance as on 31 December		1 195	7 123
14. Prepayments			
Prepaid reinsurance premium ceded	23	5 468 998	4 808 670
Software and hardware support services		2 419	845
Prepaid charges for vehicle tracking devices		39 347	50 090
Others		12 843	4 464
		5 523 607	4 864 069
15. Cash and bank			
Cash and cash equivalents			
Policy and revenue stamps bond papers		19 588	19 962
Cash at bank			
Current accounts		164 974	148 584
Saving accounts	15.1 & 15.2	1 004 960	1 159 954
		1 169 934	1 308 538
		1 189 522	1 328 500
Cash and short term borrowing include following for the purposes of the cash flow statement:			
Cash and cash equivalents		1 189 522	1 328 500

15.1 The rate of return on saving accounts from various banks ranges from 7.25 % to 9.00 % per annum (2020: 5.50 % to 6.50 % per annum) depending on the size of average deposits.

15.2 This includes an amount of Rs. 54 million (2020: Rs. 57 million) under lien with banks against guarantees issued in favour of the Company.

16. Share capital

16.1 Authorized Capital

Number of shares '000			Rupees '000	
2021	2020		2021	2020
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	
2021	2020		2021	2020
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 2021, EFU Life Assurance Limited, a subsidiary undertaking, held 4,680,961 (2020: 4,680,961) ordinary shares of Rs. 10 each.

	Note	2021	2020
		Rupees '000	
17. Reserves			
Capital reserve			
Reserve for exceptional losses	17.1	12 902	12 902
Revenue reserves			
General reserve		15 650 000	15 400 000
Revaluation reserve for unrealized loss on available-for-sale investments - net		(1 934 889)	(852 863)
Reserve for change in fair value of investment property - net		1 679 190	1 623 511
		15 407 203	16 183 550

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 2021 uses a discount rate of 11.50 % (2020: 9.50 %) for defined benefit obligation and plan assets. Basic salary and pension increases to average 8.50 % and 0.00 % (2020: 6.50 % and 0.00 %) respectively per annum in the long term.

Rupees '000

		2021		2020	
		Pension	Gratuity	Pension	Gratuity
18.1	Reconciliation of the present value of defined benefit obligations				
	At the beginning of the year	222 860	511 467	218 468	448 210
	Current service cost	1 196	22 209	1 055	20 315
	Interest cost	20 084	45 812	25 262	52 940
	Remeasurement loss due to:				
	Change in financial assumptions	(23 104)	–	4 754	–
	Experience	(323)	28 713	(3 874)	18 549
	Benefits paid	(22 908)	(58 470)	(22 805)	(28 547)
	At the end of the year	197 805	549 731	222 860	511 467
18.2	Changes in fair value of plan assets				
	At the beginning of the year	267 126	501 662	246 073	450 294
	Interest income	24 343	45 346	28 704	53 194
	Remeasurement gain / (loss) due to:				
	Investment return	(11 931)	(17 780)	13 945	26 721
	Contributions paid by Company	228	9 805	242	–
	Contributions paid by employees	911	–	967	–
	Benefits paid	(22 908)	(58 470)	(22 805)	(28 547)
	At the end of the year	257 769	480 563	267 126	501 662
18.3	Charge to profit and loss account				
	Service cost				
	Current service cost	1 196	22 209	1 055	20 315
	Employee contributions	(911)	–	(967)	–
	Net interest (income) / cost	(4 259)	466	(3 442)	(254)
	Chargeable in profit and loss account	(3 974)	22 675	(3 354)	20 061
18.4	Remeasurements recognized in other comprehensive income				
	Change in financial assumptions	(23 104)	–	4 754	–
	Experience on obligation	(323)	28 713	(3 874)	18 549
	Investment return	11 931	17 780	(13 945)	(26 721)
	Chargeable in statement of comprehensive income	(11 496)	46 493	(13 065)	(8 172)
	Total defined benefit cost	(15 470)	69 168	(16 419)	11 889
18.5	(Asset) / liability on balance sheet				
	At the beginning of the year	(44 266)	9 805	(27 605)	(2 084)
	Defined benefit cost	(15 470)	69 168	(16 419)	11 889
	Contributions paid by Company	(228)	(9 805)	(242)	–
	At the end of the year	(59 964)	69 168	(44 266)	9 805
	Reconciliation				
	Obligation	197 805	549 731	222 860	511 467
	Plan assets	(257 769)	(480 563)	(267 126)	(501 662)
	Net (asset) / liability on balance sheet	(59 964)	69 168	(44 266)	9 805

18.6 Historical data

Rupees '000

	2020	2019	2018	2017	2016
Pension					
Present value of defined benefit obligation	222 860	218 468	208 041	280 809	278 214
Fair value of plan assets	(267 126)	(246 073)	(232 183)	(249 514)	(279 401)
(Surplus) / deficit	(44 266)	(27 605)	(24 142)	31 295	(1 187)
Experience adjustment					
- Actuarial loss / (gain) on obligation	(3 874)	(1 325)	2 058	1 756	10 451
- Actuarial (loss) / gain on assets	13 945	7 143	(14 850)	(29 847)	33 506
Gratuity					
Present value of defined benefit obligation	511 467	448 210	426 035	365 990	329 987
Fair value of plan assets	(501 662)	(450 294)	(339 062)	(325 311)	(328 138)
(Surplus) / deficit	9 805	(2 084)	86 973	40 679	1 849
Remeasurements due to:					
- Actuarial loss / (gain) on obligation	18 549	(13 557)	45 279	15 080	16 810
- Actuarial gain / (loss) on assets	26 721	13 926	(22 136)	21 566	15 124

18.7 Composition of fair value of plan assets

Fund investments	Pension				Gratuity			
	2021		2020		2021		2020	
Debt	97%	250 354	95%	244 418	93%	447 696	91%	441 510
Equity	3%	7 151	5%	14 028	7%	31 274	8%	42 219
Cash	0%	265	0%	621	0%	1 594	1%	3 936
	100%	257 770	100%	259 067	100%	480 564	100%	487 665

The expected charge to pension and gratuity fund for the year 2022 amounts to Rs. 22 million.

18.8 Sensitivity analysis on significant actuarial assumptions: Actuarial liability

Impact on obligation of 1 % change in assumptions

Assumptions	**1 % increase**	**1 % decrease**
Discount rate	(33 154)	36 907
Salary increase	26 483	(24 147)
Pension increase	12 488	–

Weighted average duration of the plan is 5.3 years.

Projected payments	**Pension**	**Gratuity**
Company contributions 2022	206	31 710
Benefit payments:		
2022	29 349	147 890
2023	28 591	61 943
2024	28 446	53 726
2025	27 948	78 660
2026	27 034	49 197
2027 - 2031	119 563	385 352

Rupees '000

		Note	2021	2020
19.	**Deferred taxation**			
	Deferred debits arising in respect of			
	Premium due but unpaid		(346)	(2 066)
	Impairment of TFC		(12 794)	(12 794)
	Defined benefit plan		(15 355)	(5 205)
	Unrealized gain on available-for-sale investments		(788 918)	(347 611)
	Right to use asset		(5 221)	(4 724)
	Impairment of available-for-sale equity securities		(50 958)	–
	Deferred credits arising in respect of			
	Fair value of investment property		685 866	663 124
	Revaluation of property and equipment		439 868	413 910
	Accelerated tax depreciation		26 111	19 492
			278 253	724 126
20.	**Insurance / reinsurance payable**			
	These amounts represent amount payable to other insurers and reinsurer			
21.	**Other creditors and accruals**			
	Federal insurance fee payable		13 513	11 847
	Federal excise duty and sales tax payable		307 645	175 492
	Accrued expenses		312 001	297 260
	Agent commission payable		569 519	506 475
	Unearned rentals		69 329	68 097
	Other deposits		1 378 680	1 098 695
	Unclaimed dividends		408 634	359 180
	Lease liability	21.1	139 330	100 561
	Others		23 661	65 555
			3 222 312	2 683 162
21.1	Lease liability			
	Current		43 843	35 326
	Non-current		95 487	65 235
			139 330	100 561

	2021			2020		
	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	45 492	1 649	43 843	36 640	1 314	35 326
Later than one year and not later than five years	94 337	20 374	73 963	62 952	13 923	49 029
Over five years	86 520	64 996	21 524	78 787	62 581	16 206
	226 349	87 019	139 330	178 379	77 818	100 561

22. Contingencies and commitments

The income tax assessment of the Company has been finalized up to the tax year 2021

The Income Tax Department has made an assessment order for the assessment years 1999-2000 and 2000-2001 by adding back provision for bonus to staff, provision for gratuity and excess management expenses. The Company had filed appeals before the Commissioner, Inland Revenue (Appeals). The appeals have been decided in the favour of the Income Tax Department. The Company had filed appeals before the Income Tax Appellate Tribunal (ITAT). If the appeals are decided against the Company a tax liability of Rs. 13 million would arise.

The Income Tax Department (Audit) has made an assessment order for the assessment year 2002-2003 by adding certain items. The Company had filed an appeal before Commissioner Income Tax (Appeals). The appeal was decided in the favour of the Company. The Department had filed an appeal before the Income Tax Appellate Tribunal (ITAT) and the same has been decided in the favour of the Company. The Department has filed an appeal before the Honourable High Court of Sindh against the order of the Income Tax Appellate Tribunal (ITAT) in respect of the estimated liability of claims, excess perquisites and retrocession commission. If the appeal is decided against the Company a tax liability of Rs. 76 million would arise.

The Commissioner Inland Revenue (Audit) has amended the tax assessment of the Company for the tax year 2005 to 2007 by disallowing prorated expense. The Company has filed appeals before Commissioner Income Tax (Appeals). The appeals were decided in the favour of the Company. The Department then filed appeals before the Income Tax Appellate Tribunal (ITAT). The Income Tax Appellate Tribunal (ITAT) had passed an order in favour of the Company. The Department then filed a reference before the Honourable High Court of Sindh. The Honourable High Court of Sindh maintained the decision of the Income Tax Appellate Tribunal (ITAT). The Department has filed appeals for the tax year 2005 to 2007 before the Honourable Supreme Court of Pakistan against the decision of the Honourable High Court of Sindh in respect of proration of expenses and if the appeals are decided against the Company, a tax liability of Rs. 37 million would arise.

The Commissioner Inland Revenue (Audit) has amended the tax assessment of the Company for the tax year 2008 by adding capital gain on investment, depreciation on leased asset, 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 Commission Income Tax (Appeals) against the order of Income Tax Commissioner (Audit). The Appeal decided in favour of the Company except addition made on account of reinsurance premium ceded. The Company has filed an appeal before the Income Tax Appellate Tribunal (ITAT) against the decision of the Income Tax Commissioner (Appeals) for maintaining the decision of Income Tax Commissioner (Audit) with respect to confirming the addition made on account of reinsurance premium ceded. The Income Tax Appellate Tribunal (ITAT) decided the case in favour of the Company. The Department filed an appeal in Income Tax Appellate Tribunal (ITAT) against the decision of the Income Tax Commissioner (Appeals) for deletion of Capital Gain on Investment, Provision for Leave Encashment, and Depreciation on Leased Asset. The Income Tax Appellate Tribunal (ITAT) decided the case in favour of the Company. The Department has filed appeals before the Honourable High Court of Sindh against the decision of the Income Tax Appellate Tribunal (ITAT) in respect of tax on reinsurance premium, deletion of Capital Gain on Investment, Provision for Leave Encashment, and Depreciation on Leased Asset. If the appeals decided against the Company, a tax liability of Rs. 5,099 million would be payable. The Honourable High Court of Sindh has issued orders in favour of the assesses on identical cases.

The Department has filed an appeal for tax years 2014 to 2016 before the Income Tax Appellate Tribunal (ITAT) against the order of Commissioner (Appeal) in respect of Dividend Income taxed at the reduced rate. If the appeal is decided against the Company, a tax liability of Rs. 355 million would arise.

The Commissioner 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 Commissioner Income Tax (Appeals). The Commissioner Income Tax (Appeals) has confirmed the action of the Commissioner, Inland Revenue (Audit). The Company then filed appeals before the Income Tax Appellate Tribunal (ITAT). If the appeal is decided against the Company, a tax liability of Rs. 2 million would arise. The Income-tax Appellate Tribunal (ITAT) has issued orders in favour of the Company on this issue in previous years.

The Commissioner Inland Revenue (Audit) has made an addition to the income of the Tax year 2020 on account of expenses. The Company has filed appeals before Commissioner Income Tax (Appeals). If the appeal is decided against the Company, a tax liability of Rs. 2 million would arise.

The Commissioner Inland Revenue (Audit) has made an addition to the income of Tax years 2021 on account of the fair market value of motor vehicles. The Company has filed appeals before Commissioner Income Tax (Appeals). If the appeal is decided against the Company, a tax liability of Rs. 2 million would arise. The Income-tax Appellate Tribunal (ITAT) has issued orders in favour of the Company on this issue in previous years.

In 2014, 2015, 2016, 2017 and 2018, the Searle Company Limited issued bonus shares (453,612, 312,993, 664,632, 472,284 and 443,697 shares, respectively) after withholding 5 percent of bonus shares (22,680, 15,650, 34,981, 24,857 and 21,360 shares respectively). In this regard, a constitutional petition had been filed by the Company in the Honourable High Court of Sindh challenging the applicability of withholding tax provision on bonus shares received by the Company. The Honourable High Court of Sindh decided the case against the Company. Subsequently, the Company filed an appeal with a larger bench of the Honourable High Court of Sindh and in response; the Sindh High Court has suspended the earlier judgement until the next date of hearing, which has not yet been decided. Consequently, the Company has not paid/provided an amount of Rs. 37 million being withholding tax on bonus shares.

No provision has been made in these unconsolidated financial statements for the above contingencies, as the management, based on the tax advisor's opinion, is confident that the decision in this respect will be decided in favour of the Company.

There are no commitments as at 31 December 2021 (31 December 2020: Nil).

Rupees '000

		2021	2020
23.	**Net insurance premium**		
	Written gross premium	21 960 072	20 241 229
	Add: Unearned premium reserve - opening	9 411 142	9 143 972
	Less: Unearned premium reserve - closing	(10 517 726)	(9 411 142)
	Premium earned	20 853 488	19 974 059
	Less:		
	Reinsurance premium ceded	11 706 963	10 415 962
	Add: Prepaid reinsurance premium - opening	4 808 670	5 750 008
	Less: Prepaid reinsurance premium - closing	(5 468 998)	(4 808 670)
	Reinsurance expense	11 046 635	11 357 300
	Net Insurance Premium	9 806 853	8 616 759
24.	**Net insurance claim expense**		
	Claim Paid	6 992 207	5 232 548
	Add: Outstanding claims including IBNR - closing	7 085 599	7 111 989
	Less: Outstanding claims including IBNR - opening	(7 111 989)	(6 273 372)
	Claims expense	6 965 817	6 071 165
	Less:		
	Reinsurance and other recoveries received	2 571 065	1 937 749
	Add: Reinsurance and other recoveries in respect of outstanding claims - opening	(3 856 142)	(4 081 849)
	Less: Reinsurance and other recoveries in respect of outstanding claims - closing	3 974 297	3 856 142
	Reinsurance and other recoveries revenue	2 689 220	1 712 042
	Net Insurance claim expense	4 276 597	4 359 123

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.

Rupees '000

Accident year	2017 and prior	2018	2019	2020	2021 (including IBNR)	Total
Estimate of ultimate claims costs:						
– At end of accident year	10 620 553	5 812 473	7 326 981	7 040 966	8 543 737	
– One year later	9 375 298	5 183 730	6 350 034	6 017 883	–	
– Two years later	8 670 978	5 121 744	6 017 506	–	–	
– Three years later	8 740 109	5 000 472	–	–	–	
– Four years later	8 639 076	–	–	–	–	
Current estimate of cumulative claims	8 639 076	5 000 472	6 017 506	6 017 883	8 543 737	34 218 674
Cumulative payments to date	7 857 520	4 711 303	5 337 777	5 064 519	4 161 956	27 133 075
Liability recognized in statement of financial position	781 556	289 169	679 729	953 364	4 381 781	7 085 599

24.2 The provision for IBNR on the basis of actuarial valuation carried out as at 31 December 2021 amounting to Rs. 281 million (2020: Rs. 280 million)

Rupees '000

		Note	2021	2020
25.	**Net commission expense**			
	Commission paid or payable		1 635 395	1 431 958
	Add: Deferred commission expense - opening		678 039	598 669
	Less: Deferred commission expense - closing		(772 985)	(678 039)
	Net commission		1 540 449	1 352 588
	Less:			
	Commission received or recoverable		254 097	298 719
	Add: Unearned reinsurance commission - opening		152 144	430 936
	Less: Unearned reinsurance commission - closing		(135 214)	(152 144)
	Commission from reinsurers		271 027	577 511
	Net commission expense		1 269 422	775 077
26.	**Management expenses**			
	Salaries, wages and benefits	26.1	1 879 747	1 694 863
	Bonus		144 061	137 714
	Gratuity		19 355	17 015
	Rent, rates and taxes		1 680	5 068
	Telephone		22 922	23 939
	Postage and telegram		8 551	7 279
	Gas, electricity and fuel		53 517	51 329
	Printing and stationery		37 259	35 811
	Travelling club and entertainment		32 934	27 091
	Depreciation		331 734	324 595
	Repair and maintenance		68 436	69 783
	Publicity		21 284	26 802
	Service charges		(80 802)	(56 937)
	Bank charges and commission		3 617	4 707
	Tracker monitoring		90 168	222 107
	Bad debts		(5 928)	(13 474)
	Inspection fee		8 860	17 956
	Annual supervision fee of SECP		31 602	37 440
	Training		3 694	3 965
	Insurance		3 795	3 438
	Levy to IAP		2 000	2 000
	Business procurement		7 424	18 853
	Security service		8 068	7 762
	Meeting and conferences		648	1 940
	Conveyance		11 117	10 467
	Miscellaneous		3 395	62 157
			2 709 138	2 743 670

26.1 These include Rs. 32.32 million (2020: Rs. 30.08 million) being contribution for employees' provident fund.

Rupees '000

	Note	2021	2020
27. Investment income			
Income from subsidiary - available-for-sale			
Dividend income		668 627	659 994
Income from equity securities - available-for-sale			
Dividend income		223 085	113 732
Income from debt securities - available-for-sale			
Return on debt securities		1 049 072	1 200 032
Income from term deposits			
Return on term deposits		9 641	16 937
		1 950 425	1 990 695
Net realized gains / (losses) on investments available-for-sale financial assets			
Realized gains on:			
Equity securities		200 946	231 193
Realized losses on:			
Equity securities		(72 483)	(4 302)
Debt securities		–	(26 602)
		128 463	200 289
		2 078 888	2 190 984
Impairment in value of available-for-sale equity securities		(147 418)	(4 753)
Investment related expenses		(1 251)	(801)
Total investment income		1 930 219	2 185 430
28. Rental income			
Rental income		175 499	167 366
Less: Expenses of investment property		(53 306)	(50 771)
		122 193	116 595
29. Other income			
Gain on sale of property and equipment		28 795	8 343
Return on loans to employees		127	133
Exchange gains		34 009	12 889
Gain on early termination of lease agreements		701	–
Return on bank balances		90 729	106 869
		154 361	128 234
31. Other expense			
Legal and professional fee other than business related		16 622	18 402
Auditors' remuneration	30.1	5 263	4 844
Subscription to association		19 791	23 241
Charity and donations	30.2	18 384	13 009
Finance cost		10 707	12 065
		70 767	71 561
30.1 Auditors' remuneration			
Audit fee		2 700	2 554
Special certifications and sundry advisory services		1 913	1 740
Out-of-pocket expenses		650	550
		5 263	4 844

Rupees '000

30.2 Donations

30.2.1 Donations include the following in whom the directors are interested:

Name of Director	Interest in donee	Name and address of donee	2021	2020
Saifuddin N. Zoomkawala	Board member	Shaukat Khanum Memorial Trust 7A Block R-3, M.A. Johar Town, Lahore	9 000	600
Saifuddin N. Zoomkawala	Board member	SIUT Civil Hospital New Labour Colony Nanakwara, Karachi	500	1 433
Saifuddin N. Zoomkawala and Ali Raza Siddiqui	Board member	Fakhr-e-Imdad Foundation Mirpurkhas Digri Road, Mirwah Gorchani, Mirpurkhas	500	300
Hasanali Abdullah	Board member	The Aga Khan Hospital and Medical College Foundation Stadium Road, Karachi	–	1 000

30.2.2 Donations to a single party exceeding Rs. 500,000

Name of donee	2021	2020
Citizens Foundation	600	–
Layton Rehmatullah Benevolant Trust	500	500
Patient's Aid Foundation	500	500
Patients' Behbud Society for Aga Khan University Hospital	500	1 000
Tameer-e-Millat Foundation	500	–
Memon Medical Institute	1 650	–
Anjuman Kashana-e-Atfal-o-Naunihal	–	700
Foundation Power Company Daharki Ltd	–	2 000
Government of Sindh Coronavirus Emergency Fund CEF	–	1 000
St Patrick's College	–	500

31. Window takaful operations - Operator's Fund

	2021	2020
Wakala fee	773 685	673 276
Commission expense	(304 514)	(246 558)
General administrative and management expenses	(348 734)	(322 461)
Modarib's share of PTF investment income	32 145	32 373
Investment income	31 116	44 247
Direct expenses	(763)	(724)
Other income	3 170	5 516
	186 105	185 669

32. Taxation

	2021	2020
For current year		
Current	1 173 840	978 247
Deferred	(23 191)	86 532
	1 150 649	1 064 779
For prior year(s)		
Prior years tax	–	17 792
	1 150 649	1 082 571

32.1 Relationship between tax expense and accounting profit

	Effective tax rate %		Rupees '000	
	2021	2020	2021	2020
Profit before taxation			3 952 228	3 453 394
Tax at the applicable rate	29.00	29.00	1 146 146	1 001 484
Tax effects of deductions not allowed	0.12	1.84	4 706	63 634
Tax effects of exempted income	(0.01)	(0.01)	(203)	(339)
Prior years tax	–	0.52	–	17 792
Total average effective tax rate	29.11	31.35	1 150 649	1 082 571

33. Earnings per share

		2021	2020
Profit (after tax) for the year	(Rupees '000)	2 801 579	2 370 823
Weighted average number of ordinary shares	(Numbers '000)	200 000	200 000
Earnings per share	(Rupees)	14.01	11.85

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:

Rupees '000

	2021				2020			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
Fees	–	3 700	–	3 700	–	4 000	–	4 000
Managerial remuneration	40 680	–	424 491	465 171	38 280	18 000	366 201	422 481
Leave encashment	–	–	29 137	29 137	–	–	23 147	23 147
Bonus	–	–	73 020	73 020	–	–	68 509	68 509
Retirement benefits	–	–	29 783	29 783	–	–	27 648	27 648
Utilities	670	–	32 763	33 433	588	224	27 077	27 889
Medical expenses	801	–	14 575	15 376	526	517	12 473	13 516
Leave passage	–	–	5 804	5 804	–	–	3 100	3 100
Total	42 151	3 700	609 573	655 424	39 394	22 741	528 155	590 290
Number of persons	1	8	220	229	1	8	199	208

34.1 The Chief Executive Officer is provided with Company maintained cars, furnished accommodation and medical insurance cover. The Executives are provided with free use of Company cars, medical insurance cover and certain items of household furniture and fixtures in accordance with their entitlements. The Chief Executive is not given any rent allowance but is provided with maintained furnished accommodation. The Chairman is provided with free use of Company car, maintained furnished accommodation, medical insurance cover and residential utilities.

The Non-Executive Directors were paid Directors meeting fee of Rs.3.7 million (2020: Rs. 4.0 million). No other remuneration was paid to Non-Executive Directors.

35. Related party transactions

Related parties comprise of directors, major shareholders, key management personnel, associated companies, subsidiary company, and entities with common directors and employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms. The transactions and balances with related parties during the year other than those which have been specifically disclosed elsewhere in these unconsolidated financial statements are as follows:

Rupees '000

	2021	2020
Transactions		
Subsidiary Company		
Premium written	27 063	24 903
Premium paid	11 624	11 064
Claims paid	2 283	4 360
Dividend received	668 627	659 994
Dividend paid	46 810	46 810
Profit commission earned	–	25 066
Associated companies		
Premium written	465 219	359 142
Premium paid	21 521	20 248
Claims paid	250 015	93 707
Dividend paid	598 432	657 765
Bank deposit made	5 000	200 000
Key management personnel		
Premium written	1 094	1 371
Claims paid	220	1 117
Dividend paid	8 700	9 001
Compensation	216 777	228 435
Others		
Premium written	273 588	243 046
Claims paid	49 157	39 887
Dividend paid	656 900	581 706
Brokerage paid	1 812	1 386
Employees' funds		
Contribution to provident fund	32 352	30 106
Contribution to gratuity fund	22 507	20 061
Contribution released to pension fund	(3 979)	(3 354)
Dividend paid	5 137	5 413
Balances		
Others		
Balances receivable	104 926	79 089
Balances payable	555	23
Bank deposits maturity within 12 months	288 500	283 500
Bank balances	168 016	196 114
Employees' funds receivable / (payable)		
EFU gratuity fund	(69 001)	(9 806)
EFU pension fund	59 963	44 260

36. Segment information

Rupees '000

Current year	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Total
	For the year ended 31 December 2021					
Premium receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	15 897 391	3 626 553	4 012 256	1 919 253	–	25 455 453
Less: Sales tax	2 001 229	387 939	484 389	235 986	–	3 109 543
Stamp duty	495	163 681	1 193	918	–	166 287
Federal insurance fee	137 539	30 436	34 919	16 657	–	219 551
Gross written premium (inclusive of administrative surcharge)	13 758 128	3 044 497	3 491 755	1 665 692	–	21 960 072
Gross direct premium	13 718 708	2 989 308	3 279 768	1 651 147	–	21 638 931
Facultative inward premium	4 209	827	–	–	–	5 036
Administrative surcharge	35 211	54 362	211 987	14 545	–	316 105
Insurance premium earned	13 070 308	2 854 664	3 344 621	1 583 895	–	20 853 488
Insurance premium ceded to reinsurers	(9 295 940)	(1 226 030)	(21 034)	(503 631)	–	(11 046 635)
Net insurance premium	3 774 368	1 628 634	3 323 587	1 080 264	–	9 806 853
Commission income	212 452	16 793	45	41 737	–	271 027
Net underwriting income	3 986 820	1 645 427	3 323 632	1 122 001	–	10 077 880
Insurance claims	(3 923 318)	(714 398)	(1 630 379)	(697 722)	–	(6 965 817)
Insurance claims recovered from reinsurers	2 498 548	114 647	(100)	76 125	–	2 689 220
Net claims	(1 424 770)	(599 751)	(1 630 479)	(621 597)	–	(4 276 597)
Commission expense	(849 318)	(274 811)	(304 849)	(111 471)	–	(1 540 449)
Management expenses	(1 032 466)	(424 672)	(959 586)	(292 414)	–	(2 709 138)
Net insurance claims and expenses	(3 306 554)	(1 299 234)	(2 894 914)	(1 025 482)	–	(8 526 184)
Underwriting result	680 266	346 193	428 718	96 519	–	1 551 696
Net investment income						1 930 219
Rental income						122 193
Other income						154 361
Other expenses						(70 767)
Change in fair value of investment property						78 421
Profit from window takaful operations - Operator's Fund						186 105
Profit before tax						3 952 228

Rupees '000

Current year	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Total
	As at 31 December 2021					
Corporate segment assets	11 948 826	1 950 272	668 558	802 029	–	15 369 685
Corporate segment assets - Takaful OPF	91 055	11 820	244 001	11 127	–	358 003
Corporate unallocated assets						30 489 426
Corporate unallocated assets - Takaful OPF						783 218
Total assets						47 000 332
Corporate segment liabilities	15 887 724	2 795 937	2 593 290	3 246 362	–	24 523 313
Corporate segment liabilities - Takaful OPF	95 867	13 030	375 669	12 660	–	497 226
Corporate unallocated liabilities						1 612 313
Corporate unallocated liabilities - Takaful OPF						16 749
Total liabilities						26 649 601

Location	External premium less reinsurance by geographical segments 2021
Pakistan	9 777 723
EPZ *	29 130
Total	9 806 853

* This represents US Dollar Equivalent in Pak Rupees

Rupees '000

Prior year	For the year ended 31 December 2020					
	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Total
Premium receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	15 080 853	2 821 586	3 684 452	1 856 301	–	23 443 192
Less: Sales tax	1 899 096	304 636	443 332	226 862	–	2 873 926
Stamp duty	483	123 274	1 134	783	–	125 674
Federal insurance fee	130 470	23 686	32 081	16 126	–	202 363
Gross written premium (inclusive of administrative surcharge)	13 050 804	2 369 990	3 207 905	1 612 530	–	20 241 229
Gross direct premium	13 011 256	2 321 415	2 974 987	1 598 012	–	19 905 670
Facultative inward premium	3 834	1 238	–	–	–	5 072
Administrative surcharge	35 714	47 337	232 918	14 518	–	330 487
Insurance premium earned	12 697 247	2 330 490	3 280 641	1 665 681	–	19 974 059
Insurance premium ceded to reinsurers	(9 550 801)	(904 910)	(16 045)	(885 544)	–	(11 357 300)
Net insurance premium	3 146 446	1 425 580	3 264 596	780 137	–	8 616 759
Commission income	421 499	15 311	197	140 504	–	577 511
Net underwriting income	3 567 945	1 440 891	3 264 793	920 641	–	9 194 270
Insurance claims	(2 835 484)	(966 421)	(1 559 305)	(709 955)	–	(6 071 165)
Insurance claims recovered from reinsurers	953 498	438 793	670	319 081	–	1 712 042
Net claims	(1 881 986)	(527 628)	(1 558 635)	(390 874)	–	(4 359 123)
Commission expense	(707 736)	(225 860)	(289 242)	(129 750)	–	(1 352 588)
Management expenses	(968 884)	(414 809)	(1 119 659)	(240 318)	–	(2 743 670)
Net insurance claims and expenses	(3 558 606)	(1 168 297)	(2 967 536)	(760 942)	–	(8 455 381)
Underwriting result	9 339	272 594	297 257	159 699	–	738 889
Net investment income						2 185 430
Rental income						116 595
Other income						128 234
Other expenses						(71 561)
Change in fair value of investment property						170 138
Profit from window takaful operations - Operator's Fund						185 669
Profit before tax						3 453 394

Rupees '000

Prior year	As at 31 December 2020 Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Total
Corporate segment assets	9 836 545	1 615 062	648 322	1 072 606	–	13 172 535
Corporate segment assets - Takaful OPF	54 704	7 402	217 416	2 733	–	282 255
Corporate unallocated assets						31 701 101
Corporate unallocated assets - Takaful OPF						656 445
Total assets						45 812 336
Corporate segment liabilities	14 724 695	2 592 963	2 418 687	3 147 059	–	22 883 404
Corporate segment liabilities - Takaful OPF	57 656	8 356	331 655	10 688	–	408 355
Corporate unallocated liabilities						1 894 702
Corporate unallocated liabilities - Takaful OPF						33 645
Total liabilities						25 220 106

Location	External premium less reinsurance by geographical segments 2020
Pakistan	8 591 007
EPZ *	25 752
Total	8 616 759

* 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	444 352	10 169 336	9 654 535	3 271 467	23 539 690
Additions	3 857 700	119 386	8 152 628	1 113 816	13 243 530
Disposals (sale and redemptions)	(3 619 046)	–	(7 692 541)	(586 533)	(11 898 120)
Fair value net gains / (losses) (excluding net realized losses)	–	(989 874)	158 680	686 736	(144 458)
Impairment losses	–	–	–	(4 753)	(4 753)
At beginning of current year	683 006	9 298 848	10 273 302	4 480 733	24 735 889
Additions	4 963 205	237 673	8 998 559	2 319 664	16 519 101
Disposals (sale and redemptions)	(4 967 426)	–	(9 155 590)	(2 028 695)	(16 151 711)
Fair value net gains / (losses) (excluding net realized gains / (losses))	–	107 806	(710 447)	(919 108)	(1 521 749)
Impairment losses	–	–	–	(147 416)	(147 416)
At end of current year	678 785	9 644 327	9 405 824	3 705 178	23 434 114

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:

	2021				2020			
Class	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	60	47	67	47	57	52	68	49
Marine, aviation & transport	17	12	9	8	19	14	8	8
Motor	11	26	16	34	11	24	16	34
Miscellaneous	12	15	8	11	13	10	8	9
	100	100	100	100	100	100	100	100

The Company also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighbouring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk.

The Company evaluates the concentration of exposures to individual and cumulative insurance risks and establishes its reinsurance policy to reduce such exposures to levels acceptable to the Company.

The Company's class wise major gross risk exposure is as follows:

Rupees '000

Class	2021	2020
Fire and property damage	339 467 000	339 345 000
Marine, aviation and transport	138 171 000	144 341 000
Motor	137 600	58 000
Miscellaneous	35 325 000	52 700 000

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	
	2021	2020	2021	2020
Impact of change in claim liabilities by +10 %				
Fire and property damage	(147 637)	(168 444)	(104 822)	(119 595)
Marine, aviation and transport	(37 916)	(45 941)	(26 920)	(32 618)
Motor	(79 564)	(76 589)	(56 490)	(54 378)
Miscellaneous	(46 013)	(34 610)	(32 669)	(24 573)
	(311 130)	(325 584)	(220 901)	(231 164)
Impact of change in claim liabilities by -10 %				
Fire and property damage	147 637	168 444	104 822	119 595
Marine, aviation and transport	37 916	45 941	26 920	32 618
Motor	79 564	76 589	56 490	54 378
Miscellaneous	46 013	34 610	32 669	24 573
	311 130	325 584	220 901	231 164

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

	2021	2020
Financial assets:		
Term deposits	678 785	683 006
Loans and other receivables	387 908	344 839
Insurance / reinsurance receivables	5 012 826	3 639 822
Reinsurance recoveries against outstanding claims	3 974 297	3 856 142
Cash and bank	1 189 522	1 328 500
Investment in subsidiary	9 644 327	9 298 848
Investment in equity securities	3 705 178	4 480 733
Investment in debt securities	9 405 824	10 273 302
	33 998 667	33 905 192

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

Rupees '000

Rating	2021	2020
AAA	518 731	534 248
AA+	382 078	439 127
AA	67 114	119 831
AA-	169 703	196 696
A+	27 104	11
A	5 204	18 625
	1 169 934	1 308 538

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	2021	2020
Agritech Limited - 3rd Issue (B)	N/A	–	5 665	5 665
Agritech Limited - 3rd Issue (A)	N/A	–	34 972	34 972
New Allied Electronics Limited	N/A	–	3 481	3 481
Soneri Bank Limited	AA-	PACRA	100 000	100 000
Habib Bank Limited	AAA	VIS	100 000	100 000
Dubai Islamic Bank Limited	AA-	VIS	80 000	80 000
The Hub Power Company Limited	AA+	PACRA	51 807	50 450
Engro Polymer & Chemicals Limited	AA	VIS	53 803	50 688
			429 728	425 256

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 2021, the premiums due but unpaid (other than impaired balances) includes amount receivable within one year and above one year amounting to Rs. 4,918 million (2020: Rs. 3,549 million) and Rs. Nil (2020: Rs. 17 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	2021		2020	
	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)	77 425	3 657 624	64 356	3 583 053
B or above	18 089	150 205	5 963	129 091
Others	125	166 468	3 549	143 998
	95 639	3 974 297	73 868	3 856 142

As at 31 December 2021, the amounts due from insurers / reinsurers includes amount receivable within one year and above one year amounting to Rs. 95.64 million (2020: Rs. 70.63 million) and Rs. Nil (2020: Rs. 3.24 million) 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

	2021		
	Carrying amount	Up to one year	Greater than one year
Financial liabilities			
Outstanding claims including IBNR	7 085 599	7 085 599	–
Retirement benefit obligations	9 038	9 038	–
Insurance / reinsurance payable	4 809 795	4 809 795	–
Other creditors and accruals	3 222 312	3 222 312	–
	15 126 744	15 126 744	–

	2020		
	Carrying amount	Up to one year	Greater than one year
Financial liabilities			
Outstanding claims including IBNR	7 111 989	7 111 989	–
Insurance / reinsurance payable	4 559 213	4 559 213	–
Other creditors and accruals	2 683 162	2 683 162	–
	14 354 364	14 354 364	–

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

2021

	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	–	–	–	–	9 644 327	9 644 327	9 644 327
Investments							
Equity securities	–	–	–	–	3 705 178	3 705 178	3 705 178
Debt securities	443 292	8 962 532	9 405 824	–	–	–	9 405 824
Term deposits	678 785	–	678 785	–	–	–	678 785
Loans and other receivables	–	1 993	1 993	385 915	–	385 915	387 908
Cash and bank deposit	1 004 960	–	1 004 960	184 562	–	184 562	1 189 522
Insurance / reinsurance receivables	–	–	–	5 012 826	–	5 012 826	5 012 826
Reinsurance recoveries against outstanding claims	–	–	–	3 974 297	–	3 974 297	3 974 297
	2 127 037	8 964 525	11 091 562	9 557 600	13 349 505	22 907 105	33 998 667
Financial liabilities							
Outstanding claims including IBNR	–	–	–	7 085 599	–	7 085 599	7 085 599
Insurance / reinsurance payables	–	–	–	4 809 795	–	4 809 795	4 809 795
Other creditors and accruals	–	–	–	3 222 312	–	3 222 312	3 222 312
	–	–	–	15 117 706	–	15 117 706	15 117 706

2020

	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	–	–	–	–	9 298 848	9 298 848	9 298 848
Investments							
Equity securities	–	–	–	–	4 480 733	4 480 733	4 480 733
Debt securities	5 115 875	5 157 427	10 273 302	–	–	–	10 273 302
Term deposits	683 006	–	683 006	–	–	–	683 006
Loans and other receivables	–	1 854	1 854	342 985	–	342 985	344 839
Cash and bank deposit	1 159 954	–	1 159 954	168 546	–	168 546	1 328 500
Insurance / reinsurance receivables	–	–	–	3 639 822	–	3 639 822	3 639 822
Reinsurance recoveries against outstanding claims	–	–	–	3 856 142	–	3 856 142	3 856 142
	6 958 835	5 159 281	12 118 116	8 007 495	13 779 581	21 787 076	33 905 192
Financial liabilities							
Outstanding claims including IBNR	–	–	–	7 111 989	–	7 111 989	7 111 989
Insurance / reinsurance payables	–	–	–	4 559 213	–	4 559 213	4 559 213
Other creditors and accruals	–	–	–	2 683 162	–	2 683 162	2 683 162
	–	–	–	14 354 364	–	14 354 364	14 354 364

Sensitivity analysis

As on 31 December 2021, 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 2021	100	10 045	7 132
	(100)	(10 045)	(7 132)
31 December 2020	100	11 600	8 239
	(100)	(11 600)	(8 239)

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. 13,350 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. 9,644 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 2021 and 2020. 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:

Rupees '000

	Fair value	Price change	Estimated fair value	Effect on profit and loss before tax	Effect on shareholders' equity
31 December 2021	3 705 178	10 % increase	4 075 696	–	263 068
		10 % decrease	3 334 660	–	(263 068)
31 December 2020	4 480 733	10 % increase	4 928 806	–	318 132
		10 % decrease	4 032 660	–	(318 132)

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 2021							
						Fair value measurement using		
	Available-for-sale	Loan & receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Equity securities - quoted	3 705 178				3 705 178	3 705 178		
Debt securities	9 405 824				9 405 824		9 405 824	
Investment in subsidiary	9 644 327				9 644 327	9 644 327		
Financial assets not measured at fair value								
Term deposits*			678 785		678 785			
Loans and other receivables*		387 908			387 908			
Insurance / reinsurance receivables*		5 012 826			5 012 826			
Reinsurance recoveries against outstanding claims*		3 974 297			3 974 297			
Cash and bank*			1 189 522		1 189 522			
Total assets of window takaful operations - Operator's fund*	643 122	231 571	109 883	–	984 576		643 122	
	23 398 451	9 606 602	1 978 190		34 983 243	13 349 505	10 048 946	–
Financial liabilities not measured at fair value								
Outstanding claims including IBNR*				(7 085 599)	(7 085 599)			
Premium received in advance*				(26 779)	(26 779)			
Insurance / reinsurance payables*				(4 809 795)	(4 809 795)			
Other creditors and accruals*				(3 222 312)	(3 222 312)			
Total liabilities of window takaful operations - Operator's Fund*				(94 683)	(94 683)			
	23 398 451	9 606 602	1 978 190	(15 239 168)	19 744 075	13 349 505	10 048 946	–

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

Rupees '000

	As at 31 December 2020							
	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	4 480 733				4 480 733	4 480 733		
Debt securities	10 273 302				10 273 302		10 273 302	
Investment in subsidiary	9 298 848				9 298 848	9 298 848		
Financial assets not measured at fair value								
Term deposits *			683 006		683 006			
Loans and other receivables *		344 839			344 839			
Insurance / reinsurance receivables *		3 639 822			3 639 822			
Reinsurance recoveries against outstanding claims *		3 856 142			3 856 142			
Cash and bank*			1 328 500		1 328 500			
Total assets of window takaful operations - Operator's fund *	378 864	179 703	252 829		811 396		378 864	
	24 431 747	8 020 506	2 264 335		34 716 588	13 779 581	10 652 166	–
Financial liabilities not measured at fair value								
Outstanding claims including IBNR *				(7 111 989)	(7 111 989)			
Premium received in advance *				(43 747)	(43 747)			
Insurance / reinsurance payables *				(4 559 213)	(4 559 213)			
Other creditors and accruals *				(2 683 162)	(2 683 162)			
Total liabilities of window takaful operations - Operator's Fund *				(96 998)	(96 998)			
	24 431 747	8 020 506	2 264 335	(14 495 109)	20 221 479	13 779 581	10 652 166	–

* 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 2021
Assets	
Property and equipment	
Lands and buildings	2 420 914
Furniture, fixtures and office equipment	252 678
Vehicles	189 689
Motor tracking devices	23 732
	2 887 013
Investment property	2 599 970
Investments in subsidiary	9 644 327
Investments	
Equity securities	3 705 178
Debt securities	9 405 824
Term deposits	678 785
	13 789 787
Loans and other receivables	1 993
Current Assets - Others	
Insurance / reinsurance receivables	5 012 826
Salvage recoveries accrued	76 869
Reinsurance recoveries against outstanding claims	3 974 297
Deferred commission expenses	772 985
Prepayments	5 523 607
Other receivables	385 915
	15 746 499
Cash and bank	1 189 522
Total assets	45 859 111
Total assets of window takaful operations - Opertors' Fund	1 141 221
Total assets	47 000 332

Rupees '000

	31 December 2021
In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000	
Loans to employees	1 482
Premium due since more than three months	1 835 787
Bank deposits related to guarantees	1 378 680
Bank deposits related to liens	58 105
Shares in any one Company or any group of related companies	8 019 703
Vehicles, furnitures, fixtures, office equipments	466 099
Vehicles, furnitures, fixtures, office equipments - Operators' fund	2 904
Total of In-admissible assets	11 762 760
Total admissible assets	35 237 572
Total liabilities	
Underwriting provisions	
Outstanding claims including IBNR	7 085 599
Unearned premium reserves	10 517 726
Unearned reinsurance commission	135 214
Deferred taxation	278 253
Premium received in advance	26 779
Insurance / reinsurance payables	4 809 795
Taxation - payments less provision	50 910
Retirement benefit obligation	9 038
Other creditors and accruals	3 222 312
Total liabilities	26 135 626
Total liabilities of window takaful operations - Operators' Fund	513 975
Total liabilities	26 649 601
Total net admissible assets	8 587 971
Minimum solvency requirement (higher of following)	2 328 980
Method A - U/s 36(3)(a)	150 000
Method B - U/s 36(3)(b)	2 328 980
Method C - U/s 36(3)(c)	1 991 718
Excess in net admisible assets over minimum requirements	6 258 991

40. Non-adjusting event after the financial statement date

The Board of Directors in its meeting held on 23 February 2022 have announced a final cash dividend in respect of the year ended 31 December 2021 of Rs. 5.50 per share, 55.00 % (2020: 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. 750 million (2020: Rs. 250 million). These unconsolidated financial statements for the year ended 31 December 2021 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 2021 and 2020 are as follows:

	2021	2020
At year end	1 144	1 178
Average during the year	1 171	1 193

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 23 February 2022.

RAFIQUE R. BHIMJEE
Director

MAHMOOD LOTIA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 23 February 2022

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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 Company Limited (EFU Life).

Performance Review

Consolidated Gross Written Premium was Rs. 59 billion (including Takaful of Rs. 2.7 billion), net premium was Rs. 46 billion and profit after tax was Rs. 3.5 billion. The consolidated Total Assets were Rs. 211 billion (31 December 2020: Rs. 201 billion) and consolidated Total Investments stood at Rs. 164 billion (31 December 2020: Rs. 157 billion).

Movement of Reserves

Rupees '000

	31 December 2021 (Audited)
Unappropriated loss brought forward	(190 774)
Profit attributable to ordinary shares	2 754 760
Loss on Group Life PTF	67
Transferred from surplus on revaluation of property and equipment	10 610
Acquisition of Non-Controlling Interest (NCI) without a change in control	(132 312)
	2 633 125
Profit available for appropriations	2 442 351
Appropriations	
Cash dividend - Final 2020	(1 100 000)
Cash dividend - 1st Interim 2021	(300 000)
Cash dividend - 2nd Interim 2021	(300 000)
Cash dividend - 3rd Interim 2021	(300 000)
Transferred to General Reserves	(250 000)
	(2 250 000)
Unappropriated loss carried forward	192 351
Earnings per share (Rupees)	13.90

Economic Review

Pakistan's economic growth was 3.9 % during fiscal year 2021. However, rapid deterioration of external account and surging inflation have caused the Pak Rupee to slide by 17 % from May 2021 to December 2021 because of which State Bank of Pakistan (SBP) initiated monetary tightening. Cumulatively, SBP has hiked the policy rate by 275 basis points in last quarter of 2021.

RAFIQUE R. BHIMJEE	MAHMOOD LOTIA	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Managing Director & Chief Executive	Chairman

Karachi 23 February 2022

مجموعی مالیاتی حسابات پر شیئر ہولڈرز کیلئے ڈائریکٹرز کی رپورٹ

ہم بمسرت ای ایف یو جنرل انشورنس لمیٹڈ اور اپنے ذیلی ادارے ای ایف یو لائف ایشورنس کمپنی لمیٹڈ (ای ایف یو لائف) کے مالیاتی حسابات یکجا کر کے پیش کر رہے ہیں۔

کارکردگی کا جائزہ

یکجا شدہ مجموعی تحریری پریمیئم ۵۹ بلین روپے (بشمول تکافل کے ۲٫۷ بلین روپے) خالص پریمیئم ۴۶ بلین روپے اور منافع بعد از ٹیکس ۵٫۳ بلین روپے رہا۔ یکجا شدہ مجموعی اثاثہ جات ۲۱۱ بلین روپے تھے (۳۱ دسمبر ۲۰۲۰ء: ۲۰۱ بلین روپے) اور یکجا شدہ مجموعی سرمایہ کاری ۱۶۴ بلین روپے پر تھی (۳۱ دسمبر ۲۰۲۰ء: ۱۵۷ بلین روپے)۔

اثاثہ جات کی نقل وحمل

روپے ہزاروں میں

	۳۱ دسمبر ۲۰۲۱ء (آڈٹ شدہ)
آگے منتقل کئے جانے والے غیر مختص شدہ خسارہ	(۱۹۰ ۷۷۴)
عمومی شیئرز سے منسوب منافع	۲ ۷۵۴ ۷۶۰
گروپ لائف پی ٹی ایف میں خسارہ	۶۷
پراپرٹی اور ایکوپمنٹ کی ری ویلیوایشن پر سرپلس سے منتقل شدہ	۱۰ ۶۱۰
کنٹرول میں کسی تبدیلی کے بغیر نان۔کنٹرولنگ انٹرسٹ (این سی آئی) کا حصول	(۱۳۲ ۳۱۲)
	۲ ۶۳۳ ۱۲۵
مختص کردہ کیلئے دستیاب منافع	۲ ۴۴۲ ۳۵۱
مختص کردہ تناسب	
نقد منافع منقسمہ ۔ حتمی ۲۰۲۰ء	(۱ ۱۰۰ ۰۰۰)
نقد منافع منقسمہ ۔ پہلا عبوری ۲۰۲۱ء	(۳۰۰ ۰۰۰)
نقد منافع منقسمہ ۔ دوسرا عبوری ۲۰۲۱ء	(۳۰۰ ۰۰۰)
نقد منافع منقسمہ ۔ تیسرا عبوری ۲۰۲۱ء	(۳۰۰ ۰۰۰)
عمومی ریزروز کے لئے منتقل شدہ	(۲۵۰ ۰۰۰)
	(۲ ۲۵۰ ۰۰۰)
آگے منتقل کیا جانے والا غیر مختص شدہ خسارہ	(۱۹۲ ۳۵۱)
آمدنی فی شیئر (روپے)	۱۳٫۹۰

اقتصادی جائزہ

پاکستان کی معاشی شرح نمو مالی سال ۲۰۲۱ء کے دوران ۳٫۹ فیصد رہی۔ تاہم بیرونی کھاتوں میں تیزی سے کمی اور افراطِ زر کی بڑھتی ہوئی شرح کے باعث پاک روپے کی قدر میں مئی ۲۰۲۱ء سے دسمبر ۲۰۲۱ء تک ۱۷ فیصد تک کمی آئی جس کی وجہ اسٹیٹ بینک آف پاکستان (ایس بی پی) کی مانیٹری سخت پالیسی کا آغاز تھا۔ مجموعی طور پر ایس بی پی نے ۲۰۲۱ء کی آخری سہ ماہی میں پالیسی ریٹ میں ۲۷۵ بی پی ایس کا اضافہ کیا۔

رفیق آر۔ بھیم جی	محمود لوٹیا	حسن علی عبداللہ	سیف الدین این۔ زومکا والا
ڈائریکٹر	ڈائریکٹر	مینجنگ ڈائریکٹر و چیف ایگزیکٹیو	چیئرمین

کراچی ۲۳ فروری ۲۰۲۲ء

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 statement of EFU General Insurance Limited and its subsidiary ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2021, consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the consolidated statement of financial position, the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Group's affairs as at 31 December 2021 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.

Emphasis of Matter

We draw attention to note 23.2 to the consolidated financial statements, which describes that the Subsidiary Company has challenged the scope and applicability of the provincial sales tax on services on the premium from life insurance business in the provincial High Courts.

Our opinion is not modified in respect of this matter.

Key Audit Matters

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.

Following are the key audit matters:

S. No.	Key Audit Matter(s)	How the matters was addressed in our audit
1.	**Valuation of Claim Liabilities / Insurance Benefits** Refer notes 3.19 and 25 to the consolidated financial statements relating to valuation of claim liabilities. Valuation of claim liabilities involves significant management judgment regarding uncertainty in the estimation of claims payments and assessment of frequency and severity of claims. Claim expenses are recognized on intimation of the insured event except for individual life businesses where the same are recognized at the earlier of the maturity of contract and intimation of insured event.	Our audit procedures in respect of this matter included the following: • Obtained an understanding, evaluated the design and tested the 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 requirements of applicable accounting and reporting standards; • Inspected significant arrangements with reinsurer to obtain an understanding of contracts terms and assessed that recoveries from reinsurance on account of claims reported has been accounted for based on terms and conditions;

S. No.	Key Audit Matter(s)	How the matters was addressed in our audit
	The Group maintains provision for claims incurred but not reported (IBNR) based on the advice of an independent actuary. The actuarial valuation process involves I significant judgment and the use of actuarial assumptions. We have identified the valuation of claim liabilities / Insurance benefits as key audit matter because estimation of claim liabilities / Insurance benefits involves a significant degree of judgment and a risk that claims may not be recognized in the appropriate period.	• Assessed on a sample basis the reinsurer's share of claims against the term of the reinsurance contracts and the related recorded liabilities; • Tested claims transactions on sample basis with underlying documentations to evaluate that whether the claims reported during the year are recorded in accordance with the requirements of the Group's policy and insurance regulations; • For a risk-based sample of claims outstanding at the year-end, other than for unit linked business, compared liability recorded with the term of the policy; • Tested specific claims transactions on sample basis recorded close to year end and subsequent to year end with underlying documentation to assess whether claims had been recognized in I the appropriate accounting period; • Tested on sample basis the completeness, accuracy and reliability of the underlying data utilized by the management, to support the actuarial valuation; • Involved independent actuarial expert to I review the reasonableness of the assumptions used and adequacy of IBNR reserve; and • Assessed the adequacy of Group's disclosures within the consolidated financial statements as per the relevant accounting and reporting requirements.
2.	**Insurance Liabilities** Refer notes 18 to the financial statements relating to insurance liabilities. The Group's insurance liabilities relating to life insurance business represent 82% of its total liabilities. Approximately 96% of these liabilities are for unit linked business. 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.	Our procedures in respect of this matter included the following: • 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 bid value per unit; • Assessed the adequacy of the reserve for bid value of allocated units of unit linked business, by applying the bid value to the total number of units extracted from the system; • Assessed the adequacy of reserving of various components of Insurance liabilities, other than bid value reserves including reserves of non-linked businesses, by testing calculations on the relevant data obtained from system generated reports;

S. No.	Key Audit Matter(s)	How the matters was addressed in our audit
		• Obtained an understanding, evaluated the design and tested the controls related to reinsurance arrangements; • Obtained understanding of the work performed by the appointed actuary; and • Used an external actuarial specialist to assist us in challenging the general principles, actuarial assumptions and methods adopted for actuarial valuations by the appointed actuary of the subsidiary company.
3.	**Revenue Recognition Risk** Refer notes 3.16, 24 and 28 to the consolidated financial statements relating to revenue recognition risk. The Group receives its revenue primarily from two main sources namely; premiums/ contributions and investments income. Premiums from insurance policies comprise of 78% of the total revenue. We identified revenue recognition as a key audit matter as it is one of the key performance indicators of the Group and because of the potential risk that revenue transactions may not be recognized in the appropriate period.	Our audit procedures in respect of this matter included the following: • Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of premiums income; • Assessed the appropriateness of the Company's accounting policy for recording of premiums and investment income in line with requirements of applicable accounting and reporting standards; • For the risk-based sample of policies of which premium/ contribution was recorded close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate accounting period; • For a risk-based sample of policies of non-unit linked business where premium is outstanding at the year end, compared receivable recorded with the terms of policy; • Tested the premium recorded on sample basis to test the accuracy from the underlying policies issued to insurance contract holders; • Recalculated the unearned portion of premium income and ensured that appropriate amount has been recorded as unearned premium reserve; • For a sample of investment income transactions, tested that investment income is recorded based on the effective interest method or where right to receive the dividend is established; and • Tested the investment income transaction on sample basis and subsequent to year end and evaluated that these were recorded in the appropriate period.

<table>
<tr><th>S. No.</th><th>Key Audit Matter(s)</th><th>How the matters was addressed in our audit</th></tr>
<tr><td>4.</td><td>Valuation of insurance / reinsurance receivables

Refer notes 3.13 and 12 to the consolidated financial statements relating to valuation of insurance / reinsurance receivables.

Valuation of these receivables involves significant judgment regarding uncertainty in determining impairment/ provisions.

We identified the valuation of insurance / reinsurance receivables as a key audit matter as the estimation involves a significant degree of judgment.</td><td>Our audit procedures in respect of this matter included the following:

• Tested the accuracy of insurance/reinsurance receivables aging report, on a sample basis, by comparing individual balances in the report with underlying documentation to evaluate that the balances appearing in the ageing report were classified within appropriate ageing bucket; and

• Assessed the appropriateness of assumptions and estimates made by the management for the provision for impairment by comparing, on a sample basis, past experience and historical trends of collection, actual write offs and receipts and settlement from / with customers and reinsurer subsequent to the financial year end.</td></tr>
<tr><td>5.</td><td>Valuation and Impairment of Investments

Refer notes 3.22, 8 and 9 to the consolidated financial statements relating to valuation and impairment of investments.

The Group's investment portfolio comprises of government debt securities, equity securities, other fixed income securities and term deposits.

We identified the valuation and impairment of investments as key audit matter because of the significance of investments and management's judgment involved in valuation and impairment.</td><td>Our audit procedures in respect of this matter included the following:

• Obtained an understanding, evaluated the design and tested the operating effectiveness of controls designed for valuation and impairment of investments classified as available for sale;

• Assessed the methodology used and for a sample of investment evaluated the valuation of debt securities using the market yield pricing methodology based on interpolation of relevant rates and valuation of equity securities and mutual fund units by comparing the quoted prices from Pakistan Stock Exchange and Mutual Fund Association of Pakistan (MUFAP) respectively for the securities; and

• Assessed the appropriateness of impairment in the value of available for sale securities held by the Group in accordance with accounting and reporting standards as applicable in Pakistan.</td></tr>
</table>

Information other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the Other Information. The Other Information comprises the information included in the Group's Annual Report but does not include the consolidated financial statements and our auditor's 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 the Board of Directors for the Consolidated 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 consolidated 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.

The Board of directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated 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 Muhammad Taufiq.

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 7 March 2022
Karachi
UDIN: AR202110106Q4r8liBae

Consolidated Statement of Financial Position
As at 31 December 2021

Rupees '000

	Note	2021	2020
Assets			
Property and equipment	5	8 649 723	8 050 240
Intangible assets	6	7 999 293	8 019 617
Investment property	7	2 599 970	2 517 970
Investments			
Equity securities	8	36 532 351	44 844 214
Debt securities	9	102 612 901	92 718 140
Term deposits	10	25 055 214	19 745 006
Loans and other receivables	11	3 094 087	2 982 790
Insurance / reinsurance receivables	12	5 469 946	3 840 408
Reinsurance recoveries against outstanding claims		3 974 297	3 856 142
Salvage recoveries accrued		76 869	55 059
Deferred commission expense	26	772 985	678 039
Retirement benefit	19	–	34 454
Taxation - payments less provision		1 238 260	762 071
Prepayments	13	5 658 476	4 945 735
Cash and bank	14	5 797 647	6 663 591
		209 532 019	199 713 476
Total assets of window takaful operations - Operator's Fund		1 141 221	938 700
Total assets		210 673 240	200 652 176
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	15	2 000 000	2 000 000
Reserves	16	17 762 859	18 617 930
Unappropriated profit		136 672	(190 774)
Capital and reserve attributable to Company's equity holders		19 899 531	20 427 156
Non-controlling interest	38	4 019 263	4 130 931
Total equity		23 918 794	24 558 087
Surplus on revaluation of property and equipment	17	1 986 146	1 574 691
Liabilities			
Insurance liabilities	18	151 091 103	142 846 493
Underwriting provisions			
Outstanding claims including IBNR	25	7 085 599	7 111 989
Unearned premium reserves	24	10 517 726	9 411 142
Unearned reinsurance commission	26	135 214	152 144
Retirement benefit obligations	19	9 038	-
Deferred taxation	20	2 997 603	3 296 951
Premium received in advance		1 175 071	1 263 853
Insurance / reinsurance payables	21	4 886 033	4 742 653
Other creditors and accruals	22	6 356 938	5 252 173
		33 163 222	31 230 905
Total liabilities		184 254 325	174 077 398
		210 159 265	200 210 176
Total liabilities of window takaful operations - Operator's Fund		513 975	442 000
Total equity and liabilities		210 673 240	200 652 176
Contingencies and commitments	23		

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

RAFIQUE R. BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer	Managing Director & Chief Executive	Chairman

Karachi 23 February 2022

Consolidated Profit and Loss Account
For the year ended 31 December 2021

Rupees '000

	Note	2021	2020
Net insurance premium	24	46 117 841	40 234 131
Net insurance claims	25	(27 294 322)	(22 215 455)
Net commission and other acquisition costs	26	(9 175 200)	(7 378 188)
Insurance claims and acquisition expenses		(36 469 522)	(29 593 643)
Management expenses	27	(5 152 676)	(4 752 651)
Net change in insurance liabilities (other than outstanding claims)		(8 430 692)	(23 624 404)
Underwriting result		(3 935 049)	(17 736 567)
Investment income	28	13 130 884	12 994 070
Net realized fair value gain on financial assets	29	2 179 495	3 823 955
Net fair value (loss) / gain on financial assets at fair value through profit and loss	30	(6 597 757)	5 498 635
Rental income	31	122 193	116 595
Other income	32	268 780	203 739
Change in fair value of investment property		78 421	170 138
Other expenses	33	(108 658)	(103 094)
		9 073 358	22 704 038
Results of operating activities		5 138 309	4 967 471
Profit from window takaful operations - Operator's Fund	34	186 105	185 669
Profit before tax		5 324 414	5 153 140
Income tax expense	35	(1 729 770)	(1 786 001)
Profit after tax		3 594 644	3 367 139
Profit attributable to:			
Equity holders of the parent		2 779 608	2 422 388
Non-controlling interest		815 036	944 751
		3 594 644	3 367 139
Earnings (after tax) per share - Rupees	36	13.90	12.11

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

RAFIQUE R. BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer	Managing Director & Chief Executive	Chairman

Karachi 23 February 2022

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2021

Rupees '000

	2021	2020
Profit after tax	3 594 644	3 367 139
Other comprehensive income		
Total items that may be reclassified subsequently to profit and loss account		
Unrealized (loss) / gain on available-for-sale investments during the year	(1 730 966)	654 278
Reclassification adjustments relating to available-for-sale investments disposed of during the year	94 502	171 432
Total unrealized (loss) / gain for the year	(1 636 464)	825 710
Deferred tax on available-for-sale investments	474 574	(238 140)
Net unrealized loss from window takaful operations - Operator's Fund (net of deferred tax)	(1 584)	(568)
Other comprehensive income for the year	(1 163 474)	587 002
Item not to be reclassified to profit and loss account in subsequent years:		
Actuarial (losses) / gains on defined benefit plans	(34 998)	21 236
Related deferred tax	10 150	(6 158)
	(24 848)	15 078
Other comprehensive income for the year	(1 188 322)	602 080
Total comprehensive income for the year	2 406 322	3 969 219
Total comprehensive income attributable to:		
Equity holders of the parent	1 594 010	3 031 690
Non-controlling interest	812 312	937 529
	2 406 322	3 969 219

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

RAFIQUE R. BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer	Managing Director & Chief Executive	Chairman

Karachi 23 February 2022

Consolidated Cash Flow Statement
For the year ended 31 December 2021

Rupees '000

	2021	2020
Operating cash flows		
a) Underwriting activities		
Insurance premium / contribution received	57 904 743	53 487 477
Reinsurance premium / retakaful contribution paid	(12 804 376)	(12 892 699)
Claims paid	(31 105 916)	(23 095 166)
Reinsurance and other recoveries received	3 361 348	2 615 737
Commission paid	(6 610 243)	(5 669 877)
Commission received	254 100	298 718
Management expenses paid	(7 315 409)	(6 406 434)
Net cash flow from underwriting activities	3 684 247	8 337 756
b) Other operating activities		
Income tax paid	(2 144 238)	(1 289 457)
Other operating payments	(114 549)	(89 501)
Other operating receipts	430 753	303 595
Loans advanced	(245 995)	(134 983)
Loans repayments received	225 470	94 079
Net cash flow used in other operating activities	(1 848 559)	(1 116 267)
Total cash flow from all operating activities	1 835 688	7 221 489
Investment activities		
Profit / return received	10 993 900	12 412 346
Dividend received	2 439 321	1 101 572
Rentals received	134 082	87 979
Payment for investments / investment properties	(109 392 010)	(109 420 664)
Proceeds from investments / investment properties	102 090 442	91 284 329
Fixed capital expenditures	(782 101)	(590 490)
Proceeds from sale of property and equipment	122 755	71 732
Total cash flow from / (used in) investing activities	5 606 389	(5 053 196)
Financing activities		
Payments against lease liabilities	(211 673)	(204 944)
Dividends paid	(2 781 919)	(2 801 994)
Total cash flow used in financing activities	(2 993 592)	(3 006 938)
Net cash flow from / (used in) all activities	4 448 485	(838 645)
Cash and cash equivalents at beginning of year	25 725 591	26 564 236
Cash and cash equivalents at end of year	30 174 076	25 725 591
Reconciliation to profit and loss account		
Operating cash flows	1 835 688	7 221 489
Depreciation / amortization expense	(1 036 662)	(977 141)
Finance cost	(62 441)	(65 782)
Profit / (loss) on disposal of property and equipment	82 197	(14 909)
Profit on disposal of investments / investment properties	2 307 958	4 024 244
Rental income	122 193	116 595
Dividend income	2 417 691	1 092 738
Other investment income	10 731 231	11 596 363
Profit on lease termination	11 797	9 666
Profit on deposits	90 729	106 869
Other income	67 581	89 659
Change in fair value of investment properties	78 421	170 138
(Depreciation) / appreciation in market value of investments	(5 985 786)	6 076 218
(Impairment) / reversal in the value of available-for-sale equity investments	(19 929)	53 020
Increase / (decrease) in assets other than cash	3 054 985	(2 184 358)
Increase in liabilities other than running finance	(10 287 114)	(24 133 339)
Profit after tax from conventional insurance operations	3 408 539	3 181 470
Profit from window takaful operations - Operator's Fund	186 105	185 669
Profit after tax	3 594 644	3 367 139

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

RAFIQUE R. BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer	Managing Director & Chief Executive	Chairman

Karachi 23 February 2022

Consolidated Statement of Changes in Equity
For the year ended 31 December 2021

Rupees '000

	Attributable to equity holders of the Company								
			Revenue reserves						
	Share capital	Capital Reserve - Reserve for exceptional losses	General reserve	Unrealized gain / (loss) on revaluation of available-for-sale investment - net	Unrealized gain on fair value of investment property	Unapprop-riated profit	Equity attributable to equity holder of parent	Non-controlling interest	Total
Balance as at 01 January 2020	2 000 000	12 902	15 000 000	1 211 225	1 502 713	(254 638)	19 472 202	4 071 148	23 543 350
Total comprehensive income for the year ended 31 December 2020									
Profit after tax					(103 134)	2 525 522	2 422 388	944 751	3 367 139
Other comprehensive income				594 224		15 078	609 302	(7 222)	602 080
				594 224	(103 134)	2 540 600	3 031 690	937 529	3 969 219
Transferred from surplus on revaluation of property and equipment on account of incremental depreciation- net of tax						4 088	4 088	5 148	9 236
Loss on Group Life PTF						(1 918)	(1 918)	(2 408)	(4 326)
Acquisition of NCI without a change in control						(78 906)	(78 906)	(40 480)	(119 386)
Transactions with owners recorded directly in equity									
Final dividend for the year 2019 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 2019 at the rate of Rs. 10.50 (105.00%) per share								(588 738)	(588 738)
1st Interim dividend paid for the year 2020 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)		(300 000)
1st Interim dividend paid for the year 2020 at the rate of Rs. 1.50 (15.00%) per share								(83 892)	(83 892)
2nd Interim dividend paid for the year 2020 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)		(300 000)
2nd Interim dividend paid for the year 2020 at the rate of Rs. 1.50 (15.00%) per share								(83 869)	(83 869)
3rd Interim dividend paid for the year 2020 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)		(300 000)
3rd Interim dividend paid for the year 2020 at the rate of Rs. 1.50 (15.00%) per share								(83 507)	(83 507)
Other transfer within equity									
Transfer to general reserve			400 000			(400 000)			
Balance as at 31 December 2020	2 000 000	12 902	15 400 000	1 805 449	1 399 579	(190 774)	20 427 156	4 130 931	24 558 087
Balance as at 01 January 2021	2 000 000	12 902	15 400 000	1 805 449	1 399 579	(190 774)	20 427 156	4 130 931	24 558 087
Total comprehensive income for the year ended 31 December 2021									
Profit after tax					55 679	2 723 929	2 779 608	815 036	3 594 644
Other comprehensive income				(1 160 750)		(24 848)	(1 185 598)	(2 724)	(1 188 322)
				(1 160 750)	55 679	2 699 081	1 594 010	812 312	2 406 322
Transferred from surplus on revaluation of property and equipment on account of incremental depreciation- net of tax						10 610	10 610	12 823	23 433
Loss on Group Life PTF						67	67	(67)	–
Acquisition of NCI without a change in control						(132 312)	(132 312)	(105 363)	(237 675)
Transactions with owners recorded directly in equity									
Final dividend for the year 2020 at the rate of Rs. 5.50 (55.00%) per share						(1 100 000)	(1 100 000)		(1 100 000)
Final dividend for the year 2020 at the rate of Rs. 10.50 (105.00%) per share								(582 878)	(582 878)
1st Interim dividend paid for the year 2021 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)		(300 000)
1st Interim dividend paid for the year 2021 at the rate of Rs. 1.50 (15.00%) per share								(82 919)	(82 919)
2nd Interim dividend paid for the year 2021 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)		(300 000)
2nd Interim dividend paid for the year 2021 at the rate of Rs. 1.50 (15.00%) per share								(82 858)	(82 858)
3rd Interim dividend paid for the year 2021 at the rate of Rs. 1.50 (15.00%) per share						(300 000)	(300 000)		(300 000)
3rd Interim dividend paid for the year 2021 at the rate of Rs. 1.50 (15.00%) per share								(82 718)	(82 718)
Other transfer within equity									
Transfer to general reserve			250 000			(250 000)			–
Balance as at 31 December 2021	2 000 000	12 902	15 650 000	644 699	1 455 258	136 672	19 899 531	4 019 263	23 918 794

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

RAFIQUE R. BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer	Managing Director & Chief Executive	Chairman

Karachi 23 February 2022

Notes to the Consolidated Financial Statements
For the year ended 31 December 2021

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 57 (2020: 54) branches in Pakistan including a branch in Export Processing Zone (EPZ) and a branch in Gwadar Free Zone.

1.2.2 EFU Life Assurance Limited (Subsidiary Company)

EFU Life Assurance Limited with 45.78 % 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 assurance business comprising of ordinary life business, pension fund business and accident and health business and has established following 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 protecttion 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; and

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.

In case the requirement differ, 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 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.

2.1 Basis of measurement

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

2.2 Functional and presentation currency

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

2.3 Standards, interpretations and amendments effective in the current year

There are certain new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after 01 January 2021 but are considered not to be relevant or do not have any significant effect on the Group's operation and therefore not detailed in these financial statements.

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

2.4.1 Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 01 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

2.4.2 The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022.

- IFRS 16 - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

2.4.3 Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 01 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

2.4.4 Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) - the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

– requiring companies to disclose their material accounting policies rather than their significant accounting policies;
– clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
– clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 01 January 2023 with earlier application permitted.

2.4.5 Definition of Accounting Estimates (Amendments to IAS 8) - The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 01 January 2023 and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

2.4.6 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 01 January 2023 with earlier application permitted.

2.4.7 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

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

The Company has determined that it is eligible for the temporary exemption option since the Company has not previously applied any version of IFRS 9, its activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the company doesn't engage in significant activities unconnected with insurance based on historical available information. Under the temporary exemption option, the Company can defer the application of IFRS 9 until the application IFRS 17.

To determine the appropriate classification of financial assets under IFRS 9, an entity would need to assess the contractual cash flows characteristics of any financial asset. Indeed, the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding (“SPPI”) i.e. cash flows that are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest.

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

The tables below set out the fair values as at the end of reporting period and the amount of change in the fair value during that period for the following two groups of financial assets separately:

a) financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding, excluding any financial asset that meets the definition of held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis, and

b) all other financial assets:

Rupees '000

	31 December 2021				
	Fail the SPPI test		Pass the SPPI test		
Financial assets	Fair value	Change in unrealized gain / (loss) during the year	Carrying Value	Cost less Impairment	Change in unrealized gain / (loss) during the year
Cash and bank *	1 326 512	–	4 448 667	–	–
Investments in equity securities - available-for-sale	36 532 351	(4 858 507)	–	–	–
Investments in debt securities - available-for-sale	–	–	102 612 901	–	(2 412 794)
Term deposits *	–	–	25 055 214	–	–
Loans to employees *	–	–	104 381	–	–
Total	37 858 863	(4 858 507)	132 221 163	–	(2 412 794)

* The carrying amount of these financial assets measured applying IAS 39 are a reasonable approximation of their fair values.

Rupees '000

	31 December 2021							
	Gross carrying amounts of debt instruments that pass the SPPI test							
	AAA	AA+	AA	A+	AA-	A-1	A-1+	Unrated
Investments in debt securities - available-for-sale	2 087 475	824 458	2 282 137	273 729	392 636	–	–	96 752 466
Term deposits	390 285	–	–	2 800 000	288 500	4 967 000	16 609 429	–
Total	2 477 760	824 458	2 282 137	3 073 729	681 136	4 967 000	16 609 429	96 752 466

3. Summary of significant accounting policies

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

3.1 Basis of Consolidation

The consolidated financial statements include the financial statements of the Holding Company and its Subsidiary Company. Subsidiary Company is fully consolidated from the date on which the power to control the Subsidiary Company is established.

The financial statements of the Subsidiary Company are prepared for the same reporting period as the Holding Company, using accounting policies that are consistent with those of the Holding Company.

The assets and liabilities of the Subsidiary Company have been consolidated with those of the Holding Company on a line by line basis and the carrying value of the Holding Company's investment in the Subsidiary Company is eliminated against the Subsidiary Company's share capital and pre-acquisition reserves in these consolidated financial statements. Non-controlling interest represents that part of the net results of operations and of the net assets of the Subsidiary Company that is not owned by the Group. All material intra-group balances and transactions have been eliminated. Acquisitions of non-controlling interest (NCI) are measured at the proportionate share of the NCI in the fair value of the net assets of the Subsidiary Company.

3.2 Business Combination

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any; acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the Subsidiary Company's share of identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired, the difference is recognized directly in the consolidated profit and loss account.

3.3 Goodwill

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at its cost less accumulated impairment losses, if any, for the purpose of impairment testing. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

3.4 Property and equipment

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

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

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

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

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

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

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

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

3.4.1 Leases

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

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

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

3.4.2 Capital work in progress

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

3.5 Intangible asset

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

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

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

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

3.6 Investment properties

Investment properties are measured at purchase cost on initial recognition including directly attributable cost on the acquisition of the investment property and subsequently at fair value with any change therein recognized in consolidated profit and loss account.

Subsequently cost is included in the carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the items will flow to the Holding Company and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to consolidated profit and loss account.

3.7 Insurance contracts

3.7.1 Holding Company

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

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

The Holding Company underwrites non-life insurance contracts that can be categorized into fire and property damage, marine, aviation and transport, motor and miscellaneous contracts. Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Insurance contracts entered into by the Holding Company under which the contractholder is another insurer (inwards reinsurance) of a facultative nature are included within the individual category of insurance contracts, other than those, which fall under Treaty. The insurance risk involved in these contracts is similar to the contracts undertaken by the Holding Company as insurer.

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

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

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

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

3.7.2 Subsidiary Company

Classification

The Subsidiary Company currently issues contracts that are classified as insurance and takaful contracts as they transfer significant insurance risk (against death, disability and sickness) from the policyholder to the Subsidiary Company. All contracts which include an investment element are unit-linked contracts linked to internal mutual 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 internal unit 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 EFU Life Assurance.

The Subsidiary Company offers unit-linked takaful plans which provide shariah compliant financial protection and investment vehicle to individual participants. These plans carry cash value, and offer investment choices to the participants to direct their investment related contributions based on their risk/return objectives. The investment risk is borne by the participants.

(d) Accident and health products:

These consist of long term and short term accident and health products providing cover against accidental death, disability, sickness and critical illness, offered both as long term as well as yearly renewable plans.

(e) Other Supplementary Benefits:

The Subsidiary Company also offers a variety of supplementary benefits attached with main plans including additional term life assurance, income benefits, critical illness, sickness and accidental death and disability related benefits.

Group life and group family takaful protection policies

(a) Nature of contracts:

The Subsidiary Company's group life and group takaful business consists of one year term life contracts which provide coverage, in the event of death or disability, to:

- Employees of a common employer, benefits payable under these contracts being either fixed, in case of death, or linked to the extent of loss incurred by the policyholder, in case of disability;
- Customers of financial institutions, the contracts being issued to financial institutions to protect their customers' outstanding loan balances, such as on personal loan, mortgages and credit cards.

Unit-linked group life policies are similar in nature to individual life unit-linked products.

3.8 Commission

3.8.1 Deferred commission expense

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

3.8.2 Commission income

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

3.8.3 Acquisition costs

These are costs incurred in acquiring insurance policies, maintaining such policies, and include without limitation all forms of remuneration paid to insurance agents.

Commissions and other expenses are recognized as an expense in the earlier of the financial year in which they are paid and financial year in which they become due and payable, except that commission and other expenses which are directly referable to the acquisition or renewal of specific contracts are recognized not later than the period in which the premium to which they refer is recognized as revenue.

3.9 Premium

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

3.10 Unearned premiums reserves

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

3.11 Premium deficiency reserve (liability adequacy test)

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

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

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

3.12 Reinsurance contracts

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

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

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

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

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

The Subsidiary Company has entered into reinsurance / retakaful (hereinafter referred to as "reinsurance") arrangements, for both its individual and group businesses, in order to manage risks associated with the frequency and severity of claims. These arrangements include cover under treaties as well as on a facultative basis. The terms of reinsurance treaties vary by type of business, the objective being to maintain a reasonable risk profile suiting the risk appetite and overall exposure to adverse movements in mortality or morbidity.

Primarily, reinsurance assets are amounts due from reinsurers with respect to recoveries under claims and profit commission. Reinsurance recoveries are measured according to the terms and conditions of the reinsurance contracts.

Reinsurance liabilities consist of amounts due to reinsurers on account of reinsurance premiums due which are measured according to the terms of the arrangements.

3.13 Receivables and payables

3.13.1 Receivables and payables related to insurance contracts

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

Provision for impairment in premium receivables is estimated on a systematic basis after analysing the receivables as per their ageing.

3.13.2 Creditors, accruals and provisions

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

Provisions are recognized when the Group has a legal or constructive obligation as a result of a past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, the provisions are reviewed at each consolidated financial statement date and adjusted to reflect current best estimates.

3.14 Segment information

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

The holding Company has four primary business segments for reporting purposes namely, fire and property, marine, motor and miscellaneous. The nature and business activities of these segments are disclosed in note no. 40.

Based on its classification of Insurance contracts issued, the Subsidiary Company has six business segments namely investment linked business, conventional business, pension business, accident and health business, Family takaful investment linked business and Family takaful protection business.

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

3.15 Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents include cash at bank in current and saving accounts, cash and stamps in hand and deposits maturity upto three months

3.16 Revenue recognition

3.16.1 Premium

3.16.1.1 The Holding Company

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

3.16.1.2 The Subsidiary Company's first year individual life premiums / contributions are recognized once the related policies have been issued and the premium is received. Renewal premiums are recognized upon receipt of premium provided the policy is still in force. Single premiums are recognized once the related policies are issued against the receipts of premium.

Group life premiums are recognized when due. A provision for unearned premiums is included in the policyholders' liabilities.

Interest / profit income on bank deposits is recorded on a time proportion basis.

Fixed income securities are recorded on a time proportion basis using effective interest rate method, except Treasury-Bills.

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

3.16.2 Commission income

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

3.16.3 Investment income

Return on investments, profit and loss sharing accounts and bank deposits are recognized using effective interest rate method.

Profit or loss on sale of investments is recognized at the time of sale.

3.16.4 Dividend Income

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

3.17 Investments

- In equity securities
  - (a) Available-for-sale
  - (b) Fair Value through profit and loss
  - (c) Fair / market value measurements

- In debt securities
  - (a) Available-for-sale
  - (b) Fair Value through profit and loss
  - (c) Held to maturity
- In term deposits - Held to maturity

3.17.1 Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs except for held for trading investments in which case transaction costs are charged to the profit and loss account. All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Group commits to purchase or sell the investments.

3.17.2 Measurement

3.17.2.1 Available-for-sale

Available-for-sale Investments are those non-derivative instruments that are designated as available-for-sale or are not classified in any other category.

At the time of acquisition, investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

Subsequent to initial measurement, these are remeasured at fair value. Surplus / (deficit) on revaluation from one reporting date to other is taken to other comprehensive income in the consolidated statement of comprehensive income. On derecognition or impairment of available-for-sale investments, the cumulative gain or loss previously reported in consolidated other comprehensive income is transferred to consolidated profit and loss for the year within statement of consolidated comprehensive income. Whereas, any reversal in impairment is taken in consolidated statement of comprehensive income.

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

3.17.2.2 Investments in debt securities relating to units assigned to policies of investment linked business, pension business and Family takaful investment linked business are subsequently measured at their fair values and the difference taken in fair value through profit and loss account and the investment related to non-unit-linked fund subsequently measured at fair value through other comprehensive income.

3.17.2.3 Held to maturity

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

Subsequently, these are measured at amortized cost less provision for impairment in value, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition using the effective yield method.

The difference between the redemption value and the purchase price of the held to maturity investment is amortized and taken to the profit and loss account over the term of investment.

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

3.17.2.4 Fair value through profit and loss

Investments in debt securities relating to units assigned to policies of investment linked business, pension business and Family takaful investment linked business are subsequently measured at their fair values and the difference taken in fair value through profit and loss account and the investment related to non-unit-linked fund subsequently measured at fair value through other comprehensive income.

3.17.2.5 Fair / market value measurements

For investments in Government securities, fair / market value is determined by reference to quotations obtained from Reuters page (PKRV) where applicable. For investments in quoted marketable securities, other than Term Finance

Certificates, fair / market value is determined by reference to Stock Exchange quoted market price at the close of business on balance sheet date. The fair market value of Term Finance Certificates is as per the rates issued by the Mutual Funds Association of Pakistan (MUFAP).

3.17.3 Derivatives

Derivative instruments held by the Group primarily comprise of future contracts in the capital market. These are initially recognized at fair value and are subsequently remeasured at fair value. The fair value of future contracts is calculated as being the net difference between the contract price and the closing price reported on the primary exchange of the future contracts. Derivatives with positive market values (unrealized gains) are included in assets and derivatives with negative market values (unrealized losses) are included in liabilities in the consolidated financial statements. The resultant gains and losses are included in the consolidated profit and loss account.

3.18 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the consolidated financial statements only when there is legally enforceable right to set off the recognized amount and the Group intends either to settle on a net basis or realise the assets and settle the liabilities simultaneously.

3.19 Claims

Claims are charged to income as incurred based on estimated liability for compensation owed under the insurance contracts. It includes claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

3.19.1 Provision for outstanding claims (including IBNR)

A liability for outstanding claims is recognized in respect of all claims incurred up to the consolidated financial statements date, which is measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to claims reported but not settled, claims incurred but not reported (IBNR) and expected claims settlement costs.

Reinsurance recoveries against outstanding claims are recognized as an asset and measured at the amount expected to be received.

3.19.2 Claims reported but not settled

Provision for liability in respect of claims reported but not settled at the consolidated financial statements date is made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the sums insured. Case estimates are reviewed periodically to ensure that the recognized outstanding claim amounts are adequate to cover expected future payments including expected claims settlement costs and are updated as and when new information becomes available.

3.19.3 Claims incurred but not reported

The provision for claims incurred but not reported (IBNR) is made at the consolidated financial statements date. The Group takes actuarial advice for the determination of IBNR claims. IBNR claims have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF), which represents the extent of future development of claims to reach their ultimate level.

3.20 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the consolidated profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income or below equity, in which case it is recognized in other comprehensive income or below equity.

3.20.1 Current

Provision for current taxation is based on taxable income determined in accordance with the prevailing law for taxation of income and is calculated using enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for the current taxation also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year or required by any other reason.

3.20.2 Deferred

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

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.21 Employees' retirement benefits

3.21.1 Holding Company

3.21.1.1 Defined benefit plans

The Holding Company operates the following employee defined benefit plans:

- Funded gratuity scheme

  The Holding Company operates an approved gratuity fund for all employees who complete qualifying period of service.

- Funded pension scheme

  Defined benefit funded pension for all eligible officers.

These funds are administered by trustees. The pension plan is a career average salary plan and the gratuity plan is a final basic salary plan. The actuarial valuation of both the plans is carried out on a yearly basis using the Projected Unit Credit Method and contributions to the plans are made accordingly.

Actuarial gains and losses are recognized in other comprehensive income in the year in which they arise.

3.21.1.2 Defined contribution plan

The Holding Company contributes to a provident fund scheme, which covers all permanent employees. Both the Holding Company and the employees make equal contributions to the fund at the rate of 8.33 % of basic salary.

3.21.2 Subsidiary Company

3.21.2.1 The Subsidiary Company operates a contributory provident fund for all eligible employees to which equal monthly contributions at the rate of 8.33% of basic salary are made by both the Subsidiary Company and the employees. The contributions are recognized as employee benefit expense when they are due.

3.21.2.2 The Subsidiary Company also operate an approved funded contributory pension scheme, whereby, fixed monthly contributions at the rate of 10% of the basic salary are made by the Subsidiary Company and the employees also have an option to contribute in the fund at the rate of 5%. At the time of retirement, employees are paid in full for their contribution, if any, and Subsidiary Company's contribution accumulated in the fund is paid to employees over the period of time in accordance with the rules of the fund.

3.22 Impairment

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

The carrying amount of non financial assets is reviewed at each consolidated financial statements date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such asset is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

All impairment losses are recognized in the consolidated profit and loss account. Provisions for impairment are reviewed at each consolidated financial statements date and are adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense.

3.23 Dividend and bonus shares

Dividend to shareholders is recognized as liability in the period in which it is approved. Similarly, reserve for issue of bonus shares is recognized in the year in which such issue is approved.

3.24 Expenses of management

All expenses of management have been allocated between business of Company and window takaful operations - Operators' Fund to the various revenue accounts on equitable basis.

3.25 Rental income

Rental income on investment properties is recognized over the term of lease.

3.26 Commission from reinsurers

The revenue recognition policy for commission from reinsurer is given under note 3.12.

3.27 Compensated absences

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

3.28 Foreign currencies

Revenue transactions in foreign currencies are recorded at the rates prevailing on the date of the transactions. Income and expense amounts relating to foreign branches have been translated at the applicable exchange rates. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing on the consolidated financial statements date. Exchange gains or losses, if any, are taken into consolidated profit and loss account.

3.29 Financial instruments

Financial instruments include cash and bank balances, loans to employees, investments, premiums due but unpaid, amount due from other insurers / reinsurers, accrued investment income, reinsurance recoveries against outstanding claims, security deposits, other receivables, outstanding claim liabilities, amount due to other insurers / reinsurers, accrued expenses, agents balances, other creditors, deposits and unclaimed dividends.

All the financial assets and liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument and derecognized when the Group loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or losses on derecognition of financial assets and financial liabilities are taken to income directly.

3.30 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.31 Policyholder Liability

Policyholders' liabilities are stated at a value determined by the appointed actuary through an actuarial valuation carried out as at each consolidated financial statements date. In determining the value, both acquired policy values (which forms the bulk of policyholders' liabilities) as well as estimated values which will be payable against risks which the Subsidiary Company underwrites are taken into account. The bases used are applied consistently from year to year.

The basic liability consists of the estimated actuarial liability against each contract which is in force. To this are added:

(a). The cash value of policies which have lapsed over the last two years and where the liability would be reinstated in case of the policy being revived; and

(b). A reserve for potential losses on a policy by policy basis.

Policyholder liabilities consist of the following components

Net unearned premium reserve

The unearned premium reserve is the portion of premium that had been booked in the current period but pertains to a period that extends beyond the valuation date. The fraction of premium that is to be consumed in the succeeding period is considered to be unearned. The unearned premium is the aggregate for both posted and fluctuations in the unearned premium.

The unearned premium reserve is computed both gross and net of reinsurance, the methodology used for both being similar.

Unit-link group life policies

Policyholder Liabilities for these policies are measured as the sum of the fair value of units attached and the unearned part of any risk premiums charged.

Profit Commission Reserve (Accrued for Policyholders)

This is the total accrued profit commission that is payable to Policyholders at a future date. Profit commission for any policy normally becomes payable at the end of three policy years. However, accrued profit commission is calculated at the end of each policy year to account for the liability that has been created for that year. The sum of all such accrued profit commissions for all schemes is the Profit Commission reserve.

Profit Commission Reserve (Accrued from Reinsurer)

This is the total profit commission due from reinsurer on all reinsured schemes. Profit commission rates are applied on insured groups, based on their size. The total profit commission accrued from reinsurer is the sum of profit commissions for each group.

Premium Deficiency Reserve

The need for premium deficiency reserve arises when the Group expects to incur claims in excess of reserves set aside using conventional methods. The Group analyzed its current portfolio of group contracts and evaluated loss ratios of group business. The Group does not expect excessive claims on any schemes and hence no provision for Premium Deficiency Reserve is set aside.

Incurred but not reported (IBNR) reserve

The IBNR (incurred but not reported) reserve is an estimate of those claims that might have occurred but not yet reported. This is estimated by using the claim intimation lag from the date of death for the claims that have been reported in the last two years. The system generated IBNR triangle report is used to calculate the ratio of delay to estimate the probable claims pertaining to and not reported up to the valuation date.

3.32 Statutory funds

The Subsidiary Company maintains statutory funds for all classes of life insurance business. Assets, liabilities, revenues and expenses are recorded in respective funds, if referable or, on the basis of actuarial advice if not referable. Other assets, liabilities, revenues and expenses are allocated to shareholders' fund. Policyholders' liabilities have been included in statutory funds on the basis of the actuarial valuation carried out by the appointed actuary of the Subsidiary Company on the balance sheet date as required by Section 50 of the Insurance Ordinance, 2000. A capital transfer provided to statutory funds by the shareholders' fund is recorded as a reduction in the shareholders' equity. Changes in the amount of capital contributed to statutory funds is recorded by the shareholders' funds directly in equity.

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:

	Note
- Property and equipment	3.4
- Leases	3.4.1
- Investment properties	3.6
- Premium deficiency reserve (liability adequacy test)	3.11
- Receivables related to insurance contracts	3.13.1
- Provision for outstanding claims (including IBNR)	3.19.1
- Taxation	3.20
- Employees' retirement benefits	3.21
- Impairment	3.22
- Policyholder liability and underlying actuarial assumptions	3.31
- Contingencies	23

4.1 Change in accounting estimates

During the year, The Holding Company has reviewed the useful life of tracker equipment. This has resulted into revision of useful life of tracker equipment from five years to three years. This change has been accounted for as change in accounting estimate in accordance with the requirements of International Accounting Standard (IAS-8) “Accounting Policies, Changes in Estimates and Errors" whereby the effect of the change has been recognized prospectively by including the same in the profit and loss account in the year of the change. Had the Holding Company's accounting estimate not been changed, written down value of property and equipment of the Holding Company and profit after tax for the year would have been higher by Rs. 51.33 million and Rs. 36.45 million respectively.

5. Property and equipment

Rupees ‘000

	Note	2021	2020
Operating assets	5.1	8 649 723	8 050 240
		8 649 723	8 050 240

5.1 Operating assets

	2021										
	Cost / Revaluation						Depreciation				Written down value
	As at 01 January	Additions	(Disposals) / Adjustments	Revaluation	As at 31 December	Rate %	As at 01 January	For the year	(Disposals) / Adjustments	As at 31 December	As at 31 December
Land	2 590 298	–	–	131 352	2 721 650	0	–	–	–	–	2 721 650
Buildings	3 943 530	95 413	–	481 166	4 520 109	5	630 672	198 976	–	829 648	3 690 461
Right of use assets - building	882 538	390 126	(116 809)	–	1 155 855	Lease term	343 684	180 613	(73 247)	451 050	704 805
Leasehold improvements	295 071	60 923	–	–	355 994	Lease term	181 677	56 692	-	238 369	117 625
Furniture and fixtures	680 505	36 135	(18 779)	–	697 861	10	352 912	58 122	(16 285)	394 749	303 112
Office equipments	596 055	37 194	(2 200)	–	631 049	10	321 663	53 166	(1 301)	373 528	257 521
Computers	355 381	230 153	(7 470)	–	578 064	30	213 888	117 190	(6 215)	324 863	253 201
Vehicles	1 521 088	212 667	(137 330)	–	1 596 425	20	854 443	265 784	(101 419)	1 018 808	577 617
Tracker equipments	169 081	24 271	(72 712)	–	120 640	20	84 368	85 253	(72 712)	96 909	23 731
	11 033 547	1 086 882	(355 300)	612 518	12 377 647		2 983 307	1 015 796	(271 179)	3 727 924	8 649 723

Rupees '000

2020

	Cost / Revaluation						Depreciation				Written down value
	As at 01 January	Additions	(Disposals) / (Write off)	Revaluation	As at 31 December	Rate %	As at 01 January	For the year	(Disposals) / (Write off)	As at 31 December	As at 31 December
Land	2 440 434	–	–	149 864	2 590 298	0	–	–	–	–	2 590 298
Buildings	3 429 936	113 714	–	399 880	3 943 530	5	456 330	174 342	–	630 672	3 312 858
Right of use assets - building	670 306	267 459	(55 227)	–	882 538	Lease term	175 055	180 485	(11 856)	343 684	538 854
Leasehold improvements	272 730	36 339	(13 998)	–	295 071	Lease term	122 102	69 453	(9 878)	181 677	113 394
Furniture and fixtures	795 948	59 109	(174 552)	–	680 505	10	459 577	60 716	(167 381)	352 912	327 593
Office equipments	601 277	26 628	(31 850)	–	596 055	10	290 030	60 399	(28 766)	321 663	274 392
Computers	405 274	78 457	(128 350)	–	355 381	30	259 882	82 335	(128 329)	213 888	141 493
Vehicles	1 413 792	185 253	(77 957)	–	1 521 088	20	652 866	265 306	(63 729)	854 443	666 645
Tracker equipments	403 735	29 216	(263 870)	–	169 081	20	228 670	61 552	(205 854)	84 368	84 713
	10 433 432	796 175	(745 804)	549 744	11 033 547		2 644 512	954 588	(615 793)	2 983 307	8 050 240

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

Category of Assets (Mode of disposal)	Original cost	Accumulated depreciation	Book value	Sale proceeds	Sold to
	Rupees '000				
Furniture & fixtures (Negotiation)	7 117	5 133	1 984	685	Mr. Ahsan Ali
Written down value below Rs. 50 000	11 662	11 152	510	649	Various
	18 779	16 285	2 494	1 334	
Office equipments (Negotiation)	464	121	343	20	Mr. Kamran
Written down value below Rs. 50 000	1 736	1 180	556	205	Various
	2 200	1 301	899	225	
Computers (Negotiation)	974	531	443	2	Nayab Computers
Written down value below Rs. 50 000	6 496	5 684	812	450	Various
	7 470	6 215	1 255	452	

Category of Assets (Mode of disposal)	Original cost	Accumulated depreciation	Book value	Sale proceeds	Sold to
	Rupees '000				
Vehicles					
(Negotiation)	2 772	1 848	924	2 000	Mr. Malik Mohammad Parvez
	2 430	1 175	1 255	–	Theft
	2 425	1 738	687	2 200	Mr.Fahad Ali Subhani
	1 984	860	1 124	1 650	Mr. Syed Wasif Hussain
	1 264	885	379	900	Mr. Hasan Riaz (Ex-Employee)
	1 121	449	672	750	Mr. Haji Nausherwan (Ex-Employee)
	849	481	368	350	Mr. Khawaja Samiullah (Ex-Employee)
	718	658	60	530	Mr. Arshad Iqbal (Employee)
	717	550	167	375	Mr. Haseeb Bajwa (Ex-Employee)
	568	375	193	625	Mr. Adnan Ul Haq
	742	453	289	700	Mr. Aijaz Ahmed Memon
	2 379	1 427	952	1 832	Mr. Akbar Munir
	742	453	289	700	Mr. Ali Sher Dahri
	568	375	193	625	Mr. Amar Lal
	1 970	690	1 280	1 970	Mr. Amar Lal Lasi
	568	375	193	625	Mr. Amir Manzoor
	1 605	321	1 284	1 000	Mr. Arif Hussain
	1 322	595	727	1 322	Mr. Asadullah Khan
	1 326	530	796	1 326	Mr. Asif Maraj
	1 300	650	650	1 350	Mr. Bharath Lal
	634	395	239	625	Mr. Bilal Alvi
	1 541	1 284	257	1 271	Mr. Ghulam Jelani
	2 077	1 293	784	2 200	Mr. Imran Hanif
	2 446	856	1 590	2 446	Ms. Iqra Numan
	1 883	847	1 036	1 800	Mr. Jahangir Ali
	1 391	626	765	1 300	Mr. Javed Aslam
	742	453	289	700	Mr. Jetendar
	568	375	193	625	Mr. Khurram Amin
	1 571	707	864	1 200	Mr. M. Arshad
	1 883	847	1 036	1 075	Mr. M. Arshad -Tloss
	448	389	59	540	Mr. Mahesh Kumar
	762	457	305	675	Mr. Malik Bilal Awan
	2 134	960	1 174	2 120	Mr. Mazhar Ali
	1 500	525	975	1 500	Mr. Mazhar Hussain
	568	443	125	675	Mr. Mehboob Dilbar
	448	389	59	540	Ms. Mehwish Kanwal
	742	495	247	700	Mr. Mohammad Taqi
	1 671	1 170	501	1 200	Mr. Muhammad Arshad
	1 086	799	287	1 250	Mr. Muhammad Naseem
	1 873	937	936	1 488	Mr. Muhammad Saleem Bhat
	717	518	199	675	Mr. Muhammad Salim
	2 093	1 360	733	1 744	Mr. Naseeruddin

Category of Assets (Mode of disposal)	Original cost	Accumulated depreciation	Book value	Sale proceeds	Sold to
	Rupees '000				
	2 379	1 308	1 071	2 111	Mr. Naveed Bhatti
	568	375	193	600	Ms. Nighat Seema
	1 883	847	1 036	1 880	Mr. Parkash Lal
	568	409	159	720	Mr. Raja Tariq Mehmood
	1 104	607	497	943	Mr. Ramesh Kumar
	2 077	1 763	314	2 100	Mr. Raza Hasan
	742	453	289	700	Mr. Rizwan Sharjil
	568	443	125	675	Mr. S.Muhammad Rafique
	610	538	72	400	Mr. Sajjad Hussain
	742	453	289	700	Mr. Sarmad Javed
	568	375	193	600	Mr. Shahid Raza Shaikh
	568	443	125	675	Mr. Shahzad Akhtar
	1 941	971	970	1 825	Mr. Syed Imran Qasim
	3 455	1 037	2 418	2 800	Mr. Syed M Owais
	568	375	193	625	Mr. Syed Waseem Ahmed
	1 550	543	1 007	1 550	Mr. Thakur
	1 575	551	1 024	1 444	Mr. Tulsi Das
	568	443	125	675	Mr. Usman Yousaf
	717	438	279	720	Mr. Waheed Ahmed
	1 441	1 158	283	–	Mr. Zahid Ali Raza
Written down value below Rs. 50 000	56 990	56 876	114	51 822	Various
	137 330	101 419	35 911	120 744	
Tracker equipments (Negotiation)	72 712	72 712	–	–	
	355 300	271 179	84 121	122 755	
Right of use assets (Negotiation)	116 809	73 247	43 562	–	Lease termination
	116 809	73 247	43 562	–	

6. Intangible assets

Rupees '000

2021

		Cost						Amortization / Impairment				Written down value
	Note	As at 01 January	Additions	(Disposals) / Adjustments	Revaluation	As at 31 December	Rate %	As at 01 January	For the year	(Disposals) / Adjustments	As at 31 December	As at 31 December
Computer softwares		145 129	542	–	–	145 671	33	106 429	20 866	–	127 295	18 376
Goodwill	6.1	7 980 917	–	–	–	7 980 917		–	–	–	–	7 980 917
		8 126 046	542	–	–	8 126 588		106 429	20 866	–	127 295	7 999 293

2020

		Cost						Amortization / Impairment				Written down value
	Note	As at 01 January	Additions	(Disposals) / (Write Off)	Revaluation	As at 31 December	Rate %	As at 01 January	For the year	(Disposals) / (Write Off)	As at 31 December	As at 31 December
Computer softwares		123 838	36 520	(15 229)	–	145 129	33	99 105	22 553	(15 229)	106 429	38 700
Goodwill	6.1	7 980 917	–	–	–	7 980 917		–	–	–	–	7 980 917
		8 104 755	36 520	(15 229)	–	8 126 046		99 105	22 553	(15 229)	106 429	8 019 617

6.1 This represent goodwill recognized on business combination with Subsidiary EFU Life Assurance Limited.

Rupees '000

	2021	2020
7. Investment property		
Opening net book value	2 517 970	2 341 470
Additions and capital improvements	3 579	6 362
Unrealized fair value gain	78 421	170 138
Closing net book value	2 599 970	2 599 970

Market value of these investment properties amounts to Rs. 2,600 million (2020: Rs. 2,518 million) based on a revaluation carried out by different valuer as at 31 December 2021 and revaluation gain of Rs. 78 million (2020: Rs. 170 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 recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Company's investment properties every year.

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) and which is considered as highest and best use of investment property.

7.1 Valuation Techniques

The valuers have arranged enquiries 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.

8. Investment in equity securities

Rupees '000

	2021			2020		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
At available-for-sale						
Related Party *						
Listed shares	600 520	(166 419)	434 101	702 768	(201 047)	501 721
Mutual funds	523	-	523	523	–	523
	601 043	(166 419)	434 624	703 291	(201 047)	502 244
Others						
Listed shares	2 413 226	(188 326)	2 224 900	2 108 003	(58 813)	2 049 190
Unlisted shares	31 508	(15 500)	508	31 508	(15 500)	508
Mutual funds	146 405	(18 544)	127 861	123 307	(10 754)	112 553
	2 591 139	(222 370)	2 353 269	2 262 818	(85 067)	2 162 251
Surplus on revaluation	–	–	1 221 120	–	–	2 223 956
	3 192 182	(388 789)	4 009 013	2 966 109	(286 114)	4 888 451
At fair value through profit and loss - designated upon initial recognition						
Related Party *						
Listed shares	12 544	–	105 326	8 557	–	202 717
Mutual funds	1 247	–	1 136	596	–	1 174
	13 791	–	106 462	9 153	–	203 891
Others						
Listed shares	31 623 510	–	31 113 061	33 977 498	–	38 194 734
Mutual funds	1 174 048	–	1 303 815	1 410 788	–	1 557 138
	32 797 558	–	32 416 876	35 388 286	–	39 751 872
	32 811 349	–	32 523 338	35 397 439	–	39 955 763
	36 003 531	(388 789)	36 532 351	38 363 548	(286 114)	44 844 214

* 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	2021 Cost	2021 Impairment / provision	2021 Carrying value	2020 Cost	2020 Impairment / provision	2020 Carrying value
Held to maturity	9.1						
Government securities		7 903 248	–	7 903 248	7 447 581	–	7 447 581
Available-for-sale	9.2						
Government securities		9 455 653	–	9 455 653	9 612 685	–	9 612 685
Term finance certificate		244 118	(44 118)	200 000	244 118	(44 118)	200 000
Corporate sukuks		180 000	–	180 000	180 000	–	180 000
(Deficit) / surplus on revaluation		–	–	(429 829)	–	–	280 617
		9 879 771	(44 118)	9 405 824	10 036 803	(44 118)	10 273 302
Fair value through profit and loss (designated-upon initial recognition)	9.3						
Government securities		80 016 058	–	79 419 004	67 013 519	–	67 013 519
Term finance certificates		2 992 793	–	2 992 793	3 905 652	–	3 905 652
Corporate sukuks		2 519 532	(37 500)	2 482 032	3 859 532	–	3 859 532
Commercial papers		–	–	–	8 554	–	8 554
Certificates of investment		410 000	–	410 000	210 000	–	210 000
		85 938 383	(37 500)	85 303 829	74 997 257	–	74 997 257
		103 721 402	(81 618)	102 612 901	92 481 641	(44 118)	92 718 140

9.1 Held to maturity

Name of investment	2021 Maturity year	Effective yield %	Amortized cost	Principal repayments	Carrying value
03 Years Pakistan Investment Bond	2022	11.42	3 795 519	3 835 000	3 795 519
06 Months Treasury Bills	2022	11.00	248 040	250 000	248 040
14 Days Pakistan Investment Bond	2023	9.25	298 908	300 000	298 908
03 Years Pakistan Investment Bond	2023	7.64	2 559 207	2 575 000	2 559 207
20 Years Pakistan Investment Bond	2024	12.36	53 980	53 700	53 980
Goverment Ijara	2025	6.27	290 101	289 628	290 101
10 Years Pakistan Investment Bond	2028	11.62	12 348	15 000	12 348
10 Years Pakistan Energy Sukuk 1	2029	8.05	193 004	197 160	193 004
10 Years Pakistan Energy Sukuk II	2030	7.25	452 141	452 700	452 141
			7 903 248	7 968 188	7 903 248

Rupees '000

Name of investment	Maturity year	Effective yield %	Amortized cost	Principal repayments	Carrying value
		2020			
03 Years Pakistan Investment Bond	2021	7.25	67 567	70 000	67 567
14 Days Pakistan Investment Bond	2022	7.12	49 818	50 000	49 818
03 Years Pakistan Investment Bond	2022	9.00	3 747 285	3 835 000	3 747 285
03 Years Pakistan Investment Bond	2023	7.12	47 212	47 500	47 212
10 Years Pakistan Investment Bond	2028	8.75	12 100	15 000	12 100
20 Years Pakistan Investment Bond	2024	10.00	54 079	53 700	54 079
3 Months Treasury Bills	2021	7.12	2 091 667	2 102 500	2 091 667
12 Months Treasury Bills	2022	8.95	489 021	500 000	489 021
03 Years Goverment Ijara	2023	6.27	241 186	241 078	241 186
10 Years Pakistan Energy Sukuk I	2029	8.05	194 947	197 160	194 947
10 Years Pakistan Energy Sukuk II	2030	7.25	452 699	452 700	452 699
			7 447 581	7 564 638	7 447 581

9.2 Available-for-sale

Name of investment	Maturity year	Effective yield %	Profit payment	Face value	2021
6 months Treasury Bills	2022	7.38	On maturity	450 000	443 292
3 Years Pakistan Investment Bonds	2023	8.12	Half yearly	300 000	286 765
5 Years Pakistan Investment Bonds	2023	11.26 - 13.80	Half yearly	164 300	156 710
5 Years Pakistan Investment Bonds	2024	7.52 - 11.52	Half yearly	8 321 500	7 958 217
10 Years Pakistan Investment Bonds	2028	13.43	Half yearly	200 000	175 230
					9 020 214
The amount of Pakistan Investment Bonds includes Rs. 235 million (2020: Rs. 225 million) deposited with the State Bank of Pakistan as required by Section 29 of the Insurance Ordinance, 2000 and Rs. 170 million deposited with NCCPL (2020: Rs. 170 million)					
Term Finance Certificates (TFCs) – quoted					
New Allied Electronics Limited*	2012	12.92	Quarterly	3 481	–
Agritech Limited – 3rd Issue (B)*	2017	11.00	Half yearly	5 665	–
Agritech Limited – 3rd Issue (A)*	2019	13.35	Quarterly	34 972	–
Soneri Bank Limited	2026	9.70	Half yearly	100 000	100 000
Habib Bank Limited	Perpetual	9.36	Quarterly	100 000	100 000
					200 000
Corporate Sukuks – quoted					
Dubai Islamic Bank Limited	2023	9.21	Monthly	80 000	80 000
The Hub Power Company Limited	2023	9.29	Quarterly	50 000	51 807
Engro Polymer & Chemicals Limited	2026	8.35	Quarterly	50 000	53 803
					185 610
					9 405 824

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

Rupees '000

Name of investment	Maturity year	Effective yield %	Profit payment	Face value	2020
6 months Treasury Bills	2021	13.05 - 13.15	On maturity	1 500 000	1 432 964
3 months Treasury Bills	2021	13.00 - 13.51	On maturity	1 810 900	1 786 935
3 Years Pakistan Investment Bonds	2021	11.91 - 14.25	Half yearly	4 492 000	4 167 628
5 Years Pakistan Investment Bonds	2023	11.26 - 13.80	Half yearly	164 300	148 354
5 Years Pakistan Investment Bonds	2024	11.21 - 11.52	Half yearly	1 651 500	1 562 033
10 Years Pakistan Investment Bonds	2028	13.43	Half yearly	200 000	175 483
					9 273 397
The amount of Pakistan Investment Bonds includes Rs. 204 million (2019: Rs. 207 million) deposited with the State Bank of Pakistan as required by Section 29 of the Insurance Ordinance, 2000.					
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	Perpetual	15.50	Half yearly	100 000	100 000
Habib Bank Limited	Perpetual	15.14	Quarterly	100 000	100 000
					200 000
Corporate sukuks – quoted					
Dubai Islamic Bank Limited	Perpetual	15.6	Monthly	80 000	80 000
The Hub Power Company Limited	2023	15.51	Quarterly	50 000	50 450
Engro Polymer and Chemicals Limited	2026	14.54	Quarterly	50 000	50 688
					181 138
					9 654 535

* 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)

Rupees '000

	2021				
Name of investment	Maturity year	Effective yield %	Amortized cost	Principal repayments	Carrying value
Government securities					
6 Months Treasury Bills	2022	7.46	236 834	250 000	236 804
10 Years Pakistan Investment Bond	2022	11.62	2 105 442	2 100 000	2 107 261
3 Years Pakistan Investment Bond	2022	11.42	25 048 546	25 156 500	24 757 107
3 Years Goverment Ijara	2025	5.95	4 391 465	4 389 744	4 353 455
2 Years Pakistan Investment Bond	2023	9.25	4 722 580	4 750 000	4 718 175
5 Years Pakistan Investment Bond	2023	11.46	1 174 950	1 206 000	1 150 283
3 Years Pakistan Investment Bond	2023	8.64	1 358 559	1 375 000	1 354 650
2 Years Pakistan Investment Bond	2023	11.08	247 788	250 000	247 800
3 Years Pakistan Investment Bond	2023	7.64	38 637 263	38 862 000	38 525 578
20 Years Pakistan Investment Bond	2024	12.36	389 782	392 000	381 082
10 Years Pakistan Investment Bond	2024	11.62	101 172	100 000	101 307
5 Years Pakistan Investment Bond	2026	8.80	491 890	500 000	490 200
10 Years Pakistan Investment Bond	2029	11.62	116 797	125 000	115 302
10 Years Pakistan Energy Sukuk	2029	8.05	942 752	963 159	830 000
Pakistan Energy Sukuk	2030	7.25	50 238	50 300	50 000
			80 016 058	80 469 703	79 419 004

Rupees '000

2020					
Name of investment	Maturity year	Effective yield %	Amortized Cost	Principal Repayments	Carrying Value
Government securities					
03 Years Pakistan Investment Bond	2021	7.25	10 465 010	10 723 500	10 726 566
03 Years Pakistan Investment Bond	2022	9.00	25 796 658	26 156 500	26 612 251
03 Years Pakistan Investment Bond-Floaters	2023	7.12	6 419 203	6 452 500	6 403 856
05 Years Pakistan Investment Bond	2021	7.75	552 939	560 000	560 867
05 Years Pakistan Investment Bond	2023	8.00	1 157 352	1 206 000	1 200 553
10 Years Pakistan Investment Bond	2022	12.00	2 115 038	2 100 000	2 228 313
10 Years Pakistan Investment Bond	2024	12.00	101 553	100 000	109 846
10 Years Pakistan Investment Bond	2029	10.00	116 161	125 000	125 546
20 Years Pakistan Investment Bond	2024	10.00	388 836	392 000	408 102
03 Months Treasury Bills	2021	7.16	59 027	60 000	59 850
06 Months Treasury Bills	2021	7.10	14 156 171	14 625 000	14 526 589
12 Months Treasury Bills	2021	7.69	2 688 904	2 850 000	2 785 600
03 Years Goverment Ijara	2023	5.95	237 059	236 710	233 987
08 Years Pakistan Water And Power Development Authority	2021	9.04	136 406	571 099	134 030
10 Years Pakistan Energy Sukuk I	2029	8.05	952 291	963 159	847 263
Pakistan Energy Sukuk II	2030	7.25	50 300	50 300	50 300
			65 392 908	67 171 768	67 013 519

Rupees '000

	Yield	Maturity	No. of Certificate 2021	No. of Certificate 2020	Face Value	Value of Certificate 2021	Value of Certificate 2020
Term finance certificate							
Available-for-sale							
Bank Alfalah Limited	9.03	2024	5 000	5 000	100 000	464 463	500 000
Bank AL Habib Limited	8.03	2026	–	80 100	–	–	360 909
TPL Trakker Limited	13.42	2026	25	–	949 000	23 729	–
Bank AL Habib Limited	12.50	2028	20 000	20 000	5 000	103 601	97 048
Bank AL Habib Limited	12.87	Perpetual	40 000	40 000	5 000	200 000	200 000
United Bank Limited	9.88	Perpetual	250 000	250 000	5 000	1 250 000	1 250 000
Soneri Bank Limited	13.50	Perpetual	10 000	10 000	5 000	50 000	50 000
Habib Bank Limited	11.97	Perpetual	2 000	2 000	100 000	200 000	200 000
Bank Alfalah Limited	9.63	Perpetual	20 000	20 000	5 000	100 000	100 000
Askari Bank Limited	12.01	Perpetual	100	100	1 000 000	101 000	99 040
Askari Bank Limited	9.17	Perpetual	450	450	1 000 000	450 000	450 000
						2 942 793	3 306 997
Related party							
JS Bank Limited	9.60	Perpetual	–	5 000	–	–	500 000
Held to maturity							
Askari Bank Limited	9.17	Perpetual	50	50	1 000 000	50 000	50 000
						2 992 793	3 856 997

Rupees '000

	Yield	Maturity	No. of Certificate 2021	2020	Face Value	Value of Certificate 2021	2020
Corporate sukuks							
Fair value through profit and loss							
Al Baraka Bank Limited	8.54	2021	–	50	–	–	7 141
International Brands Limited	7.89	2021	–	1 000	–	–	42 258
Fatima Fertilizer Company Limited	8.45	2021	–	9 807	–	–	9 874
Byco Petroleum Pakistan Limited	9.01	2022	1 000	1 000	100 000	8 404	41 514
Hascol Petroleum Limited *	8.95	2022	–	30 000	–	37 500	37 086
Dawood Hercules-Sukuk	8.30	2022	–	6 431	–	–	455 838
Dawood Hercules-Sukuk	8.30	2023	–	5 819	–	–	352 965
HUBCO Sukuk	10.70	2023	3 500	3 500	100 000	362 651	357 870
Pakistan Services Limited	11.42	2024	250	250	1 000 000	230 562	197 577
Engro Polymer Limited	9.21	2026	2 050	2 050	100 000	220 591	209 408
Neelum Jhelum Hydropower Company Limited	12.80	2026	12 500	12 500	100 000	721 806	885 156
Meezan Bank Limited	11.70	Perpetual	500	500	1 000 000	500 000	500 000
Dubai Islamic Bank Pakistan Limted	12.16	Perpetual	20 000	20 000	5 000	100 000	100 000
						2 181 514	3 196 687
Related Parties							
K-Electric Limited	11.81	2022	352 233	352 233	5 000	177 703	533 685
BankIslami Pakistan Limited	13.24	Perpetual	28 063	28 063	5 000	140 315	140 315
Less: provision for impairment in the value of available for sale fixed income securities						(35 670)	–
						282 348	674 000
Held to maturity							
Dawood Hercules Sukuk	8.30	2022	–	250	100 000	–	17 500
Engro Polymer Limited	9.21	2026	200	200	100 000	20 000	20 000
						20 000	37 500
Commercial Paper							
TPL Corporation	9.20	2021	–	1	25 000 000	–	8 554
Certificate of Investment							
Pak Kuwait Investment Company	10.50	2022	1	–	150 000	150 000	–
First Habib Modarba	11.00	2022	1	1	210 000	210 000	210 000
Pak Oman Company Limited	12.00	2022	1	–	50 000	50 000	–
						410 000	210 000
						5 886 655	7 983 738

	Note	2021	2020
10. Investment in term deposits			
Held to maturity			
Deposits maturing within 12 months			
Term deposits certificates - local currency	10.1 & 10.3	24 664 929	19 428 800
Term deposits certificates – foreign currency	10.2	390 285	316 206
		25 055 214	19 745 006

10.1 The rate of return on term deposit certificates issued by various banks ranges from 6.50 % to 12.50 % per annum (2020: 6.25 % to 13.45 % per annum) depending on tenure. These term deposit certificates have maturities upto August 2022.

10.2 The rate of return on foreign currency term deposit certificates issued by various banks ranges from 0.15 % to 0.85 % per annum (2020: 0.10 % to 1.35 % per annum) depending on tenure. These term deposit certificates have maturities upto January 2022.

10.3 This includes an amount of Rs. 13 million (2020: Rs. 13 million) under lien with banks against guarantees issued in favour of the Holding Company.

Rupees '000

		Note	2021	2020
11.	**Loan and other receivables - considered good**			
	Loans to employees		104 381	202 928
	Accrued investment income		2 313 942	2 293 217
	Security deposits		70 925	143 712
	Advances to suppliers		123 569	90 467
	Advances to employees		134 243	5 102
	Other receivables		347 027	247 364
			3 094 087	2 982 790
12.	**Insurance / reinsurance receivables - unsecured and considered good**			
	Due from insurance contract holders		5 166 605	3 749 182
	Provision for impairment of receivables from insurance contract holders	12.1	(1 195)	(7 123)
			5 165 410	3 742 059
	Due from other insurer / reinsurers		304 536	98 349
			5 469 946	3 840 408
12.1.	Provision for impairment of receivables from insurance contract holders			
	Balance as on 01 January		7 123	209 784
	Reversal during the year		(5 928)	(13 474)
	Written off		–	(189 187)
	Balance as on 31 December		1 195	7 123
13	**Prepayments**			
	Prepaid reinsurance premium ceded		5 468 998	4 808 670
	Software support service		2 419	845
	Prepaid tracker expense		39 347	50 090
	Others		147 712	86 130
			5 658 476	4 945 735

Rupees '000

	Note	2021	2020
14 Cash and bank			
Cash in hand		173	25
Policy and revenue stamps bond papers		22 295	24 862
		22 468	24 887
Cash at bank			
Current accounts		1 326 512	1 525 392
Saving accounts	14.1 & 14.2	4 448 667	5 113 312
		5 775 179	6 638 704
		5 797 647	6 663 591

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

	2021	2020
Cash and cash equivalents		
Cash and others	22 468	24 887
Cash at bank	5 775 179	6 638 704
Term deposit maturing within three months	24 376 429	19 659 000
	30 174 076	26 322 591

14.1 The rate of return on saving accounts from various banks ranges from 5.50 % to 9.00 % per annum (2020: 5.50 % to 7.50 % per annum) depending on the size of average deposits.

14.2 This includes an amount of Rs. 54 million (2020: Rs. 57 million) under lien with banks against guarantee issued in favour of the Holding Company.

15. Share capital

15.1 Authorized capital

Number of shares '000		Rupees '000	
2021	2020	2021	2020
200 000	200 000	2 000 000	2 000 000

15.2 Issued, subscribed and paid-up share capital

Number of shares '000 2021	2020		Rupees '000 2021	2020
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

	Note	Rupees '000 2021	2020
16 Reserves			
Capital reserve			
Reserve for exceptional losses	16.1	12 902	12 902
Revenue reserves			
General reserve		15 650 000	15 400 000
Revaluation reserve for unrealized gain on available-for-sale investments - net		644 699	1 805 449
Reserve for change in fair value of investment property - net		1 455 258	1 399 579
		17 762 859	18 617 930

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 2021	2020
17. Surplus on revaluation of property and equipment		
Surplus arising on revaluation of property and equipment - net of tax		
Equity holders	1 477 664	1 260 483
Non-controlling interest	508 482	314 208
	1 968 146	1 574 691

	Note	2021	2020
			Rupees '000
18. Insurance liability			
Reported outstanding claims	18.1	3 378 978	3 568 512
Incurred but not reported claims	18.2	880 319	769 857
Investment component of unit-linked and account value policies	18.3	145 125 387	136 898 826
Liabilities under individual conventional insurance contracts	18.4	989 072	933 952
Liabilities under group insurance contracts (other than investment linked)	18.5	415 452	447 173
Participant's Takaful Fund Balance		301 895	228 173
		151 091 103	142 846 493
18.1 Reported outstanding claims			
Gross of reinsurance			
Payable within one year		2 873 458	3 059 539
Payable over a period of time exceeding one year		887 283	905 164
		3 760 741	3 964 703
Recoverable from reinsurers			
Receivable over a period of time exceeding one year		(381 763)	(396 191)
		(381 763)	(396 191)
Net reported outstanding claims		3 378 978	3 568 512
18.2 Incurred but not reported claims			
Gross of reinsurance		1 054 712	957 089
Reinsurance recoveries		(174 393)	(187 232)
Net of reinsurance		880 319	769 857
18.3 Investment component of unit-linked and account			
Investment component of unit linked policies		145 125 387	136 898 826
		145 125 387	136 898 826
18.4 Liabilities under individual conventional insurance contracts			
Gross of reinsurance		1 197 514	1 122 415
Reinsurance credit		(208 442)	(188 463)
Net of reinsurance		989 072	933 952
18.5 Liabilities under group insurance contracts (other than investment linked)			
Gross of reinsurance		532 869	560 405
Reinsurance credit		(117 417)	(113 232)
Net of reinsurance		415 452	447 173

19. Retirement benefit obligations

The latest actuarial valuation as at 31 December 2021 uses a discount rate of 11.50 % (2020: 9.50 %) for defined benefit obligation and plan assets. Basic salary and pension increase to average 8.50 % and 0.00 % (2020: 6.50 % and 0.00 %) respectively per annum in the long term.

Rupees '000

	2021		2020	
	Pension	Gratuity	Pension	Gratuity
19.1.1 Reconciliation of the present value of defined benefit obligations				
At the beginning of the year	222 860	511 467	218 468	448 210
Current service cost	1 196	22 209	1 055	20 315
Interest cost	20 084	45 812	25 262	52 940
Remeasurement loss due to:				
Change in financial assumptions	(23 104)	–	4 754	–
Experience	(323)	28 713	(3 874)	18 549
Benefits paid	(22 908)	(58 470)	(22 805)	(28 547)
At the end of the year	197 805	549 731	222 860	511 467
19.1.2 Changes in fair value of plan assets				
At the beginning of the year	267 126	501 662	246 073	450 294
Interest income	24 343	45 346	28 704	53 194
Remeasurement gain / (loss) due to:				
Investment return	(11 931)	(17 780)	13 945	26 721
Contributions paid by Company	228	9 805	242	–
Contributions paid by employees	911	–	967	–
Benefits paid	(22 908)	(58 470)	(22 805)	(28 547)
At the end of the year	257 769	480 563	267 126	501 662
19.1.3 Charge to profit and loss account				
Service cost				
Current service cost	1 196	22 209	1 055	20 315
Employee contributions	(911)	–	(967)	–
Net interest (income) / cost	(4 259)	466	(3 442)	(254)
Chargeable in profit and loss account	(3 974)	22 675	(3 354)	20 061
19.1.4 Remeasurements recognized in other comprehensive income				
Change in financial assumptions	(23 104)	–	4 754	–
Experience on obligation	(323)	28 713	(3 874)	18 549
Investment return	11 931	17 780	(13 945)	(26 721)
Chargeable in statement of comprehensive income	(11 496)	46 493	(13 065)	(8 172)
Total defined benefit cost	(15 470)	69 168	(16 419)	11 889
19.1.5 (Asset) / liability on balance sheet				
At the beginning of the year	(44 266)	9 805	(27 605)	(2 084)
Defined benefit cost	(15 470)	69 168	(16 419)	11 889
Contributions paid by Company	(228)	(9 805)	(242)	–
At the end of the year	(59 964)	69 168	(44 266)	9 805
Reconciliation				
Obligation	197 805	549 731	222 860	511 467
Plan assets	(257 769)	(480 563)	(267 126)	(501 662)
Net (asset) / liability on balance sheet	(59 964)	69 168	(44 266)	9 805

19.1.6 Historical data

Rupees '000

	2020	2019	2018	2017	2016
Pension					
Present value of defined benefit obligation	222 860	218 468	208 041	280 809	278 214
Fair value of plan assets	(267 126)	(246 073)	(232 183)	(249 514)	(279 401)
(Surplus) / deficit	(44 266)	(27 605)	(24 142)	31 295	(1 187)
Experience adjustment					
- Actuarial loss / (gain) on obligation	(3 874)	(1 325)	2 058	1 756	10 451
- Actuarial (loss) / gain on assets	13 945	7 143	(14 850)	(29 847)	33 506
Gratuity					
Present value of defined benefit obligation	511 467	448 210	426 035	365 990	329 987
Fair value of plan assets	(501 662)	(450 294)	(339 062)	(325 311)	(328 138)
(Surplus) / deficit	9 805	(2 084)	86 973	40 679	1 849
Remeasurements due to:					
- Actuarial loss / (gain) on obligation	18 549	(13 557)	45 279	15 080	16 810
- Actuarial gain / (loss) on assets	26 721	13 926	(22 136)	21 566	15 124

19.1.7 Composition of fair value of plan assets

Fund investments	Pension				Gratuity			
	2021		2020		2021		2020	
Debt	97%	250 354	95%	244 418	93%	447 696	91%	441 510
Equity	3%	7 151	5%	14 028	7%	31 274	8%	42 219
Cash	0%	527	0%	621	0%	1 594	1%	3 936
	100%	258 032	100%	259 067	100%	480 564	100%	487 665

The expected charge to pension and gratuity fund for the year 2022 amounts to Rs. 22 million.

19.1.8 Sensitivity analysis on significant actuarial assumptions: Actuarial liability
Impact on obligation of 1 % change in assumptions

Assumptions	1 % increase	1 % decrease
Discount rate	(33 154)	36 907
Salary increase	26 483	(24 147)
Pension increase	12 488	–

Weighted average duration of the plan is 5.3 years.

Rupees '000

Projected payments	Pension	Gratuity
Company contributions 2022	206	31 710
Benefit payments:		
2022	29 349	147 890
2023	28 591	61 943
2024	28 446	53 726
2025	27 948	78 660
2026	27 034	49 197
2027 - 2031	119 563	385 352

19.2.1 Provident fund

The following information of Subsidiary Company based on unaudited financial statements of their fund as at 31 December 2021:

	Rupees '000		Percentage	
	2021	2020	2021	2020
Size of the fund - total assets	627 747	579 856		
Cost of investments	596 500	546 737	95.02	94.29
Fair value of investments	618 063	577 172	98.46	99.54
The breakup of fair value of investment in Provident Fund is as follows:				
Open end mutual fund	123 534	115 205	19.97	19.96
Shares	785	1 366	0.13	0.24
Government securities	493 744	460 601	79.90	79.80

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	
	2021	2020	2021	2020
Size of the fund - total assets	497 817	441 930		
Cost of investments	481 522	412 714	96.73	93.39
Fair value of investments	495 576	436 367	99.60	98.74
The breakup of fair value of investment in Pension Fund is as follows:				
Open end mutual fund	67 581	63 043	13.64	14.45
Shares	270	553	0.05	0.13
Government securities	427 725	371 551	86.31	85.15
Term Finance Certificates	–	1 221	0.00	0.28

Rupees '000

	2021	2020
20. Deferred taxation		
Deferred debits arising in respect of		
Premium due but unpaid	(346)	(2 066)
Impairment of TFC	(12 794)	(12 794)
Define benefit plan	(15 355)	(5 205)
Right of use asset	(28 414)	(4 724)
Impairment of available-for-sale equity securities	(50 958)	–
Deferred credits arising in respect of		
Fair value of investment property	685 866	663 124
Revaluation of property and equipment	1 343 738	1 166 207
Accelerated tax depreciation	38 104	50 255
Unrealized gain on available-for-sale investments	293 171	767 745
Retained earning ledger Account D	744 591	674 409
	2 997 603	3 296 951

21. Insurance / reinsurance payable

These amounts represent amount payable to other insurers and reinsurer

	Note	2021	2020
22. Other creditors and accruals			
Federal insurance fee payable		13 513	11 847
Federal excise duty and sales tax payable		307 645	175 492
Accrued expenses		1 462 124	1 124 297
Agent commission payable		1 542 426	1 426 827
Unearned rentals		69 329	68 097
Other deposits		1 378 680	1 098 695
Unclaimed / unpaid dividends		470 506	413 162
Lease liability	22.1	788 911	604 074
Others		323 804	329 682
		6 356 938	5 252 173
22.1 Lease liability			
Current		158 550	148 934
Non-current		630 361	455 140
		788 911	604 074

	2021			2020		
	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	233 257	74 707	158 550	219 615	70 681	148 934
Later than one year and not later than five years	619 697	136 362	483 335	708 701	371 654	337 047
Over five years	247 581	100 555	147 026	307 223	189 130	118 093
	1 100 535	311 624	788 911	1 235 539	631 465	604 074

23. Contingencies and commitments

The income tax assessment of the Holding Company and its Subsidiary Company has been finalized up to tax year 2021.

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 provision for bonus to staff, provision for gratuity and excess management expenses. The Holding Company had filed appeals before the Commissioner, 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 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 Commissioner 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 Inland Revenue (Audit) has amended the tax assessment of the Holding Company for the tax year 2005 to 2007 by disallowing prorated expense. The Holding Company has filed appeals before Commissioner 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) had 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 asset, 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 Commission Income Tax (Appeals) against the order of Income Tax Commissioner (Audit). The Appeal decided in favour of the Holding Company except addition made on account of 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 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 Income Tax Appellate Tribunal (ITAT) against the decision of the Income Tax Commissioner (Appeals) for 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 decided against the Holding Company, a tax liability of Rs. 5,099 million would be payable. The Honourable High Court of Sindh has issued orders in favour of the assesses on identical cases.

- The Department has filed an appeal for tax years 2014 to 2016 before the Income Tax Appellate Tribunal (ITAT) against the order of Commissioner (Appeal) in respect of Dividend Income taxed at the reduced rate. If the appeal is decided against the Holding Company, a tax liability of Rs. 355 million would arise.

- The Commissioner 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 Commissioner Income Tax (Appeals). The Commissioner Income Tax (Appeals) has confirmed the action of the Commissioner, 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 Inland Revenue (Audit) has made an addition to the income of the Tax year 2020 on account of expenses. The Holding Company has filed appeals before Commissioner Income Tax (Appeals). If the appeal is decided against the Holding Company, a tax liability of Rs. 2 million would arise.

- The Commissioner Inland Revenue (Audit) has made an addition to the income of Tax years 2021 on account of the fair market value of motor vehicles. The Holding Company has filed appeals before Commissioner Income Tax (Appeals). 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.

- In 2014, 2015, 2016, 2017 and 2018, the 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 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 the Subsidiary Company in Sindh High Court challenging the applicability of withholding tax provision on bonus shares received by the Subsidiary Company. The honorable high court decided the case against the Subsidiary Company. Subsequently, the Subsidiary Company 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 and as such no provision has been made for the aforementioned tax. The amount involved is Rs. 3 million.

- During 2019, Sindh Revenue Board (SRB) vide notification no. SRB 3-4/5/2019 dated 8 May 2019 extended the exemption on life insurance till 30 June 2019. Subsequent to it, life insurance was made taxable from 01 July 2019 at the rate of 3% and group life insurance at the rate of 13%. Further, SRB extended exemption on health insurance till 30 June 2020. With effect from 01 November 2018, the Punjab Revenue Authority (PRA) withdrew its exemption on life and health insurance and made the same subject to Punjab Sales Tax (PST). The Subsidiary Company collectively through the forum of Insurance Association of Pakistan ("IAP") had filed a constitutional petition in the Lahore High Court (LHC) and in the High Court of Sindh at Karachi on 28 September 2019 and 28 November 2019 against PRA and SRB respectively.

According to the grounds of the petition and legal opinion obtained by the Subsidiary Company the Insurance premium does not fall under the definition of service rather an insurance policy is a financial arrangement, which is in the nature of a contingent contract, and not a service upon which sales tax can be levied (and that an insurance company is not rendering a service). The legal opinion covered question of constitutionality arose on the levy of provincial sales tax on life insurance, which in their view, is a Federal subject. The opinion also mentions that vast majority of premium received from a policyholder, during the life of the policy, is in fact channeled it to the policyholder's investment account and as such this is critically important in exposing the legal fallacies embodied in the Rules.

The Honorable Lahore and Sindh High Courts have directed that no coercive measure would be taken until the next date of hearing. Further subsequent to filing petition, all the provincial tax authorities i.e. SRB, PRA and BRA called a meeting of the industry representatives on 11 January 2020 in Karachi to discuss the matters relating to sales tax on premium. The matter was discussed in details and it was agreed to form a joint committee of the industry representatives as well as from all the provincial tax authorities. Further the committee formed met on 05 February 2020 in Lahore at PRA office to work out the way forward. Thereafter, due to the COVID-19 situation and consequential lockdown, further meetings of the Joint committee are not being held.

On 02 April 2020, due to the outbreak of COVID-19, the PRA provided a relief to Life Insurance sector through its notification no. SO(TAX) 1-1110/2020 (COVID-19). The PRA reduced the PST rate from 16% to zero percent without input tax adjustment for life insurance from 02 April 2020 till 30 June 2020.

SRB through notification no. SRB-3-4/13/2020 dated 22 June 2020 exempted the life insurance services conditionally from 01 July 2019 to 30 June 2020 subject to e-depositing SST due, on such services for the tax periods from 01 July 2020 onward. Further in Sindh, on 29 June 2020 SRB through another notification No SRB-3-4/18/2020 has amended the responsibility of withholding agent rules requiring a Company also to withheld SST on Services of Life Insurance.

The Company with other life insurance companies has filed another petition in this regard in the Honorable Sindh High Court. The Honorable Sindh High Court has directed that no coercive measure will be taken until the next date of hearing.

In continuation to the constitutional 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 Pakhtunkhuwa Revenue Authority (KPRA) through Khyber Pakhtunkhuwa Finance Act 2021 has imposed sales tax on life insurance at the rate of 15%, from 01 July 2021, which was previously exempt for the reason of economic documentation.

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 from its customers. The amount of sales tax involved is around Rs. 1,805 million computed on the basis of risk based premium. As per the advice of legal advisor, in case the administrative efforts fail, the amount will be charged to the policyholders.

- Bank guarantees amounting to Rs. 57 million have been given in respect of Group Life coverage. These bank guarantees will expire on 30 December 2023.

23.3 No provision has been made in these consolidated financial statements for the above contingencies, as the management, based on tax advisor's opinion, is confident that the decision in this respect will be received in favour of the Group.

23.4 There are no commitments as at 31 December 2021 (31 December 2020: Nil).

Rupees '000

		2021	2020
24.	**Net insurance premium**		
	Written gross premium	59 327 437	52 751 010
	Unearned premium reserve - opening	9 411 142	9 143 972
	Unearned premium reserve - closing	(10 517 726)	(9 411 142)
	Premium earned	58 220 853	52 483 840
	Less:		
	Reinsurance premium ceded	12 763 340	11 308 371
	Prepaid reinsurance premium - opening	4 808 670	5 750 008
	Prepaid reinsurance premium - closing	(5 468 998)	(4 808 670)
	Reinsurance expense	12 103 012	12 249 709
		46 117 841	40 234 131
25.	**Net insurance claim expense**		
	Claims Paid	30 808 596	23 815 225
	Outstanding claims including IBNR - closing	7 085 599	7 111 989
	Outstanding claims including IBNR - opening	(7 111 989)	(6 273 372)
	Claims expense	30 782 206	24 653 842
	Less:		
	Reinsurance and other recoveries received	3 369 729	2 664 094
	Reinsurance and other recoveries in respect of outstanding claims - opening	(3 856 142)	(4 081 849)
	Reinsurance and other recoveries in respect of outstanding claims - closing	3 974 297	3 856 142
	Reinsurance and other recoveries revenue	3 487 884	2 438 387
		27 294 322	22 215 455

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:

Rupees '000

Accident year	2017 and prior	2018	2019	2020	2021 (including IBNR)	Total
Estimate of ultimate claims costs:						
– At end of accident year	10 620 553	5 812 473	7 326 981	7 040 966	8 543 737	
– One year later	9 375 298	5 183 730	6 350 034	6 017 883	–	
– Two years later	8 670 978	5 121 744	6 017 506	–	–	
– Three years later	8 740 109	5 000 472	–	–	–	
– Four years later	8 639 076	–	–	–	–	
Current estimate of cumulative claims	8 639 076	5 000 472	6 017 506	6 017 883	8 543 737	34 218 674
Cumulative payments to date	7 857 520	4 711 303	5 337 777	5 064 519	4 161 956	27 133 075
Liability recognized in statement of financial position	781 556	289 169	679 729	953 364	4 381 781	7 085 599

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% threshhold therefore, the claim development table for all statutory funds is not disclosed.

25.3 For Subsidiary Company 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% threshhold therefore the claim development table is not disclosed.

Rupees '000

	Note	2021	2020
26. Net commission expense			
Commission paid or payable		8 606 780	7 194 504
Deferred commission expense - opening		678 039	598 669
Deferred commission expense - closing		(772 985)	(678 039)
Net commission		8 511 834	7 115 134
Less:			
Commission received or recoverable		254 097	298 719
Unearned reinsurance commission - opening		152 144	430 936
Unearned reinsurance commission - closing		(135 214)	(152 144)
Commission from reinsurers		271 027	577 511
Other acquisition cost		934 393	840 565
		9 175 200	7 378 188
27. Management expense			
Salaries, wages and benefits	27.1	2 798 620	2 579 315
Bonus		144 061	137 714
Gratuity		19 355	17 015
Rent, rates and taxes		29 599	17 686
Telephone		22 922	23 939
Postage and telegram		95 619	98 912
Gas, electricity and fuel		104 442	92 786
Printing and stationery		116 438	101 233
Travelling club and entertainment		124 047	99 490
Depreciation / amortization		730 387	645 897
Repair and maintenance		279 389	172 541
Publicity		207 717	125 865
Service charges		(80 802)	(56 937)
Bank charges and commission		28 170	26 156
Tracker monitoring		90 168	222 107
Bad debts		(5 928)	(13 474)
Inspection fee		8 860	17 956
Annual supervision fee of SECP		81 601	87 440
Training		3 694	3 965
Insurance		3 795	3 438
Levy to IAP		2 000	2 000
Business procurement		7 424	18 853
Security service		8 068	7 762
Meeting and conferences		648	1 940
Conveyance		11 117	10 467
Legal and professional charges - business related		120 588	71 196
Appointed actuary fees		16 951	16 951
Fees and subscription		55 235	49 952
Miscellaneous		128 491	170 486
		5 152 676	4 752 651

27.1 These include Rs. 32.32 million (2020: Rs. 30.08 million) being contribution for employees' provident fund.

Rupees '000

		2021	2020
28.	**Investment income**		
	Income from equity securities		
	– Available-for-sale		
	Dividend income	246 296	133 237
	– Fair value through profit and loss		
	Dividend income	2 185 323	972 032
	Income from debt securities		
	– Available-for-sale		
	Return on debt securities	1 049 072	1 200 032
	– Held to maturity		
	On government securities	622 540	542 582
	– Fair value through profit and loss		
	Return on debt securities	979 792	1 606 500
	On government securities	6 665 655	6 814 312
	Income from term deposits		
	Return on term deposits	1 402 412	1 530 640
		13 151 090	12 799 335
	Net realized gains / (losses) on investments		
	Available-for-sale financial assets		
	Realized gains on:		
	Equity securities	200 946	231 193
	Realized losses on:		
	Equity securities	(72 483)	(4 302)
	Debt securities	–	(26 602)
	Net unrealized gains on investments	128 463	200 289
	Impairment in value of available-for-sale equity securities	(147 418)	(4 753)
	Investment related expenses	(1 251)	(801)
	Total investment income	13 130 884	12 994 070
29.	**Net realized fair value gains / (losses) on financial assets**		
	Realized gain on:		
	Equity securities	4 043 415	1 195 035
	Government securities	5 651	2 691 286
	Realized losses on:		
	Equity securities	(1 869 571)	(62 366)
		2 179 495	3 823 955
30.	**Net fair value (losses) / gains on financial assets at fair value through profit or loss**		
	Net unrealized (losses) / gains on investments in financial assets - government securities and debt securities (designated upon initial recognition)	(1 702 349)	1 128 686
	Net unrealized (losses) / gains on investments at fair value through profit or loss (designated upon initial recognition) - equity securities	(4 896 097)	4 316 012
	Total investment income	(6 598 446)	5 444 698
	Exchange gain	22 261	4 848
	(Impairment) / Reversal in value of available-for-sale securities	(19 929)	53 020
	Investment related expenses	(1 643)	(3 931)
		(6 597 757)	5 498 635

Rupees '000

		Note	2021	2020
31.	**Rental income**			
	Rental income		175 499	167 366
	Less: Expenses of investment property		(53 306)	(50 771)
			122 193	116 595
32.	**Other income**			
	Gain on sale of property and equipment		82 197	43 108
	Return on loans to employees		32 871	18 753
	Exchange gain		34 009	12 889
	Return on bank balances		90 729	106 869
	Gain on early termination of lease contracts		12 498	9 666
	Fees charged to Policyholders		16 463	12 454
	Others		13	–
			268 780	203 739
33.	**Other expense**			
	Legal and professional fee other than business related		16 622	18 402
	Auditors' remuneration	33.1	14 293	14 734
	Subscription to association		19 791	23 182
	Charity and donations	33.2	43 295	30 411
	Directors' fees		3 950	4 300
	Finance cost		10 707	12 065
			108 658	103 094
33.1	Auditors' remuneration			
	Audit fee		5 225	4 454
	Special certifications and sundry advisory services		7 089	8 426
	Out-of-pocket expenses		1 979	1 854
			14 293	14 734

33.2 Donations

33.2.1 Donations include the following in whom the directors are interested:

Name of Director	Interest in donee	Name of donee	2021	2020
Saifuddin N. Zoomkawala	Board member	Shaukat Khanum Memorial Trust	9 500	1 100
Saifuddin N. Zoomkawala	Board member	SIUT Civil Hospital	4 756	3 649
Saifuddin N. Zoomkawala and Ali Raza Siddiqui	Board member	Fakhr-e-Imdad Foundation	500	300
Hasanali Abdullah	Board member	The Aga Khan Hospital and Medical College Foundation	–	1 000
Syed Salman Rashid	Spouse (Trustee)	Anjuman Kashana -E-Atfal-O-Naunihal	100	100
Rukhsana Shah	Board member	Future trust	–	1 000

Rupees '000

33.2.2 Donations to a single party exceeding Rs. 500,000

Name of donee	2021	2020
Citizens Foundation	2 008	1 541
Layton Rehmatullah Benevolant Trust	2 316	2 856
Patient's Aid Foundation	500	500
Patients' Behbud Society for Aga Khan University Hospital	500	1 000
Tameer-e-Millat Foundation	500	–
Memon Medical Institute	3 300	–
Anjuman Kashana-e-Atfal-o-Naunihal	–	700
Foundation Power Company Daharki Ltd	–	2 000
Government of Sindh Coronavirus Emergency Fund CEF	–	1 000
St Patrick's College	–	500
Network of Organizations Working with Persons with Disabilities	–	1 000
Kiran Foundation	518	–
Family Educational Services Foundation	793	2 008
Dr.Jameel Jalibi Foundation	2 000	–
Dar Ul Sukun	–	950
Shahid Afridi Foundation	–	773
Government of Sindh Coronavirus Emergency Fund (CEF)	–	1 000

34. Profit from Window Takaful Operation - Operator's Fund

	2021	2020
Wakala fee	773 685	673 276
Commission expense	(304 514)	(246 558)
General administrative and management expense	(348 734)	(322 461)
Modarib's share of PTF investment income	32 145	32 373
Investment income	31 116	44 247
Direct expenses	(763)	(724)
Other income	3 170	5 516
	186 105	185 669

35. Taxation

	2021	2020
For current year		
Current	1 734 859	1 672 198
Deferred	10 829	94 962
	1 745 688	1 767 160
For prior year(s)		
Prior year tax	2 982	18 841
Deferred	(18 900)	–
	(15 918)	18 841
	1 729 770	1 786 001

35.1 Relationship between tax expense and accounting profit:

	Effective tax rate %		Rupees '000	
	2021	2020	2021	2020
Profit before taxation			5 324 414	5 153 140
Tax at the applicable rate	29.00	29.00	1 544 080	1 494 411
Others	3.79	5.31	201 753	273 798
Prior year tax	(0.30)	0.35	(16 063)	17 792
Tax charge for the year	32.49	34.66	1 729 770	1 786 001

36. Earnings per share - basic and diluted

		2021	2020
Profit (after tax) for the year	(Rupees '000)	2 779 608	2 422 388
Weighted average number of ordinary shares	(Numbers '000)	200 000	200 000
Earnings per share	(Rupees)	13.90	12.11

37. Compensation of directors and executives

Rupees '000

	2021				2020			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
Fees	–	7 650	–	7 650	–	8 300	–	8 300
Managerial remuneration	73 674	–	961 828	1 035 502	69 174	18 000	839 178	926 352
Leave encashment	–	–	29 137	29 137	–	–	23 147	23 147
Bonus	6 916	–	124 003	130 919	6 446	–	101 245	107 691
Retirement benefits	5 416	–	63 430	68 846	5 071	–	58 408	63 479
Utilities	1 464	–	34 642	36 106	1 330	224	28 782	30 336
Medical expenses	1 473	–	25 028	26 501	1 302	517	20 554	22 373
Leave passage	797	–	7 012	7 809	347	354	3 100	3 801
Total	89 740	7 650	1 245 080	1 342 470	83 670	27 395	1 074 414	1 185 479
Number of persons	2	15	297	314	2	15	271	288

37.1 The Chief Executive Officer of the Holding Company is provided with Holding Company maintained cars, furnished accommodation and medical insurance cover. The Executives are provided with free use of Holding Company cars, medical insurance cover and certain items of household furniture and fixtures in accordance with their entitlements. The Chief Executive is not given any rent allowance but is provided with maintained furnished accommodation. The Chairman is provided with free use of Holding Company car, maintained furnished accommodation, medical insurance cover and residential utilities.

37.2 The Chief Executive of the Subsidiary Company is provided with Subsidiary Company maintained cars, furnished accommodation, medical insurance cover and club benefits. The Executives are provided with Subsidiary Company maintained cars, Medical insurance cover and in certain cases, household items and furniture in accordance with their terms of employment. The chairman is provided with free use of Subsidiary Company car, medical insurance cover and residential utilities.

The Non-Executive Directors were paid Directors meeting fee of Rs. 7.7 million (2020: Rs. 8.3 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 1,291,467 shares of EFU Life Assurance Limited i.e. 1.291 % from Non-controlling interest, increasing its ownership from 44.49 % to 45.78 % for Rs. 237.675 million.

38.2 Summary of non-controlling interest

	2021	2020
Opening balance	4 130 931	4 071 148
Profit for the year	812 245	935 121
Acquisition of shares by Holding Company without change in control	(105 363)	(40 480)
Dividend distribution	(831 373)	(840 006)
Reversal of incremental depreciation - net of tax	12 823	5 148
	4 019 263	4 130 931

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

	2021	2020
Transactions		
Associated companies		
Premium written	578 763	463 567
Premium paid	53 869	35 607
Claims paid	324 091	156 198
Commission paid	191 867	217 288
Travelling expenses	11 215	1 986
Donation paid	12 856	4 316
Dividend received	647 537	639 678
Dividend paid	598 432	657 765
Interest on bank deposits	807 114	1 011 827
Purchase of vehicle	89 465	102 288
Investment sold	3 039 642	100 000
Investment brought	335 915	393 830
Bank deposit / (withdrawn)	6 105 000	700 000
Payment to K-Electric	59 142	7 645
Key management personnel		
Premium written	12 263	4 728
Claims paid	220	1 117
Dividend paid	10 951	19 133
Loan to key employees	5 000	15 584
Loan recovered	10 164	4 801
Compensation	216 777	228 435
Others		
Premium written	273 588	243 046
Claims paid	49 157	39 887
Dividend paid	656 900	581 706
Brokerage paid	1 812	1 386
Employees' funds		
Contribution to provident fund	76 916	70 137
Contribution to gratuity fund	22 507	20 061
Contribution to pension fund	34 878	28 357
Dividend paid	5 137	5 413
Balances		
Others		
Balances receivable	136 428	119 662
Balances payable	7 213	1 224
Bank deposits	11 076 929	7 004 500
Bank balances	1 333 983	1 852 642
Employees' funds receivable / (payable)		
EFU gratuity fund	(69 001)	(9 806)
EFU pension fund	59 963	44 260

40. Segment Information

Rupees '000

For the year ended 31 December 2021

Current year	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
Premium receivable (inclusive of sales tax federal insurance fee and administrative surcharge)	15 881 707	3 626 553	4 004 886	1 915 244	–	25 428 390	–	37 394 428	37 394 428	62 822 818
Less: Sales tax	2 001 229	387 939	484 389	235 986	–	3 109 543	–	–	–	3 109 543
Stamp duty	495	163 681	1 193	918	–	166 287	–	–	–	166 287
Federal insurance fee	137 539	30 436	34 919	16 657	–	219 551	–	–	–	219 551
Gross Written Premium (inclusive of administrative surcharge)	13 742 444	3 044 497	3 484 385	1 661 683	–	21 933 009	–	37 394 428	37 394 428	59 327 437
Gross direct premium	13 703 024	2 989 308	3 272 398	1 647 138	–	21 611 868	–	37 394 428	37 394 428	59 006 296
Facultative inward premium	4 209	827	–	–	–	5 036	–	–	–	5 036
Administrative surcharge	35 211	54 362	211 987	14 545	–	316 105	–	–	–	316 105
Insurance premium earned	13 054 624	2 854 664	3 337 251	1 579 886	–	20 826 425	–	37 394 428	37 394 428	58 220 853
Insurance premium ceded to reinsurers	(9 295 940)	(1 226 030)	(21 034)	(503 631)	–	(11 046 635)	–	(1 056 377)	(1 056 377)	(12 103 012)
Net insurance premium	3 758 684	1 628 634	3 316 217	1 076 255	–	9 779 790	–	36 338 051	36 338 051	46 117 841
Commission income	212 452	16 793	45	41 737	–	271 027	–	–	–	271 027
Net underwriting income	3 971 136	1 645 427	3 316 262	1 117 992	–	10 050 817	–	36 338 051	36 338 051	46 388 868
Insurance claims	(3 923 416)	(714 398)	(1 628 241)	(697 479)	–	(6 963 534)	–	(23 818 672)	(23 818 672)	(30 782 206)
Insurance claims recovered from reinsurers	2 498 548	114 647	(100)	76 125	–	2 689 220	–	798 664	798 664	3 487 884
Net claims	(1 424 868)	(599 751)	(1 628 341)	(621 354)	–	(4 274 314)	–	(23 020 008)	(23 020 008)	(27 294 322)
Commission expense	(849 318)	(274 811)	(304 849)	(111 471)	–	(1 540 449)	–	(7 905 778)	(7 905 778)	(9 446 227)
Management expenses	(1 027 682)	(422 599)	(955 365)	(291 044)	–	(2 696 690)	–	(2 455 986)	(2 455 986)	(5 152 676)
Net insurance claims and expenses	(3 301 868)	(1 297 161)	(2 888 555)	(1 023 869)	–	(8 511 453)	–	(33 381 772)	(33 381 772)	(41 893 225)
Net Change in Insurance Liabilities (other than outstanding claims)	–	–	–	–	–	–	–	(8 430 692)	(8 430 692)	(8 430 692)
Underwriting result	669 268	348 266	427 707	94 123	–	1 539 364	–	(5 474 413)	(5 474 413)	(3 935 049)
Net investment income						1 261 592	–	11 869 292	11 869 292	13 130 884
Net realized fair value gain on financial assets						–	–	2 179 495	2 179 495	2 179 495
Net fair value loss on financial assets at fair value through profit and loss						–	–	(6 597 757)	(6 597 757)	(6 597 757)
Rental income						122 193	–	–	–	122 193
Other income						154 361	–	114 419	114 419	268 780
Change in fair value of investment property						78 421	–	–	–	78 421
Other expense						(70 767)	–	(37 891)	(37 891)	(108 658)
Profit before tax from window takaful operations – OPF						186 105	–	–	–	186 105
Profit before tax						3 271 269	–	2 053 145	2 053 145	5 324 414

Rupees '000

Current year	Fire and property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Aggregate General Insurance	Shareholders' Fund	Statutory Fund	Aggregate Life Assurance	Total
	As at 31 December 2021									
	General Insurance						Life Assurance			
Corporate segment assets - conventional	11 948 826	1 950 272	668 558	802 029	–	15 369 685	–	160 644 159	160 644 159	176 013 844
Corporate segment assets – Takaful OPF	91 055	11 820	244 001	11 127	–	358 003	–	–	–	358 003
Corporate unallocated assets - conventional						28 775 106	4 743 069	–	4 743 069	33 518 175
Corporate unallocated assets – Takaful OPF						783 218	–	–	–	783 218
Consolidated total assets						45 286 012	4 743 069	160 644 159	165 387 228	210 673 240
Corporate segment liabilities	15 887 724	2 795 937	2 593 290	3 246 362	–	24 523 313	–	156 092 115	156 092 115	180 615 428
Corporate segment liabilities – Takaful OPF	95 867	13 030	375 669	12 660	–	497 226	–	–	–	497 226
Corporate unallocated liabilities						2 628 502	1 010 395	–	1 010 395	3 638 897
Corporate unallocated liabilities – Takaful OPF						16 749	–	–	–	16 749
Consolidated total liabilities						27 665 790	1 010 395	156 092 115	157 102 510	184 768 300

Location	External premium less reinsurance by geographical segments 2021
Pakistan	46 095 949
EPZ *	21 892
Total	46 117 841

* This represents US Dollar equivalent in Pak Rupees.

Rupees '000

For the year ended 31 December 2020

Prior year	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
Premium receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	15 067 530	2 821 586	3 677 032	1 852 141	–	23 418 289	–	32 534 684	32 534 684	55 952 973
Less: Sales tax	1 899 096	304 636	443 332	226 862	–	2 873 926	–	–	–	2 873 926
Stamp duty	483	123 274	1 134	783	–	125 674	–	–	–	125 674
Federal insurance fee	130 470	23 686	32 081	16 126	–	202 363	–	–	–	202 363
Gross written premium (inclusive of administrative surcharge)	13 037 481	2 369 990	3 200 485	1 608 370	–	20 216 326	–	32 534 684	32 534 684	52 751 010
Gross direct premium	12 997 933	2 321 415	2 967 567	1 593 852	–	19 880 767	–	32 534 684	32 534 684	52 415 451
Facultative inward premium	3 834	1 238	–	–	–	5 072	–	–	–	5 072
Administrative surcharge	35 714	47 337	232 918	14 518	–	330 487	–	–	–	330 487
Insurance premium earned	12 683 924	2 330 490	3 273 221	1 661 521	–	19 949 156	–	32 534 684	32 534 684	52 483 840
Insurance premium ceded to reinsurers	(9 550 801)	(904 910)	(16 045)	(885 544)	–	(11 357 300)	–	(892 409)	(892 409)	(12 249 709)
Net insurance premium	3 133 123	1 425 580	3 257 176	775 977	–	8 591 856	–	31 642 275	31 642 275	40 234 131
Commission income	421 499	15 311	197	140 504	–	577 511	–	–	–	577 511
Net underwriting income	3 554 622	1 440 891	3 257 373	916 481	–	9 169 367	–	31 642 275	31 642 275	40 811 642
Insurance claims	(2 835 484)	(966 421)	(1 554 945)	(709 955)	–	(6 066 805)	–	(18 587 037)	(18 587 037)	(24 653 842)
Insurance claims recovered from reinsurers	953 498	438 793	670	319 081	–	1 712 042	–	726 345	726 345	2 438 387
Net claims	(1 881 986)	(527 628)	(1 554 275)	(390 874)	–	(4 354 763)	–	(17 860 692)	(17 860 692)	(22 215 455)
Commission expense	(707 736)	(225 860)	(289 242)	(129 750)	–	(1 352 588)	–	(6 603 111)	(6 603 111)	(7 955 699)
Management expenses	(973 990)	(417 132)	(1 124 967)	(241 583)	–	(2 757 672)	–	(1 994 979)	(1 994 979)	(4 752 651)
Net insurance claims and expenses	(3 563 712)	(1 170 620)	(2 968 484)	(762 207)	–	(8 465 023)	–	(26 458 782)	(26 458 782)	(34 923 805)
Net change in Insurance liabilities (other than outstanding claims)	–	–	–	–	–	–	–	(23 624 404)	(23 624 404)	(23 624 404)
Underwriting result	(9 090)	270 271	288 889	154 274	–	704 344	–	(18 440 911)	(18 440 911)	(17 736 567)
Net investment income						1 525 436	–	11 468 634	11 468 634	12 994 070
Net realized fair value gain on financial assets						–	–	3 823 955	3 823 955	3 823 955
Net fair value gain on financial assets at fair value through profit and loss						–	–	5 498 635	5 498 635	5 498 635
Rental income						116 595	–	–	–	116 595
Other income						128 234	–	75 505	75 505	203 739
Change in fair value of investment property						170 138	–	–	–	170 138
Other expense						(71 561)	–	(31 533)	(31 533)	(103 094)
Profit before tax from window takaful operations – OPF						185 669	–	–	–	185 669
Profit before tax						2 758 855	–	2 394 285	2 394 285	5 153 140

Rupees '000

Prior year	As at 31 December 2020									
	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	9 836 545	1 615 062	648 322	1 072 606	–	13 172 535	–	149 733 728	149 733 728	162 906 263
Corporate segment assets - Takaful OPF	54 704	7 402	217 416	2 733	–	282 255	–	–	–	282 255
Corporate unallocated assets - conventional						30 275 542	4 746 208	–	4 746 208	35 021 750
Corporate unallocated assets - Takaful OPF						656 445	–	–	–	656 445
Consolidated total assets						44 386 777	4 746 208	149 733 728	154 479 936	198 866 713
Corporate segment liabilities	14 724 695	2 592 963	2 418 687	3 147 059	–	22 883 404	–	147 393 053	147 393 053	170 276 457
Corporate segment liabilities - Takaful OPF	57 656	8 356	331 655	10 688	–	408 355	–	–	–	408 355
Corporate unallocated liabilities						2 900 481	900 460	–	900 460	3 800 941
Corporate unallocated liabilities - Takaful OPF						33 645	–	–	–	33 645
Consolidated total liabilities						26 225 885	900 460	147 393 053	148 293 513	174 519 398

Location	External premium less reinsurance by geographical segments 2020
Pakistan	40 208 379
EPZ *	25 752
Total	40 234 131

* 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	23 536 673	14 722 021	90 660 639	128 919 333
Additions	90 484 953	42 280 570	55 987 553	188 753 076
Disposals (sale and redemptions)	(89 106 980)	(39 157 501)	(39 059 755)	(167 324 236)
Fair value net gains / (losses) (excluding net realized gains / (losses))	–	825 711	6 085 209	6 910 920
Impairment losses	–	48 267	–	48 267
At beginning of current year	24 914 646	18 719 068	113 673 646	157 307 360
Additions	158 761 001	54 478 109	42 243 793	255 482 903
Disposals (sale and redemptions)	(150 428 255)	(54 868 574)	(35 502 084)	(240 798 913)
Fair value net gains (excluding net realized gains / (losses))	–	(1 638 266)	(5 987 103)	(7 625 369)
Impairment losses	–	(165 515)	–	(165 515)
At end of current year	33 247 392	16 524 822	114 428 252	164 200 466

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	2.37 %	2.84 %
Balochistan	5.02 %	5.94 %
Gilgit Baltistan	1.66 %	2.33 %
Khyber Pakhtunkhwa	1.60 %	1.90 %
Punjab	39.13 %	39.31 %
Sindh	50.22 %	47.68 %

Individual family takaful business:

	Diversification of risk portfolio	
	Before reinsurance	After reinsurance
Azad Kashmir	2.17 %	3.30 %
Balochistan	0.50 %	0.52 %
Gilgit Baltistan	0.00 %	0.00 %
Khyber Pakhtunkhwa	2.26 %	3.44 %
Punjab	48.88 %	49.85 %
Sindh	46.19 %	42.89 %

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	60.34 %	62.66 %
Punjab	39.66 %	37.34 %
Group family takaful business		
Punjab	81.11 %	74.52 %
Sindh	18.89 %	25.48 %

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. 500,000 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	2021	2020
Fire and property damage	339 467 000	339 345 000
Marine, aviation and transport	138 171 000	144 341 000
Motor	137 600	58 000
Miscellaneous	35 325 000	52 700 000

Since the Holding Company operates in Pakistan only, hence, all the insurance risks relate to policies written in Pakistan.

Subsidiary Company

Frequency and severity can have a significant impact on total claims paid out by the Subsidiary Company. High frequency of claims could occur due to adverse experience of mortality or disability. Adverse mortality experience, in short-term, could be due to a wide-range spread of fatal contagious disease, an epidemic. Over a longer term, overall health practices, eating and living habits could potentially have an adverse effect on mortality.

About 90% of Subsidiary Company's business is concentrated in the provinces of Sindh and Punjab. This concentration is largely in line with the population of these provinces relative to country's total population. The Subsidiary Company's diversified portfolio of contracts helps limit the frequency and severity of claims. However, in event of large number of deaths or disabilities, Subsidiary Company does face the risk of paying out excessive claims. To manage and mitigate this exposure, arrangements in form of reinsurance and catastrophe cover are in place.

In Group life business, frequency and severity of claims can be affected by concentration of business in a specifically risky class of industry. Claim frequency can rise substantially from businesses in industries that are more prone to accidents due to the nature of work they perform. Likewise, severity of claims can also be associated with business concentration in a specific class of industry. The Subsidiary Company continually monitors its concentration risk and takes measures to keep its business portfolio well diversified.

Contracts in group life, are mainly one year term life contracts, where premium rates are generally guaranteed for one year only. The Subsidiary Company retains the right of changing premium rates by incorporating the claim experience of a group insured, thereby allowing the Subsidiary Company to charge a specific group in line with its claim experience.

The Subsidiary Company regularly carries out an exercise to monitor time lags between intimation and settlement claim dates. The study reveals that a significant portion of claims are settled within twelve months of claim intimation.

42.1.2 Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the balance sheet date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming and economic conditions. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the balance sheet date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the balance sheet date.

42.1.3 Process used to decide on assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Subsidiary Company, in which case information about the claim event is available. IBNR provisions are initially estimated at a gross level and a separate calculation is carried out to estimate the size of the reinsurance recoveries. The estimation process takes into account the past claims reporting pattern and details of reinsurance programs.

The premium liabilities have been determined such that the total premium liability provisions (unearned premium reserve and premium deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of balance sheet date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

42.1.4 Mortality, disability and critical illness

Mortality and disability rates are basic assumptions used in valuation of policyholder liabilities. For mortality, life table EFU (61-66) is being currently used. The life table was published more than 40 years ago and may not reflect mortality improvements. For reserving purposes, a 10% mortality loading is used over EFU (61-66) rates to build in conservatism. An analysis of past mortality experience, reveals that 10% mortality loading for reserving purposes is appropriate to ensure prudence.

Sudden adverse experience in mortality might occur due to epidemics, causing deaths on a mass scale due to incurable contagious illnesses. Mortality may also deteriorate over a period of time, due to wide-scale changes in living life styles, eating and health habits.

Sensitivity test with respect to mortality is carried out and impact on policyholder liabilities is observed. When mortality rates increase by 10%, policyholder liabilities increase by 0.063%. Likewise, when mortality rates decrease by 10%, policyholder liabilities decrease by 0.063%.

In absence of credible disability and critical illness incidence rates, the Subsidiary Company uses reinsurance rates for actuarial liability valuation of disability and critical illness benefits.

42.1.5 Investment income - Statutory fund

Investment income is an important assumption for valuation of long-term conventional plans. This is the rate at which future expected benefits and expected premiums are discounted. Currently, the valuation assumption used for investment income is 3.75% p.a.

Sensitivity test with respect to investment income is carried out and its impact on policyholder liabilities observed. When investment rate is increased by 10%, policyholder liabilities decrease by 0.002%. Likewise, when investment income rate is decreased by 10%, policyholder liabilities increase by 0.002%.

42.1.6 Sources of uncertainty in estimation of future benefit payments and life insurance premium receipts

The uncertainty with respect to future premiums and benefits may arise due to unexpected changes in mortality or disability experience. Adverse mortality experience will result in excess benefit payments, and reduced future premium income.

Likewise, unexpected changes in surrender and lapse could also have a significant impact on future realized premiums. Estimates of lapses and surrenders are based on internal experience studies carried out annually. Factors that could affect policyholder behavior include market factors such as interest rates, policyholder preferences in terms of the monetary value that a policyholder relates with the insurance policy, the frequency of premium payments and the age of the individual.

42.1.7 Process used to decide on assumptions

Assumptions used to determine policyholder liabilities include, mortality / disability / critical illness rates, investment returns for conventional business, investment returns for investment linked business, expenses and mortality loading.

Mortality assumptions should in principle reflect adequate conservatism in liabilities. The Subsidiary Company considers EFU (61-66) life table to be appropriate for actuarial valuation of policyholder liabilities.

Disability and Critical illness rates used for liability valuation are the reinsurance rates provided by the reinsurer. Due to lack of sufficient claim experience for these disabilities and critical illnesses, the Subsidiary Company considers this as the best estimate available.

The Subsidiary Company uses an investment return assumption of 3.75% per annum to evaluate actuarial liabilities of its conventional plans. Liabilities of conventional products should in principle reflect a long term conservative interest rate, to reflect adequate conservatism. An investment return of 6.00% per annum is hence considered appropriate.

For Unit-linked products where the death benefit is paid in form of annuity, the Company uses a discount rate of 6% to evaluate present value of future stream of cash flows. In principle, the interest rate assumption set to discount cash flows should reflect the expected returns on assets backing these liabilities. The Subsidiary Company expects to earn at least a 6% return on assets backing these unit-linked liabilities.

In valuation of unearned premium reserve for unit-linked plans a loading of 10% is applied on rates from efu (61-66). In opinion of Subsidiary Company's management and appointed actuary this assumption is prudent.

Since from Annual 2014 onwards the Subsidiary Company shall maintain 100% retention on its books on account of Solvency Margin, the Subsidiary Company will no longer keep an extra reserve on account of mortality fluctuation. It is the opinion of Subsidiary Company's management and appointed actuary that this assumption is prudent.

The Subsidiary Company reserves for any increase in actuarial liability resulting from the possible reinstatement of lapsed policies. The current liability valuation also takes into account cash value of units pertaining to policies lapsed in last 2 years. A unit-linked policy lapses when the second annual premium of policy is not received. In principle, cash value of a lapsed policy is not surrenderable, as per provisions and conditions, unless the second premium is paid and policy is reinstated. However, the Subsidiary Company recognizes the possibility of these lapsed policies to be reinstated and hence carries out periodic studies to determine expected renewals. In opinion of the Subsidiary Company's management and appointed actuary assumptions used to set aside a liability against these lapsed policies is prudent.

For the purpose of liability adequacy tests the Subsidiary Company makes assumptions relating to expenses. For this purpose, regular expense analyzes are carried out based on actual expenses and transaction volumes.

Rupees '000

Assumption	Policyholder liabilities on existing valuation basis	Policyholder liabilities using best estimate assumptions
Mortality	148 580 272	148 326 069
Investment returns	148 580 272	148 568 291

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	
	2021	2020	2021	2020
Impact of change in claim liabilities by +10				
Fire and property damage	(147 637)	(168 444)	(104 822)	(119 595)
Marine, aviation and transport	(37 916)	(45 941)	(26 920)	(32 618)
Motor	(79 564)	(76 589)	(56 490)	(54 378)
Miscellaneous	(46 013)	(34 610)	(32 669)	(24 573)
	(311 130)	(325 584)	(220 901)	(231 164)
Impact of change in claim liabilities by -10				
Fire and property damage	147 637	168 444	104 822	119 595
Marine, aviation and transport	37 916	45 941	26 920	32 618
Motor	79 564	76 589	56 490	54 378
Miscellaneous	46 013	34 610	32 669	24 573
	311 130	325 584	220 901	231 164

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 %	0.048 %
Improvement in mortality and critical illness rates	10 %	(0.048 %)
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

	2021	2020
Financial assets		
Term deposits	25 055 214	19 745 006
Loans and other receivables	3 094 087	2 982 790
Insurance / reinsurance receivables	5 469 946	3 840 408
Reinsurance recoveries against outstanding claims	3 974 297	3 856 142
Cash and bank	5 797 647	6 663 591
	43 391 191	37 087 937

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

Rupees '000

Financial assets	2021	2020
AAA	518 731	–
AA+	382 078	382 078
AA	67 114	67 114
AA-	169 703	169 703
A+	2 827 104	1 027 104
A-	–	3 967 000
A	5 204	24 243
A-1+	19 544 085	17 956 548
A-1	6 625 671	1 449 017
A-2	11 918	562
	30 151 608	25 043 369

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

Rupees '000

Rating	Short Term	Rating Agency	2021	2020
Agritech Limited - 3rd Issue (B)	N/A	-	5 665	5 665
Agritech Limited - 3rd Issue (A)	N/A	-	34 972	34 972
New Allied Electronics Limited	N/A	-	3 481	3 481
Soneri Bank Limited	AA-	PACRA	100 000	100 000
Habib Bank Limited	AAA	VIS	100 000	100 000
Dubai Islamic Bank limited	AA-	VIS	80 000	80 000
The Hub Power Company Limited	AA+	PACRA	51 807	50 450
Engro Polymer & Chemicals Limited	AA	VIS	53 803	50 688
Bank Al Habib Limited	AA	PACRA	-	360 909
Bank Al Habib Limited	AA	PACRA	103 601	97 048
Bank Al Habib Limited	AA	PACRA	200 000	200 000
Bank Al-Falah Limited Perpetual	AA	PACRA	100 000	-
United Bank Limited	AAA	VIS	1 250 000	1 250 000
Soneri Bank Limited	A+	PACRA	50 000	50 000
Askari Bank Limited TIER I	AA	PACRA	101 000	500 000
Habib Bank Limited	A1+	VIS	200 000	200 000
JS Bank Limited	A	PACRA	-	500 000
Bank Alfalah Limited Perpetual TFC	AA	PACRA	-	100 000
Askari Bank Limited	AA	PACRA	500 000	99 040
TPL TRAKKER	A+	PACRA	23 729	-
Bank Alfalah Limited	AA	PACRA	464 463	500 000
			3 422 521	4 282 253

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

The management monitors exposure to credit risk in premium receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables. As at 31 December 2021, the premiums due but unpaid (other than impaired balances) includes amount receivable within one year and above one year amounting to Rs. 4,918 million (2020: Rs. 3,549 million) and Rs. Nil (2020: Rs. 17 million) respectively.

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:

Rupees '000

Rating	2021		2020	
	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)	77 425	3 657 624	64 356	3 583 053
B or above	18 089	150 205	5 963	129 091
Others	125	166 468	3 549	143 998
	95 639	3 974 297	73 868	3 856 142

As at 31 December 2021, the amounts due from insurers / reinsurers includes amount receivable within one year and above one year amounting to Rs. 95.638 million (2020: Rs. 70.628 million) and Rs. Nil (2020: Rs. 3.242 million) 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.

Rupees '000

	2021		
	Carrying amount	Up to one year	Greater than one year
Financial liabilities			
Outstanding claims including IBNR	7 085 599	7 085 599	–
Insurance / reinsurance payable	4 886 033	4 886 033	–
Other creditors and accruals	6 356 938	6 356 938	–
	18 328 570	18 328 570	–

Rupees '000

	2020		
	Carrying amount	Up to one year	Greater than one year
Financial liabilities			
Outstanding claims including IBNR	7 111 989	7 111 989	–
Insurance / reinsurance payable	4 742 653	4 742 653	–
Other creditors and accruals	5 252 173	5 252 173	–
	17 106 815	17 106 815	–

In life insurance business, liquidity risk is the risk that the Subsidiary Company is unable to meet its funding requirements, without incurring a material loss in disposing off its illiquid assets. To guard against this risk, the Subsidiary Company maintains a healthy balance of cash and cash equivalents and readily marketable securities. Liquidity is monitored regularly and assets are frequently rebalanced to maintain a certain level of liquidity at all times. Going forward, the Subsidiary Company also plans to set up a contingency plan, whereby alternate sources of liquidity will be identified and assets would be analyzed and ranked in their liquidity order, to determine which assets would need to be disposed off first in case of a liquidity crisis.

The expected payouts in liabilities along with maturity profile of assets and liabilities are monitored to ensure that adequate liquidity is maintained within the Subsidiary Company, to avoid the need of liquidating assets below their actual market value.

The following extract, classifies the assets and liabilities of the Subsidiary Company by type of product in each Statutory Fund as at 31 December 2021. 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	83 866 822	–	–	83 866 822
– Other fixed income securities	5 809 825	–	–	5 809 825
Held to maturity:				
– Government securities	–	2 491 643	963 787	3 455 430
– Other fixed income securities	–	65 000	10 000	75 000
Available-for-sale:				
– Listed equities	31 754 269	13 271	96 049	31 863 589
– Mutual funds	1 333 633	–	120 943	1 454 576
– Unlisted equities and mutual funds	–	–	508	508
Loans and receivables	–	–	234 768	234 768
– Insurance receivables	–	248 223	–	248 223
Reinsurance assets	–	208 896	–	208 896
Cash and cash equivalents	28 564 302	368 676	48 696	28 981 674
Cash and stamps	2 867	13	–	2 880
Investment income accrued	1 987 220	59 546	20 184	2 066 950
Advances and deposits	204 083	72 658	–	276 741
Income tax asset	1	1	1 289 167	1 289 169
Prepayments	122 497	12 372	–	134 869
Sundry receivables	71 628	994	55 100	127 722
Fixed assets	1 178 445	–	1 903 868	3 082 313
Total assets	154 895 592	3 541 293	4 743 070	163 179 955

Rupees '000

	Investment linked products (all unit main linked plans)	Conventional products (individual, group life, riders)	Shareholder's fund	Total
Long-term insurance contracts and investment contracts:				
Fixed term	90 214 291	339 911	–	90 554 202
Whole of life	56 522 567	–	–	56 522 567
Short-term insurance contracts	–	1 223 378	–	1 223 378
Riders	–	280 126	–	280 126
Equity	–		4 077 855	4 077 855
Other liabilities	8 158 734	1 697 878	665 215	10 521 827
Total liabilities	154 895 592	3 541 293	4 743 070	163 179 955

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

	2021						
	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							
Investments	25 983 350	101 684 765	127 668 115	33 318 674	3 705 178	37 023 852	164 691 967
Loans and other receivables	27 383	325 073	352 456	2 741 631	–	2 741 631	3 094 087
Cash and bank deposits	5 608 185	–	5 608 185	189 462	–	189 462	5 797 647
Insurance / reinsurance receivables	–	–	–	5 469 946	–	5 469 946	5 469 946
Reinsurance recoveries against outstanding claims	–	–	–	3 974 297	–	3 974 297	3 974 297
	31 618 918	102 009 838	133 628 756	45 694 010	3 705 178	49 399 188	183 027 944
Financial liabilities							
Outstanding claims including IBNR	–	–	–	7 085 599	–	7 085 599	7 085 599
Premium received in advance	–	–	–	1 148 292	–	1 148 292	1 148 292
Insurance / reinsurance payables	–	–	–	4 886 033	–	4 886 033	4 886 033
Other creditors and accruals	–	–	–	6 356 936	–	6 356 936	6 356 936
	–	–	–	19 476 860	–	19 476 860	19 476 860

	2020						Rupees '000
	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							
Investments	45 023 609	67 439 537	112 463 146	40 925 196	4 480 733	45 405 929	157 869 075
Loans and other receivables	17 645	237 906	255 551	2 742 284	–	2 742 284	2 997 835
Cash and bank deposits	6 490 145	–	6 490 145	173 446	–	173 446	6 663 591
Insurance / reinsurance receivables	–	–	–	3 840 408	–	3 840 408	3 840 408
Reinsurance recoveries against outstanding claims	–	–	–	3 856 142	–	3 856 142	3 856 142
	51 531 399	67 677 443	119 208 842	51 537 476	4 480 733	56 018 209	175 227 051
Financial liabilities							
Outstanding claims including IBNR	–	–	–	7 085 599	–	7 085 599	7 085 599
Premium received in advance	–	–	–	1 263 853	–	1 263 853	1 263 853
Insurance / reinsurance payables	–	–	–	5 001 595	–	5 001 595	5 001 595
Other creditors and accruals	–	–	–	6 365 437	–	6 365 437	6 365 437
	–	–	–	19 716 484	–	19 716 484	19 716 484

Sensitivity analysis

As on 31 December 2021, 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 2021	100	44 487	31 586
	(100)	(44 487)	(31 586)
31 December 2020	100	51 133	36 304
	(100)	(51 133)	(36 304)

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. 36,532 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 2021 and 2020. 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 2021	44 844 214	10 % increase	40 185 586	–	2 593 797
		10 % decrease	32 879 116	–	(2 593 797)
31 December 2020	13 638 413	10 % increase	49 328 635	–	3 183 939
		10 % decrease	40 359 793	–	(3 183 939)

42.2.3.4 Other risks

The Subsidiary Company faces a number of financial risks in its assets and liabilities, apart from insurance risk. These risks can be broadly categorized as expense risk, lapse risk, market risk, credit risk and liquidity risk. This section describes these risks on the Subsidiary Company level and identifies and describes the processes and strategy of management to manage these risks.

42.2.3.5 Expense risk

The risk that the Subsidiary Company faces is that future expenses may be higher than those used in pricing of products causing an expense overrun. The Subsidiary Company mitigates this risk by incorporating a certain level of acceptable conservatism in building future policy expense factors in pricing and expects to maintain its actual expenses within these limits. Regular monitoring of expenses allows the Subsidiary Company to adjust its pricing in time to account for higher than expected expenses.

The Subsidiary Company closely monitors its expenses by regularly carrying out an expense analysis for its business. The assumptions for future policy expense levels are determined from the Subsidiary Company's most recent annual expense analysis, with an extra margin built-in to account for variability in future expenses. A review of product pricing is carried out each year based on the latest available expense factors. Constant monitoring of expenses enables the Subsidiary Company to take corrective actions in time.

Based on the results of expense analysis, the Subsidiary Company apportions its management expenses to different lines of business.

42.2.3.6 Lapse risk

The risk the Subsidiary Company faces is that future persistency rates may be lower than assumed in pricing, thus impacting the emergence of profit from its portfolio of individual life policies. The Subsidiary Company however is confident that this risk is insignificant as the Subsidiary Company places tremendous emphasis on quality customer services and retention of clients by making persistent standard an integral part of the sales force culture. The Subsidiary Company has been consistently maintaining good levels of persistency and will continue a similar trend in future.

The Subsidiary Company has robust systems in place to regularly monitor the lapse experience. Regular focus on persistency is embedded in the Subsidiary Company culture and is an integral part of the monitoring of the sales force performance and remuneration.

42.3 Fair value

42.3.1 IFRS 13 defines fair value as an exit price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

42.3.2 All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Following are the assets where fair value is only disclosed and is different from their carrying value:

Rupees '000

As at 31 December 2021

	Available-for-sale	Fair value through profit and loss	HTM	Loan & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using Level 1	Level 2	Level 3
Financial assets measured at fair value										
Investments										
Equity securities - quoted	3 904 381	31 664 387					35 568 768	35 568 768		
Equity securities - unquoted	508						508			508
Government securities		79 419 004					79 419 004		79 419 004	
Mutual funds	128 442	1 326 134					1 454 576		1 454 576	
Sukuk Bonds		2 482 032					2 482 032		2 482 032	
Debt securities	9 405 824	2 992 793					12 398 617		12 398 617	
Financial assets not measured at fair value										
Term deposits*					678 785		678 785			
Government securities			7 903 248				7 903 248			
Loans and other receivables*				387 908	409 799		797 707			
Insurance / reinsurance receivables*				5 012 826			5 012 826			
Reinsurance recoveries against outstanding claims*				3 974 297			3 974 297			
Advances*				229 430			229 430			
Other assets*					2 066 950		2 066 950			
Certificate of investment*			410 000				410 000			
Cash and bank*					30 171 196		30 171 196			
Total assets of window takaful operations - Operator's fund*	643 122			231 571	109 883		984 576		643 122	
	14 082 277	117 884 350	8 313 248	9 836 032	33 436 613	–	183 552 520	35 568 768	96 397 351	508
Financial liabilities not measured at fair value										
Outstanding claims including IBNR*						(7 085 599)	(7 085 599)			
Premium received in advance*						(1 175 071)	(1 175 071)			
Insurance / reinsurance payables*						(4 886 033)	(4 886 033)			
Other creditors and accruals*						(6 356 938)	(6 356 938)			
Total liabilities of window takaful operations - Operator's fund*						(94 683)	(94 683)			
	14 082 277	117 884 350	8 313 248	9 836 032	33 436 613	(19 598 324)	163 954 196	35 568 768	96 397 351	508

As at 31 December 2020

	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	4 761 392	38 958 658					43 720 050	43 720 050		
Equity securities - unquoted	508						508			508
Government securities		67 952 169					67 952 169		67 952 169	
Mutual funds	127 059	1 558 312					1 685 371		1 685 371	
Sukuk Bonds		3 859 532					3 859 532		3 859 532	
Debt securities	10 273 302	3 914 206					14 187 508		14 187 508	
Financial assets not measured at fair value										
Term deposits *					683 006		683 006			
Government securities			6 508 931	214 382			6 723 313			
Loans and other receivables *				344 839			344 839			
Insurance / reinsurance receivables *				3 639 822			3 639 822			
Reinsurance recoveries against outstanding claims *				3 856 142			3 856 142			
Advances *					214 382		214 382			
Other assets *					4 442 243		4 442 243			
Certificate of investment *		210 000					210 000			
Cash and bank *					25 725 591		25 725 591			
Total assets of window takaful operations - Operator's fund	378 864			179 703	252 829		811 396		378 864	
	15 541 125	116 452 877	6 508 931	8 234 888	31 318 051	–	178 055 872	43 720 050	88 063 444	508
Financial liabilities not measured at fair value										
Outstanding claims including IBNR *						(7 111 989)	(7 111 989)			
Premium received in advance *						(1 263 853)	(1 263 853)			
Insurance / reinsurance payables *						(4 742 653)	(4 742 653)			
Other creditors and accruals *						(5 252 173)	(5 252 173)			
Total liabilities of window takaful operations - Operator's fund						(96 998)	(96 998)			
	15 541 125	116 452 877	6 508 931	8 234 888	31 318 051	(18 467 666)	159 588 206	43 720 050	88 063 444	508

*The Group has not disclosed the fair value of these items because their carrying amounts are a 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. Non-adjusting event after the financial statement date

The Board of Directors in its meeting held on 23 February 2022 have announced a final cash dividend in respect of the year ended 31 December 2021 of Rs. 5.50 per share, 55.00 % (2020: 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. 750 million (2020: Rs. 250 million). These consolidated financial statements for the year ended 31 December 2021 do not include the effect of these appropriations, which will be accounted for subsequent to the year end.

44. Number of employees

The total average number of employees during the year end as at 31 December 2021 and 2020 are as follows.

	2021	2020
At year end	3 838	3 838
Average during the year	3 848	3 803

45. Corresponding Figures

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

46. General

Figures have been rounded off to the nearest thousand rupees.

47. 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 23 February 2022.

RAFIQUE R. BHIMJEE
Director

MAHMOOD LOTIA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 23 February 2022

ANNEXURE - A

WINDOW TAKAFUL OPERATIONS FINANCIAL STATEMENTS

For the year ended 31 December 2021

EFU General Insurance Limited – Window Takaful Operations
Statement of Financial Position
As at 31 December 2021

Rupees '000

	Note	Operator's Fund 2021	Operator's Fund 2020	Participants' Takaful Fund 2021	Participants' Takaful Fund 2020
Assets					
Property and equipment	5	2 777	1 247	–	–
Investments					
Debt securities	6	643 122	378 864	1 735 650	1 270 934
Term deposits	7	9 000	195 000	120 000	360 000
Loans and other receivables	8	967	302	1 283	15 074
Takaful / retakaful receivables	9	7 410	6 160	321 441	268 071
Retakaful recoveries against outstanding claims / benefits	18	–	–	541 251	730 638
Salvage recoveries accrued		–	–	50 080	35 760
Deferred commission expense	19	149 495	125 049	–	–
Receivable from PTF	10	211 809	162 669	–	–
Accrued investment income		11 385	10 572	24 980	23 575
Deferred wakala fee		–	–	410 961	337 898
Deferred taxation	11	4 373	1 008	–	–
Prepayments	12	–	–	325 790	293 081
Cash and bank	13	100 883	57 829	239 302	97 799
Total assets		1 141 221	938 700	3 770 738	3 432 830
Funds and liabilities					
Fund attributable to Operator's Fund of insurer					
Statutory fund		100 000	100 000	–	–
Revaluation reserve - available-for-sale investments		(3 396)	(1 812)	–	–
Accumulated profit		530 643	398 512	–	–
Total Operator's Fund		627 247	496 700	–	–
Participants' Takaful Fund (PTF)					
Cede money		–	–	500	500
Revaluation reserve - available-for-sale investments		–	–	(16 099)	(14 101)
Accumulated surplus		–	–	871 978	650 714
Balance of Participants' Takaful Fund		–	–	856 379	637 113
Liabilities					
PTF Underwriting provisions					
Outstanding claims / benefits including IBNR	18	–	–	1 088 118	1 252 165
Unearned contribution reserves		–	–	1 304 837	1 172 697
Reserve for unearned retakaful rebate	17	–	–	63 362	29 852
Contribution received in advance		–	–	4 467	2 448
Takaful / retakaful payables		2 039	2 649	212 227	158 920
Unearned wakala fee		410 961	337 898	–	–
Payable to OPF	10	–	–	211 809	162 669
Taxation - provision less payments		6 291	4 455	–	–
Other creditors and accruals	14	94 683	96 998	29 539	16 966
Total liabilities		513 974	442 000	2 914 359	2 795 717
Total equity and liabilities		1 141 221	938 700	3 770 738	3 432 830
Contingencies and commitments	15				

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

RAFIQUE R. BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer	Managing Director & Chief Executive	Chairman

Karachi 23 February 2022

EFU General Insurance Limited – Window Takaful Operations
Profit and Loss Account
For the year ended 31 December 2021

Rupees '000

	Note	2021	2020
Participants' Takaful Fund - (PTF)			
Contributions earned		1 791 429	1 653 182
Less: Contributions ceded to retakaful		(573 275)	(448 433)
Net contribution revenue	16	1 218 154	1 204 749
Retakaful rebate earned	17	97 759	75 882
Net underwriting income		1 315 913	1 280 631
Net claims reported / settled - IBNR	18	(1 047 116)	(948 910)
Other direct expenses		(135 672)	(155 913)
Surplus before investment income		133 125	175 808
Investment Income	21	109 837	109 861
Other income	22	10 447	19 817
Less: Modarib's share of investment income		(32 145)	(32 373)
Surplus transferred to accumulated surplus		221 264	273 113
Operator's Fund - (OPF)			
Wakala fee		773 685	673 276
Commission expense	19	(304 514)	(246 558)
General, administrative and management expense	20	(348 734)	(322 461)
		120 437	104 257
Modarib's share of PTF investment income		32 145	32 373
Investment income	21	31 116	44 247
Direct expenses	23	(763)	(724)
Other income	22	3 170	5 516
Profit before taxation		186 105	185 669
Taxation	24	(53 974)	(53 844)
Profit after taxation		132 131	131 825

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

RAFIQUE R. BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer	Managing Director & Chief Executive	Chairman

Karachi 23 February 2022

EFU General Insurance Limited – Window Takaful Operations
Statement of Comprehensive Income
For the year ended 31 December 2021

Rupees '000

	2021	2020
Participants' Takaful Fund - (PTF)		
Surplus for the year	221 264	273 113
Other comprehensive income		
Unrealized loss on available-for-sale investments during the year - net	(1 998)	(7 890)
Total comprehensive income for the year	219 266	265 223
Operator's Fund - (OPF)		
Profit after tax for the year	132 131	131 825
Other comprehensive income		
Fair value loss on availabile-for-sale investments during the year	(2 231)	(801)
Deferred tax on available-for-sale investments	647	233
Total items that may be reclassified subsequently to profit and loss account	(1 584)	(568)
Total comprehensive income for the year	130 547	131 257

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

RAFIQUE R. BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer	Managing Director & Chief Executive	Chairman

Karachi 23 February 2022

EFU General Insurance Limited – Window Takaful Operations
Cash Flow Statement
For the year ended 31 December 2021

Rupees '000

	Operator's Fund		Participants' Takaful Fund	
	2021	2020	2021	2020
Operating cash flows				
a) Takaful activities				
Contributions received	–	–	2 650 463	2 338 473
Retakaful contribution paid	–	–	(583 710)	(523 985)
Claims / benefits paid	–	–	(1 323 229)	(1 150 466)
Retakaful and other recoveries received	–	–	282 574	230 876
Commission paid	(313 762)	(242 776)	–	–
Retakaful rebate received	–	–	131 269	73 116
Wakala fee received / (paid)	796 695	646 174	(796 695)	(646 174)
Modarib received / (paid)	33 057	28 224	(33 057)	(28 224)
Net cash flow from takaful activities	515 990	431 622	327 615	293 616
b) Other operating activities				
Income tax paid	(54 856)	(56 694)	–	–
General and other expenses paid	(352 636)	(314 756)	(135 673)	(155 912)
Other operating payments	(1 916)	2 239	44 822	(27 158)
Other operating receipts	(14 397)	15 727	13 207	758
Net cash flow used in other operating activities	(423 805)	(353 484)	(77 644)	(182 312)
Total cash flow from all operating activities	92 185	78 138	249 971	111 304
Investment activities				
Profit / return received	42 406	45 787	127 177	120 701
Payment for investments	(459 680)	(804 373)	(974 254)	(2 053 892)
Proceeds from investments	370 260	627 732	738 609	1 576 134
Fixed capital expenditure	(2 117)	(83)	–	–
Total cash flow used in investing activities	(49 131)	(130 937)	(108 468)	(357 057)
Net cash flow from / (used in) all activities	43 054	(52 799)	141 503	(245 753)
Cash and cash equivalents at the beginning of the year	57 829	110 628	97 799	343 552
Cash and cash equivalents at the end of the year	100 883	57 829	239 302	97 799
Reconciliation to profit and loss account				
Operating cash flow	92 185	78 138	249 971	111 304
Depreciation expense	(587)	(636)	–	–
Other investment income	31 116	44 247	109 837	109 861
Other income	3 170	5 516	9 813	19 632
Increase / (decrease) in assets other than cash	78 220	52 263	(29 715)	750 355
Increase in liabilities other than borrowings	(71 973)	(47 703)	(118 642)	(718 039)
Profit / surplus after tax for the year	132 131	131 825	221 264	273 113
Attributed to				
Operator's Fund	132 131	131 825	–	–
Participants' Takaful Fund	–	–	221 264	273 113
	132 131	131 825	221 264	273 113

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

RAFIQUE R. BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer	Managing Director & Chief Executive	Chairman

Karachi 23 February 2022

EFU General Insurance Limited – Window Takaful Operations
Statement of Changes in Funds
For the year ended 31 December 2021

Rupees '000

	Operator's Fund			
	Statutory fund	Unrealized gain / (loss) on revaluation of available-for-sale investments-net	Accumulated profit	Total
Balance as at 01 January 2020	100 000	(1 244)	266 687	365 443
Total comprehensive income for the year ended 31 December 2020				
Profit for the year			131 825	131 825
Other comprehensive income		(568)		(568)
Balance as at 31 December 2020	100 000	(1 812)	398 512	496 700
Balance as at 01 January 2021	100 000	(1 812)	398 512	496 700
Total comprehensive income for the year ended 31 December 2021				
Profit for the year			132 131	132 131
Other Comprehensive Income		(1 584)		(1 584)
Balance as at 31 December 2021	100 000	(3 396)	530 643	627 247

	Participants' Takaful Fund			
	Cede money	Unrealized gain / (loss) on revaluation of available-for-sale investments-net	Accumulated surplus	Total
Balance as at 01 January 2020	500	(6 211)	377 601	371 890
Total comprehensive income for the year ended 31 December 2020				
Surplus for the year			273 113	273 113
Other comprehensive income		(7 890)		(7 890)
Balance as at 31 December 2020	500	(14 101)	650 714	637 113
Balance as at 01 January 2021	500	(14 101)	650 714	637 113
Total comprehensive income for the year ended 31 December 2021				
Surplus for the year			221 264	221 264
Other Comprehensive Income		(1 998)		(1 998)
Balance as at 31 December 2021	500	(16 099)	871 978	856 379

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

RAFIQUE R. BHIMJEE
Director

MAHMOOD LOTIA
Director

ALTAF GOKAL
Chief Financial Officer

HASANALI ABDULLAH
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Chairman

Karachi 23 February 2022

EFU General Insurance Limited – Window Takaful Operations
Notes to the Financial Statements
For the year ended 31 December 2021

1. Legal status and nature of business

EFU General Insurance Limited (the Operator) was allowed to undertake Window Takaful Operations (the Operations) on 16 April 2015 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan.

For the purpose of carrying on the takaful business, the Operator has formed a Waqf / Participants' Takaful Fund (PTF) on 06 May 2015 under the Waqf deed. The Waqf deed governs the relationship of Operator and participants for management of takaful operations.

2. Basis of preparation and statement of compliance

These 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 Compaines 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

There are certain new and amended standards, interpretations and amendments that are mandatory for the Operator's accounting periods beginning on or after 01 January 2021 but are considered not to be relevant or do not have any significant effect on the Operator's operation and therefore not detailed in these financial statements.

2.4 Standards, interpretations and amendments not effective at current end

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2022:

2.4.1 Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 01 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

2.4.2 The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022.

- IFRS 16 - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

2.4.3 Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 01 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

2.4.4 Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) - the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help operators provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring opertors to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a operator's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 01 January 2023 with earlier application permitted.

2.4.5 Definition of Accounting Estimates (Amendments to IAS 8) - The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a operator develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 01 January 2023 and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

2.4.6 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) - The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, operators will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 01 January 2023 with earlier application permitted.

2.4.7 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

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

The Operator has determined that it is eligible for the temporary exemption option since the Operator has not previously applied any version of IFRS 9, its activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the Operator doesn't engage in significant activities unconnected with insurance based on historical available information. Under the temporary exemption option, the Operator can defer the application of IFRS 9 until the application IFRS 17.

To determine the appropriate classification of financial assets under IFRS 9, an entity would need to assess the contractual cash flows characteristics of any financial asset. Indeed, the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI") i.e. cash flows that are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest.

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

The tables below set out the fair values as at the end of reporting period and the amount of change in the fair value during that period for the following two groups of financial assets separately:

a) financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding, excluding any financial asset that meets the definition of held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis, and

b) all other financial assets

Operator's Fund

Rupees '000

	31 December 2021				
	Fail the SPPI test		Pass the SPPI test		
Financial assets	Fair value	Change in unrealized gain / (loss) during the year	Carrying Value	Cost less Impairment	Change in unrealized gain / (loss) during the year
Cash and bank *	7 058	–	93 825	–	–
Investments in debt securities - available-for-sale	–	–	643 122	–	(2 231)
Term Deposits *	–	–	9 000	–	–
Loans and other receivables *	967	–	–	–	–
Accrued investment income *	11 385	–	–	–	–
Total	19 410	–	745 947	–	(2 231)

* The carrying amount of these financial assets measured applying IAS-39 are a reasonable approximation of their carrying values.

Rupees '000

	31 December 2021				
	Gross carrying amounts of debt instruments that pass the SPPI test				
	AAA	AA+	AA	A+	Unrated
Investments in debt securities - available-for-sale	21 012	23 622	–	8 063	590 425
Term deposits	–	–	9 000	–	–
Total	21 012	23 622	9 000	8 063	590 425

Participants' Takaful Fund

Rupees '000

	31 December 2021				
	Fail the SPPI test		Pass the SPPI test		
Financial assets	Fair value	Change in unrealized gain / (loss) during the year	Carrying Value	Cost less Impairment	Change in unrealized gain / (loss) during the year
Cash and bank *	2 404	–	236 898	–	–
Investments in debt securities - available-for-sale	–	–	1 735 650	–	(1 998)
Term Deposits *	–	–	120 000	–	–
Loans and other receivables *	1 283	–	–	–	–
Accrued investment income *	24 980	–	–	–	–
Total	28 667	–	2 092 548	–	(1 998)

* The carrying amount of these financial assets measured applying IAS-39 are a reasonable approximation of their carrying values.

Rupees '000

	31 December 2021				
	Gross carrying amounts of debt instruments that pass the SPPI test				
	AAA	AA+	AA	A+	Unrated
Investments in debt securities - available-for-sale	21 012	69 954	–	3 527	1 641 157
Term deposits	100 000	–	20 000	–	–
Total	121 012	69 954	20 000	3 527	1 641 157

3. Summary of significant accounting policies

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

3.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is calculated on the straight line basis as specified in note 6 to these financial statements.

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

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

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

Gains or losses on disposal of fixed assets are included in profit and loss account.

3.2 Takaful contracts

Takaful contracts are those contracts where the Participants' Takaful Fund (PTF) has accepted significant Takaful risk from another party (the contractholder) by agreeing to compensate the contractholders if a specified uncertain future event adversely affects the contractholders.

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

The Operator underwrites non-life takaful contracts that can be categorised into fire and property damage, marine, aviation and transport, motor and miscellaneous contracts. Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Takaful contracts entered into by the Operator under which the contract holder is another Takaful Operator (inwards retakaful) of a facultative nature are included within the individual category of takaful contracts, other than those, which fall under Treaty. The takaful risk involved in these contracts is similar to the contracts undertaken by the Operator as takaful operator.

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

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

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

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

3.3 Contribution

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

3.4 Unearned contributions reserve

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

3.5 Contribution deficiency reserve (liability adequacy test)

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

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

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

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

	2021	2020
– Fire and property damage	60 %	56 %
– Marine, aviation and transport	20 %	29 %
– Motor	53 %	52 %
– Miscellaneous	59 %	79 %

3.6 Retakaful contracts

Contracts entered into by the Operator with retakaful operator under which the Operator arranges to cede takaful risks of PTF assumed during normal course of the business and according to which the PTF is compensated for losses on takaful contracts issued by the Operator are classified as retakaful contracts held.

Retakaful contribution is recognized as an expense at the time the retakaful is ceded. Commission on retakaful cessions are recognized in accordance with the policy of recognizing contribution revenue.

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

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

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

3.7 Receivables and payables

3.7.1 Receivables and payables related to takaful contracts

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

Provision for impairment in contribution receivables is estimated on a systematic basis after analysing the receivables as per their ageing.

3.7.2 Creditors, accruals and provisions

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

Provisions are recognized when the Operator has a legal or constructive obligation as a result of a past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, the provisions are reviewed at financial statement date and adjusted to reflect current best estimates.

3.8 Segment information

An operating segment is a component of the Operator that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Operator's other components. All operating segments' results are reviewed regularly by the Operator to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Operator presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, Takaful Rules, 2012 and the Insurance Rules, 2017, General Takaful Accounting Regulations, 2019 as the primary reporting format.

The Operator has four primary business segments for reporting purposes namely, fire and property damage, marine, aviation and transport, motor and miscellaneous. The nature and business activities of these segments are disclosed in note no. 3.2.

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

3.9 Cash and cash equivalent

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

3.10 Revenue recognition

3.10.1 PTF

3.10.1.1 Contribution

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

3.10.1.2 Rebate from retakaful operators

The revenue recognition policy for rebate from retakaful operator is given under note 3.17.2.

3.10.2 OPF

The revenue recognition policy for wakala fee is given under note 3.20.

3.10.3 PTF / OPF

3.10.3.1 Investment Income

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

3.11 Investments

– In debt securities - available-for-sale

– In term deposit - held-to-maturity

3.11.1 Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs except for held for trading investments in which transaction costs are charged to profit and loss account. All purchases and sales of investments that require delivery within the time frame established by regulations or market conventions are accounted for at the trade date. Trade date is the date when the Operator commits to purchase or sell the investments.

3.11.2 Measurement

3.11.2.1 Available-for-sale

Available-for-sale investments are those non-derivative financial instruments that are designated as available for sale or are not classified in any other category.

At the time of acquisition, investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

Subsequent to initial measurement, these are remeasured at fair value. Surplus / (deficit) on revaluation from one reporting date to another is taken to other comprehensive income in the statement of comprehensive income. On derecognition or impairment of available-for-sale investments, the cumulative gain or loss previously reported in other comprehensive income is transferred to profit and loss account for the period within statement of comprehensive income. Whereas, any reversal in impairment is taken in statement of comprehensive income.

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

3.11.2.2 Held to maturity

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

Subsequently, these are measured at amortized cost less provision for impairment in value, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition using the effective yield method.

The difference between the redemption value and the purchase price of the held to maturity investment is amortized and taken to the profit and loss account over the term of investment.

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

3.12 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements only when there is legally enforceable right to set off the recognized amount and the Operator intends either to settle on a net basis or realize the assets and settle the liabilities simultaneously.

3.13 Claims

Claims are charged to PTF as incurred based on estimated liability for compensation owed under the takaful contracts. It includes claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

3.13.1 Provision for outstanding claims (including IBNR)

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

Retakaful recoveries against outstanding claims are recognized as an asset and measured at the amount expected to be received.

3.13.2 Claims reported but not settled

Provision for liability in respect of claims reported but not settled at the financial statement date is made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the sums insured. Case estimates are reviewed periodically to ensure that the recognized outstanding claim amounts are adequate to cover expected future payments including expected claims settlement costs and are updated as and when new information becomes available.

3.13.3 Claims incurred but not reported

The provision for claims incurred but not reported (IBNR) is made at the financial statement date. In accordance with SECP circular no. 9 of 2016, the Operator has changed its method of estimation of IBNR. The Operator now takes actuarial advice for the determination of IBNR claims. IBNR claim have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

3.14 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income or below fund, in which case it is recognized in other comprehensive income or below fund.

3.14.1 Current

Provision for current taxation is based on taxable income determined in accordance with the prevailing law for taxation of income and is calculated using enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for the current taxation also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year or required by any other reason.

3.14.2 Deferred

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

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is provided on temporary differences arising on investments in associates stated under equity method of accounting.

The taxation of Operators Fund is made while including in the Operator's results as a whole and accordingly taxation has been recorded.

3.15 Impairment

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

The carrying amount of non financial assets is reviewed at each financial statement date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such asset is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

All impairment losses are recognized in the profit and loss account. Provisions for impairment are reviewed at each financial statement and are adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense.

3.16 Management expenses

Expenses allocated to the PTF represent directly attributable expenses and these are allocated to various revenue accounts on equitable basis.

All common expense between the Company and OPF are proportionately allocated.

3.17 Commission

3.17.1 Commission expense

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

3.17.2 Rebate from retakaful operators

Rebate from retakaful operators is deferred and recognized as revenue in accordance with the pattern of recognition of the retakaful contribution to which it relates.

3.18 Foreign currencies

Revenue transactions in foreign currencies are recorded at the rates prevailing on the date of the transactions.

3.19 Financial instruments

Financial instruments include cash and bank balances, loans to employees, investments, contributions due but unpaid, amount due from other takaful operators / retakaful operators, accrued investment income, retakaful recoveries against outstanding claims, security deposits, other receivables, outstanding claim liabilities, amount due to other takaful operators / retakaful operators, accrued expenses, agents balances, other creditors, deposits and unclaimed dividends.

All the financial assets and liabilities are recognized at the time when the Operator becomes a party to the contractual provisions of the instrument and de-recognized when the Operator loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of financial assets and financial liabilities is taken to income directly.

3.20 Wakala fees

The Operator manages the general takaful operations for the participants and charges 28.00% (2020: 22.50%) for fire and property, 35.00% (2020: 27.50%) for marine, aviation and transport, 32.50% (2020: 31.00%) for motor, 25% (2020: 15%) for miscellaneous of gross contribution written including administrative surcharge as wakala fee against the services.

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

3.21 Modarib fee

The Operator also manages the participants' investment as modarib and charges 25% (2020: 25%) of investment income and profit on profit and loss sharing accounts and bank deposits earned by the PTF as Modarib fee. It is recognized on the same basis on which related revenue is recognized.

3.22 The profit of the Operator is taxed as part of total profit of the EFU General Insurance Limited as the Operator is not separately registered for tax purposes.

4. Critical accounting estimates and judgements

The preparation of these financial statements are in conformity with approved accounting standards which requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

	Note
– Property and equipment	3.1
– Contribution deficiency reserve (liability adequacy test)	3.5
– Receivables related to takaful contracts	3.7.1
– Provision for outstanding claims (including IBNR)	3.13.1
– Taxation	3.14
– Impairment	3.15

5. Property and equipment

Rupees '000

OPF - 2021

	Cost					Depreciation				Written down value
	As at 01 January	Additions	(Disposal) / adjustments	As at 31 December	Rate %	As at 01 January	For the year	(Disposal) / adjustments	As at 31 December	As at 31 December
Furniture and fixtures	1 502	–	–	1 502	10	774	150	–	924	578
Office equipment	333	–	–	333	10	185	33	–	218	115
Computer equipment	778	317	–	1 095	30	662	115	–	777	318
Vehicles	3 376	1 800	–	5 176	20	3 121	289	–	3 410	1 766
	5 989	2 117	–	8 106		4 742	587	–	5 329	2 777

OPF - 2020

	Cost					Depreciation				Written down value
	As at 01 January	Additions	(Disposal) / adjustments	As at 31 December	Rate %	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	624	150	–	774	728
Office equipment	333	–	–	333	10	152	33	–	185	148
Computer equipment	695	83	–	778	30	604	58	–	662	116
Vehicles	3 376	–	–	3 376	20	2 726	395	–	3 121	255
	5 906	83	–	5 989		4 106	636	–	4 742	1 247

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

6.1 Operator's Fund

	2021			2020		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Fixed income securities						
Ijara sukuks	570 711	–	570 711	180 563	–	180 563
Corporate sukuks	86 126	(8 931)	77 195	200 854	–	200 854
	656 837	(8 931)	647 906	381 417	–	381 417
Deficit on revaluation	–	–	(4 784)	–	–	(2 553)
	656 837	(8 931)	643 122	381 417	–	378 864

Rupees '000

Name of investments	Maturity year	Effective yield %	Profit payment	Face value	31 December 2021
Ijara sukuk					
5 Years Ijara sukuk	2025	6.98	Half yearly	30 000	30 054
5 Years Ijara sukuk	2025	6.97	Half yearly	43 500	43 578
5 Years Ijara sukuk	2025	6.96	Half yearly	17 000	17 031
5 Years Ijara sukuk	2025	7.02	Half yearly	30 000	30 054
5 Years Ijara sukuk	2025	7.08	Half yearly	30 000	30 054
5 Years Ijara sukuk	2025	7.01	Half yearly	92 000	89 767
5 Years Ijara sukuk	2025	7.12	Half yearly	80 000	80 016
5 Years Ijara sukuk	2025	7.13	Half yearly	13 000	13 003
5 Years Ijara sukuk	2025	7.06	Half yearly	15 000	15 003
5 Years Ijara sukuk	2025	7.07	Half yearly	17 000	17 003
5 Years Ijara sukuk	2025	8.51	Half yearly	59 000	59 012
5 Years Ijara sukuk	2025	8.14	Half yearly	13 500	13 503
5 Years Ijara sukuk	2025	8.15	Half yearly	25 000	25 005
5 Years Ijara sukuk	2025	7.04	Half yearly	50 000	48 245
5 Years Ijara sukuk	2025	10.56	Half yearly	19 000	19 034
5 Years Ijara sukuk	2025	9.81	Half yearly	35 000	35 063
					565 425
Corporate sukuk					
5 Years Hascol Petroleum Limited sukuk	2022	7.00	Quarterly	8 929	–
7 Years K-Electric Limited sukuk	2022	8.11	Quarterly	4 000	4 036
5 Years AGP Limited sukuk	2022	7.93	Quarterly	8 000	8 063
5 Years BYCO sukuk	2023	7.97	Quarterly	20 833	21 012
5 Years Dubai Islamic Bank Limited sukuk	2023	15.60	Quarterly	25 000	25 000
4 Years Hub Power Company Limited sukuk	2023	8.92	Quarterly	10 000	10 361
4 Years Hub Power Company Limited sukuk	2024	7.88	Half yearly	9 000	9 225
					77 697
					643 122

Name of investments	Maturity year	Effective yield %	Profit payment	Face value	31 December 2020
Ijara sukuk					
5 Years Ijara sukuk	2025	6.61	Half yearly	30 000	30 063
5 Years Ijara sukuk	2025	6.60	Half yearly	43 500	43 591
5 Years Ijara sukuk	2025	6.60	Half yearly	14 000	14 029
5 Years Ijara sukuk	2025	6.60	Half yearly	3 000	3 006
5 Years Ijara sukuk	2025	6.65	Half yearly	30 000	30 063
5 Years Ijara sukuk	2025	6.71	Half yearly	30 000	30 063
5 Years Ijara sukuk	2025	6.54	Half yearly	27 000	27 057
					177 872
Corporate sukuk					
5 Years Fatima Fertilizer Limited sukuk	2021	8.20	Half yearly	7 143	7 192
1.25 Years Pak Elektron Limited sukuk	2021	8.78	Quarterly	25 000	25 050
5 Years Hascol Petroleum Limited sukuk	2022	6.97	Quarterly	8 929	8 830
7 Years K-Electric Limited sukuk	2022	7.47	Quarterly	12 000	12 121
5 Years AGP Limited sukuk	2022	7.75	Quarterly	24 000	24 241
5 Years BYCO sukuk	2023	7.87	Quarterly	29 167	29 060
5 Years Dubai Islamic Bank Limited sukuk	2023	9.00	Quarterly	25 000	25 000
4 Years Hub Power Company Limited sukuk	2023	8.64	Quarterly	10 000	10 225
4 Years Hub Power Company Limited sukuk	2024	12.05	Half yearly	9 000	9 198
10 Years Meezan Bank Limited sukuk	2026	7.03	Half yearly	19 000	19 417
10 Years Meezan Bank Limited sukuk	2026	7.73	Half yearly	30 000	30 658
					200 992
					378 864

Rupees '000

6.2 Participants' Takaful Fund

	2021			2020		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Fixed income securities						
Ijara sukuks	1 633 658	–	1 633 658	978 846	–	978 846
Corporate sukuks	127 021	(8 931)	118 090	306 188	–	306 188
	1 760 679	(8 931)	1 751 748	1 285 034	–	1 285 034
Deficit on revaluation	–	–	(16 098)	–	–	(14 100)
	1 760 679	(8 931)	1 735 650	1 285 034	–	1 270 934

Name of investments	Maturity year	Effective yield %	Profit payment	Face value	31 December 2021
Ijara sukuk					
5 Years Ijara sukuk	2025	6.66	Half yearly	410 000	410 738
5 Years Ijara sukuk	2025	6.97	Half yearly	166 500	166 800
5 Years Ijara sukuk	2025	6.96	Half yearly	238 000	238 428
5 Years Ijara sukuk	2025	7.02	Half yearly	25 000	25 045
5 Years Ijara sukuk	2025	7.08	Half yearly	85 000	85 153
5 Years Ijara sukuk	2025	7.04	Half yearly	15 000	15 027
5 Years Ijara sukuk	2025	7.13	Half yearly	40 000	40 008
5 Years Ijara sukuk	2025	7.12	Half yearly	30 000	30 006
5 Years Ijara sukuk	2025	7.05	Half yearly	80 000	80 016
5 Years Ijara sukuk	2025	7.06	Half yearly	19 000	19 004
5 Years Ijara sukuk	2025	7.07	Half yearly	156 000	155 184
5 Years Ijara sukuk	2025	8.51	Half yearly	41 000	41 008
5 Years Ijara sukuk	2025	8.22	Half yearly	15 000	15 003
5 Years Ijara sukuk	2025	7.01	Half yearly	17 000	16 403
5 Years Ijara sukuk	2025	7.02	Half yearly	120 000	120 216
5 Years Ijara sukuk	2025	6.95	Half yearly	18 000	17 368
5 Years Ijara sukuk	2025	7.48	Half yearly	10 000	9 913
5 Years Ijara sukuk	2025	7.32	Half yearly	38 000	36 666
5 Years Ijara sukuk	2025	10.96	Half yearly	44 000	44 079
5 Years Ijara sukuk	2025	10.08	Half yearly	50 000	50 090
					1 616 155
Corporate sukuk					
7 Years K-Electric Limited sukuk	2022	7.72	Quarterly	7 000	7 063
7 Years K-Electric Limited sukuk	2022	7.15	Quarterly	5 000	5 046
5 Years BYCO sukuk	2023	8.00	Quarterly	20 833	21 012
5 Years Hascol Petroleum Limited sukuk	2023	7.14	Quarterly	8 929	–
5 Years Dubai Islamic Bank Limited sukuk	2023	9.00	Monthly	25 000	25 000
4 Years Hub Power Company Limited sukuk	2023	8.90	Quarterly	40 000	41 446
5 Years AGP Limited sukuk	2024	7.56	Quarterly	3 500	3 527
4 Years Hub Power Company Limited sukuk	2024	12.05	Half Yearly	16 000	16 400
					119 494
					1 735 649

Rupees '000

Name of investments	Maturity year	Effective yield %	Profit payment	Face value	31 December 2020
Ijara sukuk					
5 Years Ijara Sukuk XIX	2025	6.61	Half yearly	410 000	410 861
5 Years Ijara Sukuk XIX	2025	6.60	Half yearly	60 000	60 126
5 Years Ijara Sukuk XIX	2025	6.60	Half yearly	106 500	106 724
5 Years Ijara Sukuk XIX	2025	6.60	Half yearly	68 000	68 143
5 Years Ijara Sukuk XIX	2025	6.59	Half yearly	70 000	70 147
5 Years Ijara Sukuk XIX	2025	6.60	Half yearly	82 000	82 172
5 Years Ijara Sukuk XIX	2025	6.59	Half yearly	18 000	18 038
5 Years Ijara Sukuk XIX	2025	6.65	Half yearly	25 000	25 053
5 Years Ijara Sukuk XIX	2025	6.98	Half yearly	70 000	70 189
5 Years Ijara Sukuk XIX	2025	6.98	Half yearly	15 000	15 041
5 Years Ijara Sukuk XIX	2025	6.98	Half yearly	22 000	22 059
5 Years Ijara Sukuk XIX	2025	6.98	Half yearly	15 000	15 041
					963 594
Corporate sukuk					
1.25 Years Pak Elektron Limited Sukuk	2021	8.80	Quarterly	25 000	25 050
7 Years K-Electric Limited Sukuk	2022	6.75	Quarterly	15 000	15 151
5 Years Dawood Hercules Compaby Limited	2023	8.30	Quarterly	35 000	35 433
5 Years Byco Petroleum Limited Sukuk	2023	7.91	Quarterly	29 167	29 060
5 Years Fatima Fertilizer Limited Sukuk	2023	8.03	Half yearly	7 143	7 192
5 Years Hascol Petroleum Limited Sukuk	2023	7.09	Quarterly	8 929	8 830
5 Years Dubai Islamic Bank Limited	2023	9.00	Monthly	25 000	25 000
4 Years Hub Power Company Limited Sukuk	2023	8.78	Quarterly	40 000	40 899
5 Years AGP Limited Sukuk	2024	7.44	Quarterly	10 500	10 606
4 Years Hub Power Company Limited Sukuk	2024	12.05	Half yearly	16 000	16 351
7 Years K-Electric Limited Sukuk	2026	7.46	Quarterly	21 000	21 212
10 Years Meezan Bank Limited Sukuk	2026	7.03	Half yearly	21 000	21 460
10 Years Meezan Bank Limited Sukuk	2029	7.73	Half yearly	50 000	51 096
					307 340
					1 270 934

7. Investment in term deposit

	Note	2021		2020	
		OPF	PTF	OPF	PTF
Held to maturity					
Term deposit	8.1	9 000	120 000	195 000	360 000
		9 000	120 000	195 000	360 000

7.1 The rate of profit on term deposit certificates issued by our banks range from 7.25% to 10.00% per annum (2020: 6.00% to 7.25% per annum) depending on tenure. These term deposit certificates have maturities upto April 2022.

8. Loans and other receivables – considered good

Rupees '000

	OPF		PTF	
	2021	2020	2021	2020
Security deposits	301	302	–	–
Other receivables	666	–	1 283	15 074
	967	302	1 283	15 074

Rupees '000

		OPF		PTF	
		2021	2020	2021	2020
9. Takaful / retakaful receivables – unsecured and considered good					
Due from takaful participants holders		–	–	313 401	264 590
Due from other takaful / retakaful operators		7 410	6 160	8 040	3 481
		7 410	6 160	321 441	268 071
10. Receivable (OPF) / Payable (PTF)					
Wakala fee		201 098	151 046	201 098	151 046
Modarib fee		10 711	11 623	10 711	11 623
		211 809	162 669	211 809	162 669

	2021	2020
11. Deferred taxation		
Deferred debit arising in respect of:		
Accelerated tax depreciation	261	268
Unrealized loss on available-for-sale investments	1 387	740
Impairment on available-for-sale investments	2 725	–
	4 373	1 008

		OPF		PTF	
	Note	2021	2020	2021	2020
12. Prepayments					
Prepaid retakaful contribution ceded		–	–	283 818	220 077
Prepaid charges for vehicle tracking devices		–	–	41 972	73 004
		–	–	325 790	293 081
13. Cash and bank					
Cash and cash equivalents					
Policy stamps		–	–	1 269	671
Cash at bank					
Current accounts		7 058	6 588	1 135	5 792
Saving accounts	13.1	93 825	51 241	236 898	91 336
		100 883	57 829	239 302	97 799

13.1 The rate of profit on profit and loss sharing accounts from various banks were 5.50% to 8.25% per annum (2020: 5.50% to 6.25%) depending on the size of average deposits.

Rupees '000

	OPF		PTF	
	2021	2020	2021	2020
14. Other creditors and accruals				
Federal insurance fee payable	–	–	2 045	1 815
Sales tax payable	1 245	902	18 594	15 072
Accrued expenses	6 500	10 225	–	–
Agent commission payable	86 265	70 457	–	–
Retirement benefit obligations	167	167	–	–
Other creditors	506	15 247	8 900	79
	94 683	96 998	29 539	16 966

15. Contingencies and commitments

There are no contingencies and commitments as at 31 December 2021 (31 December 2020: Nil).

Rupees '000

	2021	2020
16. Net contribution revenue		
Written gross contribution	2 697 255	2 397 736
Wakala fee	(846 748)	(688 711)
Contribution net of wakala fee	1 850 507	1 709 025
Unearned contribution reserve - opening	834 798	778 955
Unearned contribution reserve - closing	(893 876)	(834 798)
Contribution earned	1 791 429	1 653 182
Less:		
Retakaful contribution ceded	637 016	490 696
Prepaid retakaful contribution - opening	220 077	177 814
Prepaid retakaful contribution - closing	(283 818)	(220 077)
Retakaful expense	573 275	448 433
	1 218 154	1 204 749
17. Retakaful rebate earned		
Rebate received or recoverable	131 269	73 117
Unearned retakaful rebate - opening	29 852	32 617
Unearned retakaful rebate - closing	(63 362)	(29 852)
	97 759	75 882

Rupees '000

	2021	2020
18. Takaful benefits / claims expense		
Benefits / claims paid	1 308 908	1 146 131
Outstanding benefits / claims including IBNR - opening	(1 252 165)	(615 868)
Outstanding benefits / claims including IBNR - closing	1 088 118	1 252 165
Claim expense	1 144 861	1 782 428
Less:		
Retakaful and other recoveries received	287 132	230 456
Retakaful and other recoveries in respect of outstanding claims - opening	(730 638)	(127 576)
Retakaful and other recoveries in respect of outstanding claims - closing	541 251	730 638
Retakaful and other recoveries revenue	97 745	833 518
	1 047 116	948 910

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.

Rupees '000

Accident year	2017 and prior	2018	2019	2020	2021 (including IBNR)	Total
Estimate of ultimate claims costs:						
– At end of accident year	855 129	974 144	1 303 862	1 980 788	1 406 107	
– One year later	758 202	912 701	1 117 591	1 738 050	–	
– Two years later	740 211	901 237	1 119 405	–	–	
– Three years later	739 584	886 157	–	–	–	
– Four years later	734 342	–	–	–	–	
Current estimate of cumulative claims	734 342	886 157	1 119 405	1 738 050	1 406 107	5 884 061
Cumulative payments to date	733 129	884 805	1 096 300	1 257 068	824 641	4 795 943
Liability recognized in statement of financial position	1 213	1 352	23 105	480 982	581 466	1 088 118

18.2 The provision for IBNR on the basis of actuarial valuation carried out as at 31 December 2021 amounted to Rs. 58,656 thousand (2020: Rs. 56,990 thousand).

Rupees '000

	Note	2021	2020
19. Commission expense			
Commission paid or payable		328 960	254 317
Deferred commission expense - opening		125 049	117 290
Deferred commission expense - closing		(149 495)	(125 049)
		304 514	246 558
20. General, administrative and management expense			
Salaries, wages and benefits	20.1	258 659	225 239
Bonus		21 774	20 020
Gratuity		3 293	3 190
Rent, rates and taxes		9 117	1 154
Telephone		2 203	2 166
Postage and telegram		2 798	2 323
Gas, electricity and fuel		6 386	5 782
Printing and stationery		4 412	3 618
Travelling and entertainment		5 107	3 794
Depreciation		18 004	17 038
Repair and maintenance		6 634	5 309
Annual supervision fee of SECP		3 663	4 065
Service charges		(6 117)	(3 016)
Bank charges and commission		5	3
Training		689	438
Insurance		236	202
Business procurement		–	7 300
Security services		385	293
Conveyanace expense		1 267	1 131
Miscellaneous		10 219	22 412
		348 734	322 461

20.1 This includes Rs 248 thousand (2020: Rs. 193 thousand) being contribution for employees' provident fund.

Rupees '000

	OPF		PTF	
	2021	2020	2021	2020
21. Investment income				
Income from debt securities - available-for-sale				
– Return on debt securities (Sukuk)	38 962	28 269	108 034	71 485
– Impairment on debit securities	(9 394)	–	(9 403)	–
Income from term deposits				
– Return on term deposits	1 548	15 978	11 206	38 376
	31 116	44 247	109 837	109 861
22. Other income				
Profit on bank deposits	3 170	5 516	9 813	19 632
Exchange gain	–	–	634	185
	3 170	5 516	10 447	19 817

Rupees '000

		Note	2021	2020
23.	**Direct expense - OPF**			
	Auditor's remuneration	23.1	735	650
	Subscription to association		28	74
			763	724
23.1	Auditor's remuneration			
	Audit fee		480	450
	Shari'ah Compliance audit fee		150	150
	Out of pocket expenses		105	50
			735	650
24.	**Taxation**			
	For current year			
	Current	24.1	56 692	53 900
	Deferred		(2 718)	(56)
			53 974	53 844

24.1 Relationship between tax expense and accounting profit

	Effective tax rate %		Rupees '000	
	2021	2020	2021	2020
Profit before taxation			186 105	185 669
Tax at the applicable rate	29.00	29.00	53 970	53 845
Tax effects of deduction not allowed	–	–	4	–
Average effective tax rate charged on income	29.00	29.00	53 974	53 845
Total average effective tax rate	29.00	29.00	53 974	53 845

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's are as follows:

Rupees '000

	2021			2020		
	Head of WTO	Executives	Total	Head of WTO	Executives	Total
Managerial remuneration	4 845	3 463	8 308	4 620	3 061	7 681
Leave encashment	–	198	198	–	–	–
Bonus	–	468	468	–	411	411
Retirement benefits	–	187	187	–	165	165
Utilities	222	108	330	212	188	400
Medical expenses	340	65	405	–	31	31
Total	5 407	4 489	9 896	4 832	3 856	8 688
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

	2021	2020
26.1 Participants' Takaful Funds		
Associate		
Contributions written	3 243	6 807
Contribution paid	66	58
Claims paid	5 434	4 810
Others		
Contributions written	1 530	1 592
Claims paid	524	338
Employee fund		
Contribution to gratuity fund	167	167
Balances (payable) / receivable	(374)	478
Employee fund payable	167	167

27. Segment information

27.1 Operator's Fund

Rupees '000

Current year	Fire and property damage	Marine, aviation & transport	Motor	Misce-llaneous	Treaty	Total
	For the year ended 31 December 2021					
Wakala fee	96 577	38 610	620 854	17 644	–	773 685
Commission expense	(55 671)	(20 160)	(224 871)	(3 812)	–	(304 514)
General administrative and management expenses	(11 112)	(6 552)	(325 647)	(5 423)	–	(348 734)
Net commission and expenses	(66 783)	(26 712)	(550 518)	(9 235)	–	(653 248)
	29 794	11 898	70 336	8 409	–	120 437
Modarib's share of PTF investment income						32 145
Investment income						31 116
Direct expenses						(763)
Other income						3 170
Profit before taxation						186 105
Taxation						(53 974)
Profit after taxation						132 131
						As at 31 December 2021
Corporate segment assets	91 055	11 820	244 001	11 127	–	358 003
Corporate unallocated assets						783 218
Total assets						1 141 221
Corporate segment liabilities	95 867	13 030	375 669	12 660	–	497 226
Corporate unallocated liabilities						16 748
Total liabilities						513 974

Prior year	Fire and property damage	Marine, aviation & transport	Motor	Misce-llaneous	Treaty	Total
	For the year ended 31 December 2020					
Wakala fee	75 301	19 732	563 683	14 560	–	673 276
Commission expense	(46 329)	(11 780)	(182 938)	(5 511)	–	(246 558)
General, administrative and management expenses	(8 330)	(4 094)	(302 650)	(7 387)	–	(322 461)
Net commission and expenses	(54 659)	(15 874)	(485 588)	(12 898)	–	(569 019)
	20 642	3 858	78 095	1 662	–	104 257
Modarib's share of PTF investment income						32 373
Investment income						44 247
Direct expenses						(724)
Other income						5 516
Profit before taxation						185 669
Taxation						(53 844)
Profit after taxation						131 825
						As at 31 December 2020
Corporate segment assets	54 704	7 402	217 416	2 733	–	282 255
Corporate unallocated assets						656 445
Total assets						938 700
Corporate segment liabilities	57 656	8 356	331 655	10 688	–	408 355
Corporate unallocated liabilities						33 645
Total liabilities						442 000

27.2 Participants' Takaful Fund

Rupees '000

	For the year ended 31 December 2021					
Current year	Fire and property damage	Marine, aviation & transport	Motor	Misce-llaneous	Treaty	Total
Contribution receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	549 922	152 818	2 288 108	105 798	–	3 096 646
Less: Sales tax	66 053	16 179	266 437	14 602	–	363 271
Stamp duty	57	8 852	223	13	–	9 145
Federal insurance fee	4 791	1 265	20 016	903	–	26 975
Gross written contribution (inclusive of administrative surcharge)	479 021	126 522	2 001 432	90 280	–	2 697 255
Gross direct contribution	474 863	120 660	1 835 194	89 980	–	2 520 697
Administrative surcharge	4 158	5 862	166 238	300	–	176 558
Wakala fee	(125 270)	(42 181)	(660 159)	(19 138)	–	(846 748)
Contributions earned	308 024	81 299	1 315 213	86 893	–	1 791 429
Contributions ceded to retakaful	(371 669)	(91 883)	(24 044)	(85 679)	–	(573 275)
Net contribution revenue	(63 645)	(10 584)	1 291 169	1 214	–	1 218 154
Retakaful rebate earned	61 828	20 635	14	15 282	–	97 759
Net underwriting income	(1 817)	10 051	1 291 183	16 496	–	1 315 913
Takaful claims	(106 227)	(11 554)	(1 011 614)	(15 466)	–	(1 144 861)
Takaful claims recovered from retakaful	88 454	9 243	(4 702)	4 750	–	97 745
Net claims	(17 773)	(2 311)	(1 016 316)	(10 716)	–	(1 047 116)
Other direct expenses	(82)	(67)	(135 477)	(46)	–	(135 672)
Surplus / (deficit) before investment income	(19 672)	7 673	139 390	5 734	–	133 125
Investment income						109 837
Other income						10 447
Modarib's share of investment income						(32 145)
Surplus transferred to accumulated surplus						221 264
						As at 31 December 2021
Corporate segment assets	911 800	50 971	592 033	94 719	–	1 649 523
Corporate unallocated assets						2 121 215
Total assets						3 770 738
Corporate segment liabilities	933 727	81 385	1 325 617	122 419	–	2 463 148
Corporate unallocated liabilities						451 211
Total liabilities						2 914 359

Rupees '000

For the year ended 31 December 2020

Prior year	Fire and property damage	Marine, aviation & transport	Motor	Misce-llaneous	Treaty	Total
Contribution receivable (inclusive of sales tax, federal insurance fee and administrative surcharge)	408 366	89 113	2 104 056	144 962	–	2 746 497
Less: Sales tax	49 483	9 180	244 733	16 537	–	319 933
Stamp duty	41	4 595	206	8	–	4 850
Federal insurance fee	3 553	746	18 408	1 271	–	23 978
Gross written contribution (inclusive of administrative surcharge)	355 289	74 592	1 840 709	127 146	–	2 397 736
Gross direct contribution	352 008	70 869	1 626 111	126 921	–	2 175 909
Administrative surcharge	3 281	3 723	214 598	225	–	221 827
Wakala fee	(78 482)	(20 513)	(570 645)	(19 071)	–	(688 711)
Contributions earned	265 064	51 040	1 254 571	82 507	–	1 653 182
Contributions ceded to retakaful	(312 299)	(53 935)	(12 630)	(69 569)	–	(448 433)
Net contribution revenue	(47 235)	(2 895)	1 241 941	12 938	–	1 204 749
Retakaful rebate earned	53 540	12 130	48	10 164	–	75 882
Net underwriting income	6 305	9 235	1 241 989	23 102	–	1 280 631
Takaful claims	(821 528)	(32 494)	(915 476)	(12 930)	–	(1 782 428)
Takaful claims recovered from retakaful	798 140	25 995	4 758	4 625	–	833 518
Net claims	(23 388)	(6 499)	(910 718)	(8 305)	–	(948 910)
Other direct expenses	(16)	(10)	(155 871)	(16)	–	(155 913)
Surplus / (deficit) before investment income	(17 099)	2 726	175 400	14 781	–	175 808
Investment income						109 861
Other income						19 817
Modarib's share of investment income						(32 373)
Surplus transferred to accumulated surplus						273 113

						As at 31 December 2020
Corporate segment assets	957 026	39 009	489 142	109 991	–	1 595 168
Corporate unallocated assets						1 837 662
Total assets						3 432 830
Corporate segment liabilities	980 498	62 492	1 248 097	138 142	–	2 429 229
Corporate unallocated liabilities						366 488
Total liabilities						2 795 717

28. Movement in investment

28.1 Operator's Fund

Rupees '000

Name of investment	Available-for-sale debt securities	Held to maturity term deposit	Total
At beginning of previous year	248 024	150 000	398 024
Additions	209 873	594 500	804 373
Disposals (sale and redemptions)	(78 232)	(549 500)	(627 732)
Fair value net losses (excluding net realized gains / (losses))	(801)	–	(801)
At beginning of current year	378 864	195 000	573 864
Additions	390 680	69 000	459 680
Disposals (sale and redemptions)	(115 260)	(255 000)	(370 260)
Impairment	(8 931)	–	(8 931)
Fair value net losses (excluding net realized gains / (losses))	(2 231)	–	(2 231)
At end of current year	643 122	9 000	652 122

28.2 Participants' Takaful Fund

Name of investment	Available-for-sale debt securities	Held to maturity term deposit	Total
At beginning of previous year	721 066	440 000	1 161 066
Additions	1 038 892	1 015 000	2 053 892
Disposals (sale and redemptions)	(481 134)	(1 095 000)	(1 576 134)
Fair value net gains (excluding net realized gains / (losses))	(7 890)	–	(7 890)
At beginning of current year	1 270 934	360 000	1 630 934
Additions	659 254	315 000	974 254
Disposals (sale and redemptions)	(183 609)	(555 000)	(738 609)
Impairment	(8 931)	–	(8 931)
Fair value net losses (excluding net realized gains / (losses))	(1 998)	–	(1 998)
At end of current year	1 735 650	120 000	1 855 650

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 mainly property, motor, marine cargo and transportation and other miscellaneous business. 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 risk through the measures described above. The Operator has limited its exposure to catastrophic and riot events by use of retakaful arrangements.

The Operator monitors concentration of 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:

	2021				2020			
Class	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	46	2	19	2	55	3	15	2
Marine, aviation and transport	2	1	2	1	2	1	1	–
Motor	47	94	76	96	39	93	79	97
Miscellaneous	5	3	3	1	4	3	5	1
	100	100	100	100	100	100	100	100

The Operator also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighbouring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk.

The Operator evaluates the concentration of exposures to individual and cumulative 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:

Rupees '000

Class	2021	2020
Fire and property damage	18 581 000	16 067 000
Marine, aviation and transport	465 000	435 000
Motor	63 000	45 000
Miscellaneous	1 000 000	1 650 000

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

	2021		2020	
	PTF		PTF	
	Revenue	Equity	Revenue	Equity
Impact of change in claim liabilities by + 10 %				
Fire and property damage	(1 030)	(1 030)	(1 658)	(1 658)
Marine, aviation and transport	(457)	(457)	(450)	(450)
Motor	(51 385)	(51 385)	(48 233)	(48 233)
Miscellaneous	(1 815)	(1 815)	(1 812)	(1 812)
	(54 687)	(54 687)	(52 153)	(52 153)
Impact of change in claim liabilities by - 10 %				
Fire and property damage	1 030	1 030	1 658	1 658
Marine, aviation and transport	457	457	450	450
Motor	51 385	51 385	48 233	48 233
Miscellaneous	1 815	1 815	1 812	1 812
	54 687	54 687	52 153	52 153

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 over sight 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

	2021		2020	
	OPF	PTF	OPF	PTF
Financial assets:				
Term deposits	9 000	120 000	195 000	360 000
Loans and other receivables	967	1 283	302	15 074
Takaful / retakaful receivables	7 410	321 441	6 160	268 071
Retakaful recoveries against outstanding claims	–	541 251	–	730 638
Receivable to PTF	211 809	–	162 669	–
Accrued investment income	11 385	24 980	10 572	23 575
Cash and bank	100 883	239 302	57 829	97 799
	341 454	1 248 257	432 532	1 495 157

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

Rupees '000

Rating	2021		2020	
	OPF	PTF	OPF	PTF
AAA	13 198	59 296	–	4 693
AA+	2 270	5 547	3 975	20 880
AA	44 471	111 884	39 502	48 359
A+	40 942	59 128	9 345	6 735
A`	2	2 178	5 007	16 461
	100 883	238 033	57 829	97 128

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	2021	2020
	Amounts due from takaful / retakaful	Amounts due from takaful / retakaful
A or above	7 410	6 160
B or above	–	–
	7 410	6 160

As at 31 December 2021, the amount due from takaful / retakaful operator includes amount receivable within one year and above one year amounting to Rs. 4,598 thousand (2020: Rs. 3,112 thousand) and Rs. 2,812 thousand (2020: Rs. 3,052 thousand) respectively.

b. Participants' Takaful Fund

Rupees '000

Rating	2021		2020	
	Amounts due from takaful / retakaful	Retakaful recoveries against outstanding claims	Amounts due from takaful / retakaful	Retakaful recoveries against outstanding claims
A or above	8 040	126 968	3 481	126 968
B or above	–	608	–	608
	8 040	127 576	3 481	127 576

As at 31 December 2021, the amount due from takaful / retakaful operator includes amount receivable within one year and above one year amounting to Rs. 8,040 thousand (2020: Rs. 3,418 thousand) and Rs. Nil (2020: Rs. 63 thousand) 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 2021		
	Carrying amount	Up to one year	Greater than one year
Financial liabilities:			
Takaful / retakaful payables	2 039	2 039	–
Other creditors and accruals	94 683	94 683	–
	96 722	96 722	–

	PTF 2021		
	Carrying amount	Up to one year	Greater than one year
Financial liabilities:			
Provision for outstanding claims (including IBNR)	1 088 118	1 088 118	–
Takaful / retakaful payables	212 227	212 227	–
Payable to OPF	211 809	211 809	–
Other creditors and accruals	29 539	29 539	–
	1 541 693	1 541 693	–

	OPF 2020		
	Carrying amount	Up to one year	Greater than one year
Financial liabilities:			
Takaful / retakaful payables	2 649	2 649	–
Other creditors and accruals	96 998	96 998	–
	99 647	99 647	–

	PTF 2020		
	Carrying amount	Up to one year	Greater than one year
Financial liabilities:			
Provision for outstanding claims (including IBNR)	1 252 165	1 252 165	–
Takaful / retakaful payables	158 920	158 920	–
Payable to OPF	162 669	162 669	–
Other creditors and accruals	16 966	16 966	–
	1 590 720	1 590 720	–

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 2021

	Profit / Markup bearing			Non-Profit / Non-Markup bearing			
	Maturity Up to one year	Maturity after one year	Sub Total	Maturity Up to one year	Maturity after one year	Sub Total	Total
Financial assets							
Investments							
Debt securities	12 099	631 023	643 122	–	–	–	643 122
Term deposits	9 000	–	9 000	–	–	–	9 000
Loans and other receivables	–	–	–	967	–	967	967
Accrued investment income	–	–	–	11 385	–	11 385	11 385
Takaful / retakaful receivables	–	–	–	7 410	–	7 410	7 410
Receivable from OPF	–	–	–	211 809	–	211 809	211 809
Cash and bank	93 825	–	93 825	7 058	–	7 058	100 883
	114 924	631 023	745 947	238 629	–	238 629	984 576
Financial liabilities							
Takaful / retakaful payables	–	–	–	2 039	–	2 039	2 039
Other creditors and accruals	–	–	–	94 683	–	94 683	94 683
	–	–	–	96 722	–	96 722	96 722
On-balance sheet sensitivity gap							
Total yield / mark-up rate risk sensitivity gap	114 924	631 023	745 947	141 907			
	114 924	631 023	745 947	141 907			

OPF 2020

	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	32 242	346 622	378 864	–	–	–	378 864
Term deposits	195 000	–	195 000	–	–	–	195 000
Loans and other receivables	–	–	–	302	–	302	302
Accrued investment income	–	–	–	10 572	–	10 572	10 572
Takaful / retakaful receivables	–	–	–	6 160	–	6 160	6 160
Receivable from OPF	–	–	–	162 669	–	162 669	162 669
Cash and bank	51 241	–	51 241	6 588	–	6 588	57 829
	278 483	346 622	625 105	186 291	–	186 291	811 396
Financial liabilities							
Takaful / retakaful payables	–	–	–	2 649	–	2 649	2 649
Other creditors and accruals	–	–	–	96 998	–	96 998	96 998
	–	–	–	99 647	–	99 647	99 647
On-balance sheet sensitivity gap							
Total yield / mark-up rate risk sensitivity gap	278 483	346 622	625 105	86 644			
	278 483	346 622	625 105	86 644			

Rupees '000

PTF 2021

	Profit / Markup bearing			Non-Profit / Non-Markup bearing			
	Maturity Up to one year	Maturity after one year	Sub Total	Maturity Up to one year	Maturity after one year	Sub Total	Total
Financial assets							
Investments							
Debt securities	15 636	1 720 014	1 735 650	–	–	–	1 735 650
Term deposits	120 000	–	120 000	–	–	–	120 000
Loans and other receivables	–	–	–	1 283	–	1 283	1 283
Accrued investment income	–	–	–	24 980	–	24 980	24 980
Takaful / retakaful receivables	–	–	–	321 441	–	321 441	321 441
Retakaful recoveries against outstanding claims / benefits	–	–	–	541 251	–	541 251	541 251
Cash and bank	236 898	–	236 898	2 404	–	2 404	239 302
	372 534	1 720 014	2 092 548	891 359	–	891 359	2 983 907
Financial liabilities							
Outstanding claims / benefits including IBNR	–	–	–	1 088 118	–	1 088 118	1 088 118
Takaful / retakaful payables	–	–	–	212 227	–	212 227	212 227
Payable to OPF	–	–	–	211 809	–	211 809	211 809
Other creditors and accruals	–	–	–	29 539	–	29 539	29 539
	–	–	–	1 541 693	–	1 541 693	1 541 693
On-balance sheet sensitivity gap	372 534	1 720 014	2 092 548	(650 334)			
Total yield / mark-up rate risk sensitivity gap	372 534	1 720 014	2 092 548	(650 334)			

PTF 2020

	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	32 242	1 238 692	1 270 934	–	–	–	1 270 934
Term deposits	360 000	–	360 000	–	–	–	360 000
Loans and other receivables	–	–	–	15 074	–	15 074	15 074
Accrued investment income	–	–	–	23 575	–	23 575	23 575
Takaful / retakaful receivables	–	–	–	268 071	–	268 071	268 071
Retakaful recoveries against outstanding claims / benefits	–	–	–	730 638	–	730 638	730 638
Cash and bank	91 336	–	91 336	6 463	–	6 463	97 799
	483 578	1 238 692	1 722 270	1 043 821	–	1 043 821	2 766 091
Financial liabilities							
Outstanding claims / benefits including IBNR	–	–	–	–	1 252 165	1 252 165	1 252 165
Takaful / retakaful payables	–	–	–	–	158 920	158 920	158 920
Payable to OPF	–	–	–	–	162 669	162 669	162 669
Other creditors and accruals	–	–	–	–	16 966	16 966	16 966
	–	–	–	–	1 590 720	1 590 720	1 590 720
On-balance sheet sensitivity gap	483 578	1 238 692	1 722 270	1 043 821			
Total yield / mark-up rate risk sensitivity gap	483 578	1 238 692	1 722 270	1 043 821			

Sensitivity analysis

As on 31 December 2021, 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 2021	100	938	364
	(100)	(938)	(364)
31 December 2020	100	512	735
	(100)	(512)	(735)

Participants' Takaful Fund

	Change in basis points	Effect on PTF Revenue	Participants' Takaful Fund
31 December 2021	100	913	913
	(100)	(913)	(913)
31 December 2020	100	2 369	2 369
	(100)	(913)	(913)

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 2021

	Available-for-sale	Loan & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Ijara Sukuks	565 425				565 425		565 425	
Corporate Sukuks	77 697				77 697		77 697	
Financial assets not measured at fair value								
Investments								
Term deposits *			9 000		9 000			
Loans and other receivables *		967			967			
Takaful / retakaful receivables *		7 410			7 410			
Receivable from PTF *		211 809			211 809			
Accrued investment income *		11 385			11 385			
Cash and bank balances *			100 883		100 883			
	643 122	231 571	109 883	–	984 576	–	643 122	–
Financial liabilities not measured at fair value								
Other creditors and accruals *				(94 683)	(94 683)			
	643 122	231 571	109 883	(94 683)	889 893	–	643 122	–

As at 31 December 2020

	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	177 872				177 872		177 872	
Corporate Sukuks	200 992				200 992		200 992	
Financial assets not measured at fair value								
Investments								
Term deposits *			195 000		195 000			
Loans and other receivables *		302			302			
Takaful / retakaful receivables *		6 160			6 160			
Receivable from PTF *		162 669			162 669			
Accrued investment income *		10 572			10 572			
Cash and bank balances *			57 829		57 829			
	378 864	179 703	252 829	–	811 396	–	378 864	–
Financial liabilities not measured at fair value								
Other creditors and accruals *				(96 998)	(96 998)			
	378 864	179 703	252 829	(96 998)	714 398	–	378 864	–

* 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 2021							
	Available-for-sale	Loan & receivables	Other financial assets	Other financial liabilities	Total	Fair value measurement using		
						Level 1	Level 2	Level 3
Financial assets measured at fair value								
Investments								
Ijara Sukuk	1 616 156				1 616 156		1 616 156	
Corporate Sukuk	119 494				119 494		119 494	
Financial assets not measured at fair value								
Investments								
Term deposits*			120 000		120 000			
Loans and other receivables*		1 283			1 283			
Takaful / retakaful receivables*		321 441			321 441			
Retakaful recoveries against outstanding claims*		541 251			541 251			
Accrued investment income*		24 980			24 980			
Cash and bank balances*			239 302		239 302			
	1 735 650	888 955	359 302		2 983 907		1 735 650	
Financial liabilities not measured at fair value								
Outstanding claims including IBNR*				(1 088 118)	(1 088 118)			
Contributions received in advance*				(4 467)	(4 467)			
Takaful / retakaful payable*				(212 227)	(212 227)			
Payable to OPF*				(211 809)	(211 809)			
Other creditors and accruals*				(29 539)	(29 539)			
	1 735 650	888 955	359 302	(1 546 160)	1 437 747	–	1 735 650	–

	As at 31 December 2020							
	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	963 594				963 594		9 63 594	
Corporate Sukuk	307 340				307 340		307 340	
Financial assets not measured at fair value								
Investments								
Term deposits *			360 000		360 000			
Loans and other receivables *		15 074			15 074			
Takaful / retakaful receivables *		268 071			268 071			
Retakaful recoveries against outstanding claims *		730 638			730 638			
Accrued investment income *		23 575			23 575			
Cash and bank balances *			97 799		97 799			
	1 270 934	1 037 358	457 799	–	2 766 091	–	1 270 934	–
Financial liabilities not measured at fair value								
Outstanding claims including IBNR *				(1 252 165)	(1 252 165)			
Contributions received in advance *				(2 448)	(2 448)			
Takaful / retakaful payable *				(158 920)	(158 920)			
Payable to OPF*				(162 669)	(162 669)			
Other creditors and accruals *				(16 966)	(16 966)			
	1 270 934	1 037 358	457 799	(1 593 168)	1 172 923	–	1 270 934	–

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

30. Statement of solvency

	Rupees '000
	2021
Assets	
Investments	
Debt securities	1 735 650
Term deposits	120 000
	1 855 650
Current assets - others	
Takaful / retakaful receivables	321 441
Salvage recoveries accrued	50 080
Loans and other receivables	1 283
Retakaful recoveries against outstanding claims	541 251
Accrued investment income	24 980
Deferred wakala fees	410 961
Prepayments	325 790
	1 675 786
Cash and bank	239 302
Total assets	3 770 738
In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance 2000	
Contribution due since more than three months	123 355
Total of In-admissible assets	123 355
Total admissible assets	3 647 383
Total liabilities	
Underwriting provisions	
Outstanding claims (including IBNR)	1 088 118
Unearned contribution reserves	1 304 837
Unearned retakaful rebate	63 362
Contribution received in advance	4 467
Takaful / retakaful payables	212 227
Payable to OPF	211 809
Other creditors and accruals	29 539
Total liabilities	2 914 359
Total net admissible assets	733 024
Minimum solvency requirement (higher of following):	313 577
Method A - U/s 36(3)(a)	150 000
Method B - U/s 36(3)(b)	243 631
Method C - U/s 36(3)(c)	313 577
Excess / deficit in net admisible assets over minimum requirements	419 447

31. Corresponding figures

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

32. General

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

33. 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 23 February 2022.

RAFIQUE R. BHIMJEE	MAHMOOD LOTIA	ALTAF GOKAL	HASANALI ABDULLAH	SAIFUDDIN N. ZOOMKAWALA
Director	Director	Chief Financial Officer	Managing Director & Chief Executive	Chairman

Karachi 23 February 2022

Pattern of Shareholding
As at 31 December 2021

Number of shareholders	Shareholdings		Shares held
	From	To	
299	1	100	11 468
301	101	500	79 948
179	501	1000	137 721
285	1001	5000	706 406
116	5001	10000	870 534
61	10001	15000	762 456
35	15001	20000	631 510
27	20001	25000	625 951
19	25001	30000	526 278
8	30001	35000	257 568
15	35001	40000	583 299
7	40001	45000	305 271
7	45001	50000	337 514
6	50001	55000	307 780
7	55001	60000	404 204
2	60001	65000	128 254
4	65001	70000	271 499
8	70001	75000	578 437
12	75001	80000	944 469
3	80001	85000	247 255
3	85001	90000	261 405
2	90001	95000	186 467
11	95001	100000	1 088 400
1	100001	105000	103 100
4	105001	110000	427 057
2	110001	115000	225 574
5	115001	120000	590 396
1	120001	125000	121 100
4	125001	130000	509 055
1	135001	140000	138 534
2	150001	155000	302 514
2	155001	160000	318 397
1	160001	165000	162 162
1	175001	180000	178 458
2	200001	205000	403 387
2	235001	240000	473 332
1	240001	245000	243 000
2	250001	255000	503 151
1	275001	280000	277 992
3	295001	300000	898 021
1	315001	320000	316 800
2	365001	370000	735 065
2	370001	375000	749 662
1	390001	395000	391 907
3	395001	400000	1 196 000
1	450001	455000	450 001
1	455001	460000	456 393
1	530001	535000	530 684
1	580001	585000	583 008
1	620001	625000	623 610
1	675001	680000	679 200
1	765001	770000	769 100
2	790001	795000	1 584 181
1	800001	805000	802 008
1	860001	865000	861 114
2	930001	935000	1 866 667
1	1010001	1015000	1 011 392
1	1340001	1345000	1 343 972
1	1435001	1440000	1 435 197
1	1450001	1455000	1 452 100
1	2490001	2495000	2 491 760
1	2704001	2709000	2 704 126
1	4315001	4320000	4 315 676
1	4680001	4685000	4 680 961
1	5455001	5460000	5 455 675
1	7260001	7265000	7 263 900
1	7420001	7425000	7 421 171
1	10785001	10790000	10 786 619
1	15545001	15550000	15 545 355
1	18025001	18030000	18 029 935
1	21100001	21105000	21 103 541
1	24040001	24045000	24 042 744
1	42190001	42195000	42 191 152
1491			**200 000 000**

Categories of shareholders	Shareholders	Shares held	Percentage
Associated Companies, Undertakings and Related Parties			
EFU Life Assurance Limited		4 680 961	
Jahangir Siddiqui & Co. Limited		42 191 152	
JS Bank Limited		5 455 675	
JS Infocom Limited		679 200	
Jahangir Siddiqui & Sons Limited		97 900	
Jahangir Siddiqui Securities Services Limited		200 987	
JS Lands (Private) Limited		1 452 100	
Energy Infrastructure Holding (Private) Limited		10 786 619	
Trustee - Future Trust		7 263 900	
Trustee EFU General Insurance Ltd., Staff Provident Fund		252 851	
Trustees EFU General Ins. Limited, Officer's Pension Fund		68 101	
Trustees EFU General Insurance Limited, Employees Gratuity Fund		128 456	
Trustees EFU Life Assurance Limited, Employees Provident Fund		733	
Trustees Of Allianz EFU Health Ins. E.P.F		44 800	
	14	**73 303 435**	**36.65**
NIT	–	–	–
Directors, CEO, & their Spouse and Minor Children			
Saifuddin N. Zoomkawala		316 800	
Hasanali Abdullah		374 958	
Rafique R. Bhimjee		18 029 935	
Taher G. Sachak		2 046	
Ali Raza Siddiqui		800	
Mohammed Iqbal Mankani		625	
Saad Bhimjee		842	
Tanveer Sultan Moledina		20 000	
Yasmin Hyder		20 000	
Naila R. Bhimjee		1 343 972	
Lulua Saifuddin Zoomkawala		792 000	
	11	**20 901 978**	**10.45**
Executives	**15**	**672 451**	**0.34**
Public Sector Companies & Corporations	**1**	**4 315 676**	**2.16**
Banks, Development Finance Institutions, Non-Banking Finance Companies	**8**	**1 732 147**	**0.87**
Insurance Companies	**1**	**4 800**	**0.00**
Modarabas and Mutual Funds	**2**	**75 575**	**0.04**
Charitable Institutions	**4**	**24 216 506**	**12.11**
Local Individuals / Others	**1 428**	**74 009 252**	**37.01**
Foreigner Investors (repatriable basis)	**7**	**768 180**	**0.38**
Total	**1 491**	**200 000 000**	**100**
Shareholders holding 5% or more voting interest			
Jahangir Siddiqui & Co. Limited		42 191 152	21.10
Managing Committee Of Ebrahim Alibhai Foundation		24 042 744	12.02
Muneer R. Bhimjee		21 103 541	10.55
Rafique R. Bhimjee		18 029 935	9.01
Bano R. Bhimjee		15 545 355	7.77
Energy Infrastructure Holding (Private) Limited		10 786 619	5.39

Glossary

- **Authorised Share Capital** - The maximum value of share that a Company can issue.
- **Bonus Shares** - Free shares given to current shareholders out of profit.
- **Book Value** - The value of an asset as entered in a company's books.
- **Capital Expenditure** - The cost of long-term improvements and fixed assets.
- **Capital Gain** - Portion of the total gain recognised on the sale of investments.
- **Claims** - The amount payable under a contract of insurance arising from occurrence of an insured event.
- **Claims Incurred** - The aggregate of all claims paid during the accounting period together with attributable claims handling expenses, where appropriate, adjusted by the gross claims reserve at the beginning and end of the accounting period.
- **Commission** - Remuneration to an intermediary for services such as selling and servicing an insurer's products.
- **Contribution** - The amount payable by a Participant to the Participants' Takaful Fund under a Takaful Contract for the purpose of mutual protection and assistance.
- **Corporate Social Responsibility** - Is a process with the aim to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, and all other members of the public who may also be considered as stakeholders.
- **Deferred Commission** - Expenses which vary with and are primarily related to the acquisition of new insurance contracts and renewal of existing contracts, which are deferred as they relate to a period of risk subsequent to the Balance Sheet date.
- **Deferred Tax** - An accounting concept (also known as future income taxes), meaning a future tax liability or asset in respect of taxable temporary differences.
- **Defined Benefit Plans** - Are post-employment benefit plans.
- **Depreciation** - Is the systematic allocation of the cost of an asset over its useful life.
- **Doubtful Debts** - Is a debt where circumstances have rendered its ultimate recovery uncertain.
- **Earnings per Share** - Amounts of after tax profit or loss attributable to ordinary shareholders of the entity.
- **Equity Method** - Method of accounting whereby the investment is initially recognized at cost and adjusted periodically for the post-acquisition change in the investor's share of net assets of the investee.
- **Exchange Gain / (Loss)** - Difference resulting from translating a given number of units of one currency into another currency at different exchange rates.
- **Facultative Reinsurance** - The reinsurer assumes a share of selected individual risks. The primary insurer can offer an individual risk in reinsurance, which the reinsurer accepts on a case by case basis.
- **Fair Value** - The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing business partners in an arm's length transaction.
- **General Insurance** - All kinds of non-life Insurance i.e., Fire, Marine, Motor and all Other Insurance as defined in the Insurance Ordinance, 2000.
- **General Takaful** - Takaful other than Family Takaful.
- **Gross Premium** - Premium which an insurer is contractually entitled to receive from the insured in relation to contracts of insurance.
- **Group Health Insurance** - A single health policy covering a group of individuals, usually employees of the same company or members of the same association and their dependents.

- **Human Resource Development** - A framework for the expansion of within an organization through the development of both the organization and the individual to achieve performance improvement.
- **Impairment** - The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.
- **Incurred but not Reported (IBNR)** - Claim incurred but not reported to the insurer until the financial statements reporting date.
- **Inflation** - A general increase in prices and fall in the purchasing value of money.
- **Insurance Contract** - A contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder for a specified uncertain future event at an agreed consideration.
- **Insurer Financial Strength Rating** - Provides an assessment of the financial strength of an insurance company.
- **Intangible** - An identifiable non-monetary asset without physical substance.
- **Internal Control** - An accounting procedure or system designed to promote efficiency or assure the implementation of a policy or safeguard assets or avoid fraud and error etc.
- **Loss Ratio** - Percentage ratio of claims expenses to premium.
- **Market Share** - The portion of a market controlled by a particular company or product.
- **Market Value** - The highest estimated price that a buyer would pay and a seller would accept for an item in an open and competitive market.
- **Mudaraba** - A Mudaraba is an Investment partnership, whereby the investor (the Rab-ul-Mal) provides capital to another party / entrepreneur (the Mudarib) in order to undertake a business / investment activity. While profits are shared on a pre-agreed ratio, loss of investment is born by the investor only. The mudarib loses its share of the expected income.
- **Mudaraba Based Contract** - An investment Contract based on the principle of Mudaraba.
- **National Exchequer** - The account into which tax funds and other public funds are deposited.
- **Net Asset Value** - The value of all tangible and intangible assets of a company minus its liabilities.
- **Net Premium Revenue** - Gross earned premium less Reinsurance expense.
- **Non-Life Insurance** - Non Life Insurance and General Insurance have the same meaning.
- **Operator** - A Takaful Operator or a Window Takaful Operator, authorized under SECP Takaful Rules, 2012.
- **Operator Fund** - A fund set up by a General Takaful Operator which shall undertake all transactions which the Operator undertakes other than those which pertain to Participant Takaful Funds set up by the Operator.
- **Outstanding Claim** - A type of technical reserve or accounting provision in the financial statements of an insurer to provide for the future liability for claims.
- **Paid-up Capital** - The amount paid or contributed by shareholders in exchange for shares of a company's Stock.
- **Participant** - A Person who participates in a Takaful scheme and to whom a Takaful Contract is issued.
- **Participants' Membership Documents** - The documents detailing the benefits and obligations of a Participant under a Takaful Contract.
- **Participant Takaful Fund (PTF)** - A Separate Waqf Fund set up into which the Participant's Risk related contributions are paid and from which risk related benefits are paid out.
- **Period of Takaful or Policy Period** - The length of time for which the Takaful protection will be effective.
- **Premium** - The amount that has to be paid as consideration for the insurance cover provided by an insurer.
- **Present Value** - Future amounts that have been discounted to the present.

- **Proxy** - Power of attorney by which the shareholder transfers the voting rights to another shareholder.
- **Qard-e-Hasna** - An interest free loan to the PTF from the Operator's Fund, when the PTF is in deficit and insufficient to meet their all liabilities.
- **Quoted** - Being listed on a Stock Exchange.
- **Registered Office** - The registered office is an address which is registered with the government registrar as the official address of a company.
- **Reinsurance** - A method of insurance arranged by insurers to share the exposure of risks accepted.
- **Reinsurance Commission** - Commission received or receivable in respect of premium paid or payable to a reinsurer.
- **Reinsurance Premium** - The premium payable to the reinsurer in respect of reinsurance contract.
- **Related Party** - Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.
- **Retrocession** - Transfer of risk from a reinsurer to another reinsurer.
- **Revenue Reserves** - Reserve that is normally regarded as available for distribution through the profit and loss account, including general reserves and other specific reserves created out of profit and unappropriated profit.
- **Risk** - Condition in which there is a possibility of loss.
- **Risk Management** - Includes analyzing all exposures to gauge the likelihood of loss and choosing options to better manage or minimize loss.
- **Shariah Advisor** - Shariah Advisor of the Operator working in such capacity appointed by the Operator under Rule 26 of the SECP Takaful Rules, 2012.
- **Statutory Levies** - Fee charged (levied) by a government on a product, income, or activity.
- **Strategic Objective** - A broadly defined objective that an organization must achieve to make its strategy succeed.
- **Subsequent Event** - Non Adjusting - Are events concerning conditions which arose after the balance sheet date, but which may be of such materiality that their disclosure is required to ensure that the financial statements are not misleading.
- **Takaful** - Takaful is an arrangement based on the principles of brotherhood and mutual help wherein participants contribute in a fund to help those who need it most in times of financial difficulties.
- **Takaful Contract** - Any contract of Family Takaful or General Takaful.
- **Tangible** - An asset whose value depends on particular physical properties.
- **Term Finance Certificate** - A debt instrument issued by an entity to raise funds.
- **Underwriting Profit** - This is the profit generated purely from the General Insurance business without taking into account the investment income and other non-technical income and expenses.
- **Unearned Premium** - It represents the portion of premium already entered in the accounts as due but which relates to a period of risk subsequent to the Balance Sheet date.
- **Window Takaful Operator** - A Registered Insurer authorized under SECP Takaful Rules, 2012 to carry on Takaful business as Window Operations in addition to Conventional Insurance Business.
- **Wakala** - Agent-principal relationship, where a person nominates another to act on his behalf.
- **Wakala Based Contract** - A contract based on the principle of Wakala (agency).

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HYDERABAD

Hyderabad Branch

Al-Falah Chambers, Jinnah Road
2611397 - 2631088
Fax: 2615816

Muhammad Amin Sattar, M.Com
Senior Executive Vice President

Saleem Hameed Qureshi
Vice President

Mukhtar Alam
Assistant Vice President

Muhammad Awais Memon
Senior Vice President
(Development)

Muhammad Azeem
Manager (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

Muhammad Sarwar
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 Ahmad Sanghi
Senior Vice President
(Development)

Muhammad Zubair
Assistant Vice President
(Development)

Zafar Hafeez
Manager (Development)

D. G. Khan (Sub-Office)

House No. 59,
Street No. 2, Block-Z
Model Town
0642-469360 - 461895

Muhammad Zeeshan Haider
Assistant Vice President
(Development)

CHICHAWATNI (Sub-Office)

44 Railway Road
Fax: 040-5486848 - 5481742

Javed Iqbal Cheema
Assistant Vice President
(Development)

VEHARI (Sub-Office)

141-L, Faisal Town, Vehari
0333-6271502

RAHIM YAR KHAN (Sub-Office)

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

Mian Abdul Razzak Raza, M.A.
Executive Vice President
(Development)

BAHAWALPUR (Sub-Office)

Circular Road
2884624 - 2886371
Fax: 884624

Malik Akhtar Rafique
Executive Vice President
(Development)

CHISHTIAN (Sub-Office)

105 - E, Chishtian. 0632-503989

Shahid Iqbal
Vice President (Development)

QUETTA (Sub-Office)

42 - Regal Plaza, Circular Road
2822926. Fax: 2837732

Martin Yaqoob
Assistant Manager

NORTHERN ZONE

Co-operative Insurance Building
23 Shahrah-e-Quaid-e-Azam
Lahore.
37352028 - 37353566
37312166 - 37312196
Fax: 37357966 - 37229604

Qamber Hamid, LL.B., LL.M.
Senior Deputy Managing
Director / Zonal Head

Zulfiqar Ali Khan, FCII, CPXU, ARM
Senior Executive Vice President

Fiaz Ahmed, M.B.A., D.C.M.A.
Vice President

Ijaz Anwar Chughtai
Vice President

Maqsood Ahmed
Vice President

Nimra Inam, M.A.(Eco), A.C.I.I.
Vice President

Umar Rashid, A.C.I.I., M.B.A.
Assistant Vice President

LAHORE

Bank Square Branch

Al - Khush Building, Bank Square
Lahore. 37323081 - 37323640
Fax: 37314244

Babar A. Sheikh
Deputy Executive Director

Shahid Naseem, M.B.A.
Vice President

Sagheer Ahmed
Assistant Vice President

Ichhra Division

204, 2nd Floor, Latif Center,
101-Ferozepur Road, Lahore.
(042) 37533732, 37427152
Fax: 37585814

Javaid Iqbal Khan
Exective Vice President

Mudassar Raza, M.B.A.
Vice President

Waqas Ahmed Najmi
Assistant Vice President

Mohammad Sohail
Senior Executive Vice President
(Development)

Muhammad Razzaq Chaudhary
Executive Vice President
(Development)

Qasim Ayub
Senior Vice President
(Development)

Muhammad Altaf, LL.B.
Vice President (Development)

Ashiq Hussain Bhatti
Assistant Vice President
(Development)

Mian Sikander Sheraz
Deputy Chief Manager
(Development)

Lahore Division

Co-operative Insurance Building
23 Shahrah-e-Quaid-e-Azam
Lahore. 37312166 - 37243290
37244178 - 37350616 - 37312196
37323130 - 37353566.
Fax: 37357966 - 37229604

S. Farhan Ali Bokhari, M.B.A.
Senior Executive Vice President

Rao Abdul Hafeez Khan
Senior Executive Vice President

Usman Ali, LL.B., M.B.A.
Senior Executive Vice President

Raja Azhar Rafique
Senior Vice President

Mansoor Anwar
Vice President

Amjad Javed
Assistant Vice President

Imran Faisal
Assistant Vice President

Khalid Usman
Assistant Vice President

Fauzia Nasir
Vice President (Development)

Muhammad Zaid Tahir
Assistant Vice President
(Development)

Marium Sikandar
Chief Manager (Development)

Saqib Riaz
Chief Manager (Development)

Liberty Division

36-B, Block E-I,
Gulberg-III, Lahore.
(042) 35238970-77
Fax: 35238980

Mian Ross Masood, M.B.E.
Deputy Executive Director

Imran Yasin, M.B.A., F.C.I.I.
Executive Vice President

Farooq Shaukat
Vice President

Asif Ahmad Butt
Vice President

Muhammad Allauddin
Vice President

Naseer Ahmad
Vice President

Shazia Hussain, M.A.
Vice President

Masud Akhtar
Assistant Vice President

Muhammad Haroon, M.Sc, A.C.I.I.
Assistant Vice President

Shahzad Qamar, MBA Finance
Assistant Vice President

Satwat Mahmood Butt, M.B.A.
Deputy Executive Director
(Development)

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

Haji M. Shakeel, M.B.A.
Senior Executive Vice President
(Development)

Muhammad Farooq
Senior Executive Vice President
(Development)

Muhammad Najeeb Anwar
Senior Executive Vice President
(Development)

Zarrar Ibn Zahoor Bandey
Senior Executive Vice President
(Development)

Azhar-ul-Hassan Chishty
Executive Vice President
(Development)

Iftikhar-ud-Din, LL.B.
Executive Vice President
(Development)

Mubashir Saleem
Executive Vice President
(Development)

Rana Khalid Manzoor
Executive Vice President
(Development)

Khalid Mehmood
Senior Vice President
(Development)

Mian Ali Raza Shaukat
Senior Vice President
(Development)

Muhammad Imran Iqbal
Senior Vice President
(Development)

Muhammad Salim Babar, M.B.A.
Senior Vice President
(Development)

Shahid Raza Kazmi
Senior Vice President
(Development)

Ahmed Saeed Khan
Vice President (Development)

Aizaz-ur-Rehman, M.B.A.
Vice President (Development)

Muhammad Ali Zarrar
Assistant Vice President
(Development)

Muhammad Naveed Asghar
Assistant Vice President
(Development)

Ather Qureshi
Chief Manager (Development)

Aamir Saleem Khan
Manager (Development)

Farzana Shams
Manager (Development)

Maqsood Ahmed
Manager (Development)

Mian Ikram Elahi
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.
Vice President

Suhail Akhtar
Assistant Vice President

S. Tayyab Hassan Gardezi, M.Sc.
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

Ikram-ul-Ghani, M.A.
Senior Vice President

Zahid Qureshi, M.B.A.
Vice President

Ghulam Abbas, M.B.A.
Assistant Vice President

Mahmood Ali Khan, M.A.
Advisor (Development)

Shagufta Asrar Ahmad
Assistant Vice President (Development)

Choudhry A. Razzak
Chief Manager (Development)

Samina Imran
Chief Manager (Development)

City Branch

2nd Floor, Fatima Tower
College Road, Kohinoor Chowk,
Faisalabad. 8555123-25
Fax: 8732902

Malik Shafaqat Ali, M.B.A.
Executive Vice President

Dr. Ghulam Jaffar, Ph.D
Senior Vice President (Development)

GUJRANWALA
Gujranwala Branch

3rd Floor, Din Plaza
G.T. Road, Gujranwala
3845883-84, 3842593
Fax: 3840883

M. 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
Assistant Vice President

SIALKOT
Sialkot Main Branch

1st Floor, Riaz Plaza, Paris Road
Sialkot. 4267001-3
Fax: 052-4292280

Mohammad Naeem Ahsan
Senior Vice President

Fazal-ur-Rahman Butt
Manager (Development)

Mudassir Atif Baig
Manager (Development)

Islamabad Main Branch

Kamran Center, 1st Floor,
85 East Jinnah Avenue, Blue Area,
Islamabad. 2150375-8
Fax: 2150379

Malik Firdaus Alam
Senior Executive Vice President

M. Maroof Chaudhry
Senior Vice President

Waqas Ahmed Sheikh
M.B.A., F.C.M.A.
Vice President

Ejaz Ahmed
Executive Vice President (Development)

Imdadullah Awan
Executive Vice President (Development)

Somia Ali
Executive Vice President (Development)

Atif Muzaffar
Assistant Vice President (Development)

Zaka Ullah Khan
Assistant Vice President (Development)

Altaf Hussain
Chief 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, ACII, CPCU, ARM
Senior Executive Vice President

Rehan-ul-Haq Qazi, M.B.A.
Executive Vice President

Saifullah
Executive Vice President

Muhammad Mobeen
Senior Vice President

Noman Mehboob, A.C.I.I., M.B.A.
Senior Vice President

Muhammad Haroon Akbar, M.B.A.
Senior Vice President (Development)

Akhtar Ali
Chief Manager (Development)

Zafar Ali Khokhar
Chief Manager (Development)

City Branch Rawalpindi

2nd Floor, Ferozsons Building
32 Saddar Road, Rawalpindi Cantt.
Rawalpindi
5584563 - 5516882 5794684
Fax: 5794685

Agha Ali Khan
Executive Vice President

Faraz Javed
Executive Vice President (Development)

Syed Zeeshan Abbas Abidi
Assistant Vice President (Development)

ABBOTTABAD

112, Iqbal Shopping Complex
The Mall. 336371, 334186

Ejaz Ali
Chief Manager (Development)

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, LL.B.
Executive Vice President

Ali Farman, M.A.
Vice President

Najma Riaz, M.A.
Vice President

Muhammad Riaz
Chief Manager (Development)

Zia-ul-Hasan
Manager (Development)

Jamrud Road Branch

7-10, Upper Ground Floor
Azam Tower, Jamrud Road
Peshawar. 5846120 - 5850190
Fax: 5846121

Farman Ali Afridi, B.S.E.
Executive Vice President

MARDAN (Sub Office)

Room No.18, 2nd Floor
Arman Tower Moqaam
Chowk Mardan
0937-862294
Fax: 866096

Arshad Iqbal, M.B.A.
Vice President (Development)

Branch Network of Window Takaful Operations

Central Division
Clifton Division
Corporate Division
Jinnah Division
Metropolitan Division
Multan Division
Port View
SITE Division

Northern Zone (WTO)

Bank Square Branch
City Faisalabad
Gujranwala
Faisalabad Main
Ichhra Division
Lahore Division
Liberty Division
Rawalpindi Division
Sahiwal

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 89th Annual General Meeting of the Company to be held on Thursday March 31, 2022 at 10:00 a.m. and at any adjournment thereof.

Signed this ______________ day of ______ 2022.

WITNESSES:

1. Signature: ____________________
   Name: ____________________
   Address: ____________________
   ____
   CNIC Or Passport No: ____________________

Revenue Stamp

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 ______________________________

بحیثیت ممبر ای ایف یو جنرل انشورنس لمیٹڈ بذریعہ ہٰذا مسمی ______________________________

ساکن ______________________________

کو یا ان کی عدم دستیابی کی صورت میں مسمی ______________________________

ساکن ______________________________

کو اپنی/ ہماری جانب سے پراکسی مقرر کر رہا/ رہی ہوں تاکہ وہ جمعرات ۳۱ مارچ ۲۰۲۲ء بوقت ۱۰:۰۰ بجے صبح منعقد ہونے والے ۸۹ واں سالانہ اجلاسِ عام یا اس کے کسی بھی التواء میں میری/ ہماری جگہ شرکت کرے اور ووٹ ڈالے۔

دستخط بروز ________ بتاریخ ________ ۲۰۲۲ء

گواہان:

۱۔ دستخط: ______________________________

نام: ______________________________

پتہ: ______________________________

____

سی این آئی سی یا پاسپورٹ نمبر ______________________________

ریونیو اسٹیمپ

ممبر (ممبران) کے دستخط

۲۔ دستخط: ______________________________

نام: ______________________________

پتہ: ______________________________

____

سی این آئی سی یا پاسپورٹ نمبر ______________________________

شیئر ہولڈر کا فولیو نمبر اور/ یا سی ڈی سی ______________________________

پارٹیسپینٹ کا آئی ڈی نمبر ______________________________

اور ذیلی اکاؤنٹ 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 کرا دیا جائے۔

سی ڈی سی شیئر 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 شیئر ہولڈرز یا ان کے پراکسیز سے درخواست ہے کہ اپنے اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ بشمول پارٹیسپینٹ کا آئی ڈی نمبر اور ان کے اکاؤنٹ نمبر اپنی شناخت میں سہولت کی غرض سے سالانہ اجلاسِ عام میں شرکت کے وقت ہمراہ لائیں۔

GENERAL

Form Of E-Voting

I / We ____

of ______________________ being a member of EFU GENERAL INSURANCE LIMITED hereby opt for e-voting through intermediary as proxy and will exercise e-voting as per the Companies (Postal Ballot) Regulations, 2018 and hereby demand for poll for resolutions at the Annual General Meeting of the Company to be held on Thursday March 31, 2022 at 10:00 a.m. and at any adjournment thereof.

My secured email address is __________________________, please send login details, password and electronic signature through email.

Signed this __________ day of _____ 2022.

WITNESSES:

1. Signature: ________________
   Name: ________________
   Address: ________________
   ____
   CNIC Or Passport No: ________________

Revenue Stamp

Signature of Member(s)

2. Signature: ________________
   Name: ________________
   Address: ________________
   ____
   CNIC Or Passport No: ________________

Shareholder's Folio No. ____________
and / or CDC
Participant I.D.No. ____________
and Sub Account No. ____________

Note:

This form of E-Voting, duly completed, must be deposited at the Company's Registered Office at Kamran Centre, 1st Floor, 85 East, Jinnah Avenue, Blue Area, Islamabad or through email: amin.punjani@efuinsurance.com.

efu GENERAL

ای۔ووٹنگ فارم

میں/ہم ____________ ساکن ____________

بحثیت ای ایف یو جنرل انشورنس لمیٹڈ کی/ کے ممبر بذریعہ ہٰذا ای۔ووٹنگ کیلئے بذریعہ ثالثی بطور پراکسی کی اجازت دیتا ہوں/ دیتے ہیں اور یہ کمپنیز (پوسٹل بیلوٹ) ریگولیشنز ۲۰۱۸ء کے مطابق ای۔ووٹنگ کا حق استعمال کریں گے اور بذریعہ ہٰذا کمپنی کے سالانہ اجلاسِ عام منعقدہ بروز جمعرات ۳۱ مارچ ۲۰۲۲ء بوقت صبح ۱۰:۰۰ بجے یا کسی زیرِ التواء تاریخ پر میں قرارداد کیلئے پول کا مطالبہ کرتا ہوں/کرتے ہیں۔

میرا محفوظ ای میل ایڈریس ____________ ہے۔ برائے مہربانی لاگ ان تفصیلات، پاس ورڈ اور الیکٹرونک دستخط بذریعہ ای میل ارسال کریں۔

دستخط بروز ________ بتاریخ ________ ۲۰۲۲ء

گواہان:

۱۔ دستخط: ____________

نام: ____________

پتہ: ____________

____

سی این آئی سی یا پاسپورٹ نمبر ____________

ریونیو اسٹیمپ

ممبر (ممبران) کے دستخط

۲۔ دستخط: ____________

نام: ____________

پتہ: ____________

____

سی این آئی سی یا پاسپورٹ نمبر ____________

شیئر ہولڈر کا فولیو نمبر اور/ یا سی ڈی سی ____________

پارٹیسپنٹ کا آئی ڈی نمبر ____________

اور ذیلی اکاؤنٹ نمبر ____________

نوٹ:

ای۔ووٹنگ کا یہ فارم باقاعدہ مکمل کر کے لازماً کمپنی کے رجسٹرڈ آفس واقع کامران سینٹر، پہلی منزل، ۸۵ ایسٹ، جناح ایونیو، بلیو ایریا، اسلام آباد یا بذریعہ ای میل: amin.punjani@efuinsurance.com ارسال کریں۔

GENERAL

Bank Mandate Form

Date ____________________

Bank Mandate Form For Electronic
Credit of Cash Dividend

Dear Shareholder,

This is to inform you that in accordance with the Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Please note that giving bank mandate for dividend payments is mandatory and in order to comply with this regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide the following information:

(i) Shareholder's detail	
Name of Shareholder	
Folio No. / CDC Account No.	
CNIC No.	
Passport No. (in case of foreign shareholder)	
Cell Number of Shareholder	
Landline Number of Shareholder, if any	
E-mail Address	

(ii) Shareholder's bank detail	
Title of the Bank Account	
IBAN **24 Digits**	
Bank's Name	
Branch Name and Code No.	
Branch Address	

It is stated that the above mentioned information is correct and in case of any change therein, I/we will immediately intimate to my Broker / CDC Participant / CDC Investor Account Services or Share Registrar accordingly.

____

Signature of Shareholder

You are requested to kindly send this Form duly filled in and signed along with legible photocopy of your valid CNIC to your Broker / CDC Participant / CDC Investor Account Service (in case your shareholding is in Book Entry Form) or in case your shareholding is in physical form to our Share Registrar, CDC Share Registrar Services Limited, CDC House, 99-B, Block B, S.M.C.H.S., Shahra-e-Faisal, Karachi-74400, Pakistan.

GENERAL

بینک مینڈیٹ فارم

تاریخ ____________

بینک مینڈیٹ فارم برائے نقد منافع منقسمہ کا الیکٹرونک کریڈٹ

معزز شیئر ہولڈر،

آپ کو بذریعہ ہٰذا اطلاع دی جاتی ہے کہ کمپنیز ایکٹ ۲۰۱۷ء کے سیکشن ۲۴۲ کے مطابق نقد کی صورت میں قابل ادائی کوئی بھی منافع منقسمہ صرف بذریعہ الیکٹرونک طریقہ کار براہِ راست استحقاق کے حامل شیئر ہولڈر کی جانب سے نامزد کردہ بینک اکاؤنٹ میں جمع کرادیا جائے گا۔ برائے مہربانی آگاہ رہیں کہ منافع منقسمہ کی ادائیگیوں کیلئے بینک مینڈیٹ فراہم کرنا لازم ہے اوراس قانونی شرط پر عملدرآمد کے ضمن میں اور اپنے بینک اکاؤنٹ میں منافع منقسمہ کی رقم براہِ 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) شیئر ہولڈر کے بینک کی تفصیل	
بینک اکاؤنٹ کا ٹائٹل	
آئی بی اے این **"۲۴ 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 پارٹیسپنٹ/سی ڈی سی انویسٹر اکاؤنٹ سروسز یا شیئر رجسٹرار کو لازمی آگاہ کروں گا۔

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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 پارٹیسپنٹ/سی ڈی سی انویسٹر اکاؤنٹ سروس (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، شاہراہِ فیصل، کراچی۔۷۴۴۰۰، پاکستان کو ارسال کردیں۔