

ANNUAL REPORT | 2022

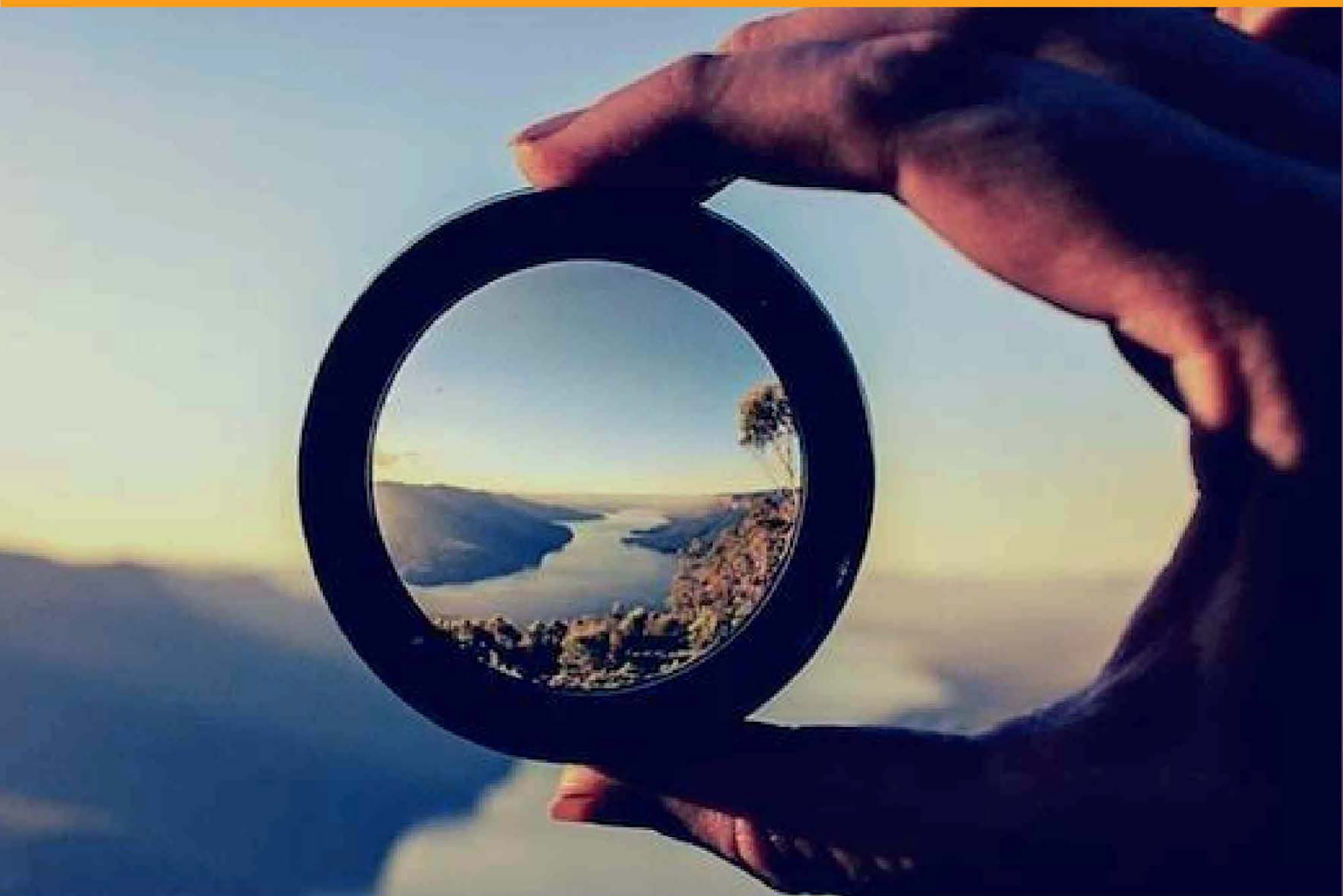


UBL INSURERS
LIMITED



CONTENTS

• Company Information	
Vision, Mission & Values	2
Corporate Information	5
Hierarchy	6
Insurance / Takaful Products	7
Business Model	13
Internal Control Framework	14
Pestel Analysis	15
Swoc Analysis	16
• Shareholders' and Investors' Information	
Notice of 17 th Annual General Meeting	17
• Code of Corporate Governance	
Directors' Report	18
Directors' Report - Urdu	37
Statement of Compliance with the Code of Corporate Governance for Insurers, 2016	38
Independent Auditors Review Report	41
Independent Auditor's Report	43
• Financial Performance	
Vertical Analysis	47
Horizontal Analysis	48
Ration Analysis	49
• Financial Statements	
Statement of Financial Position	50
Profit and Loss Account	51
Statement of Comprehensive Income	52
Statement of Changes in Equity	53
Statement of Cash Flow	54
Notes to and forming part of the Financial Statements	55
• Window Takaful Operations	
Shariah Advisory Board's Report to the Board of Directors	99
Statement of Compliance with the Shariah Principles	100
Independent Assurance Report on the Statement of Management's Assessment of Compliance with the Sharia'h Principles	101
Independent Auditor's Report	103
• Window Takaful Operations - Financial Statements	
Statement of Financial Position	106
Profit and Loss Account	107
Statement of Comprehensive Income	108
Statement of Changes in Operator's Fund and Participants' Takaful Fund	109
Statement of Cash Flow	110
Notes to and forming part of the Financial Statements	111
• Branches Information	142
• Form of Proxy	



VISION

"Our vision is to establish a position as the premier choice for corporate and consumer sector."



MISSION

"Our mission is to become a reputable general insurer of the country by providing dedicated service to our customers. This will be accomplished by recognizing the customer needs and providing suitable products at affordable prices and servicing the claims within optimum time frame."



VALUES



Service

Our hallmark is the excellence of our service to our external clients and internally to each other.



Collaboration

We value and support a spirit of teamwork, cooperation and encouragement, in an environment in which all employees can grow.



Protection

We take care of and protect our insured in a hostile legal environment better than any other company.



Integrity

Honesty and integrity consistently guide the conduct of our business and our relationships with those outside of the company and with each other.



Respect

We respect individuality and the strength that flows from the diversity of backgrounds, experience and perspectives.



CORPORATE INFORMATION

Board of Directors:

Aameer Karachiwalla	Chairman
Lord. Zameer Mohammed Choudrey, CBE, SI Pk	Director
Rizwan Pervez	Director
Sharjeel Shahid	Director
Muhammad Rizwan Malik	Director
Sajid Hussain	Director
Saira Shah	Director
Zeeshan Muhammad Raza	Chief Executive Officer

Board Audit Committee:

Lord. Zameer Mohammed Choudrey, CBE, SI Pk	Chairman
Rizwan Pervez	Member
Sharjeel Shahid	Member

Board Investment Committee:

Muhammad Rizwan Malik	Chairman
Lord. Zameer Mohammed Choudrey, CBE, SI Pk	Member
Rizwan Pervez	Member
Zeeshan Muhammad Raza	Member
Nadeem Raza	Member

Ethics, Nomination, Human Resource & Remuneration Committee:

Sharjeel Shahid	Chairman
Lord. Zameer Mohammed Choudrey, CBE, SI Pk	Member
Rizwan Pervez	Member
Zeeshan Muhammad Raza	Member

Chief Financial Officer

Nadeem Raza

Company Secretary

Abdul Sattar Vaid

Shariah Advisory Board:

Mufti Muhammad Hanif	Shariah Advisor
Mufti Imtiaz Alam	Member
Mufti Muhammad Ashraf Alam	Member

Company Registration No. & NTN No:

Current Registration # 00000012978/20060607
New CUIIN Registration # 0057197
NTN # 2798420-6

Rating Agency:

JCR-VIS "AA+"

Status of Company:

MSC (Medium Sized Company)

Auditors:

EY Ford Rhodes Chartered Accountants

Legal Advisors:

Warsi & Iqbal Associates

Website & Contact:

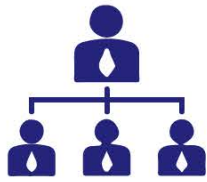
www.ublinsurers.com
[Email: info@ublinsurers.com](mailto:info@ublinsurers.com)
UAN 111-845-111
Fax Number +92-21-35314504

Registered Head Office:

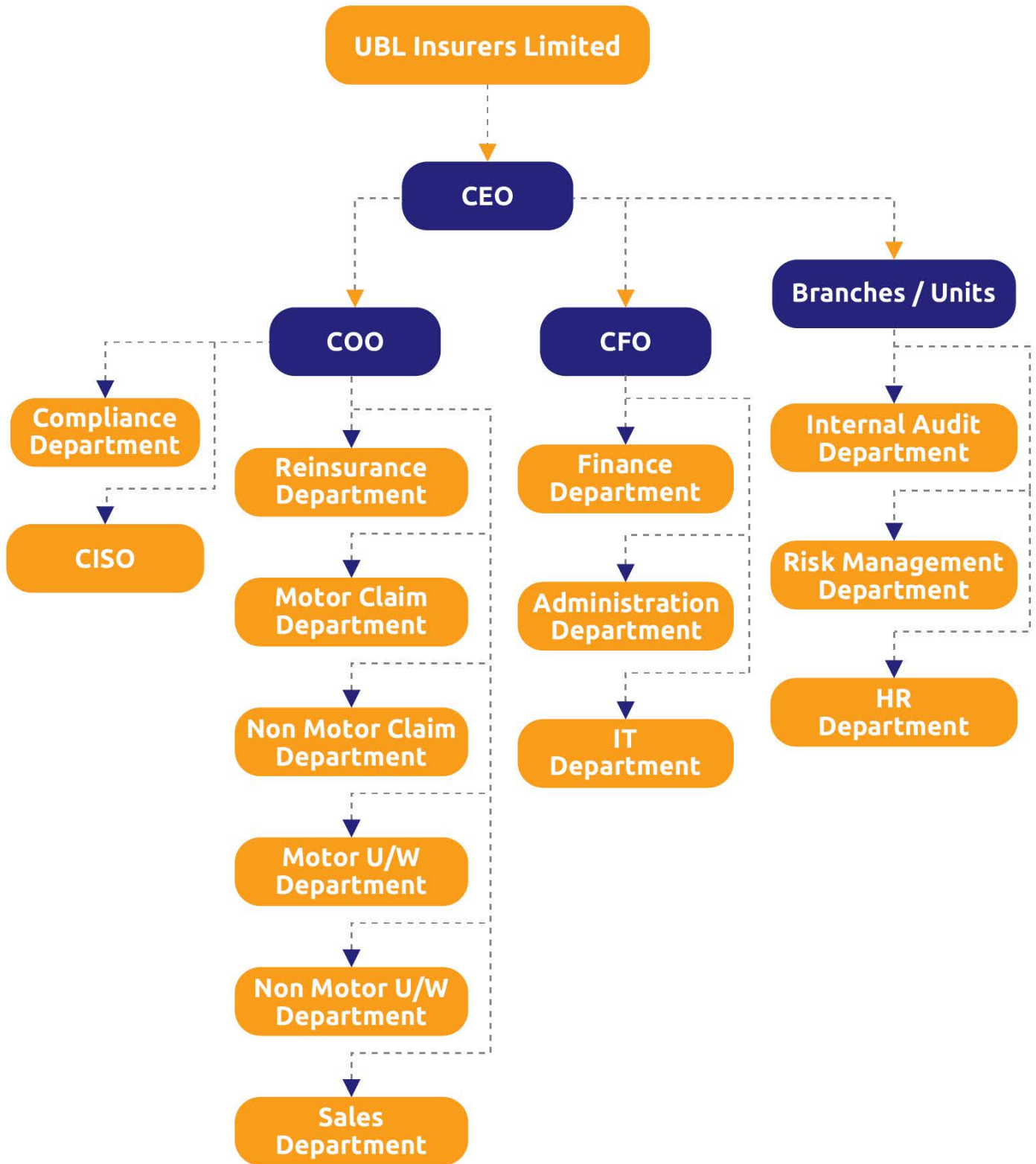
126-C, Jami Commercial,
Street no. 14, Phase – VII,
DHA, Karachi.
Postal Code 75500

Regulator:

[Securities and Exchange Commission of Pakistan](http://www.secp.gov.pk)



Hierarchy



INSURANCE / TAKAFUL PRODUCTS



Fire & Allied Perils

Providing Corporate Clients with standard fire policy covering fire, lightning and explosion that may be extended to cover the allied perils like Earthquake (Fire and Shock), Atmospheric Disturbance Clause, Aircraft or Aerial Devices falling there from, Impact (Collision) damage, Riot and Strike damage and Malicious damage.



Engineering

The Company indemnifies sudden and unforeseen physical loss or damage, resulting from: maladjustment, loosening of parts, failures or faults in protective devices, entry of foreign bodies, tearing apart due to centrifugal forces, Shortage of water in steam boilers or pressure vessels, over pressure or implosion, Short circuit and over voltage.



Private Car

Covering all the popular brands of Local and Imported vehicles that will be indemnified against loss or damage to the Motor Car and/or its accessories whilst thereon by Accidental external means, Fire external explosion, Burglary, Theft, Malicious act, Riot, Strike, Flood, Hail, Wind, Hurricane, Cyclone, Tornado, Typhoon, Earthquake and whilst in transit by air or road rail.



Marine Cargo

This insurance coverage protects the cargo being imported to or exported from Pakistan. With three levels of coverage available in Marine Cargo (Sea/Air), Institute Cargo Clause 'A', 'B' and 'C', and two levels of coverage available in Marine Cargo Inland, Road/Rail Cargo Clause 'A' and 'B', this protects the cargo from all aspects of marinerisks.



Health

At a time where the health and wellness services are inflating exponentially, health insurance has become a basic necessity for the well-being of every individual. The consistently growing healthcare sector calls for new innovations in the insurance industry to best fulfill the needs of customers. UBL Insurers Ltd. offers innovative and reliable health insurance plans. A health insurance policy not only covers your hospitalization expenses but also covers your pre and post-hospitalization expenses which include OPD visits, medications and tests.



Travel

Travelling is an integral part of many people's lives. You need to plan well for a trip you will be taking so that everything goes smoothly for you. UBL Insurers "Traveller" makes it a lot easier for you to confront the uncertainties that may be met at one point or the other in the course of travelling e.g. complexities like illnesses, injury or losses. Having UBL Insurers Traveller means that you have a fall-back plan when you are confronted by such challenges that may make your travel experience not worth remembering. Traveller covers major areas of unanticipated occurrences that could lead you to sustain losses.

Vision

To establish a position as the premier choice for corporate and consumer sector.

Mission Statement

To become a reputable general insurer of the country by providing dedicated service to our customers. This will be accomplished by recognizing the customer needs and providing suitable products at affordable prices and servicing the claims within optimum time frame.

Strategic Objectives

- Providing quality services by offering customized insurance solutions, timely claim settlement, and excellent customer support.
- Increase market share and expand business operations by introducing new products and services, entering new markets, and strengthening distribution channels.
- Managing risks by implementing risk management practices, and ensuring compliance
- Fostering a culture of innovation by investing in research and development, leveraging technology, and continuously improving our products and services.
- Attracting, retaining, and developing talent to build a competent and motivated workforce.

Business Model

Inputs and Resources

- **Financial resources:** Premiums paid by policyholders, investments, and capital reserves.
- **Human resources:** A team of trained professionals, including underwriters, claims adjusters, and management personnel.
- **Information technology resources:** Computer systems, software, and networks.
- **Tangible and intangible assets:** Offices, equipment, computer system, furniture, software, building etc.
- **Brand and reputation:** Strong brand and reputation in the insurance industry in Pakistan. This is a valuable resource in attracting new policyholders and retaining existing ones.
- **Legal existence:** UBL Insurers is licensed to transact general insurance business in Pakistan and is registered as an insurer under SECP.

Processes

- Underwriting
- Policy issuance
- Premium collection
- Claims processing
- Policy management
- Human resource management
- IT and systems
- Reinsurance
- Marketing and product development

Outputs

- A wide range of insurance products including Shariah compliant insurance.
- Collecting premium payments from
- policyholders in exchange of providing insurance coverage
- Value creation and increasing the profitability of the company
- High-quality service to policyholders, including fast and fair claims processing and responsive customer service.
- Building strong brand image and reputation

Internal Control Framework

UBL Insurer's internal control framework primarily comprises of several correlated components including control environment, risk assessments, control activities, information and communication and monitoring. It is a system of processes and procedures that UBL Insurers has put in place to ensure that its operations are conducted in a controlled and efficient manner, and that risks are identified, assessed, and managed appropriately.

Internal control provides reasonable assurance by helping to ensure that:

1. Transactions are recorded accurately and completely.
2. Premiums are collected and claims are paid in accordance with the company's policies and procedures.
3. Compliance with laws and regulations.
4. Assets, such as investments and policyholder funds, are safeguarded from loss or theft.
5. Information is communicated effectively to internal and external stakeholders.
6. Prudential oversight in respect of insurance matters, including:
 - (a) Controls for underwriting risks;
 - (b) Valuation of technical provisions;
 - (c) Investment and liquidity management;
 - (d) Reinsurance, including the credit standing of reinsures;
 - (e) Monitoring and ensuring the adequacy of its capital resources and ability to demonstrate at all times compliance with the solvency margin requirement.

Role of Internal Audit

Internal audit plays a vital function in an organization and is responsible for evaluating and improving the effectiveness of risk management, control, and governance processes.

The role of internal audit in UBL Insurers is to provide independent and objective assurance and consulting services to improve our overall operations, manage risks, and achieve strategic objectives. It is also responsible for providing independent assurance to our stakeholders, including management, the board of directors, and external auditors, to ensure that our operations are being conducted in an effective, efficient, and ethical manner.

Role of risk management

The risk management function identifies and evaluates various types of risks that UBL Insurers may face. Based on the assessment of risks, our risk management function develops risk management strategies to manage and mitigate the risks. These strategies include diversification of our investment portfolio, reinsurance, and setting risk limits. Our risk management function continuously monitors and reports on the risks to ensure that the strategies are effective and aligned with our aims and objectives.

Role of compliance

Role of compliance is to ensure that UBL Insurers operates within the bounds of applicable laws, regulations, and industry standards. Our compliance department headed by the Compliance Officer monitors changes in laws, regulations, and industry standards that can impact UBL Insurers' operations, and ensures that the company is aware of these changes and is taking appropriate steps to comply with them.

Pestel ANALYSIS



POLITICAL

The government of Pakistan has been taking steps to increase foreign investment in the country, which may result in more insurance companies entering the market. However, changes in government policies, political instability, and corruption can impact the industry's growth.

ECONOMIC

The state of the economy can also affect the insurance industry. A strong economy with a growing middle class can result in more people buying insurance. On the other hand, economic downturns can lead to a decrease in demand for insurance products. Pakistan's economy has been showing minute growth in recent years, but it still faces challenges such as inflation and high levels of debt.

SOCIOCULTURAL

Cultural attitudes towards insurance can also impact the industry. In Pakistan, there may be a lack of awareness or understanding of the benefits of insurance, especially in rural areas. Additionally, certain cultural or religious beliefs may discourage people from buying insurance.

TECHNOLOGICAL

Technology plays an important role in the insurance industry. Companies that embrace technology can provide better customer service and more efficient processes. In Pakistan, there is potential for growth in the digital insurance market, but there may be challenges related to internet access and cybersecurity.

ENVIRONMENTAL

Natural disasters and climate change can have a significant impact on the insurance industry, especially in countries that are prone to these events. Pakistan has experienced floods, earthquakes, and other natural disasters in recent years, which can lead to higher insurance claims and premiums.

LEGAL

Legal factors such as regulatory requirements, FATF recommendations, tax laws, and litigation can impact the insurance industry's operations and profitability. For example, regulatory compliance can lead to increased operational costs for insurers, while legal disputes and litigation can result in significant losses for the industry.

SWOC Analysis

STRENGTHS

- Strong brand recognition
- Wide range of insurance products
- Strong distribution channel
- Experienced management team
- Good financial standing
- Global Partner Trust (Reinsurer)

WEAKNESSES

- Absence of marketing drive
- lacks a 24/7 customer service department
- Lack of acceptance of innovation



SWOC Analysis

OPPORTUNITIES

- Growing demand for insurance
- Digitalization of insurance
- Expansion into new markets

CHALLENGES

- Intense competition
- Economic and political instability
- Regulatory changes
- High interest rate

Notice of 17th Annual General Meeting

Notice is hereby given that the 17th Annual General Meeting (AGM) of UBL Insurers Limited will be held on Wednesday, 26th April, 2023 at 2:00 p.m. at UBL Insurers Limited Board Room Karachi to transact the following business:

Ordinary Business

1. To confirm minutes of the 16th Annual General Meeting held on April 26th, 2022.
2. To receive, consider and adopt the audited Financial Statements and Window Takaful Operations Financial Statements of the Company for the year ended December 31, 2022 and the Chairman's review, Directors' and Auditors' report thereon.
3. To consider and approve a final cash dividend at PKR 0.289 i.e. 2.90% per share for the year ended December 31, 2022 as recommended by the Board of Directors.
4. To consider and, if thought fit, appoint external auditors to hold office from this AGM till the conclusion of the next AGM and to fix their remuneration for the year ending December 31, 2023. The Board Audit Committee and the Board of Directors have recommended the name of M/s. EY Ford Rhodes, Chartered Accountants.
5. To transact any other item with the permission of chair.

By Order of the Board



Abdul Sattar Vaid
Company Secretary

April 03, 2023

Notes

1. The share transfer books of the Company shall remain closed from Friday, April 14, 2023 to Wednesday April 26, 2023 (both days inclusive). The transfer received in order at the office of Company Secretary UBL Insurers Ltd. by the close of business (5.00 p.m.) on Thursday April 13, 2023 will be treated to have been in time for the purpose of payment of final dividend to the transferees and to attend and vote at the meeting.

ALL SHAREHOLDERS

Director's Report

For the year ended December 31, 2022

On behalf of the Board of Directors, I present the Seventeenth (17th) annual report of UBL Insurers Limited for the year ended 31 December, 2022.

The financial highlights for the year under review are as follows:

'Rupees 000'

	31-Dec-22	31-Dec-21	%
Gross premium written	5,248,055	4,104,343	28%
Premium earned	4,960,407	4,112,270	21%
Net premium revenue	1,839,604	1,793,771	3%
Net claim expense	(892,633)	(959,119)	-7%
Net commission	(142,452)	(191,931)	-26%
Management expenses	(765,187)	(561,782)	36%
Underwriting results - Profit	39,332	80,962	-51%
Investment and other income	248,125	127,062	95%
General & administrative expenses	(142,994)	(129,818)	10%
Profit from window Takaful Operations	60,827	28,581	113%
Profit before tax	198,653	102,022	95%

Economic Overview

The year 2022 witnessed political turmoil, an economic crisis, and catastrophic flooding in Pakistan. On the economic front, the country has been dealing with backbreaking inflation, a depreciating currency, and precariously low foreign reserves. Political instability in the country also led to a huge upturn in economic uncertainty. Uncertainty at individual, firm, and government levels is negatively affecting the economy. As Pakistan looks to address these challenges in a turbulent moment, important questions arise as to the long-term roots of these problems, how political instability shapes them, and what economic policy Pakistan should adopt to address its difficulties.

Political stability can reduce uncertainty by making clear policy statements to build the trust of domestic as well as foreign investors and the business community. Furthermore the government took several important policy decisions to counter inflationary pressure: On November 25, 2022 Monetary Policy Committee (MPC) decided to raise the policy rate by 100 basis points to 16.00 percent.

Due to devaluation of currency prices of Automobiles has increased drastically and high interest rates has made a significant impact on leasing car business that resulting in sales drop which directly relates with Insurance Industry. On the contrary, interruption in imports will significantly impact various industries and will impact their operations. With operations being halt, it will impact insurance industry greatly especially in Fire and Marine class of business.

Company Performance Review

In the year 2022 company has posted a growth of 28% in gross premium written to close at Rs. 5,248 million while net premium revenue increased by 3% to Rs. 1,840 million.

Premium earned recorded an increase of Rs. 848 million (21%) during the year ended December 31, 2022 and stood at Rs. 4,960 million as compared to Rs. 4,112 million as at December 31, 2021.

Net claim expense is decreased by 7% during the year ended December 2022 as compared to last year December 2021. The net claim ratio over net premium revenue is 49% compared to 53% last year.

The underwriting results reported a decline of -51% in profit and close at Rs. 39 million during the year ended 31 December 2022 as compared to a profit of Rs. 81 million for the year ended 31 December 2021.

Investments and other income increased and stands at Rs. 248 million during the year ended December 2022 as compared to Rs. 127 million during the same period in 2021 and an amount of Rs. 0.1 million has been recorded as impairment on listed equity securities.

Profit before tax stands at Rs. 199 million for the current year as compared with last year profit of Rs. 102 million.

Portfolio Analysis (Conventional & Takaful)

Fire & Property

Fire and property class of business constitutes 41.7% of the total portfolio. During the year, the Company has underwritten a gross premium of Rs. 2.5 billion (2021: Rs. 1.8 billion). The ratio of net claims to net premium is 37.3% this year as compared to 29% last year. The Company incurred an underwriting loss of Rs. 135 million as compared to loss of Rs. 55 million in 2021.

Marine and Transport

This class of business constitutes 10% of the total portfolio. The Company has underwritten a gross premium of Rs. 614 million in current year (2021: Rs. 521 million). The net claims ratio is 24% as against 15% last year, which resulted in an underwriting profit of Rs. 7 million against Rs. 9 million last year.

Motor

During the year, the Company has underwritten gross premium of Rs. 1.6 billion (2021: Rs. 1.4 billion) which constitutes 26.5% of the total portfolio. The ratio of net claims to net premium for the current year is 56.8% as compared to 43% in 2021. The Company incurred an underwriting profit of Rs. 165 million as compared to Rs. 312 million in 2021.

Bankers & Blanket

This class of business constitutes 2% of the total portfolio. The Company has underwritten a gross premium of Rs. 116 million in current year (2021: Rs.123 million). The net claims ratio is 77.5% as against 187% last year, which resulted in an underwriting profit of Rs. 7 million against Loss of Rs. 21 million last year.

Health

This class of business constitutes 10% of the total portfolio. The Company has underwritten a gross premium of Rs. 590 million in current year (2021: Rs. 333 million). The net claims ratio is 28.7% as compared to last year 98%. This resulted in an underwriting profit of Rs. 118 million against underwriting loss of Rs. 34 million last year.

Other Classes

The other classes of business constitute 10% of the total portfolio. The gross premium written was Rs. 634 million (2021: Rs. 513 million). The ratio of net claims to net premium is 79.4% as against 71% last year. The portfolio showed an underwriting loss of Rs. 32 million in current year against an underwriting loss of Rs. 17 million in last year.

The earning per share for the year 2022 is Rs 1.16 against earning per share of Rs. 0.58 in the year 2021.

Window Takaful Operations

The year under review was the seventh year for Takaful business and the company was able to successfully grow gross written contribution to Rs. 890 million. The participant's Takaful fund reported a surplus before investment income of Rs. 41 million as compared to 77 million in the year 2021. Net investment and other income stands at Rs. 57 million in 2022 against Rs. 25 million for the year 2021. The underwriting resulted in achieving a surplus for the year of Rs. 81 million which stood at 101 million in the year 2021.



The Operator's Fund reported the profit before tax of Rs. 61 million in the year 2021 against profit of 29 million in the year 2021.

Related Parties Transactions

The Board of Directors approve Company's transactions with associated companies / related parties at each board meeting. All the transactions executed with related parties are on arm's length basis.

Insurer Financial Strength (IFS) Rating

The company's Financial Strength (IFS) rating stands at AA+ (Double A Plus) with stable outlook by VIS Credit Rating Company Limited for the year 2022.

Compliance with Code of Corporate Governance

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

During the year five (5) meetings of the Board of Directors were held, attendance details of which are as follows:

Name of Directors	Meetings Attended
Mr. Aameer Karachiwalla	05
Lord Zameer M. Choudrey, CBE, Si Pk	05
Mr. Rizwan Pervez	03
Mr. Sharjeel Shahid	05
Mr. Muhammad Rizwan Malik	05
Mr. Sajid Hussain	04
Ms. Saira Shah	05
Mr. Zeeshan Muhammad Raza – Chief Executive Officer	05

Leave of absence was granted to directors who could not attend Board meeting(s).

Board Committees

• Audit Committee

The committee consists of three members. During the year 2022, four (4) meetings of the committee were held and attended by the members as under:

Name of Member	Meetings Attended
Lord Zameer M. Choudrey, CBE, Si Pk	04
Mr. Rizwan Pervez	03
Mr. Sharjeel Shahid	04

Leave of absence was granted to the members who could not attend Board's Audit Committee meeting(s).

• Ethics, Nominations, Human Resource & Remuneration Committee

The committee consists of four members. During the year three meetings of the committee were held and attended by the members as under:

Name of Member	Meetings Attended
Mr. Sharjeel Shahid	03
Lord Zameer M. Choudrey, CBE, Si Pk	03
Mr. Rizwan Pervez	02
Mr. Zeeshan Muhammad Raza	03

• Investment Committee

The committee consists of five members. During the year 2022, four (4) meetings of the committee were held and attended by the members as under:

Name of Member	Meetings Attended
Mr. Muhammad Rizwan Malik	04
Lord Zameer M. Choudrey, CBE, Si Pk	04
Mr. Rizwan Pervez	03
Mr. Zeeshan Muhammad Raza	04
Mr. Nadeem Raza	04

Leave of absence was granted to the members who could not attend Board's Audit Committee meeting(s).

Management Committee in Compliance with Code of Corporate Governance

The Underwriting committee consists of four members. During the year 2022, four meetings of the committee were held and attended by the members as under:

Name of Member	Meetings Attended
Mr. Aameer Karachiwalla	04
Mr. Zeeshan Muhammad Raza	04
Mr. Rashid Jameel	04
Mr. Fahad Hussain Khan	01

The Claim committee consists of three members. During the year 2022, four meetings of the committee were held and attended by the members as under:

Name of Member	Meetings Attended
Ms. Saira Shah	04
Mr. Zeeshan Muhammad Raza	04
Mr. Munawar Ali Suddiqui	04

The Re-Insurance & Co-Insurance committee consists of four members. During the year 2022, four meetings of the committee were held and attended by the members as under:

Name of Member	Meetings Attended
Mr. Aameer Karachiwalla	04
Mr. Zeeshan Muhammad Raza	04
Mr. Rashid Jameel	04
Mr Fahad Hussain Khan	01

The Risk Management & Compliance committee consists of six members. During the year 2022, three meetings of the committee were held and attended by the members as under:

Name of Member	Meetings Attended
Mr. Sajid Hussain	03
Ms. Saira Shah	03
Mr. Zeeshan Muhammad Raza	03
Mr. Rashid Jameel Khan	03
Mr. Mathew Joel	03
Muhammad Anas Qureshi	01

Leave of absence was granted to the members who could not attend Board's Audit Committee meetings.

• Statement of Ethics and Business Practice

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.

• Future Outlook

Our strategy for 2023 is to further create a unique and personalized customer experiences and to move a way forward by delivering a great deal of innovation quickly to consumers through digitalization. Our Company has been and will continue to invest in the training of its employees to ensure the implementation of the relevant policies and directions of our competent regulators and other law authorities.

• Corporate and Financial Reporting Framework

- The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- Proper books of accounts have been maintained by the company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
- International accounting standards (IAS), International Financial Reporting Standards (IFRS) or any other regulation or law (including but not limited to the Shariah guidelines / principles) as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts on the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the code of corporate governance for insurers, 2016.
- No Premium Deficiency Reserve has been recorded during the year.



Key operating and financial data for the last six years

'Rupees 000'

	2022	2021	2020	2019	2018	2017
Gross premium Written	5,248,055	4,104,343	4,041,493	3,988,703	3,391,311	2,760,842
Net premium revenue	1,839,604	1,793,771	1,841,542	1,769,967	1,412,471	1,012,177
Net claims	(892,633)	(959,119)	(1,127,838)	(646,815)	(568,260)	(419,969)
Premium deficiency (expense) / reversal	-	-	(3)	18	(11)	10,880
Management Expenses	(765,187)	(561,782)	(552,257)	(516,562)	(478,684)	(345,490)
Net commission	(142,452)	(191,931)	(107,637)	(158,510)	13,188	63,369
Underwriting result	39,332	80,962	53,807	448,098	378,703	320,967
Investment income	201,176	97,333	102,026	79,661	60,557	44,115
Exchange gain / (Loss)	10,527	(1,598)	1,215	2,929	1,020	65
Other Income	36,422	31,327	38,373	33,253	13,928	6,173
General and administrative	(142,994)	(129,818)	(127,013)	(124,743)	(99,276)	(125,047)
Profit before tax from Windows Takaful Operations	66,662	28,581	30,244	14,329	11,079	1,163
Profit before tax	198,653	102,022	93,538	448,557	364,991	247,371
Taxation						
- Prior	(176)	(1,688)	1,017	(11,811)	1,622	-
- Current	(110,898)	(29,745)	(26,009)	(136,230)	(107,862)	84,913
- Deferred	46,027	(4,411)	(1,416)	7,359	826	(4,538)
Profit after tax	133,606	66,178	67,130	307,875	259,576	166,996

Pattern of Shareholding

As at December 31, 2022

Number of Shareholders	Shareholdings		Total Shares Held	Percentage %
	From	To		
7	1	100	7	0.000
1	2,495,001	2,500,000	2,500,000	2.170
1	14,000,001	14,500,000	14,088,199	12.227
1	30,000,001	35,000,000	34,565,213	30.000
1	60,000,001	65,000,000	64,063,972	55.603
11			115,217,391	100.000

Category of Shareholders

As at December 31, 2022

Categories of shareholders	Number of Shareholders	Shares held	Percentage
Directors, CEO & Children	7	7	0
NIT	0	-	0
Associated Companies, undertaking & related parties	3	112,717,384	97.83
Banks, DFI & NBF1	0	-	0
Insurance Companies	0	-	0
Modarabas & Mutual Funds	0	-	0
Government of Pakistan	0	-	0
Govt. Owned Entities / Banks	0	-	0
Foreign Companies	0	-	0
Joint Stock Companies	0	-	0
Charitable Trusts	0	-	0
General Public (Local)	1	2,500,000	2.17
General Public (Foreign)	0	-	-
Others	0	-	0
Company Total	11	115,217,391	100

The aggregate shares held by the following are:

Categories of Shareholders	Shares held	Percentage
Directors		
1) Lord Zameer M. Choudrey, CBE, Si Pk	1	-
2) Rizwan Pervez	1	-
3) Aameer Karachiwalla	1	-
4) Sharjeel Shahid	1	-
5) Sajid Hussain	1	-
6) Muhammad Rizwan Malik	1	-
7) Saira Shah	1	-
Chief Executive Officer	-	-
Directors/CEO's Spouse	-	-
Executive / Executive's Spouse	-	-
Associated Companies, undertaking and related parties		
Bestway International Holdings Limited (BIHL)	64,063,972	55.603
United Bank Limited	34,565,213	30.000
Bestway Cement Limited	14,088,199	12.227
NIT and ICP	-	-
Banks, DFIs and NBFIs	-	-
Public sector companies and corporations	-	-
Insurance Companies	-	-
Modaraba	-	-
Mutual Funds	-	-
General Public- Individuals		
Local	2,500,000	2.170
	115,217,391	100.000
Shareholders holding 5% or more voting interest		
Bestway International Holdings Limited (BIHL)	64,063,972	55.603
United Bank Limited	34,565,213	30.000
Bestway Cement Limited	14,088,199	12.227

مندرجہ ذیل کے پاس مجموعی حصص ہیں۔

شیررز ہولڈرز کے زمرے
ڈائریکٹرز

فیصد	منعقد شیئرز
-	1
-	1
-	1
-	1
-	1
-	1
-	1
-	1
-	-
-	-
55.603	64,063,972
30.000	34,565,213
12.227	14,088,199
-	-
-	-
-	-
-	-
-	-
-	-
2.170	2,500,000
100.000	115,217,391
55.603	64,063,972
30.000	34,565,213
12.227	14,088,199

(1) لارڈز میر محمد چوہدری CBE, SI PK

(2) رضوان پرویز

(3) عامر کراچی والا

(4) شرجیل شاہد

(5) ساجد حسین

(6) محمد رضوان ملک

(7) سائرہ شاہ

چیف ایگزیکٹو آفیسر

ڈائریکٹر/سی ای او شریک

ایسوسی ایٹس کمپنیز، انڈر ٹیکنگ اور متعلقہ جماعتیں

بیسٹ وے انٹرنیشنل ہولڈنگ لمیٹڈ (BIHL)

یونائیٹڈ بینک لمیٹڈ

بیسٹ وے سیمنٹ لمیٹڈ

این آئی ٹی اور آئی سی پی

پینکس، ڈی ایف آئی ایس اور این بی ایف آئی ایس

پبلک سیکورٹیز اور کارپوریشن

انسورنس کمپنیز

مدار بہ

باہمی فنڈز

جزل پبلک - انفرادی

علاقائی

شیررز ہولڈرز ہولڈنگ %5 یا زیادہ ووٹنگ کی دلچسپی

بیسٹ وے انٹرنیشنل ہولڈنگ لمیٹڈ (BIHL)

یونائیٹڈ بینک لمیٹڈ

بیسٹ وے سیمنٹ لمیٹڈ

فیصد %	کل شیئرز حصص	شیئرز ہولڈنگ		شیئرز ہولڈرز نمبرز
		تک	ے	
0.000	7	100	1	7
2.170	2,500,000	2,500,000	2,495,001	1
12.227	14,088,199	14,500,000	14,000,001	1
30.000	34,565,213	35,000,000	30,000,001	1
55.603	64,063,972	65,000,000	60,000,001	1
100.000	115,217,391			11

شیئرز ہولڈرز کے زمرے

31 دسمبر 2022ء

فیصد %	منعقد شیئرز	شیئرز ہولڈرز نمبرز	شیئرز ہولڈرز کے زمرے
0	7	7	ڈائریکٹری ای او اور چلڈرن
0	0	0	این آئی ٹی
97.83	112,717,384	3	ایسوسی ایٹس کمپنیز، انڈر ٹیکنگ اور متعلقہ فریق
0	-	0	پیکس، ڈی ایف آئی اور این بی ایف آئی
0	-	0	انشورنس کمپنیز
0	-	0	مدار با اور باہمی فنڈ
0	-	0	گورنمنٹ آف پاکستان
0	-	0	حکومتی ملکیتی ادارے یا بینک
0	-	0	غیر ملکی کمپنیز
0	-	0	جو انٹ اسٹاک کمپنیز
0	-	0	چیر ٹیلی ٹرسٹ
2.17	2,500,000	1	جنرل پبلک (لوکل)
-	-	0	(غیر ملکی) جنرل پبلک
0	-	0	دیگر
100	115,217,391	11	ٹوٹل کمپنیز

پچھلے چھ سالوں کا اہم آپریٹنگ اور مالیاتی ڈیٹا

2017	2018	2019	2020	2021	2022	
2,760,842	3,391,311	3,988,703	4,041,493	4,104,343	5,248,055	تحریری مجموعی پریمیم
1,012,177	1,412,471	1,769,967	1,841,542	1,793,771	1,839,604	خالص پریمیم آمدنی
(419,969)	(568,260)	(646,815)	(1,127,838)	(959,119)	(892,633)	خالص دعویٰ
10,880	(11)	18	(3)	-	-	پریمیم کی کمی (خرچ)/الٹ
(345,490)	(478,684)	(516,562)	(552,257)	(561,782)	(765,187)	انتظامی اخراجات
63,369	13,188	(158,510)	(107,637)	(191,931)	(142,452)	خالص کمیشن
320,967	378,703	448,098	53,807	80,962	39,332	انڈر رائٹنگ کا نتیجہ
44,115	60,557	79,661	102,026	97,333	201,176	سرمایہ کاری کی آمدنی
65	1,020	2,929	1,215	(1,598)	10,527	تبادلہ فائدہ/(نقصان)
6,173	13,928	33,253	38,373	31,327	36,422	دیگر آمدنی
(125,047)	(99,276)	(124,743)	(127,013)	(129,818)	(142,994)	عمومی اور انتظامی
1,163	11,079	14,329	30,244	28,581	66,662	ونڈوز تکفل آپریشنز سے پہلے کا ٹیکس منافع
247,371	364,991	448,557	93,538	102,022	198,653	منافع قابل از محمول
						ٹیکس
	1,622	(11,811)	1,017	(1,688)	(176)	پہلے
84,913	(107,862)	(136,230)	(26,009)	(29,745)	(110,898)	موجودہ
(4,538)	826	7,359	(1,416)	(4,411)	46,027	مؤخر
166,996	259,576	307,875	67,130	66,178	133,606	ٹیکس کے بعد منافع

مالی سال کے اختتام سے جس سے یہ بیلنس شیٹ متعلقہ ہے اور اس رپورٹ کی تاریخ کے درمیان ہماری کمپنی کی مالی حالت کو متاثر کرنے والی کوئی مادی تبدیلیاں اور وعدے نہیں ہوئے ہیں۔

موجودہ بیرونی آڈیٹرز ارنسٹ اینڈ یوگ فورڈ روڈز، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو چکے ہیں اور انہوں نے دوبارہ تقرری کے لیے خود کو پیش کیا ہے۔ یہ کمپنی بیسٹ وے انٹرنیشنل ہولڈنگز لمیٹڈ (BIHL) کا ذیلی ادارہ ہے جو لندن (یو کے) میں شامل ہے۔ بیسٹ وے انٹرنیشنل ہولڈنگز لمیٹڈ (BIHL) یو بی ایل انشورنس لمیٹڈ کے جاری کردہ حصص کیپٹل کا 55.6% رکھتا ہے۔

کمپنی کے ڈائریکٹرز سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، انشورنس ایسوسی ایشن آف پاکستان اور ری بیمہ کنندگان کے پینل کا ان کی مسلسل رہنمائی، تعاون اور تعاون پر شکریہ ادا کرنا چاہیں گے۔

ہم اپنے قابل قدر کلائنٹس کا بھی شکریہ ادا کرتے ہیں کہ ان کی مسلسل سرپرستی اور ہماری کمپنی کو فراہم کی گئی حمایت۔

ڈائریکٹرز کمپنی کے اہداف کو حاصل کرنے میں یو بی ایل بیمہ کنندگان کی ٹیم کی محنت اور لگن کاوشوں کو بھی تسلیم کرنا چاہتے ہیں۔



عامر کراچی والا

چیئر مین بورڈ آف ڈائریکٹرز



ذیشان محمد رضا

چیف ایگزیکٹو آفیسر



تاریخ: 31 مارچ 2023ء

2023 کے لیے ہماری حکمت عملی ایک منفرد اور ذاتی نوعیت کے صارفین کے تجربات کو مزید تخلیق کرنا ہے اور ڈیجیٹلائزیشن کے ذریعے صارفین کو تیزی سے جدت کا ایک بڑا ذریعہ فراہم کرتے آگے بڑھنا ہے۔ ہماری کمپنی ہمارے مجاز ریگولیٹرز اور دیگر قانونی حکام کی متعلقہ پالیسیوں اور ہدایات پر عمل درآمد کو یقینی بنانے کے لیے اپنے ملازمین کی تربیت میں سرمایہ کاری کرتی رہی ہے اور کرتی رہے گی۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

(ا) کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات اس کی حالت، اس کے کاموں کے نتائج، نقد بہاؤ اور ایکویٹی میں ہونے والی تبدیلیوں کو پیش کرتے ہیں۔

(ب) کمپنی کی طرف سے کھاتوں کی مناسب کتابیں رکھی گئی ہیں۔

(ت) مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلوں پر مبنی ہیں۔

(ث) بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز (IAS)، انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS) یا کسی دوسرے ضابطے یا قانون (بشمول لیکن ان تک محدود نہیں) جیسا کہ پاکستان میں لاگو ہوتا ہے، مالیاتی گوشواروں کی تیاری اور وہاں سے کسی بھی روانگی میں عمل کیا گیا ہے۔ مناسب طور پر انکشاف کیا گیا ہے۔

(ج) اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔

(س) ایک جاری تشویش کے طور پر جاری رکھنے کی کمپنی کی صلاحیت پر کوئی خاص شک نہیں ہے۔

(ش) کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی ہے، جیسا کہ بیمہ کنندگان کے لیے کارپوریٹ گورننس کے ضابطے، 2016 میں تفصیل سے بتایا گیا ہے۔

(ص) سال کے دوران کوئی پریمیم ڈیفیشینسی ریزرو ریکارڈ نہیں کیا گیا ہے۔

(ض) ایس ای سی پی کے رہنما خطوط کے مطابق ایکچوریل تصدیق کی بنیادوں پر دعوے کیے گئے لیکن رپورٹ نہیں کیے گئے ہیں۔

(ط) تکافل کے ساتویں سال کے دوران آپریٹرز فنڈ نے 67 ملین روپے کا منافع رپورٹ کیا۔ جس میں آئندہ برسوں میں مزید بہتری کی توقع ہے۔

(ظ) ایف ای ڈی، ایف آئی ایف، ای او بی آئی، ودہولڈنگ ٹیکس، سیلز ٹیکس، اور ایس ای سی پی کی فیسوں پر واجب الادا رقم 40 ملین ہے۔ جو بعد میں متعلقہ ریگولیٹرز یا اداروں کی ضرورت کے مطابق ادا کیے جاتے ہیں۔

(ع) پچھلے چھ سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔

(غ) بورڈ آف ڈائریکٹرز 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے 2.9% کی شرح سے 0.2899 روپے فی حصہ کے حتمی نقد منافع کی سفارش کری ہے۔

(ک) 31 دسمبر 2022 تک پراویڈنٹ اور گریجویٹ فنڈز کی سرمایہ کاری کی قیمت ان کے غیر آڈٹ شدہ کھاتوں کی بنیاد پر درج ذیل تھی۔

(ق) پراویڈنٹ فنڈ 127 ملین روپے

(ع) گریجویٹ فنڈ 77 ملین روپے

(غ) 31 دسمبر 2022 تک کمپنی میں شیئر ہولڈنگ کے پیٹرن کا بیان رپورٹ کے ساتھ منسلک ہے۔



کلیم کمیٹی تین ارکان پر مشتمل ہے سال 2022 کے دوران کمیٹی کے چار اجلاس ہوئے جن میں حسب ذیل اراکین نے شرکت کی:

ممبرز کے نام	میٹنگ میں شرکت
سائرہ شاہ	04
ذیشان محمد رضا	04
منور علی صدیقی	04

نویسہ اور شریک بیمہ کمیٹی چار اراکین پر مشتمل ہے سال 2022 کے دوران کمیٹی کے چار اجلاس منعقد ہوئے جن میں ان ممبران نے شرکت کی:

ممبرز کے نام	میٹنگ میں شرکت
امیر کراچی والا	04
ذیشان محمد رضا	04
راشد جمیل	04
فہد حسین خان	01

رسک منجمنٹ اینڈ کمپلائنس کمیٹی چھ ارکان پر مشتمل ہے سال 2022 کے دوران کمیٹی کے تین اجلاس ہوئے اور ان میں درج ذیل ممبران نے شرکت کی:

ممبرز کے نام	میٹنگ میں شرکت
ساجد حسین	03
سائرہ شاہ	03
ذیشان محمد رضا	03
راشد جمیل خان	03
میتھو جوئل	03
محمد انس قریشی	01

کمیٹی کے اجلاس میں شرکت نہ کرنے والے اراکین کو غیر حاضری کی منظوری دی گئی۔

اخلاقیات اور کاروباری عمل کا بیان

بورڈ نے اخلاقیات اور کاروباری طریقوں کے بیان کو اپنایا ہے۔ تمام ملازمین کو اس بیان کے بارے میں مطلع کیا جاتا ہے اور ان سے کاروبار اور ضوابط سے متعلق ترسیل کے ان اصولوں پر عمل کرنے کی ضرورت ہے۔



اخلاقیات، نامزدگی، انسانی وسائل اور معاوضہ کمیٹی

کمیٹی چار ارکان پر مشتمل ہے۔ سال کے دوران کمیٹی کے تین اجلاس منعقد ہوئے اور ان میں مندرجہ ذیل ممبران نے شرکت کی۔

ممبرز کے نام	مینگ میں شرکت
شرجیل شاہد	03
لارڈ ضمیر محمد چوہدری، CBE , SIPK	03
رضوان پرویز	02
ذیشان محمد رضا	03

سرمایہ کاری کمیٹی

کمیٹی پانچ ارکان پر مشتمل ہے۔ سال 2022 کے دوران، کمیٹی کے چار (4) اجلاس منعقد ہوئے اور ان میں ممبران نے شرکت کی:

ممبرز کے نام	مینگ میں شرکت
محمد رضوان ملک	04
لارڈ ضمیر محمد چوہدری، CBE, SI PK	04
رضوان پرویز	03
ذیشان محمد رضا	04
ندیم رضا	04

بورڈ کی آڈٹ کمیٹی کے اجلاسوں میں شرکت نہ کرنے والے ممبر کو غیر حاضری کی منظوری دی گئی۔

کوڈ آف کارپوریٹ گورننس کی تعمیل میں انتظامی کمیٹی

ذمہ نویسی کمیٹی چار اراکین پر مشتمل ہے۔ سال 2022 کے دوران کمیٹی کے چار اجلاس منعقد ہوئے اور ان میں ممبران نے شرکت کی۔

ممبرز کے نام	مینگ میں شرکت
امیر کراچی والا	04
ذیشان محمد رضا	04
راشد جمیل	04
فہد حسین خان	01

بیرہ کنندہ کی مالی طاقت (IFS) کی درجہ بندی

سال 2022 کے لیے VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ کے مستحکم آؤٹ لک کے ساتھ کمپنی کی مالیاتی طاقت (IFS) کی درجہ بندی AA+ (ڈبل اے پلس) پر ہے۔

کوڈ آف کارپوریٹ گورننس کی تعمیل

ضابطہ کارپوریٹ گورننس کے ضابطہ اخلاق کی جو ریگولیٹری اتھارٹیز کے ذریعہ وضع کی گئی ہے اس کی تعمیل کی گئی ہے۔ اس سلسلے میں ایک بیان رپورٹ کے ساتھ منسلک ہے۔

سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ (5) اجلاس منعقد ہوئے جن کی حاضری کی تفصیلات درج ذیل ہیں:

ڈائریکٹرز کے نام	میٹنگ میں شرکت
عامر کراچی والا	05
لارڈ ضمیر محمد چوہدری، CBE, SI PK	05
رضوان پرویز	03
شرجیل شاہد	05
محمد رضوان ملک	05
ساجد حسین	04
سائرہ شاہ	05
ذیشان محمد رضا چیف ایگزیکٹو آفیسر	05

غیر حاضری کی منظوری ان ڈائریکٹرز کو دی گئی جو بورڈ میٹنگ (ز) میں شرکت نہیں کر سکتے تھے۔

بورڈ کمیٹیاں

آڈٹ کمیٹی

کمیٹی تین ارکان پر مشتمل ہے۔ سال 2022 کے دوران، کمیٹی کے چار (4) اجلاس ہوئے اور ان میں ممبران نے شرکت کی۔

ممبرز کے نام	میٹنگ میں شرکت
لارڈ ضمیر محمد چوہدری، CBE, SI PK	04
رضوان پرویز	03
شرجیل شاہد	04

ان ممبران کو غیر حاضری کی منظوری دی گئی جو بورڈ کی آڈٹ کمیٹی کے اجلاس میں شریک نہیں ہو سکے تھے۔



موثر

سال کے دوران، کمپنی نے 1.6 بلین (2021:1.4 بلین روپے) روپے کا مجموعی پریمیم تحریر کیا ہے۔ جوکل پورٹ فولیو کا 26.5 فیصد بنتا ہے۔ 2021 میں 43% کے مقابلے میں موجودہ سال کے لیے خالص دعووں کا خالص پریمیم کا تناسب 56.8% ہے۔ کمپنی نے 2021 میں 312 بلین روپے کے مقابلے میں اس سال 165 بلین روپے کی ذمہ نویسی کی ہے۔

بینکرز اور بلینکٹ

کاروبار کا یہ طبقہ کل پورٹ فولیو کا 2% ہے۔ کمپنی نے موجودہ سال میں 116 بلین (2021:123 بلین روپے) روپے کا مجموعی پریمیم لکھا ہے۔ خالص دعووں کا تناسب 77.5% ہے جو پچھلے سال 187% تھا، جس کے نتیجے میں 7 بلین روپے کا ذمہ نویسی منافع ہوا۔ جو کہ پچھلے سال 21 بلین تھا۔

صحت

کاروبار کا یہ طبقہ کل پورٹ فولیو کا 10% ہے۔ کمپنی نے موجودہ سال میں 590 بلین (2021:333 بلین روپے) روپے کا مجموعی پریمیم لکھا ہے۔ خالص دعووں کا تناسب گزشتہ سال 98 فیصد کے مقابلے میں 28.7 فیصد ہے۔ اس کے نتیجے میں 118 بلین روپے کا ذمہ نویسی منافع ہوا۔ پچھلے سال 34 بلین تھا۔

دیگر کلاسز

کاروبار کی دوسری کلاسیں کل پورٹ فولیو کا 10% بنتی ہیں۔ تحریری مجموعی پریمیم 634 بلین (2021:513 بلین روپے) درج کیا۔ خالص دعووں کا خالص پریمیم کا تناسب 79.4% ہے جو پچھلے سال 71% تھا۔ پورٹ فولیو نے 32 بلین روپے کا ذمہ نویسی نقصان ظاہر کیا۔ جو کہ گزشتہ سال گزشتہ سال 17 بلین روپے کا تھا۔

سال 2022 کے لیے فی حصہ آمدنی 1.16 روپے ہے۔ جو کہ گزشتہ سال سال 2021 میں 0.58 روپے کا تھا۔

ونڈ و تکافل آپریشنز

زیر نظر سال تکافل کے کاروبار کے لیے ساتواں سال تھا اور کمپنی کا میاں بی کے ساتھ مجموعی تحریری شراکت کو Rs.890 بلین تحریر کیا شرکت کنندگان کے تکافل فنڈ نے روپے کی سرمایہ کاری آمدنی سے سرپلس کی اطلاع دی۔ سال 2021 میں 77 بلین کے مقابلے میں 41 بلین۔ خالص سرمایہ کاری اور دیگر آمدنی 2022 میں 57 بلین روپے تحریر کی جو کہ گزشتہ سال 25 بلین تھی ذمہ نویسی کے نتیجے میں 81 بلین روپے سرپلس اس سال درج کیا گیا جو کہ 2021 میں 101 بلین روپے تھا

آپریٹنگ فنڈ نے ٹیکس سے پہلے سال 2021 میں 29 بلین کے منافع کے مقابلے میں 2022 میں 61 بلین روپے درج کیا۔

متعلقہ فریقوں کے لین دین

بورڈ آف ڈائریکٹرز ہر بورڈ میٹنگ میں متعلقہ کمپنیوں/متعلقہ فریقوں کے ساتھ کمپنی کے لین دین کی منظوری دیتا ہے۔ متعلقہ فریقوں کے ساتھ کیے گئے تمام لین دین خود مختاری کی بنیاد پر ہوتے ہیں۔

کرنسی کی قدر میں کمی کی وجہ سے آٹوموبائلز کی قیمتوں میں زبردست اضافہ ہوا ہے اور اونچی شرح سود نے لیزنگ کاروں کے کاروبار پر نمایاں اثر ڈالا ہے جس کے نتیجے میں فروخت میں کمی واقع ہوئی ہے جس کا براہ راست تعلق انشورنس انڈسٹری سے ہے۔ اس کے برعکس، درآمدات میں رکاوٹ مختلف صنعتوں کو نمایاں طور پر متاثر کرے گی اور ان کے کاموں کو متاثر کرے گی۔ آپریشن روکے جانے سے، یہ انشورنس انڈسٹری کو خاص طور پر فائز اور میرین کلاس آف بزنس پر بہت زیادہ متاثر کرے گا۔

کمپنی کی کارکردگی کا جائزہ:

سال 2022 میں کمپنی نے مجموعی پریمیم میں 28 فیصد کا اضافہ لکھا ہے جو 5,248 ملین روپے درج ہوا جبکہ خالص پریمیم ریونیو 3 فیصد بڑھ کر 1,840 ملین روپے ہو گیا۔

پریمیم نے 848 ملین (21%) روپے کا اضافہ ریکارڈ کیا 31 دسمبر 2022 کو ختم ہونے والے سال کے دوران جو کہ 4,960 ملین روپے رہا اور اس مقابلے میں 31 دسمبر 2021 میں 4,112 ملین تھا۔

گزشتہ سال دسمبر 2021 کے مقابلے میں دسمبر 2022 کو ختم ہونے والے سال کے دوران خالص دعوے کے اخراجات میں 7% کی کمی واقع ہوئی ہے۔ خالص پریمیم آمدنی پر خالص دعوے کا تناسب گزشتہ سال کے 53% کے مقابلے میں 49% ہے۔

31 دسمبر 2022 کے ذمہ نویسی کے نتائج میں 51% کی کمی ہوئی جو کہ پچھلے سال 31 دسمبر 2021 کو 81 ملین روپے کے منافع کے مقابلے میں 39 ملین روپے درج کی گئی۔

سرمایہ کاری اور دیگر آمدنی میں اضافہ ہوا جو کہ دسمبر 2022 کو ختم ہونے والے سال کے دوران 248 ملین روپے درج کی گئی جو کہ 2021 میں اسی مدت کے دوران 127 ملین اور روپے کی رقم لٹڈ ایکویٹی سیکورٹیز پر 0.1 ملین کو خرابی کے طور پر ریکارڈ کیا گیا ہے۔

ٹیکس سے پہلے کا منافع پچھلے سال 102 ملین کے منافع سے رواں سال 199 ملین کے مقابلے میں ہے۔
پورٹ فولیو تجزیہ (روایتی اور تکافل)

آگ اور جائیداد

کاروبار کی آگ اور جائیداد کی کلاس کل پورٹ فولیو کا 41.7% فیصد ہے سال کے دوران، کمپنی نے 2.5 بلین (2021: 1.8 بلین روپے) روپے کا مجموعی پریمیم لکھا ہے۔ خالص دعووں کا خالص پریمیم کا تناسب اس سال 37.3% ہے جو پچھلے سال 29% تھا۔ کمپنی کو 135 ملین روپے کا ذمہ نویسی نقصان ہوا جو کہ پچھلے سال 55 ملین تھا۔

سمندری اور نقل و حمل

کاروبار کا یہ طبقہ کل پورٹ فولیو کا 10% ہے۔ مجموعی پریمیم موجودہ سال میں 614 ملین روپے (2021: 521 ملین روپے) کی ذمہ نویسی کی ہے۔ خالص دعووں کا تناسب گزشتہ سال کے 15% کے مقابلے میں 24% ہے، جس کے نتیجے میں ذمہ نویسی منافع پچھلے سال 9 ملین کے مقابلے میں 7 ملین روپے ہے۔



31 دسمبر 2022 کو ختم ہونے والے سال کے لیے ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے، 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے یو بی ایل انشورر کمپنی لمیٹڈ کی سٹریٹجی (17) سالانہ رپورٹ پیش کریں۔
زیر نظر سال کی مالی جھلکیاں حسب ذیل ہیں:

’روپے 000‘

%	31 دسمبر 2021	31 دسمبر 2022	
28%	4,104,343	5,248,055	لکھا ہوا مجموعی پریمیم
21%	4,112,270	4,960,407	پریمیم حاصل کیا
3%	1,793,771	1,839,604	خالص پریمیم آمدنی
-7%	(959,119)	(892,633)	خالص دعویٰ کے اخراجات
-26%	(191,931)	(142,452)	خالص کمیشن
36%	(561,782)	(765,187)	انتظامی اخراجات
-51%	80,962	39,332	انڈر رائٹنگ کا نتیجہ - منافع
95%	127,062	248,125	سرمایہ کاری اور دیگر آمدنی
10%	(129,818)	(142,994)	عمومی اور انتظامی اخراجات
113%	28,581	60,827	ونڈ و تکافل آپریشن سے منافع
95%	102,022	198,653	منافع قبل از محصول

معاشی جائزہ

سال 2022 میں پاکستان میں سیاسی بحران، معاشی بحران اور تباہ کن سیلاب دیکھنے میں آئے۔ معاشی محاذ پر، ملک کمر توڑ مہنگائی، کرنسی کی قدر میں کمی، اور غیر معمولی طور پر کم غیر ملکی ذخائر سے نمٹ رہا ہے۔ ملک میں سیاسی عدم استحکام کی وجہ سے معاشی بے یقینی میں بھی زبردست اضافہ ہوا۔ انفرادی، فرم اور حکومتی سطح پر غیر یقینی صورتحال معیشت پر منفی اثر ڈال رہی ہے۔ چونکہ پاکستان ایک ہنگامہ خیز لمحے میں ان چیلنجوں سے نمٹنا چاہتا ہے، اہم سوالات پیدا ہوتے ہیں کہ ان مسائل کی طویل مدتی جڑیں، سیاسی عدم استحکام ان کی تشکیل کیسے کرتا ہے، اور پاکستان کو اپنی مشکلات سے نمٹنے کے لیے کیا اقتصادی پالیسی اختیار کرنی چاہیے۔

ملکی اور غیر ملکی سرمایہ کاروں اور کاروباری برادری کا اعتماد بڑھانے کے لیے واضح پالیسی بیانات دے کر سیاسی استحکام غیر یقینی صورتحال کو کم کر سکتا ہے۔ مزید برآں حکومت نے افراط زر کے دباؤ کا مقابلہ کرنے کے لیے کئی اہم پالیسی فیصلے لیے: 25 نومبر 2022 کو مانیٹری پالیسی کمیٹی (MPC) نے پالیسی ریٹ کو 100 پیس پوائنٹس سے بڑھا کر 16.00 فیصد کرنے کا فیصلہ کیا۔

محمد

Statement of Compliance with the Code of Corporate Governance for Insurers, 2016

UBL Insurers Limited

For the year ended December 31, 2022

This statement is being presented in compliance with the Code of Corporate Governance for insurers, 2016 for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance.

The insurer has applied the principles contained in the Code in the following manner:

1. The insurer encourages representation of non-executive Directors and Directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Directors	None
Executive Directors	Mr. Zeeshan Muhammad Raza
Non-Executive Directors	Mr. Aameer Karachiwalla
	Lord Zameer M. Choudrey, CBE, Si Pk
	Mr. Rizwan Pervez
	Mr. Sharjeel Shahid
	Mr. Sajid Hussain
	Mr. Muhammad Rizwan Malik
Female Director	Ms. Saira Shah

2. The Directors have confirmed that none of them is serving as a Director in more than seven (7) listed companies, including this insurer.

3. All the resident Directors of the insurer are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFII or, being a member of a stock exchange, has been declared as a defaulter by a stock exchange.

4. A casual vacancy occurring on the Board was filled by the Board within 90 day.

5. The Insurer has prepared a Code of Conduct, which has been disseminated among all the Directors and employees of the insurer.

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

7. All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive Directors and the Key officers, have been taken by the Board.



8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven (7) days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

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

10. All Directors of the company have attended orientation courses to acquaint them with this Code, applicable laws and their duties and responsibilities.

11. The Board has approved appointment of Chief Financial Officer, company secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

12. The Directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance for insurers, 2016 and fully describes the salient matters required to be disclosed.

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

14. The Directors, Chief Executive Officer and other executives do not hold any interest in the shares of the insurer other than disclosed in the pattern of shareholding.

15. The insurer has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for insurers, 2016.

16. The Board has formed the following Management Committees;

Underwriting Committee

Name of Member	Category
Mr. Aameer Karachiwalla	Chairman
Mr. Zeeshan Muhammad Raza	Member
Mr. Rashid Jameel Khan	Member
Mr. Fahad Hussain Khan	Member

Claim Settlement Committee

Name of Member	Category
Ms. Saira Shah	Chairman
Mr. Zeeshan Muhammad Raza	Member
Mr. Munawar Ali Siddiqui	Member



Reinsurance & Co-insurance Committee

Name of Member	Category
Mr. Aameer Karachiwalla	Chairman
Mr. Zeeshan Muhammad Raza	Member
Mr. Rashid Jameel Khan	Member

Risk Management & Compliance Committee

Name of Member	Category
Mr. Sajid Hussain	Chairman
Ms. Saira Shah	Member
Mr. Zeeshan Muhammad Raza	Member
Mr. Rashid Jameel Khan	Member
Mr. Mathew Joel	Member
Mr. Muhammad Anas Qureshi	Member

17. The Board has formed the following Board Committee;

Ethics, Nominations, Human Resource & Remuneration Committee

Name of Member	Category
Mr. Sharjeel Shahid	Chairman
Mr. Lord Zameer M. Choudrey, CBE, Si Pk	Member
Mr. Rizwan Pervez	Member
Mr. Zeeshan Muhammad Raza	Member

Investment Committee

Name of Member	Category
Mr. Muhammad Rizwan Malik	Chairman
Lord Zameer M. Choudrey, CBE, Si Pk	Member
Mr. Rizwan Pervez	Member
Mr. Zeeshan Muhammad Raza	Member
Mr. Nadeem Raza	Member

18. The Board has formed an Audit Committee. It comprises of three members, of whom all are non-executive Directors. The Chairman of the Committee is a non-executive Director. The composition of the Audit Committee is as follows:

Audit Committee

Name of Member	Category
Lord Zameer M. Choudrey, CBE, Si Pk	Chairman
Mr. Rizwan Pervez	Member
Mr. Sharjeel Shahid	Member



19. The terms of references of the Committees have been formed and advised to the Committees for compliance. The frequency of meetings of the Committees were as follows:

Ethics, Human Resource, Remuneration & Nomination Committee;	Half yearly
Investment Committee;	Quarterly
Audit Committee	Quarterly
Underwriting Committee;	Quarterly
Claim Settlement Committee;	Quarterly
Reinsurance & Co-insurance Committee; and	Quarterly
Risk Management & Compliance Committee	Quarterly

20. The Board has outsourced the internal audit function to BDO Ebrahim & Co. Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the insurer and they (or their representative) are involved in the internal audit function on a regular basis.

21. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code of Corporate Governance for insurers, 2016. The Appointed Actuary of the insurer also meets the conditions as laid down in the said code. Moreover the persons heading the underwriting, claim, and reinsurance, risk management and grievance functions / departments possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000.

Name of the Person	Designation
Mr. Zeeshan Muhammad Raza	Chief Executive Officer
Mr. Nadeem Raza	Chief Financial Officer
Mr. Abdul Sattar Vaid	Company Secretary
Mr. Ehsan-Ul-Haq	Head of Internal Audit
Mr. Munawar Ali Siddiqui	Head of Grievance Dept / Non-Motor Claims
Mr. M. Amin Najmuddin	Head of Motor Claims
Mr. Ashfaq Sharif	Head of Reinsurance
Ms. Sidra Nasir	Head of Risk Management
Mr. Fahad Hussain Khan	Head of Non-Motor Underwriting
Mr. Aseem Akbar	Head of Motor Underwriting
Mr. Mathew Joel	Compliance Officer
Akhtar & Hasan (Pvt) Ltd	Actuary



22. The statutory auditors of the insurer have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 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 insurer 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.
23. 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.
24. The Actuarial function is outsourced to an Actuarial firm, which does not hold any shares in the Company.
25. The Board ensures that the Appointed Actuary complies with the requirements set out for him / her in the Code of Corporate Governance for Insurers, 2016.
26. The Board ensures that the investment policy of the insurer has been drawn up in accordance with the provisions of the Code of Corporate Governance for Insurers, 2016
27. The Board ensures that the risk management system of the insurer is in place as per the requirements of the Code of Corporate Governance for Insurers, 2016.
28. The insurer has set up a risk management function / department, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.
29. The Board ensures that as part of the risk management system, the insurer gets itself rated from VIS which is being used by its risk management function / department and the respective Committee as a risk monitoring tool. The rating assigned by the said rating agency on December 29, 2022 is AA+ (Double A Plus) with stable outlook.
30. The Board has set up a grievance department / function, which fully complies with the requirements of the Code of Corporate Governance for Insurers, 2016.
31. The Board has not appointed independent director, which is required preferably but not mandatory, which fully complies with the requirements of the Code of Corporate Governance for Insurers, 2016.
32. We confirm that the material principles contained in the Code of Corporate Governance have been complied.
33. UBL Insurers Limited is a non-listed entity, and clause (iii) of the code, appointed of one third of the total members of the board as independent Director(s) is preferred/encourage.
34. The company has not obtained any exemptions from SECP in respect of any of the requirements of the Code.



Zeeshan Muhammad Raza
Chief Executive officer

Dated: March 24, 2023

Independent Auditors Review Report

To the members of UBL Insurers Limited



Review Report on the Statement of Compliance with Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance prepared by the Board of Directors of **UBL Insurers Limited** (the Company) for the year ended 31 December 2022 in accordance with the requirements of Code of Corporate Governance for Insurers, 2016 (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 that 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

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

A handwritten signature in black ink, appearing to be 'EY G A', is located below the main text.

Chartered Accountants

Place: Karachi.

Date: 12-Apr-2023

UDIN Number: CR202210191T2Z7NIj5

Independent Auditor's Report



To the members of UBL Insurers Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **UBL Insurers Limited** (the "Company"), which comprise the statement of financial position as at **31 December 2022**, and the profit and loss account, the statement of comprehensive income, the statement of changes in equity 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 equity 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 Company's affairs as at 31 December 2022 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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.

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

EA

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

En

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 statement of financial position, the statement of comprehensive income, the statement of changes in equity 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 (XIX of 2017), and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other matter

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

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



Chartered Accountants

Karachi

Date: 12-Apr-2023

UDIN Number: AR2022101918kZFOnaJm

FINANCIAL PERFORMANCE

Vertical Analysis - Balance Sheet and Income Statement

	2022		2021		2020		2019		2018		2017	
	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%
Balance sheet												
Assets												
Cash and bank	227,479	3.0%	225,530	4.0%	214,296	3.7%	360,436	6.3%	140,664	2.9%	86,049	2.0%
Investments	1,827,731	23.9%	1,087,453	19.1%	1,067,051	18.2%	827,411	14.4%	872,075	18.1%	863,694	20.5%
Deferred Taxation	61,320	0.8%	13,866	0.2%	21,061	0.4%	21,982	0.4%	18,245	0.4%	13,650	0.3%
Current Assets - others	4,999,730	65.2%	3,973,202	69.7%	4,207,905	71.7%	4,203,967	73.1%	3,535,315	73.5%	3,067,464	72.7%
Fixed Assets	164,497	2.1%	116,065	2.0%	120,137	2.0%	162,665	2.8%	100,487	2.1%	84,515	2.0%
Total assets of Window Takaful	382,154	5.0%	287,170	5.0%	236,065	4.0%	178,345	3.1%	140,322	2.9%	101,689	2.4%
Total Assets	7,662,911	100.0%	5,703,286	100.0%	5,866,515	100.0%	5,754,806	100.0%	4,807,108	100.0%	4,217,061	100.0%
Total Equity	1,856,219	24.2%	1,742,879	30.6%	1,670,279	28.5%	1,665,953	28.9%	1,401,075	29.1%	1,150,759	27.3%
Underwriting Provisions	4,485,468	58.5%	3,085,772	54.1%	3,269,941	55.7%	3,310,115	57.5%	2,915,967	60.7%	2,546,610	60.4%
Deferred Liabilities	5,108	0.1%	3,039	0.1%	6,828	0.1%	7,214	0.1%	8,720	0.2%	5,495	0.1%
Creditors and Accruals	322,433	4.2%	263,390	4.6%	207,042	3.5%	186,335	3.2%	163,387	3.4%	177,152	4.2%
Other Liabilities	757,560	9.9%	426,293	7.5%	561,370	9.6%	470,402	8.2%	230,960	4.8%	280,808	6.7%
Total liabilities of Window Takaful	236,123	3.1%	181,913	3.2%	151,055	2.6%	114,787	2.0%	86,999	1.8%	56,237	1.3%
Total Equity and Liabilities	7,662,911	100.0%	5,703,286	100.0%	5,866,515	100.0%	5,754,806	100.0%	4,807,108	100.0%	4,217,061	100.0%

	2022		2021		2020		2019		2018		2017	
	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%
Profit and Loss Account												
Net insurance premium	1,839,604	100.0%	1,793,771	100.0%	1,841,542	100.0%	1,769,967	100.0%	1,412,471	100.0%	1,012,177	100.0%
Net insurance claims	(892,633)	-48.5%	(959,119)	-53.5%	(1,127,838)	-61.2%	(646,815)	-36.5%	(568,259)	-40.2%	(419,969)	-41.5%
Premium deficiency	-	0.0%	23	0.0%	(3)	0.0%	18	0.0%	(11)	0.0%	10,879	1.1%
Net commission and other acquisition costs	(142,452)	-7.7%	(191,931)	-10.7%	(107,637)	-5.8%	(158,510)	-9.0%	13,188	0.9%	63,369	6.3%
Management expenses	(765,187)	-41.6%	(561,782)	-31.3%	(552,257)	-30.0%	(516,562)	-29.2%	(478,684)	-33.9%	(345,489)	-34.1%
Underwriting results	39,332	2.1%	80,962	4.5%	53,807	2.9%	448,098	25.3%	378,703	26.8%	320,967	31.7%
Investment income	201,176	10.9%	97,333	5.4%	102,026	5.5%	79,661	4.5%	60,557	4.3%	44,115	4.4%
Other income	46,949	2.6%	29,729	1.7%	39,588	2.1%	36,182	2.0%	13,928	1.0%	6,173	0.6%
Other expenses	(142,994)	-7.8%	(129,818)	-7.2%	(127,013)	-6.9%	(124,743)	-7.0%	(99,276)	-7.0%	(125,047)	-12.4%
Profit from Window Takaful Operations	60,827	3.3%	28,581	1.6%	30,244	1.6%	14,329	0.8%	11,079	0.8%	1,163	0.1%
Finance costs	(6,637)	-0.4%	(4,765)	-0.3%	(5,114)	-0.3%	(4,970)	-0.3%	-	0.0%	-	0.0%
Profit before tax	198,653	10.8%	102,022	5.7%	93,538	5.1%	448,557	25.3%	364,991	25.8%	247,371	24.4%
Income tax expense	(65,047)	-3.5%	(35,844)	-2.0%	(26,408)	-1.4%	(140,682)	-7.9%	(105,414)	-7.5%	(80,376)	-7.9%
Profit after tax	133,606	7.3%	66,178	3.7%	67,130	3.6%	307,875	17.4%	259,576	18.4%	166,996	16.5%

Horizontal Analysis - Balance Sheet and Income Statement

	Rs in '000					% Increase / (decrease) over preceding year						
	2022	2021	2020	2019	2018	2017	2022	2021	2020	2019	2018	2017
Balance sheet												
Assets												
Cash and bank	227,479	225,530	214,296	360,436	140,664	86,049	0.9%	5.2%	-40.5%	156.2%	63.5%	182.2%
Investments	1,827,731	1,087,453	1,067,051	827,411	872,075	863,694	68.1%	1.9%	29.0%	-5.1%	1.0%	10.1%
Deferred Taxation	61,320	13,866	21,061	21,982	18,245	13,650	342.2%	-34.2%	-4.2%	20.5%	33.7%	125.5%
Current Assets - others	4,999,730	3,973,202	4,207,905	4,203,967	3,535,315	3,067,464	25.8%	-5.6%	0.1%	18.9%	15.3%	19.7%
Fixed Assets	164,497	116,065	120,137	162,665	100,487	84,515	41.7%	-3.4%	-26.1%	61.9%	18.9%	2.4%
Total assets of Window Takaful	382,154	287,170	236,065	178,345	140,322	101,689	33.1%	21.6%	32.4%	27.1%	38.0%	43.9%
Total Assets	7,662,911	5,703,286	5,866,515	5,754,806	4,807,108	4,217,061	34.4%	-2.8%	1.9%	19.7%	14.0%	19.2%
Total Equity	1,856,219	1,742,879	1,670,279	1,665,953	1,401,075	1,150,759	6.5%	4.3%	0.3%	18.9%	21.8%	16.0%
Underwriting Provisions	4,485,468	3,085,772	3,269,941	3,310,115	2,915,967	2,546,610	45.4%	-5.6%	-1.2%	13.5%	14.5%	24.8%
Deferred Liabilities	5,108	3,039	6,828	7,214	8,720	5,495	68.1%	-55.5%	-5.4%	-17.3%	58.7%	138.8%
Creditors and Accruals	322,433	263,390	207,042	186,335	163,387	177,152	22.4%	27.2%	11.1%	14.0%	-7.8%	13.0%
Other Liabilities	757,560	426,293	561,370	470,402	230,960	280,808	77.7%	-24.1%	19.3%	103.7%	-17.8%	-12.1%
Total liabilities of Window Takaful	236,123	181,913	151,055	114,787	86,999	56,237	29.8%	20.4%	31.6%	31.9%	54.7%	116.0%
Total Equity and Liabilities	7,662,911	5,703,286	5,866,515	5,754,806	4,807,108	4,217,061	34.4%	-2.8%	1.9%	19.7%	14.0%	19.2%

	Rs in '000					% Increase / (decrease) over preceding year						
	2022	2021	2020	2019	2018	2017	2022	2021	2020	2019	2018	2017
Profit and Loss Account												
Net insurance premium	1,839,604	1,793,771	1,841,542	1,769,967	1,412,471	1,012,177	2.6%	-2.6%	4.0%	25.3%	39.5%	16.0%
Net insurance claims	(892,633)	(959,119)	(1,127,838)	(646,815)	(568,259)	(419,969)	-6.9%	-15.0%	74.4%	13.8%	35.3%	-7.3%
Premium deficiency	-	23	(3)	18	(11)	10,879	-100.0%	-866.7%	-116.7%	-263.6%	-100.1%	-199.7%
Net commission and other acquisition costs	(142,452)	(191,931)	(107,637)	(158,510)	13,188	63,369	-25.8%	78.3%	-32.1%	-1301.9%	-79.2%	-6.5%
Management expenses	(765,187)	(561,782)	(552,257)	(516,562)	(478,684)	(345,489)	36.2%	1.7%	6.9%	7.9%	38.6%	43.9%
Underwriting results	39,332	80,962	53,807	448,098	378,703	320,967	-51.4%	50.5%	-88.0%	18.3%	18.0%	35.6%
Investment income	201,176	97,333	102,026	79,661	60,557	44,115	106.7%	-4.6%	28.1%	31.5%	37.3%	-40.4%
Other income	46,949	29,729	39,588	36,182	13,928	6,173	57.9%	-24.9%	9.4%	159.8%	125.6%	89.6%
Other expenses	(142,994)	(129,818)	(127,013)	(124,743)	(99,276)	(125,047)	10.1%	2.2%	1.8%	25.7%	-20.6%	13.8%
Profit from Window Takaful Operations	60,827	28,581	30,244	14,329	11,079	1,163	112.8%	-5.5%	111.1%	29.3%	852.6%	-85.0%
Finance costs	(6,637)	(4,765)	(5,114)	(4,970)	-	-	39.3%	-6.8%	2.9%	100.0%	-	-
Profit before tax	198,653	102,022	93,538	448,557	364,991	247,371	94.7%	9.1%	-79.1%	22.9%	47.5%	26.0%
Income tax expense	(65,047)	(35,844)	(26,408)	(140,682)	(105,414)	(80,376)	81.5%	35.7%	-81.2%	33.5%	31.2%	34.7%
Profit after tax	133,606	66,178	67,130	307,875	259,576	166,996	101.9%	-1.4%	-78.2%	18.6%	55.4%	22.3%

Ratio Analysis



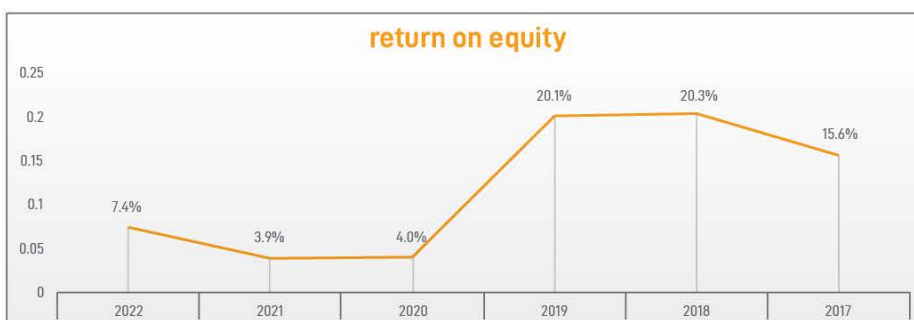
	2022	2021	2020	2019	2018	2017
ROA=PAT/ Average total assets	2.0%	1.1%	1.2%	5.8%	5.8%	4.3%



	2022	2021	2020	2019	2018	2017
Profit After Tax Margin= Profit After Tax/Net Insurance Premium	7.3%	3.7%	3.6%	17.4%	18.4%	16.5%



	2022	2021	2020	2019	2018	2017
Underwriting Results Margin= Underwriting Results/Net Insurance Premium	2.1%	4.5%	2.9%	25.3%	26.8%	31.7%



	2022	2021	2020	2019	2018	2017
ROE=PAT/Average Shareholder's Equity	7.4%	3.9%	4.0%	20.1%	20.3%	15.6%

UBL Insurers Limited

Statement of Financial Position

As at December 31, 2022

	Note	2022	2021
----- (Rupees in '000) -----			
Assets			
Property and equipment	5	102,147	67,391
Right-of-use-assets	6	61,630	46,765
Intangible assets	7	720	1,909
Investments			
Equity securities	8	132,092	81,157
Debt securities	9	1,695,639	1,006,296
Loans and other receivables	10	77,896	58,072
Insurance / Reinsurance receivables	11	1,474,011	1,594,923
Reinsurance recoveries against outstanding claims		2,053,850	1,219,610
Salvage recoveries accrued		132,726	52,999
Deferred commission expense / acquisition cost		205,939	180,289
Deferred taxation	14	61,320	13,866
Taxation - payment less provisions	33	-	57,079
Prepayments	15	1,055,308	810,230
Cash and bank	16	227,479	225,530
		7,280,757	5,416,116
Total assets of Window Takaful Operations	23	382,154	287,170
Total Assets		7,662,911	5,703,286
Equity and liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary Share Capital	17	1,152,174	1,152,174
Discount on issue of right shares		(352,174)	(352,174)
Reserves	18	(3,535)	2,228
Unappropriated profit		1,059,754	940,651
Total Equity		1,856,219	1,742,879
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	25	2,534,041	1,480,367
Unearned premium reserves	24	1,716,491	1,428,843
Premium deficiency reserves		-	-
Unearned reinsurance commission	26	234,936	176,562
Retirement benefit obligations	13	5,108	3,039
Lease liabilities	19	74,271	56,867
Insurance / reinsurance payables	20	680,439	369,426
Taxation - payment less provisions	33	2,850	-
Other Creditors and Accruals	21	322,433	263,390
		5,570,569	3,778,494
Total liabilities of Window Takaful Operations	23	236,123	181,913
Total Liabilities		5,806,692	3,960,407
Total Equity and Liabilities		7,662,911	5,703,286
Contingencies and commitments	22		

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


Chief Executive Officer


Director


Director


Chairman

UBL Insurers Limited
Profit & Loss Account
For the year ended December 31, 2022

	Note	2022	2021
------(Rupees in '000) -----			
Net insurance premium	24	1,839,604	1,793,771
Net insurance claims	25	(892,633)	(959,119)
Premium deficiency reversal / (expense)		-	23
Net commission and other acquisition costs	26	(142,452)	(191,931)
Insurance claims and acquisition expenses		(1,035,085)	(1,151,027)
Management expenses	27	(765,187)	(561,782)
Underwriting results		39,332	80,962
Investment income	28	201,176	97,333
Other income	29	46,949	29,729
Other expenses	30	(142,994)	(129,818)
Results of operating activities		144,463	78,206
Finance costs	31	(6,637)	(4,765)
Profit from Window Takaful Operations - Operator's Fund	23	60,827	28,581
Profit before tax		198,653	102,022
Income tax expense	32	(65,047)	(35,844)
Profit after tax		133,606	66,178
Earnings per share - Rupees	34	1.16	0.57

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

En


Chief Executive Officer


Director


Director


Chairman



Statement of Comprehensive Income

For the year ended December 31, 2022

	2022 ----- (Rupees in '000) -----	2021
Profit after tax	133,606	66,178
Other comprehensive income		
Item that may be reclassified to profit and loss account in subsequent years		
Unrealised gain / (loss) on available-for-sale investments	(8,414)	5,319
Related tax impact	2,651	(1,542)
	(5,763)	3,777
Other comprehensive loss from Window Takaful Operations	-	(45)
Item that will never be reclassified to profit and loss account in subsequent years		
Re-measurement gain on defined benefit obligation	(2,069)	3,789
Related tax impact	804	(1,099)
	(1,265)	2,690
Net other comprehensive income / (loss) for the year	(7,028)	6,422
Total comprehensive income for the year	126,578	72,600

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

En



Chief Executive Officer



Director



Director



Chairman

dsf

Statement of Changes in Equity

For the year ended December 31, 2022

	Attributable to equity holders of the Company				Total
	Ordinary Share Capital	Capital Reserve	Revenue Reserve		
		Discount on issue of right share	Available-for-sale investment revaluation	Unappropriated profit	
(Rupees in '000)					
Balance as at January 01, 2021	1,152,174	(352,174)	(1,504)	871,783	1,670,279
Total comprehensive income					
Profit after tax	-	-	-	66,178	66,178
Dividend	-	-	-	-	-
Other comprehensive (loss) / income - net of tax	-	-	3,732	2,690	6,422
	-	-	3,732	68,868	72,600
Balance as at December 31, 2021	1,152,174	(352,174)	2,228	940,651	1,742,879
Total comprehensive income					
Profit after tax	-	-	-	133,606	133,606
Final cash dividend at Re. 0.115 (1.15%) per share for the year ended December 31, 2021	-	-	-	(13,238)	(13,238)
Other comprehensive income - net of tax	-	-	(5,763)	(1,265)	(7,028)
	-	-	(5,763)	119,103	113,340
Balance as at December 31, 2022	1,152,174	(352,174)	(3,535)	1,059,754	1,856,219

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

En


 Chief Executive Officer


 Director


 Director


 Chairman

dsd

UBL Insurers Limited

Statement of Cash Flows

For the year ended December 31, 2022

2022

2021

Operating Cash Flows

(Rupees in '000)

(a) Underwriting activities		
Insurance premium received	5,178,441	4,231,879
Reinsurance premium paid	(2,855,270)	(2,492,310)
Claims paid	(2,124,965)	(2,559,949)
Reinsurance and other recoveries received	1,372,039	1,549,581
Commission paid	(811,465)	(698,900)
Commission received	781,145	518,251
Management expenses paid	(745,673)	(491,795)
Net cash inflow from underwriting activities	794,252	56,757
(b) Other operating activities		
Income tax paid	(29,062)	(17,311)
General expenses paid	(130,474)	(103,095)
Loan advanced	(7,765)	(6,617)
Loan repayments received	7,206	7,037
Payment against unclaimed insurance benefits	(2,826)	(9,478)
Net cash outflow from other operating activities	(162,921)	(129,464)
Total cash (outflow) / inflow from all operating activities	631,331	(72,707)
Investment activities		
Profit / return received	95,280	45,568
Dividend received	12,787	6,752
Payment for investments	(3,459,298)	(364,083)
Proceeds from investments	2,494,287	389,222
Proceeds from sale of property and equipment	8,315	22,678
Fixed capital expenditure	(62,721)	(26,901)
Total cash inflow from investing activities	(911,350)	73,236
Financing activities		
Dividend paid	(5,878)	-
Principal portion of lease liability paid	(15,619)	(9,142)
Interest paid	(6,637)	(4,765)
Total cash outflow from financing activities	(28,134)	(13,907)
Net cash (outflow) / inflow from all activities	(308,153)	(13,378)
Cash and cash equivalents at beginning of the year	850,729	864,107
Cash and cash equivalents at end of the year	542,576	850,729
Reconciliation to profit and loss account		
Operating cash flows	631,331	(72,707)
Depreciation expense	(39,074)	(31,783)
Financial charges expense	(6,637)	(4,765)
Profit on disposal of investments	3,877	1,541
Profit on disposal of property and equipment and right of use asset	1,557	10,649
Dividend income	12,787	6,752
Profit from window takaful operations	60,827	28,581
(Increase) / Decrease in assets other than cash	1,120,906	(240,053)
(Decrease) / increase in liabilities other than borrowings	(1,815,635)	297,541
Amortisation expense	(1,189)	(1,855)
Provision for impairment against listed equity securities	(102)	(309)
Income tax expense	(65,047)	(35,844)
Interest on government securities / term finance certificates / sukuk	184,614	89,349
Exchange gain / (loss)	10,527	(1,598)
Return on bank balances	32,470	16,628
Other income	2,395	4,051
Profit after taxation	133,606	66,178

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



Chief Executive Officer



Director



Director



Chairman

1 LEGAL STATUS AND NATURE OF BUSINESS

UBL Insurers Limited ("the Company"), a subsidiary of Bestway International Holdings Limited, was incorporated as an unlisted public limited company on June 29, 2006 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is situated at 126-C, Jami Commercial Street Number 14, D.H.A., Phase VII, Karachi. The Company currently operates a network of 27 (2021: 24) branches in various cities. The Company received Certificate of Registration under Section 6 of the Insurance Ordinance, 2000 on January 05, 2007. The objects of the Company include providing general insurance services (in spheres of Fire, Marine, Aviation and Transport, Motor, Health, Bankers Blanket and Miscellaneous) and general takaful services.

The Company was granted authorisation on December 29, 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Takaful Window Operations in respect of general takaful products by the Securities and Exchange Commission of Pakistan (SECP) and subsequently the Company commenced Window Takaful Operations on January 1, 2016.

2 BASIS OF PREPARATION & STATEMENT OF COMPLIANCE

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board (IASB) as are notified under Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017, Takaful Rules, 2012 and General Takaful Accounting Regulation, 2019.

In case requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, Takaful Rules, 2012, and General Takaful Accounting Regulation, 2019 shall prevail.

2.1.1 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 financial statements in accordance with the requirements of Circular 25 of 2015 dated 9 July 2015.

2.1.2 A separate set of financial statements of the general Window Takaful Operations has been reported which is annexed to these financial statements as per the requirements of the SECP Takaful Rules, 2012.

2.2 Basis of Measurement

The financial statements have been prepared under the historical cost convention basis except for available-for-sale investments that have been measured at fair value and the obligations under employee benefits that have been measured at fair value of plan assets less the present value of defined benefit obligation and right-of-use assets and their related liability which are measured at present values

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

FA

2.4 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are effective in the current year

2.4.1 There are certain amendments that are mandatory for the Company's accounting periods beginning on January 1, 2022 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore, have not been stated in these financial statements.

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

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

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as stated below have been applied consistently to all years presented in these financial statements.

3.1 Property and Equipment

These are stated at cost less accumulated depreciation and any accumulated impairment losses, if any.

Depreciation is calculated and charged to profit and loss so as to write off the depreciable amount of the assets over their expected economic lives at the rates specified in note 5.1 to the financial statements, after taking into account residual value, if any. The useful lives, residual values and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

Depreciation on additions is charged on a straight line method from the month the asset is available for use and on disposals upto the month preceding the month of disposal.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Gains and losses on disposal, if any, of assets are included in the profit or loss account in the year the asset is derecognized.

En

The carrying value of tangible property and equipment is reviewed for impairment when events or changes in circumstances indicate that this carrying value may not be recoverable. If any such indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount.

Maintenance and normal repairs are charged to the profit and loss account as and when incurred. Major renewals and improvements are capitalised and assets so replaced, if any, are retired.

3.2 Intangible assets

These are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of intangible assets is charged to profit and loss account applying the straight line method useful period as specified in note 7 to these financial statements after taking into account residual value, if any.

Full month's amortisation is calculated from the month the assets are available for use using the straight-line method and on disposals upto the month preceding the month of disposal. The cost of the intangible asset is amortised over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortisation method are reviewed, and adjusted if appropriate, at each reporting date.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that this carrying value may not be recoverable, if any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

3.3 Insurance contracts

Insurance contracts are those contracts under which the Company as insurer has accepted insurance risk from the insurance contract holder (insured) by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affects the insured. 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.

Insurance contracts of the Company are classified into following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed:

a) Fire and property

Fire and property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. 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.

b) Marine, aviation and transport

Marine and transport insurance covers the loss or damage of ships, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination.

c) Motor

Motor insurance is to provide protection against losses incurred as a result of traffic accidents and against liability that could be incurred in an accident.

d) Bankers' blanket

Bankers' blanket insurance covers losses as a result of dishonest or fraudulent acts by officers and employees of the bank, including on premises coverage of cash, coverage of cash during transit and coverage of forged cheques.

e) Health

Health insurance includes coverage of in-patient-hospital, out-patient-department, medical and other related expenses of disease, sickness or accidental injury incurred during the period of insurance.

f) Miscellaneous

Miscellaneous insurance includes various types of coverage mainly burglary, loss of cash in safe and cash in transit, engineering losses, personal accident, money and other coverage.

These contracts are normally one year insurance contracts except marine and some contracts of fire and property and miscellaneous class. Normally all marine insurance contracts and some fire and property contracts have three months period. In miscellaneous class, some engineering insurance contracts have more than one year period whereas normally travel insurance contracts expire within one month time.

These insurance contracts are provided to all types of customers based on assessment of insurance risk by the Company. Normally personal insurance e.g. vehicle, travel, personal accident, etc. are provided to individual customers, whereas insurance contracts of fire and property, marine and transport, health and other products are provided to commercial organisation.

The Company also accepts insurance risk pertaining to insurance contracts of other insurer as reinsurance inward. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insurer. All reinsurance inward contracts are facultative (specific risk) acceptance contracts.

The premium recognition policy and recording mechanism for liabilities against the above contracts and claims recognition have been disclosed in their respective notes to these financial statements

3.4 Deferred commission expense / acquisition cost

Commission expense incurred in obtaining and recording policies is deferred and recognised in the profit and loss account as an expense in accordance with the pattern of recognition of premium revenue.

3.5 Unearned premium reserve

Unearned premium reserve represents the portion of premium written relating to the unexpired period of coverage at the reporting date and is recognised as a liability by the Company. This liability is calculated by applying the 1/24th method as specified in the Insurance Rules, 2017.

3.6 Premium deficiency reserve

The Company maintains a provision in respect of premium deficiency for the class of business where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve is recorded as an expense / income in the profit and loss account for the year.

For this purpose, loss ratios for each class are estimated based on historical claim development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, premium deficiency is determined. Further actuarial valuation has been carried out to determine the amount of premium deficiency reserve in respect of Accident and Health insurance as required by Insurance Rules issued by Securities and Exchange Commission of Pakistan on February 9, 2017. Based on the advice of actuary, no provision for premium deficiency reserve is required for any class.

FA

3.7 Reinsurance contracts held

These are contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued. These reinsurance contracts include both facultative and treaty arrangements contracts and are classified in same categories of insurance contracts for the purpose of these financial statements. The Company recognises the entitled benefits under contracts as various reinsurance assets and liabilities.

Reinsurance assets represent balances due from reinsurance companies and reinsurance recoveries against outstanding claims. Amounts due from reinsurance companies are carried at cost less any provision for impairment. Cost represents the fair value of the consideration to be received. Reinsurance recoveries against outstanding claims are measured at the amount expected to be received based on reinsurance treaties.

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contract are not offset against expenses or income from related insurance assets.

Reinsurance liabilities represent balances due to reinsurance companies. Due to reinsurance companies are carried at cost which is the fair value of the consideration to be paid.

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

3.8 Receivables and payables related to insurance contracts

Receivables related to insurance contracts are known as premium due but unpaid. These are recognised when due and at cost, which is the fair value of the consideration to be received less provision for impairment, if any. Premiums received in advance is recognised as liability till the time of issuance of insurance contract thereagainst.

If there is an objective evidence that any receivable due but unpaid is impaired, the Company reduces the carrying amount of that insurance receivable and recognises the provision in the profit and loss account.

3.9 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' results are reviewed regularly by the Company's chief operating decision maker 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 segments reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Accounting Regulations, 2017. The reported operating segments are also consistent with the internal reporting process of the Company for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment. All the Company's business segments operate in Pakistan only.

Based on its classification of insurance contracts issued, the Company has six primary business segments for reporting purposes namely fire, marine, motor, accident and health, banker's blanket and miscellaneous. The nature and business activities of these segments are disclosed in note 3.3.

Assets and liabilities are allocated to particular segments on the basis of gross written premium. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated assets and liabilities.

3.10 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents consists of cash in hand, stamps in hand, bank deposits, term deposits and market treasury bill having maturity of three months or less.

3.11 Revenue recognition

3.11.1 Premium

Premium received / receivable under a policy / cover note is recognised as written from the date of attachment of the risk to the policy / cover note to which it relates. Where the pattern of incidence of risk varies over the period of the policy, premium is recognised as revenue in accordance with the pattern of the incidence of risk. The portion of premium written relating to the unexpired period of coverage is recognised as unearned premium by the Company. This liability is calculated by applying 1/24 method as specified in the Insurance Rules, 2017.

For facultative acceptance, the basis of recognizing premium and determining the unearned premium reserve is the same as for the direct policies.

3.11.2 Commission income

Commission income from reinsurers is recognised at the time of issuance of the underlying insurance policy by the Company. This income is deferred and brought to statement of comprehensive income as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Commission from reinsurers is arrived at after taking the impact of opening and closing unearned commission. Profit commission, if any, which the Company may be entitled to under the terms of reinsurance, is recognised on accrual basis.

For facultative acceptance the basis of recognizing commission and determining the unearned commission reserve is the same as for the direct policies.

3.11.3 Investment income

- Unrealised appreciation or diminution on revaluation of investments classified as available-for-sale is included in the statement of comprehensive income in the period to which it relates.
- Gain or loss on sale of investments is accounted for in the profit and loss account in the period to which it relates.
- Dividend income is recognised when the Company's right to receive the dividend is established.
- Interest / mark-up on bank balances, term deposits and government securities is recognised on an accrual basis using the effective interest method.

3.12 Investments

3.12.1 Classification and measurement

All investments are initially recognised at cost, being the fair value of the consideration given and include transaction cost, except for investments at fair value through profit or loss in which case transaction costs are charged to the profit and loss account. These are classified into the following categories:

- Investment at fair value through profit or loss
- Held to maturity
- Available for sale

3.12.2 Investments at fair value through profit or loss

These financial assets are acquired principally for the purpose of generating profit from short-term fluctuation in prices or are part of a portfolio for which there is a recent actual pattern of short-term profit taking.

Subsequent to initial recognition these are measured at fair value by reference to quoted market prices with the resulting gain or loss being included in net profit or loss for the period in which it arises.

En

3.12.3 Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost being the fair value of the consideration given and include transaction cost. At subsequent reporting dates, these are measured at amortised cost using the effective yield method.

Income from held to maturity investments including any premium or discount is recognised on a time proportion basis using the effective yield method and taken to the profit and loss account.

3.12.4 Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. Subsequent to initial recognition, these are stated at market value. The unrealised gains / losses on available for sale investments are recognised in other comprehensive income and recycled to profit and loss on disposal.

Dividend income and entitlement of bonus shares are recognised when the Company's right to receive such dividend and bonus shares is established.

Provision for diminution in the values of securities is made after considering impairment, if any, in their value and is taken to profit and loss account. Impairment is booked when there is an objective evidence of significant or prolonged decline in the value of such securities.

3.13 Off setting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set-off and the Company intends either to settle the assets and liabilities on a net basis or to realise the asset and settle the liability simultaneously.

3.14 Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

3.15 Reinsurance expense

Premium Ceded to reinsurers is recognized as an expense. For reinsurance contracts operating on a proportionate basis, on attachment of the underlying policies reinsured; and for reinsurance contracts operating on a non-proportionate basis, on inception of the reinsurance contract.

The portion of reinsurance premium ceded not yet recognized as an expense is recognized as a prepayment. The prepaid portion of premium ceded is recognized as an asset. Such asset is calculated by applying the one by twenty-fourth method, whereby the liability shall equal 1/24 of the premium ceded relating to reinsurance contract commencing in the first month of the insurer's financial year, 3/24 of the premiums ceded relating to policies commencing in the second month of the insurer's financial years, and so on.

3.16 Taxation

3.16.1 Current

Provision for current taxation is the higher of the amount computed on prevailing tax rate or tax rates expected to apply on taxable income after taking into account tax credits / rebates, if any, and the minimum tax computed at the

FN

prescribed rate on turnover. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalized during the current year for such years.

3.16.2 Deferred

Deferred tax is recognised using the balance sheet liability method, on all temporary differences arising at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is utilised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

3.17 Staff retirement benefits

3.17.1 Defined benefit plan

The Company operates an approved funded gratuity fund for all permanent employees who have completed minimum 3 years of service under the scheme. Contributions are made to the scheme on the basis of independent actuarial recommendations using "Projected Unit Credit Method". Remeasurement of the defined benefit liability / (asset), which comprises actuarial gain and losses are recognised immediately in other comprehensive income. The Company determines the net interest expense / (income) on the net defined benefit liability / (asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual year to the net defined benefit liability / (asset), taking into account and change in the net defined benefit liability / (asset) during the year as a result of contribution and benefit payments. Net interest expense, current service cost and other expense related to defined benefit plans are recognised in profit and loss account.

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in the profit and loss account. The Company recognises gain and loss on the settlement of a defined benefit plan when the settlement occurs.

3.17.2 Defined contribution plan

The Company operates a recognised provident fund scheme for all its eligible employees. Equal contributions are made by the Company and the employees at the rate of 8.33% of basic salary.

3.18 Lease liability and right-of-use asset

The Company enters into leasing arrangements for its branches. At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contains different terms and conditions.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease liability is initially measured at the present value of the lease payments over the lease term and that are not paid at the commencement date, discounted using the interest rate implicit in the lease and if that cannot be readily determined using the Company's incremental borrowing rate.

Lease payments include fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Company under residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment. Finance cost so calculated using the effective interest rate method is charged to profit and loss account. Any lease payments made reduces the lease liability.

The lease liability is remeasured when the Company reassesses the reasonable certainty of exercising the extension or termination option upon occurrence of either a significant event or a significant change in circumstances, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payment. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the profit and loss account if the carrying amount of right-of-use asset has been reduced to zero.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, it is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

The right-of-use asset is initially measured at an amount equal to the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which the asset is located.

The right-of-use asset is subsequently measured at cost model. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected to not recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

FA

3.19 Impairment of assets

The carrying amount of the assets is reviewed at each statement of financial position 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 assets is estimated and the impairment losses are recognised in the profit and loss account currently.

Provisions for impairment are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Changes in the provisions are recognised as income / expense currently.

3.20 Dividend Distribution

Dividends, if any, declared and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognised in the financial statements in the year in which such dividends are declared and transfers are made.

3.21 Management and other expenses

Management and other expenses are allocated to the underwriting business represent directly attributable expenses and indirect expenses allocated to the various classes of business on the basis of gross premium written. Expenses not allocable to the underwriting business are charged as other expenses.

Expenses allocated to the takaful business represent directly attributable expenses. Expenses not directly attributable to takaful business are allocated between the conventional business and takaful business of the Operator on the basis of reasonable and supportable information available for determining such allocation.

3.22 Window Takaful Operations

The accounting policies followed by Window Takaful Operations are stated in the annexed financial statements of Window Takaful Operations for the year ended December 31, 2021.

3.23 Foreign currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Exchange differences, if any, are taken to the profit and loss account. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3.24 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 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.

3.25 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and are derecognised 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

En

is discharged, cancelled or expired. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the profit and loss account in the period in which financial instrument is derecognised.

3.26 Claims expense

General insurance claims include all claims occurring during the year, whether reported or not, related internal and external 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.

The Company recognises liability in respect of all claims incurred upto the reporting date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an takaful contract. The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

The provision for Incurred But Not Reported (IBNR) claims is determined by the Company as required under circular No. 9 of 2016 issued by the SECP. As per the SECP circular No. 9 of 2016, a Company shall estimate IBNR claims reserve based on the prescribed method provided in the guidelines. Guidelines also allows the use of any other alternative method of determining IBNR, if found more suitable for the risk class, provided that the amount estimated under the alternative method shall not be less than the amount calculated under prescribed method. The prescribed method for estimating IBNR claim reserve is the chain ladder method based on paid claims hereinafter called 'Incurred But Not Paid' or 'IBNP'. The Basic Chain Ladder (BCL) method uses a run off triangle to estimate the development factors for each accident period which are further used to estimate the ultimate paid claims. Data from settlement registers is used in the BCL models. Lags are determined to be the difference between the 'date of loss' and 'date of claim payment'. Monthly lags are used since it reflects the claim development pattern within a given year and the back testing supports the same. Once IBNP has been determined using BCL, the outstanding claims are deducted to arrive at IBNR on paid basis.

Under alternative method IBNR is determined on reported basis. IBNR (reported basis) is much similar to IBNR (paid basis) but is calculated using a different methodology. It does not use either IBNP or outstanding claims to estimate IBNR rather, is determined using BCL method. Development factors are determined for each accident period to estimate the ultimately reported claims directly. Intimation registers are used in the BCL model where lags are calculated as the difference between the 'date of loss' and 'date of intimation'.

The analysis is carried out separately for each class of business and results determined through this alternative method are compared to the results of prescribed method and higher of the two are set as the final reserve.

3.27 Re-insurance recoveries against claims

Claim recoveries receivable from the reinsurer are recognised as assets at the same time as the claims which give rise to the right of recovery are recognized as liability and are measured at the amount expected to be received.

3.28 Salvage recoveries accrued

Salvage is recognised at the same time as the claims wo which they relate. Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims. The allowance is the amount that can reasonably be recovered from the disposal of the salvage.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting polices. The estimates / judgments and

EM

associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates / judgments and associated assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgment or complexity, or areas where assumption and estimates are significant to the financial statements, or judgment was exercised in application of accounting policies, are as follows:

- a) Provision for outstanding claims including IBNR (note 3.26)
- b) Unearned premium reserve (note 3.5)
- c) Premium deficiency reserve (note 3.6)
- d) Defined benefit plan (note 3.17.1)
- e) Classification and measurement of investments (note 3.12.1)
- f) Useful lives of assets and methods of depreciation and amortisation (note 3.1 and 3.2)
- g) Provision for current and deferred tax (note 3.16)
- h) Insurance / reinsurance receivables and payables (note 3.8)
- i) Lease liability and right-of-use asset (note 3.18)
- j) Allocation of management and other expenses (note 3.21)

5 PROPERTY AND EQUIPMENT

	Note	December 31, 2022	December 31, 2021
----- (Rupees in '000) -----			
Operating fixed assets	5.1	102,147	67,391

5.1 Operating fixed assets

	2022							
	Cost			Accumulated Depreciation			Written down value as at December 31, 2022	Depreciation rate
	As at January 1, 2022	Additions / (disposals)	As at December 31, 2022	As at January 1, 2022	For the year / (on disposals)	As at December 31, 2022		
----- (Rupees in '000) -----								%
Furniture and fixtures	21,967	8,973 (601)	30,339	13,379	1,587 (560)	14,406	15,933	10
Office equipment	23,230	5,221 (1,295)	27,156	16,037	2,702 (1,214)	17,525	9,631	20
Computer and accessories	20,883	4,807 (1,315)	24,375	12,996	3,757 (1,145)	15,608	8,767	25
Motor vehicles	53,901	34,265 (12,941)	75,225	21,374	10,003 (6,621)	24,756	50,469	20
Mobile phones	1,966	1,595 (812)	2,749	1,390	525 (727)	1,188	1,561	33
Leasehold improvements	36,765	7,860 (97)	44,528	26,145	2,634 (37)	28,742	15,786	10
	158,712	62,721 (17,061)	204,372	91,321	21,208 (10,304)	102,225	102,147	

En

	2021							Depreciation rate
	Cost			Accumulated Depreciation			Written down value as at December 31, 2021	
	As at January 1, 2021	Additions / (disposals)	As at December 31, 2021	As at January 1, 2021	For the year / (on disposals)	As at December 31, 2021		
----- (Rupees in '000) -----							%	
Furniture and fixtures	20,905	1,235 (173)	21,967	12,179	1,373 (173)	13,379	8,588	10
Office equipment	21,564	2,166 (500)	23,230	13,939	2,578 (480)	16,037	7,193	20
Computer and accessories	18,896	4,394 (2,407)	20,883	11,947	3,344 (2,295)	12,996	7,887	25
Motor vehicles	65,989	18,629 (30,717)	53,901	33,341	6,830 (18,797)	21,374	32,527	20
Mobile phones	2,011	365 (410)	1,966	1,242	462 (314)	1,390	576	33
Leasehold improvements	36,733	112 (80)	36,765	23,618	2,544 (17)	26,145	10,620	10
	166,098	26,901 (34,287)	158,712	96,266	17,131 (22,076)	91,321	67,391	

5.1.1 Disposal of fixed assets

Fixed Assets	2022				Particulars of purchaser
	Cost	Book value	Sale proceeds	Mode of sale	
----- (Rupees in '000) -----					
Office Equipment	1,295	81	60	BID	Various
Computer Hardware	1,315	170	71	BID	Various
Furniture & Fixture	601	41	94	BID	Various
Motor vehicles	12,941	6,320	7,950	Car Policy/BID	Various
Office Premises	97	61	-	BID	Various
Mobile phones	812	85	140	BID	Various
	17,061	6,758	8,315		

En

5.1.2 Disposal of fixed assets

Particulars of assets	Category	Cost	Net book value	Sale proceeds	Mode of disposal	Particulars of Buyer
----- (Rupees in '000) -----						
Disposals having original cost exceeding Rs. 1,000,000 individually						
Car	Motor Vehicle	1,477	835	1,700	Bid	M/s Toyota Motors Faisalabad
Car	Motor Vehicle	1,767	972	1,300	Bid	Miss Hina Basharat
Car	Motor Vehicle	1,767	866	1,300	Bid	M/s Hum Transport
Car	Motor Vehicle	7,929	3,648	3,650	Car Policy	Mr. Zeehsan Muhammad Raza
		12,940	6,321	7,950		
Disposals having book value exceeding Rs. 250,000 individually						
			-			
		12,940	6,321	7,950		

5.2 The cost and accumulated depreciation of fully depreciated property and equipment still in use amounts to Rs. 39.604 million (2021: Rs. 32.929 million).

6 RIGHT-OF-USE-ASSETS

	2022	2021
----- (Rupees in '000) -----		
Buildings		
Opening cost	79,182	66,739
Addition	35,459	15,224
Disposal	(12,103)	(2,781)
Closing cost	<u>102,538</u>	<u>79,182</u>
Accumulated Depreciation opening	32,417	20,198
Depreciation for the period	17,866	14,652
Depreciation for disposals	(9,375)	(2,433)
Accumulated Depreciation closing	<u>40,908</u>	<u>32,417</u>
Written Down Value	<u>61,630</u>	<u>46,765</u>

7 INTANGIBLE ASSETS

	Cost			Amortisation			Written down value as at December 31	Amortisation period
	As at January 1	Additions/(disposals)	As at December 31	As at January 1	For the Year/(on disposals)	As at December 31		
----- (Rupees in '000) -----								
Computer softwares								
2022	18,917	-	18,917	17,008	1,189	18,197	720	4 years
2021	18,917	-	18,917	15,153	1,855	17,008	1,909	4 years

En

7.1 Fully amortised intangible assets still in use amounted Rs. 16.461 million (2021: Rs. 13.397 million).

8 INVESTMENTS - EQUITY SECURITIES

Note	2022			2021		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Available-for-sale	----- (Rupees in '000) -----					
Listed shares						
Saif Power Limited	18,877	(11,566)	7,311	18,877	(11,566)	7,311
Dolmen City REIT	14,901	(309)	14,592	14,901	(309)	14,592
Kot Addu Power Company Limited	17,519	(12,589)	4,930	17,519	(12,487)	5,032
8.1	51,297	(24,464)	26,833	51,297	(24,362)	26,935
Surplus / (deficit) on revaluation			3,815			3,138
			30,648			30,073
Mutual Funds						
Pakistan Cash Management Fund	10,816	-	10,816	51,084	-	51,084
Mcb Cash Management Optimizer	90,513	-	90,513	-	-	-
8.2	101,329		101,329	51,084		51,084
Surplus / (deficit) on revaluation			115			-
			101,444			51,084
Total investment in equity securities			132,092			81,157

8.1 Listed shares (Available for sale)

Note	2022	2021
	----- (Rupees in '000) -----	
Cost	51,297	51,297
Provision for impairment	(24,464)	(24,362)
8.1.1	26,833	26,935

8.1.1 Provision for impairment

Opening provision	24,362	39,800
Charge for the year	102	309
Disposal for the year	-	(15,747)
Closing provision	24,464	24,362

8.2 Mutual Funds (Available for sale)

	No. of Units		NAV	Value of Units	
	2022	2021		2022	2021
			---(Rupees)---	----- (Rupees in '000) -----	
Pakistan Cash Management Fund	214,322	1,012,205	50	10,816	51,084
MCB Cash Management Optimizer	892,363	-	102	90,628	-

9 INVESTMENTS - DEBT SECURITIES

	Note	2022		2021	
		Cost	Carrying value	Cost	Carrying value
----- (Rupees in '000) -----					
Available-for-Sale					
Government Securities and Term Finance Certificates					
Habib Bank Limited	9.1	50,000	50,000	50,000	50,000
Market treasury bills	9.2	130,311	141,832	-	-
Pakistan investment bonds	9.3	368,282	377,660	-	-
		548,593	569,492	50,000	50,000
Deficit on revaluation		-	(9,206)	-	-
Total investment - available for sale		548,593	560,286	50,000	50,000
Held-to-maturity					
Government Securities					
Market treasury bills	9.4	426,758	430,030	614,731	625,199
Pakistan investment bonds	9.5	668,135	685,280	290,555	290,908
		1,094,893	1,115,310	905,286	916,107
Corporate Sukuks					
The Hub Power Company Limited	9.6	20,560	20,043	40,560	40,189
Total investment - held-to-maturity		1,115,453	1,135,353	945,846	956,296
Total investment - debt securities		1,664,046	1,695,639	995,846	1,006,296

9.1 Term Finance Certificate (Available for sale)

	No. of Certificates		Face Value	Value of Certificates	
	2022	2021		2022	2021
-----(Rupees)----- (Rupees in '000) -----					
Habib Bank Limited	500	500	100,000	50,000	50,000

9.2 Market treasury bills (Available for sale)

Face value (Rupees in '000)	Profit rate %	Profit payment	Type of security	Maturity date	2022	2021
150,000	15.15%	On Maturity	Treasury bills	1-Jun-23	Amortized Cost 141,832	Amortized Cost -
					141,832	-

9.2.1 Market treasury bills (MTBs) have face value of Rs. 150 million (market value of Rs. 140.116 million).

9.3 Pakistan investment bonds (Available for sale)

Face value (Rupees in '000)	Profit rate %	Profit payment	Type of security	Maturity date	2022	2021
200,000	12.97%	Semi-annually	3 Years PIB	5-Aug-24	Amortized Cost 183,299	Amortized Cost -
100,000	17.10%	Semi-annually	5 Years PIB	17-Nov-27	95,574	-
128,000	12.64%	Semi-annually	10 Years PIB	10-Dec-30	98,787	-
					377,660	-

9.3.1 Pakistan investment bonds (PIBs) have face value of Rs. 428 million (market value of Rs. 370.171 million).

9.4 Market treasury bills (Held to Maturity)

Face value (Rupees '000)	Profit rate %	Profit payment	Type of security	Maturity date	2022		2021	
					(Rupees '000)		(Rupees '000)	
					Amortized Cost	Amortized Cost	Amortized Cost	Amortized Cost
260,000	7.52%	On Maturity	Treasury bills	13-Jan-22	-	-	259,380	-
50,000	10.39%	On Maturity	Treasury bills	24-Feb-22	-	-	49,249	-
273,000	10.66%	On Maturity	Treasury bills	10-Mar-22	-	-	267,709	-
50,000	10.39%	On Maturity	Treasury bills	24-Mar-22	-	-	48,861	-
61,500	16.55%	On Maturity	Treasury bills	9-Feb-23	60,442	-	-	-
80,000	16.88%	On Maturity	Treasury bills	23-Feb-23	78,112	-	-	-
182,000	16.97%	On Maturity	Treasury bills	9-Mar-23	176,543	-	-	-
120,000	16.96%	On Maturity	Treasury bills	6-Apr-23	114,933	-	-	-
					430,030		625,199	

9.4.1 Market treasury bills (MTBs) have face value of Rs. 443.500 million (market value of Rs. 430.270 million) [2021: face value Rs. 633 million (market value of Rs. 624.961 million)].

9.5 Pakistan investment bonds (Held to Maturity)

Face value (Rupees '000)	Profit rate %	Profit payment	Type of security	Maturity date	2022		2021	
					(Rupees '000)		(Rupees '000)	
					Amortized Cost	Amortized Cost	Amortized Cost	Amortized Cost
125,000	15.97%	Quarterly	3 Years PIB	22-Oct-23	124,642	-	124,249	-
188,000	11.10%	Semi-annually	5 Years PIB	15-Oct-25	172,179	-	166,659	-
199,000	11.07%	Semi-annually	5 Years PIB	15-Oct-25	182,392	-	-	-
250,000	12.94%	Semi-annually	5 Years PIB	29-Apr-27	206,067	-	-	-
					685,280		290,908	

9.5.1 Pakistan investment bonds have face value of Rs. 762 million (market value of Rs. 635.2 million) [2021: face value of 313 million (market value of Rs. 284.419 million)]. These carry mark-up ranging at 11.07% to 15.96% per annum (2021: 8.17% and 11.10%) and will mature latest by April 29, 2027. PIBs having face value of Rs. 125 million (market value of Rs 123.611 million) are deposited with the State Bank of Pakistan in accordance with the requirements of circular no. 15 of 2008 dated July 7, 2008 issued by the Securities and Exchange Commission of Pakistan and clause (a) of sub-section 2 of section 29 of the Insurance Ordinance, 2000.

9.6 Corporate sukuk (Held to maturity)

	No. of Certificates		Face Value (Rupees in '000)	Value of Certificates (Rupees in '000)	
	2022	2021		2022	2021
The Hub Power Company Limited	200	400	100,000	20,000	40,000

9.6.1 Corporate Sukuk have market value of Rs. 20.234 million (2021: Rs. 41.446 million).

fu

9.7 Terms of TFC and Sukuks

Name of Investment	Maturity year	Coupon	Profit payment	2022	2021
----- (Rupees in '000) -----					
				Face value	Face value
Term Finance Certificates					
Habib Bank Limited	Perpetual	18.66%	Quarterly	50,000	50,000
Corporate Sukuks					
The Hub Power Company Limited	2023	17.71%	Quarterly	20,000	40,000

Note	2022	2021
----- (Rupees in '000) -----		

10 LOANS AND OTHER RECEIVABLES

Considered good

Accrued investment income	22,873	5,870
Receivable from window takaful operations	8,201	6,688
Security deposits	22,456	19,916
Loans to employees	3,149	2,590
Federal insurance fee	9	-
Other receivables	21,208	23,008
	<u>77,896</u>	<u>58,072</u>

11 INSURANCE / REINSURANCE RECEIVABLES

Unsecured and considered good

Due from insurance contract holders	1,300,059	665,846
Provision for impairment of receivables from insurance contract holders	(64,842)	(8,536)
	<u>1,235,217</u>	<u>657,310</u>
Due from other insurers / reinsurers	311,666	937,990
Provision for impairment of due from other insurers / reinsurers	(72,872)	(377)
	<u>238,794</u>	<u>937,613</u>
	<u>1,474,011</u>	<u>1,594,923</u>

11.1 The Company performs aging analysis of its receivable from insurance contract holders, other insurers and reinsurers and also takes into account historical experience, to estimate the amount of provision against these receivables.

12 The Company has entered co-insurance and re-insurance arrangements with various other insurance and domestic re-insurance companies. As of 31 December 2022, the aggregate net balances due to other insurers and domestic re-insurers arising from such arrangements amounts to Rs. 19.505 million and Rs. 95.261 million respectively. (Refer Note 11 and 20).

Under the above arrangements, the receivable and payable balances originate mainly due to premiums collected or claims settled by lead insurer on behalf of other co-insurers and in case of re-insurance, the premium ceded to and claims recoverable from the re-insurer under the respective contracts. As per the prevailing industry practices, settlements of balances under co-insurance arrangements occur between the respective insurance companies in due course of business, however, the position of outstanding balances due to/from other

En

co-insurers at a given point in time is not confirmed or reconciled with other co-insurers due to high volume of transactions and inconsistent accounting practices for classification of co-insurance balances among the insurance companies.

During the year 2022, the SECP advised the insurance sector to exchange outstanding balance information under co-insurance and re-insurance arrangements with other insurance companies operating in Pakistan as part of the annual audit process. Pursuant to that, the insurance companies through the forum of Insurance Association of Pakistan (IAP), informed the SECP that the reconciliation of balances among the insurance companies is a time-consuming exercise as it requires standardization of accounting practices within the insurance sector as a pre-requisite for such reconciliations to complete. Accordingly, it is expected that such balance reconciliation exercise will be completed by 31 December 2023 as indicated by IAP to the SECP.

Notwithstanding the above developments regarding the confirmation and reconciliations of balance positions between the insurance companies, the Company believes that the current balances of co-insurers and re-insurers reflected in the records of the Company are based on the underlying contracts and transactions supported by appropriate evidence and corroborated through confirmation of balances from several co-insurance companies.

13 RETIREMENT BENEFIT OBLIGATIONS

Defined benefit plan - funded gratuity scheme

The Company offers an approved gratuity fund for all employees. Annual contributions are made to the fund on the basis of actuarial recommendations. The gratuity is governed under the Trust Deed, the Rules of the Fund, the Income Tax Ordinance, 2001, the Income Tax Rules, 2002 and the applicable local regulations. An actuarial valuation is carried out every year to determine the liability of the Company in respect of the benefit. The latest valuation of the scheme was carried out as at December 31, 2022 by Akhtar & Hasan (Private) Limited using the Projected Unit Credit Method. Provision has been made in the financial statements to cover the related obligation in accordance with the actuarial recommendations.

The Company faces the following risks on account of gratuity fund:

Final salary risks

The risk that the final salary at the time of cessation of service is higher than what we assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities.

Mortality Risk

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.

Withdrawal Risk

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

FA

	2022	2021
	----- (Rupees in '000) -----	
Details of Employees Valued		
Total number of employees	261	246
Total monthly salary	11,970	10,089
Reconciliation for Net Defined Benefit Liability		
Balance Sheet liability, as at January 01, 2022 / January 01, 2021	3,039	6,828
Gratuity cost recognised in P&L for the year	9,528	9,781
Net contribution to Gratuity Fund	(9,528)	(9,781)
Total amount of re-measurements recognised in OCI during the year	2,069	(3,789)
Balance Sheet liability, as at December 31, 2022 / December 31, 2021	5,108	3,039
Balance Sheet Reconciliation		
Fair value of plan assets	(77,616)	(66,568)
Present value of defined benefit obligations	82,724	69,607
Funded status	5,108	3,039
Unrecognised net actuarial loss / (gain)	-	-
Recognised liability	5,108	3,039
Movement in fair value of plan assets		
Fair value as at January 01, 2022 / January 01, 2021	66,568	56,963
Expected return on plan assets	8,048	5,758
Actuarial (loss) / gain	262	(1,400)
Employer contributions	9,528	9,781
Benefits paid	(6,790)	(4,534)
Fair value as at December 31, 2022 / December 31, 2021	77,616	66,568
Movement in the defined benefit obligations		
Obligation as at January 01, 2021 / January 01, 2020	69,607	63,791
Service cost	9,190	9,146
Interest cost	8,386	6,393
Actuarial gains	2,331	(5,189)
Benefits paid	(6,790)	(4,534)
Obligation as at December 31, 2022 / December 31, 2021	82,724	69,607
Charge to the profit and loss account		
Current Service cost	9,190	9,146
Interest cost	8,386	6,393
Expected return on plan assets	(8,048)	(5,758)
Expense	9,528	9,781
Actual return on plan assets	8,310	4,358
Remeasurements recognised in the statement of comprehensive income during the year		
Actuarial loss / (gain) from changes in financial assumptions	(262)	1,400
Experience adjustments	1,167	(5,921)
Return on plan assets, excluding interest income	1,164	732
	2,069	(3,789)
Principal actuarial assumptions are as follows:		
Discount rate and expected return on plan assets	14.50%	11.75%
Future salary increases	13.50%	10.75%
Mortality rates	SLIC (2001-05)	SLIC (2001-05)
Rates of Employee turnover	Moderate	Moderate

The expected charge for retirement benefit obligations for the year 2023 amounts to Rs. 11.58 million.

FL

Comparison for five years:	2022	2021	2020	2019	2018
	(Rupees in '000)				
As at December 31					
Fair value of plan assets	(77,616)	(66,568)	(56,963)	(47,534)	(36,900)
Defined benefit obligations	82,724	69,607	63,791	54,748	45,620
Deficit	5,108	3,039	6,828	7,214	8,720
Experience adjustments					
Gain / (loss) on plan assets (as percentage of plan assets)	1.5%	-8.9%	0.5%	-3.3%	-4.1%
Gain / (loss) on plan assets (as percentage of plan obligations)	1.4%	1.7%	1.8%	2.1%	2.6%

Sensitivity Analysis on Significant Actuarial Assumptions: Actuarial Liability

Change in assumption	2022		2021		
	Increase / (decrease) in present value of defined		Increase / (decrease) in present value of defined benefit obligation		
	(%)	(Rupees in '000)	(%)	(Rupees in '000)	
Discount rate	+1%	-7.19%	(5,948)	-7.42%	(5,161)
Discount rate	-1%	8.22%	6,797	8.52%	5,931
Salary increases rate	+1%	8.69%	7,191	9.01%	6,271
Salary increases rate	-1%	-7.72%	(6,385)	-7.97%	(5,546)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant assumptions, same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability.

Plan assets comprise of the following:

	2022		2021	
	(Rupees in '000)	%	(Rupees in '000)	%
Debt	68,402	88.3%	57,884	87.0%
Mutual Funds	8,093	10.4%	7,102	10.7%
Cash and cash equivalent - net of current liabilities	967	1.3%	1,582	2.4%
Fair value of plan assets	77,462	100.0%	66,568	100.0%

Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

	Less than a year	Between 1-2 Years	Between 2-5 years	Over 5 years	Total
2022	(Rupees in '000)				
Gratuity	13,229	4,454	27,594	130,362	175,639
2021					
Gratuity	5,555	13,415	18,343	99,986	137,299

FA

14 DEFERRED TAXATION

Deferred taxation comprises deductible temporary differences relating to following:

	Note	2022	2021
----- (Rupees in '000) -----			
Deferred debits arising in respect of:			
- staff retirement benefits		1,686	881
- impairment against listed equity securities		8,073	7,065
- lease liability		24,509	16,491
- provision for bad debts		45,446	2,585
- Minimum tax		-	-
- accelerated depreciation		203	1,316
- Deficit on revaluation		1,741	(910)
Deferred credit arising in respect of:			
- Right of use assets		(20,338)	(13,562)
		<u>61,320</u>	<u>13,866</u>

14.1 Movement in deferred tax assets is as follows:

Opening deferred tax asset		13,866	21,061
(Reversal) / charge to the profit and loss account			
- impairment against listed equity securities		1,008	(4,477)
- lease liability		8,018	1,650
- provision for bad debts		44,890	2,322
- Minimum tax		-	(4,940)
- accelerated depreciation		(1,113)	1,098
- Right of use assets		(6,776)	(65)
Arising from takaful operator fund			
- provision for bad debts		(2,029)	(142)
Charged / (reversal) to other comprehensive income			
- staff retirement benefits		805	(1,099)
- Deficit on revaluation		2,651	(1,542)
Closing deferred tax asset		<u>61,320</u>	<u>13,866</u>

15 PREPAYMENTS

Prepaid reinsurance premium ceded	24	1,019,180	783,175
Prepaid rent		3,617	1,381
Prepaid tracker monitoring charges		28,448	22,402
Prepaid miscellaneous expenses		4,063	3,272
		<u>1,055,308</u>	<u>810,230</u>

En

16 CASH AND BANK	Note	2022	2021
		----- (Rupees in '000) -----	
Cash and cash equivalents			
- Cash in hand		1,495	1,320
- Policy stamps in hand		969	722
		<u>2,464</u>	<u>2,042</u>
Cash at bank			
- Current accounts	16.1	17,966	17,843
- Savings accounts	16.2 & 16.3	207,049	205,645
		<u>225,015</u>	<u>223,488</u>
		<u>227,479</u>	<u>225,530</u>
Cash and cash equivalents include the following for the purposes of the statement of cash flows:			
Cash and bank balances		227,479	225,530
Short term investments with 3 months or less maturity		315,097	625,199
		<u>542,576</u>	<u>850,729</u>

16.1 This includes balance with a related party amounting to Rs. 3.793 million (2021: Rs. 14.723 million).

16.2 This includes balance with related parties amounting to Rs. 38.657 million (2021: Rs. 37.312 million).

16.3 These carry profit rates ranging between 5.50% to 15.00% (2021: 5.50% to 8.25%) per annum.

17 SHARE CAPITAL

17.1 Authorised Capital

2022	2021		2022	2021
(Number of shares)			(Rupees in '000)	
<u>150,000,000</u>	<u>150,000,000</u>	Ordinary shares of Rs. 10 each	<u>1,500,000</u>	<u>1,500,000</u>

17.2 Issued, subscribed and paid-up capital

<u>115,217,391</u>	<u>115,217,391</u>	Ordinary shares of Rs. 10 each fully paid in cash	<u>1,152,174</u>	<u>1,152,174</u>
--------------------	--------------------	---	------------------	------------------

17.3 Major shareholders of the Company are:

Number of shares held		Name of Shareholder	Percentage of Shareholding	
2022	2021		2022	2021
64,063,972	64,063,972	Bestway International Holdings Limited	55.6	55.6
34,565,214	34,565,214	United Bank Limited	30.0	30.0
14,088,199	14,088,199	Bestway Cement Limited	12.2	12.2

FA

	Note	2022 (Rupees in '000)	2021
18 RESERVES			
Revaluation reserves - Available-for-sale			
Listed Shares	8	3,930	3,138
Government Securities	9	(9,206)	-
		<u>(5,276)</u>	<u>3,138</u>
Related deferred tax liability		1,741	(910)
		<u>(3,535)</u>	<u>2,228</u>
19 LEASE LIABILITIES			
Current		29,412	23,411
Non-current		44,859	33,456
		<u>74,271</u>	<u>56,867</u>

19.1 Interest expense on lease liability amounted to Rs. 6.637 million (2021: Rs. 4.765 million).

19.2 Total lease payment made during the year amounted to Rs. 22.256 million (2021: Rs. 13.907 million).

	2022 (Rupees in '000)	2021
19.3 Amounts recognized in profit or loss account		
Interest expense on lease liabilities	6,637	4,765
Expenses relating to short-term leases (included in management and other expenses)	24,606	21,868
Total amount recognised in profit or loss	<u>31,243</u>	<u>26,633</u>

	2022 (Rupees in '000)	2021
20 INSURANCE / REINSURANCE PAYABLES		
Due to foreign reinsurers	354,042	186,078
Due to local reinsurers	229,379	147,252
Due to Co-insurers	85,171	23,906
Due to insurance contract holders	11,847	12,190
	<u>680,439</u>	<u>369,426</u>
21 OTHER CREDITORS AND ACCRUALS		
Agents commission payable	143,631	89,874
Federal excise duty / sales Tax	27,553	39,810
Federal insurance fee	-	404
Accrued expenses	77,342	66,277
Unclaimed insurance benefits	41,476	38,650
Cash margin against insurance policies	17,701	20,552
Others	14,730	7,823
	<u>322,433</u>	<u>263,390</u>

21.1 This represents outstanding claims in respect of which cheques have been issued by the Company for claim settlement but the same have not been encashed by the claimant. The following is the ageing as required by SECP circular No. 11 dated May 19, 2014:

	2022 (Rupees in '000)	2021
More than 6 months	41,476	38,650
1 to 6 months	132,812	66,532

En

Claims not encashed

2022						2021					
(Age-wise Breakup)						(Age-wise Breakup)					
1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months	Total	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months	Total
(Rupees in '000)						(Rupees in '000)					
132,812	6,911	7,415	6,781	20,369	174,288	66,532	6,243	9,459	5,450	17,498	105,182

22 CONTINGENCIES AND COMMITMENTS

- a. Certain policyholders of the Company have filed cases against the Company which are pending adjudication at different levels. The management is of the view that decision for payment / non-payment of claims and the amount of claim determined was on the merits of each individual case. The management is confident that these cases will be decided in their favour and accordingly no provision has been recognised in these financial statements.
- b. In 2019, the company received show cause notice from Sindh Revenue Board, whereby the SRB claimed that the company has received reinsurance services from foreign reinsurance company for the periods (i) July 2011 to December 2011 (ii) January 2014 to December 2014 (iii) January 2015 to December 2015, and it is the cotention of SRB that these services are liable to sales tax under Sindh Sales Tax Act, 2011. The Company, along with Insurance Association of Pakistan and other insurance comapnies, has filed a constitutional petition in Honourable High Court of Sindh. The Company based on reasonable grounds, expects the ultimate outcome of the case will be in favour of the Company.
- c. Under the Sindh Sales Tax Act, 2011, Sindh sales tax (SST) is payable on premium on corporate health insurance policies written in the province of Sindh. However, the Sindh Revenue Board (SRB) vide its first notification SRB-3-41512019 dated 8 May 2019 has exempted SST for the period from 1 July 2016 to 30 June 2019. SRB maintained this exemption via various notifications till June 2022, recently; SRB further extended this exemption via its notification SRB-3-4/19/2022 dated 28 June 2022 till 30 June 2023. Accordingly the Company is not charging sales tax on policies written in the province of Sindh.

23 WINDOW TAKAFUL OPERATIONS OPERATOR'S FUND

	2022	2021
	(Rupees in '000)	
Assets		
Cash and bank	4,250	1,289
Investments	209,194	75,617
Current assets - other	168,710	210,264
Total assets	382,154	287,170
Total liabilities - current	236,123	181,913
Profit before taxation Operator's fund	60,827	28,581

Details of total assets, total liabilities and segment disclosure of window takaful operations are stated in the annexed financial statements for the year ended December 31, 2022.

FA

24 NET INSURANCE PREMIUM

NET INSURANCE PREMIUM

Written Gross Premium
Add: Unearned premium reserve opening
Less: Unearned premium reserve closing
Premium earned

Less:

Reinsurance premium ceded
Add: Prepaid reinsurance premium opening
Less: Prepaid reinsurance premium closing
Reinsurance expense

Note

	2022	2021
	----- (Rupees in '000) -----	
	5,248,055	4,104,343
	1,428,843	1,436,772
	(1,716,491)	(1,428,843)
	<u>4,960,407</u>	<u>4,112,272</u>
	3,356,808	2,420,348
	783,175	681,328
	(1,019,180)	(783,175)
	<u>3,120,803</u>	<u>2,318,501</u>
	<u>1,839,604</u>	<u>1,793,771</u>

25 NET INSURANCE CLAIMS EXPENSE

Claims paid
Add: Outstanding claims including IBNR closing
Less: Outstanding claims including IBNR opening
Claim expense

25.1

Less: Reinsurance and other recoveries received
Add: Reinsurance and other recoveries in respect of outstanding claims - opening
Less: Reinsurance and other recoveries in respect of outstanding claims - closing
Reinsurance and other recoveries revenue

	2,124,965	2,559,949
	2,534,041	1,480,367
	(1,480,367)	(1,669,471)
	<u>3,178,639</u>	<u>2,370,845</u>
	(1,372,039)	(1,549,581)
	1,272,609	1,410,464
	(2,186,576)	(1,272,609)
	<u>(2,286,006)</u>	<u>(1,411,726)</u>
	<u>892,633</u>	<u>959,119</u>

25.1 Claim Development

The following table shows the development of claims over a period of time on gross basis.

Analysis on gross basis

Accident year	2018	2019	2020	2021	2022
	----- (Rupees in '000) -----				
Estimate of ultimate claims cost:					
At end of accident year	9,335,648	2,095,948	2,560,569	2,323,168	3,111,926
One year later	9,933,537	2,386,335	2,656,281	2,311,531	-
Two years later	9,641,655	2,342,205	2,686,929	-	-
Three years later	9,583,681	2,349,362	-	-	-
Four years later	9,491,958	-	-	-	-
Current estimate of cumulative claims	9,491,958	2,349,362	2,686,929	2,311,531	3,111,926
Cumulative payments made to date	(9,308,898)	(2,233,091)	(2,553,627)	(1,984,209)	(1,337,839)
Liability recognised in the statement of financial position	183,059	116,271	133,302	327,322	1,774,087

En

26 NET COMMISSION EXPENSE / ACQUISITION COSTS

	2022	2021
	----- (Rupees in '000) -----	
Commission paid or payable	890,873	722,565
Add: Deferred commission expense opening	180,289	155,019
Less: Deferred commission expense closing	<u>(205,939)</u>	<u>(180,289)</u>
Net Commission	865,223	697,295
Less: Commission received or recoverable	<u>(781,145)</u>	<u>(518,251)</u>
Add: Unearned reinsurance commission closing	234,936	176,562
Less: Unearned reinsurance commission opening	<u>(176,562)</u>	<u>(163,675)</u>
Commission from reinsurers	<u>(722,771)</u>	<u>(505,364)</u>
	<u>142,452</u>	<u>191,931</u>

Note

27 MANAGEMENT EXPENSES

Employee benefit cost	27.1	313,505	269,926
Traveling expense		3,097	1,596
Advertisements & sales promotion		725	1,305
Printing and stationery		9,377	6,140
Depreciation		25,724	24,593
Rent, rates and taxes		7,529	6,679
Legal and professional charges - business related		5,683	5,040
Electricity, gas and water		13,604	7,688
Entertainment		3,130	2,137
Vehicle running expenses		93,128	71,815
Office repairs and maintenance		6,518	5,071
Bank charges		3,979	4,263
Postages, telegrams and telephone		6,350	5,670
Annual supervision fee - SECP		8,372	6,506
Service charges		11,096	10,344
Tracker charges		101,475	109,369
Bad and doubtful debts		128,801	7,518
Miscellaneous		<u>23,094</u>	<u>16,122</u>
		<u>765,187</u>	<u>561,782</u>

27.1 Employee benefit cost

Salaries, allowances and other benefits	293,271	250,639
Charges for post employment benefit	<u>20,234</u>	<u>19,287</u>
	<u>313,505</u>	<u>269,926</u>

FA

	Note	2022	2021
----- (Rupees in '000) -----			
28 INVESTMENT INCOME			
Available-for-sale			
Income from equity securities			
Dividend income		12,787	6,752
Income from debt securities			
Return on term finance certificates		7,530	4,618
Return on government securities		13,151	-
Amortization of discount on government securities / term finance certificates		33,613	-
		<u>67,081</u>	<u>11,370</u>
Net realised gains on investments			
- Net realised gains on investments		3,877	1,541
		<u>70,958</u>	<u>12,911</u>
Less: Impairment in value of available-for-sale securities			
- Equity Securities		(102)	(309)
		<u>70,856</u>	<u>12,602</u>
Held to maturity			
Income from debt securities			
Return on government securities		54,957	15,120
Return on term finance certificates		-	788
Return on sukus		4,176	3,680
Amortization of premium on term finance certificates		-	(102)
Amortization of premium on sukus		(146)	(199)
Amortization of discount on government securities		71,333	65,444
		<u>130,320</u>	<u>84,731</u>
Total investment income		<u><u>201,176</u></u>	<u><u>97,333</u></u>
29 OTHER INCOME			
Return on bank balances		32,470	16,628
Gain on sale of fixed assets		1,557	10,513
Gain on cancellation of lease		599	136
Exchange gain/ (loss)		10,527	(1,598)
Stale cheque		1,784	4,050
Miscellaneous income		12	-
		<u>46,949</u>	<u>29,729</u>
30 OTHER EXPENSES			
Legal and professional fee other than business related		3,241	3,124
Auditors' remuneration	30.1	2,060	2,084
Depreciation expense		13,350	7,190
Amortisation		1,189	1,855
Communication		8,103	8,203
Rent, rates and taxes		17,178	15,652
Salaries and benefits		63,089	62,100
Vehicle running expenses		10,467	8,352
Miscellaneous		24,317	21,258
		<u>142,994</u>	<u>129,818</u>
30.1 Auditors' remuneration			
Audit fee		524	524
Half yearly review fee		263	263
Certifications		612	612
Out of pocket expenses		661	685
		<u>2,060</u>	<u>2,084</u>

En

	Note	2022	2021
----- (Rupees in '000) -----			
31	FINANCE COST		
	Mark-up on Lease liability	6,637	4,765
32	TAXATION		
	For the year		
	Current	110,898	29,745
	Deferred	(46,027)	4,411
		64,871	34,156
	For the prior year		
	Current	176	1,688
		65,047	35,844
32.1	Relationship between tax expense and accounting profit		
	Profit before taxation for the year	198,653	102,022
	Tax at the applicable rate of 29% (2021: 29%)	57,609	29,586
	Super Tax at the applicable rate of 4% (2021: nil)	7,946	-
	Tax effect of change in tax rates	1,913	-
	Tax effect of permanent difference	(2,596)	4,041
	Tax effect of prior year	176	1,688
	Others	-	529
		65,047	35,844

32.2 The assessment of the Company upto and including tax year 2021 have been deemed to be completed under section 120 of the Income Tax Ordinance, 2001 (the Ordinance) which is subject to audit under section 177 of the Ordinance.

	2022	2021
----- (Rupees in '000) -----		
33	TAXATION - PAYMENTS LESS PROVISION	
	Balance as at January 1,	62,770
	Tax paid including deducted at source	17,311
	Provision for taxation - Takaful	8,431
	Provision for taxation	(31,433)
	Balance as at December 31,	57,079

34 EARNINGS PER SHARE

The Company's earnings per share has been calculated based on the following:

	2022	2021
----- (Rupees in '000) -----		
Profit after tax for the year	133,606	66,178
	(Number of shares)	
Weighted average number of ordinary shares of Rs. 10 each	115,217,391	115,217,391
	(Rupees)	
Earnings per share - basic and diluted	1.16	0.57

En

34.1 No figure for diluted earnings per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

35 COMPENSATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged to in the financial statements, including all benefits, to the Chief Executive, Directors and Executives / Key Management Personnel of the Company are as follows.

	Chief executive		Directors		Executives / key management personnel		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	----- (Rupees in '000) -----							
Fees	-	-	-	-	-	-	-	-
Managerial remuneration	12,597	9,331	-	-	100,130	82,683	112,727	92,014
Bonus	7,000	4,500	-	-	22,422	7,399	29,422	11,899
House rent allowance	5,669	4,199	-	-	45,058	37,207	50,727	41,406
Utilities	2,519	1,866	-	-	24,095	19,749	26,615	21,615
Medical	1,302	933	-	-	11,992	10,375	13,295	11,308
Retirement benefits	1,837	1,361	-	-	9,670	8,425	11,507	9,786
Fuel Allowance	1,283	696	-	-	41,502	28,879	42,785	29,575
Cell allowance	60	60	-	-	2,699	2,132	2,759	2,192
Car maintenance allowance	648	648	-	-	41,492	34,734	42,140	35,382
Driver Salary	324	300	-	-	2,184	2,544	2,508	2,844
Guard Salary	532	532	-	-	-	-	532	532
Others	60	435	-	-	672	615	732	1,050
	<u>33,831</u>	<u>24,861</u>	<u>-</u>	<u>-</u>	<u>301,916</u>	<u>234,742</u>	<u>335,749</u>	<u>259,603</u>
Number of persons	<u>1</u>	<u>1</u>	<u>7</u>	<u>7</u>	<u>84</u>	<u>69</u>	<u>92</u>	<u>77</u>

Executives mean employees, other than the Chief Executive and Directors, whose basic salary exceeds five hundred thousand rupees in a financial year.

36 TRANSACTIONS WITH RELATED PARTIES

36.1 Related parties comprise of directors, major shareholders, key management personnel, holding company, 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 during the year are as follows:

En

Transactions and balances with related parties	2022	2021
	----- (Rupees in '000) -----	
Associated companies		
Premium underwritten	507,430	470,369
Insurance claims expense	523,164	376,085
Bank charges	2,536	3,963
Profit on bank accounts	10,648	7,908
Commission expense	12,349	16,771
Others		
Premium underwritten	10,167	6,592
Insurance claims expense	1,406	347
Profit on bank accounts	32	30
Management and other expenses	103,463	83,116
Sale proceeds of motor vehicle having written down value of Rs. 3.648 million (2021: nil)	3,650	-
Employees' funds		
Contribution to the provident fund	10,706	9,506
Contribution to the gratuity fund	9,528	9,781
Balances		
Associated companies		
Bank balances	41,979	51,591
Premium due but unpaid	59,717	54,785
Claim outstanding	554,714	330,105
Commission outstanding	13,442	9,918
Internal audit fee payable	503	503
Others		
Bank balances	471	444
Premium due but unpaid	465	-
Claim outstanding	1,735	911
Receivable from UBL Insurers Limited - PTF	798	248

36.2 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place:

S. No	Name of related party	Basis of association / relationship
1	United Bank Limited	Associate
2	Bestway Cement Limited	Associate
3	Bestway Packaging	Common Directorship
4	Khushhali Microfinance Bank Limited	Common Directorship
5	UBL Fund Managers	Subsidiary of Associate Company
6	UBL Insurers Limited Employees Provident Fund	Others
7	UBL Insurers Limited Employees Gratuity Fund	Others
8	UBL Insurers Limited - Participant's Takaful Fund (PTF)	Others

En

37 SEGMENT INFORMATION

	2022						2022 Aggregate
	Fire & property	Marine, aviation & transport	Motor	Bankers blanket	Health	Miscellaneous	
----- (Rupees in '000) -----							
Premium receivable (inclusive of Federal excise duty and Federal insurance fee and Administrative surcharge)	2,683,074	604,420	1,252,790	119,551	596,164	685,416	5,941,415
Less: Federal excise duty / sales tax	(326,620)	(65,955)	(154,799)	(15,286)	(96)	(77,621)	(640,377)
Less: Federal insurance fee	(23,368)	(5,367)	(11,257)	(1,032)	(5,901)	(6,057)	(52,983)
Gross written premium (inclusive of Administrative surcharge)	2,333,086	533,097	1,086,734	103,232	590,167	601,738	5,248,055
Gross direct premium	2,317,770	521,067	1,047,742	103,220	589,996	595,611	5,175,409
Facultative inward premium	7,146	1,387	6,738	-	-	50	15,321
Administrative surcharge	8,169	10,643	32,253	12	170	6,078	57,325
Insurance premium earned	2,150,555	541,173	1,061,150	103,478	514,508	589,543	4,960,407
Insurance premium ceded to reinsurers	(1,919,461)	(279,463)	(126,642)	(76,471)	(241,085)	(477,681)	(3,120,803)
Net insurance premium	231,094	261,710	934,508	27,007	273,423	111,862	1,839,604
Commission income	507,488	58,277	24,660	17,433	24,628	90,285	722,771
Net underwriting income	738,582	319,987	959,168	44,440	298,051	202,147	2,562,375
Insurance claims	(777,558)	(445,129)	(753,857)	2,502	(347,356)	(857,241)	(3,178,639)
Insurance claims recovered from reinsurers	687,032	381,660	209,498	(27,870)	268,818	766,868	2,286,006
Net claims	(90,526)	(63,469)	(544,359)	(25,368)	(78,538)	(90,373)	(892,633)
Commission expenses	(497,320)	(192,283)	(75,021)	(4,680)	(25,083)	(70,836)	(865,223)
Management expenses	(294,185)	(67,220)	(238,518)	(13,017)	(76,372)	(75,875)	(765,187)
Premium deficiency reserve	-	-	-	-	-	-	-
Net insurance claims and expenses	(882,031)	(322,972)	(857,898)	(43,065)	(179,993)	(237,084)	(2,523,043)
Underwriting result	(143,449)	(2,985)	101,270	1,375	118,058	(34,937)	39,332
Investment income							201,176
Other income							46,949
Other expenses							(142,994)
Result of operating activities							144,463
Finance costs							(6,637)
Profit from Window takaful operations - net off tax							60,827
Profit before tax							198,653
Segment assets	2,217,410	506,666	1,032,853	98,114	560,906	571,904	4,987,853
Unallocated assets							2,675,058
							7,662,911
Segment liabilities	2,360,419	539,342	1,099,465	104,442	597,081	608,788	5,309,537
Unallocated liabilities							497,155
							5,806,692
Depreciation and amortisation	17,899	4,090	8,337	792	4,528	4,617	40,263
Unallocated capital expenditure	-	-	-	-	-	-	62,721

En

2021						
Fire & property	Marine, aviation & transport	Motor	Bankers blanket	Health	Miscellaneous	2021 Aggregate

(Rupees in '000)

Premium receivable (inclusive of Federal excise duty and Federal insurance fee and Administrative surcharge)	1,920,366	510,883	1,202,696	124,749	335,720	560,346	4,654,760
Less: Federal excise duty / sales tax	(232,853)	(55,603)	(146,076)	(14,226)	963	(61,598)	(509,393)
Less: Federal insurance fee	(16,585)	(4,509)	(10,584)	(1,094)	(3,329)	(4,923)	(41,024)
Gross written premium (inclusive of Administrative surcharge)	1,670,928	450,771	1,046,036	109,429	333,354	493,825	4,104,343
Gross direct premium	1,636,888	438,788	1,010,896	109,421	333,242	484,983	4,014,218
Facultative inward premium	26,415	1,830	6,024	-	-	3,553	37,822
Administrative surcharge	7,625	10,153	29,116	8	112	5,289	52,303
Insurance premium earned	1,632,881	438,404	1,015,595	127,349	403,766	494,277	4,112,272
Insurance premium ceded to reinsurers	(1,413,919)	(233,408)	(134,901)	(99,104)	(80,328)	(356,841)	(2,318,501)
Net insurance premium	218,962	204,996	880,694	28,245	323,438	137,436	1,793,771
Commission income	344,442	50,695	27,169	21,514	8,125	53,419	505,364
Net underwriting income	563,404	255,691	907,863	49,759	331,563	190,855	2,299,135
Insurance claims	(843,670)	(160,364)	(525,753)	(140,967)	(445,848)	(254,243)	(2,370,845)
Insurance claims recovered from reinsurers	778,334	128,875	144,214	73,563	129,186	157,554	1,411,726
Net claims	(65,336)	(31,489)	(381,539)	(67,404)	(316,662)	(96,689)	(959,119)
Commission expenses	(373,688)	(173,490)	(82,488)	807	(10,450)	(57,986)	(697,295)
Management expenses	(183,474)	(49,496)	(224,228)	(12,016)	(38,343)	(54,225)	(561,782)
Reversal of premium deficiency reserve	-	-	-	-	-	23	23
Net insurance claims and expenses	(622,498)	(254,475)	(688,255)	(78,613)	(365,455)	(208,877)	(2,218,173)
Underwriting result	(59,094)	1,216	219,608	(28,854)	(33,892)	(18,022)	80,962
Investment income							97,333
Other income							29,729
Other expenses							(129,818)
Result of operating activities							78,206
Finance costs							(4,765)
Profit from Window takaful operations - net off tax							28,581
Profit before tax							102,022
Segment assets	1,587,081	428,151	993,546	103,938	316,626	469,045	3,898,387
Unallocated assets							1,804,899
							5,703,286
Segment liabilities	1,443,242	389,347	903,500	94,518	287,930	426,535	3,545,072
Unallocated liabilities							415,335
							3,960,407
Depreciation and amortisation	13,694	3,694	8,573	897	2,732	4,047	33,637
Unallocated capital expenditure	-	-	-	-	-	-	26,901

En

38 MOVEMENT IN INVESTMENT

	Held to Maturity	Available for Sale	Total
	----- (Rupees in '000) -----		
At beginning of previous year	986,688	80,363	1,067,051
Additions	2,866,828	51,084	2,917,912
Disposal (sale and redemptions)	(2,962,363)	(5,300)	(2,967,663)
Fair value net gains (excluding net realised gains)	-	5,319	5,319
Amortization of discount	65,143	-	65,143
Impairment losses	-	(309)	(309)
At beginning of current year	956,296	131,157	1,087,453
Additions	2,029,169	1,742,114	3,771,283
Disposal (sale and redemptions)	(1,921,299)	(1,205,989)	(3,127,288)
Fair value net gains (excluding net realised gains)	-	(8,414)	(8,414)
Amortization of discount	71,187	33,613	104,800
Impairment losses	-	(102)	(102)
At end of current year	1,135,353	692,379	1,827,732

39 MANAGEMENT OF INSURANCE AND FINANCIAL RISK

The Company issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the Company manages them.

39.1 Insurance risk management

Insurance risk

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of compensation to the insured. Generally most insurance contracts carry the insurance risk for a period of one year (refer note 3.3).

The Company accepts insurance through issuance of general insurance contracts. For these general insurance contracts the most significant risks arise from fire, atmospheric disturbance, earthquakes, transit, theft, third party liabilities and other catastrophes. For health insurance contracts significant risks arise from epidemics.

The Company's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitor risk. This framework includes implementation of underwriting strategies which aim to ensure that the underwritten risks are well diversified in terms of type and amount of the risk. Adequate reinsurance is arranged to mitigate the effect of the potential loss to the Company from individual to large or catastrophic insured events. Further, the Company adopts strict claim review policies including active management and prompt pursuing of the claims and regular detailed review of claim handling procedures.

a) Frequency and severity of claims

Risk associated with general insurance contracts includes the reasonable possibility of significant loss as well as the frequent occurrence of the insured events. This has been managed by having in place underwriting strategy, reinsurance arrangements and proactive claim handling procedures.

The reinsurance arrangements against major risk exposure include excess of loss, quota share, surplus arrangements and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on Company's net retentions.

FA

Concentration of risk

To optimise benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risk with reference to the geographical location, the most important of which is risk survey.

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial/ industrial/ residential occupation of the insured. Details regarding the fire separation/ segregation with respect to the manufacturing process, storage, utilities, etc. are extracted from the layout plan of the insured facility. Such details form part of the reports which are made available to the underwriters/ reinsurance personnel for their evaluation. Reference is made to the standard construction specification as laid down by IAP (Insurance Association of Pakistan). For instance, the presence of perfect party walls, double fire proof iron doors, physical separation between the building within a insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

The ability to manage catastrophic risk is tied managing the density of risk within a particular area. For catastrophic aggregates, the system assigns precise geographic CRESTA (Catastrophe Risk Evaluating and standardising Target Accumulations) codes with reference to the accumulation of sum insured in force at any particular location against natural perils.

For marine risks, complete underwriting details such as sums insured, mode of transport (air / inland transit), vessel identification, sailing dates, origin and destination of the shipments, per carry limits, accumulation of sum insured on a single voyage etc. are taken into consideration.

A number of proportional and non-proportional reinsurance arrangements are in place to protect the net account. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above the said limit would be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Company.

The Company monitors concentration of insurance risks primarily by class of business. The table below sets out the concentration of the claims and contribution liabilities (in percentage terms) by class of business at financial statement date:

Class	2022				2021			
	Gross claims liabilities	Net claims liabilities	Gross premium liabilities	Net premium liabilities	Gross claims liabilities	Net claims liabilities	Gross premium liabilities	Net premium liabilities
	%				%			
Fire and property	25.90%	9.44%	46.10%	17.64%	31.35%	2.90%	42.61%	17.21%
Marine and transport	11.72%	4.18%	1.68%	2.02%	11.84%	7.40%	2.58%	2.97%
Motor	10.29%	51.18%	30.14%	66.52%	13.36%	57.92%	34.42%	66.55%
Banker's blanket	12.03%	19.26%	0.25%	0.17%	23.03%	21.82%	0.32%	0.16%
Health	4.01%	2.68%	10.93%	6.83%	4.01%	-0.71%	7.84%	5.65%
Other classes	36.05%	13.26%	10.90%	6.82%	16.41%	10.67%	12.23%	7.46%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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.

For marine risks, complete underwriting details such as sums covered mode of transport (air / inland transit), vessel identification, sailing dates, origin and destination of the shipments, per carry limits, accumulation of sum covered on a single voyage etc. are taken into consideration.

En

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 insurers monitors concentration of insurance risks primarily by class of business. The table below sets out the concentration of the gross exposure by class of business:

Class	Maximum gross risk exposure	
	2022	2021
	(Rupees in '000)	
Fire and property	1,106,332,310	1,493,289,600
Marine, aviation and transport	478,924,534	744,100,496
Motor	60,626,827	75,098,323
Banker's blanket	20,536,547	2,550,280
Health	32,561,832	65,128,581
Miscellaneous	197,683,696	179,171,341

The Company minimises its exposure to significant losses by obtaining reinsurance from a number of reinsurers, who are dispersed over several geographical regions.

b) Uncertainty in the estimation of future claim payments

Claims on general insurance contracts are payable on a claim occurrence basis. The Company is liable for all insured events as per terms and condition of the insurance contract.

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for the purpose. The initial estimates include expected settlement cost of the claims. Provision for IBNR is recorded based on the advice of the actuary.

There are several variable factors which affect the amount and timing of recognised claim liabilities. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from initial recognised amount. Similarly, the provision for claims incurred but not reported is based on historic reporting pattern of the claims other than exceptional losses. Hence, actual amount of incurred but not reported claims may differ from the amounts estimated.

c) Key assumptions

The principal assumption underlying the liability estimation of IBNR and Premium Deficiency Reserves is that the Company's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgement includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc.

Actuarial valuation is carried out for the determination of IBNR which is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required / allowed by the SECP circular 9 of 2016.

The actuarial valuation as at December 31, 2021 has been carried out by independent firm of actuaries for determination of IBNR for each class of business. The actuarial valuation is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required / allowed by the circular 9 of 2016. IBNR is determined by using Chain Ladder Method for all classes of business. The claim outstanding and claims paid till date are deducted from the ultimate claim payments for that particular year to derive an IBNR estimate for that year. Any negative values are ignored. The total for each accident year shall be the total IBNR as at the end of reporting year for that risk class. IBNR triangles are made on a yearly basis for each class of business except for motor and health, the IBNR triangle for which are made on quarterly and monthly basis respectively. The methods used, and the estimates made, are reviewed regularly.

En

The Company determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired periods of the contracts. For this purpose average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned premium. The liability of premium deficiency reserve in relation to accident and health insurance is calculated in accordance with the advice of the actuary (note 3.6).

d) Changes in assumptions

The Company did not change its assumptions for the insurance contracts as disclosed above in (b) and (c).

e) Sensitivity analysis

The insurance claim liabilities are sensitive to the incidence of insured events and severity / size of claims. The impact of 10% increase / decrease in incidence of insured events on underwriting results and shareholder's equity is as follows:

Average claim cost	Underwriting results		Shareholder's equity	
	2022	2021	2022	2021
	----- (Rupees in '000) -----			
Fire and property	9,053	6,534	6,065	4,639
Marine and transport	6,347	3,149	4,252	2,236
Motor	54,436	38,154	36,472	27,089
Health Insurance	7,854	31,666	5,262	22,483
Banker's blanket	2,537	6,740	1,700	4,786
Others	9,037	9,669	6,055	6,865
	<u>89,264</u>	<u>95,912</u>	<u>59,806</u>	<u>68,098</u>

39.2 Financial risk management

The Operator has exposure to the following risks from its use of financial instruments:

- Financial risk
- Credit risk
- Liquidity risk
- Market risk

39.2.1 Financial risk

Maturity profile of financial assets and liabilities:

Profit rate % per annum	2022						Total	
	Profit / mark-up bearing financial instruments			Non profit / mark-up bearing financial instruments				
	Maturity upto one	Maturity after one	Sub total	Maturity upto one	Maturity after one	Sub total		
	----- (Rupees in '000) -----							
Financial assets								
Cash and bank	5.50 - 15.00	207,049	-	207,049	20,430	-	20,430	227,479
Investments	11.00- 18.00	716,547	979,092	1,695,639	132,092	-	132,092	1,827,731
Loans and other receivables		-	-	-	55,440	22,456	77,896	77,896
Insurance / reinsurance receivables		-	-	-	1,474,011	-	1,474,011	1,474,011
Reinsurance recoveries against outstanding claims		-	-	-	2,053,850	-	2,053,850	2,053,850
Salvage recoveries accrued		-	-	-	132,726	-	132,726	132,726
Total assets - Window Takaful Operations		123,500	58,345	181,845	137,267	-	137,267	319,112
		<u>1,047,096</u>	<u>1,037,437</u>	<u>2,084,533</u>	<u>4,005,816</u>	<u>22,456</u>	<u>4,028,272</u>	<u>6,112,805</u>
Financial liabilities								
Outstanding claims including IBNR		-	-	-	2,534,041	-	2,534,041	2,534,041
Insurance / reinsurance payables		-	-	-	680,439	-	680,439	680,439
Other creditors and accruals		-	-	-	294,880	-	294,880	294,880
Lease Liability	8.48 - 18.22	29,412	44,859	74,271	-	-	-	74,271
Total liabilities - Window Takaful Operations		-	-	-	69,407	-	69,407	69,407
		<u>29,412</u>	<u>44,859</u>	<u>74,271</u>	<u>3,578,767</u>	<u>-</u>	<u>3,578,767</u>	<u>3,653,038</u>
Interest rate risk sensitivity gap		<u>1,017,684</u>	<u>992,578</u>	<u>2,010,262</u>				
Cumulative interest rate risk sensitivity gap		<u>1,017,684</u>	<u>2,010,262</u>					

fu

2021							
Profit rate % per annum	Profit / mark-up bearing financial instruments			Non profit / mark-up bearing financial instruments			Total
	Maturity upto one	Maturity after one	Sub total	Maturity upto one	Maturity after one	Sub total	

(Rupees in '000)

Financial assets								
Cash and bank	5.50 - 8.25	205,645	-	205,645	19,885	-	19,885	225,530
Investments	7.50 -10.58	916,107	90,189	1,006,296	81,157	-	81,157	1,087,453
Loans and other receivables		-	-	-	38,156	19,916	58,072	58,072
Insurance / reinsurance receivables		-	-	-	1,594,923	-	1,594,923	1,594,923
Reinsurance recoveries against outstanding claims		-	-	-	1,219,610	-	1,219,610	1,219,610
Salvage recoveries accrued		-	-	-	52,999	-	52,999	52,999
Total assets - Window Takaful Operations		65,293	-	65,293	177,204	-	177,204	242,497
		1,187,045	90,189	1,277,234	3,183,934	19,916	3,203,850	4,481,084
Financial liabilities								
Outstanding claims including IBNR		-	-	-	1,480,367	-	1,480,367	1,480,367
Insurance / reinsurance payables		-	-	-	369,426	-	369,426	369,426
Other creditors and accruals		-	-	-	223,176	-	223,176	223,176
Lease Liability	8.48 - 14.05	23,411	33,456	56,867	-	-	-	56,867
Total liabilities - Window Takaful Operations		-	-	-	66,581	-	66,581	66,581
		23,411	33,456	56,867	2,139,550	-	2,139,550	2,196,417
Interest rate risk sensitivity gap		1,163,634	56,733	1,220,367				
Cumulative interest rate risk sensitivity gap		1,163,634	1,220,367					

a) Sensitivity analysis - interest rate risk

a.1) Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account and equity of the Company.

a.2) Cash flow sensitivity analysis for variable rate instruments

The Company is exposed to cash flow interest rate risk in respect of its balances with saving account with banks, investments in Pakistan investment bonds, term finance certificates and sukuk certificates. A change of 100 basis points in interest rates at the year end would not have material impact on profit for the year and equity of the Company.

b) Sensitivity analysis - Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign 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 investment in equity securities and mutual funds are susceptible to market price risk arising from uncertainties about the future value of investment securities. In case of 5% decrease / increase in the market price of listed securities on December 31, 2022, with all other variables held constant, total comprehensive income for the year and net assets would be lower/higher by Rs. 6.61 million (2021: Rs. 4.06 million). The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity market.

39.3 Credit risk

Credit risk is the risk that 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 Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

FA

39.3.1 Exposure to credit risk and credit exposure of the financial statements

Credit risk of the Company arises principally from the balances with banks, loans to employees, investments (except for investment in government securities, units of mutual funds and listed equity shares), premium due but unpaid, amount due from other insurers / reinsurers, reinsurance and other recoveries against outstanding claims and sundry receivable. To reduce the credit risk the management continuously reviews and monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery.

In summary, compared to the amount included in statement of assets and liabilities, the maximum exposure to credit risk as follows:

	Note	2022		2021	
		Balance as per the financial statement	Maximum exposure	Balance as per the financial statement	Maximum exposure
----- (Rupees in '000) -----					
Cash and bank	16	227,479	225,015	225,530	223,488
Investments	8, 9 & 10	1,827,731	70,043	1,087,453	90,189
Loans and other receivables	10	77,896	77,896	58,072	58,072
Insurance / reinsurance receivable	11	1,474,011	1,474,011	1,594,923	1,594,923
Reinsurance recoveries against outstanding claims		2,053,850	2,053,850	1,219,610	1,219,610
Salvage recoveries accrued		132,726	132,726	52,999	52,999
Total assets of Window Takaful Operations - Operator's fund	23	382,154	382,154	287,170	287,170
		<u>6,175,847</u>	<u>4,415,695</u>	<u>4,525,757</u>	<u>3,526,451</u>

Differences in the balances as per financial statements and maximum exposure in investments is due to cash in hand, policy stamps in hand, investments in government securities and equity securities of Rs. 1760.152 million (2021 Rs. 999.306 million) which are not exposed to credit risk.

Bank balances represent low credit risk as they are placed with reputed financial institutions with strong credit ratings. The credit quality of bank balances can be assessed with reference to external credit ratings as follows:

	Rating		Rating Agency	2022	2021
	Short term	Long term		----- (Rupees in '000) -----	
United Bank Limited	A-1+	AAA	VIS	41,978	51,591
Summit Bank Limited	Suspended	Suspended	VIS	9	8
Telenor Microfinance Bank Limited	A-2	Withdrawn	VIS	530	105
FINCA Microfinance Bank Limited	A-2	A-	VIS	9,844	82,827
Khushhali Microfinance Bank Limited	A-2	A-	VIS	471	444
Bank Al-Habib Limited	A-1+	AAA	PACRA	1,535	4,472
Bank Alfalah Limited	A-1+	AA+	PACRA	108,774	60,368
Faysal Bank Limited	A-1+	AA	PACRA	17,701	20,552
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	44,173	3,121
				<u>225,015</u>	<u>223,488</u>

Assets that pass the SPPI test include government securities, term finance certificate and corporate sukuks. Government securities are unrated while sukuks of The Hub Power Company Limited and term finance certificates of Habib Bank Limited have long term credit rating of AA+.

Concentration of credit risk

Concentration of credit risk arises when a number of counterparties have similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The Company manages concentration of credit risk through diversification of activities among individuals, groups and industry segments.

The Company enters into re-insurance / co-insurance arrangements with re-insurers / other insurers having sound credit ratings accorded by reputed credit rating agencies. Further, the Company is required to comply with the requirements of circular no. 32 / 2009 dated October 27, 2009 issued by the SECP which requires an insurance company to place at least 80% of their outward treaty cessions with reinsurers rated 'A' or above by Standard & Poors with the balance being placed with entities rated at least 'BBB' by reputable ratings agency. An analysis of all reinsurance assets recognised by the rating of the entity from which it is due is as follows:

En

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	2022	2021
----- (Rupees in '000) -----					
A or above (including PRCL)	311,666	2,053,850	1,019,180	3,384,696	2,940,398
	<u>311,666</u>	<u>2,053,850</u>	<u>1,019,180</u>	<u>3,384,696</u>	<u>2,940,398</u>

39.3.2 Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting its financial obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due under normal circumstances. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

The following are the contractual maturities of financial liabilities:

	Carrying Amount	
	2022	2021
----- (Rupees in '000) -----		
Non-Derivative Financial liabilities		
Outstanding claims including IBNR	2,534,041	1,480,367
Insurance / reinsurance payables	680,439	369,426
Other creditors and accruals	294,880	223,176
Lease liabilities	74,271	56,867
Total liabilities of Window Takaful Operations - Operator's fund	69,407	66,581
	<u>3,653,038</u>	<u>2,196,417</u>

The carrying amounts represent contractual cash flows maturing within one year except for non-current portion of lease liability amounting to Rs. 33.309 million.

39.3.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise of interest rate risk, foreign currency risk and other price risk. The Company manages the market risk exposures by following internal risk management policies. Refer 38.2.1(a) and 38.2.1(b) for discussion on interest rate risk and price risk.

39.3.4 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 exchange rates The Company, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pakistani Rupees.

39.4 Capital Management Policies And Procedures

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

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.

The Company currently meets the minimum paid-up capital requirement i.e., Rs. 500 million as required by the Securities and Exchange Commission of Pakistan.

En

40 FAIR VALUE OF FINANCIAL INSTRUMENTS

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. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

40.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Valuation techniques used in determination of fair values within level 2

Items	Valuation approach and input used
Term Finance Certificate	Fair values of TFCs are determined using the MUFAP rates.
Mutual funds	Units of mutual funds are valued using the net asset value (NAV) announced by the Mutual Funds Association of Pakistan (MUFAP).

2022								
Fair value through profit or	Availabl e-for-sale	Held to maturity	Loans and Other Receivab	Other financial liabilities	Total	Fair value		
						Level 1	Level 2	Level 3

(Rupees in '000)

On balance sheet financial instruments

Financial assets measured at fair value

- Investments									
Ordinary shares of quoted companies	-	30,648	-	-	-	30,648	30,648	-	-
Mutual funds	-	101,444	-	-	-	101,444	-	101,444	-
Government securities	-	519,492	-	-	-	519,492	-	519,492	-
Debt securities	-	50,000	-	-	-	50,000	-	50,000	-

Financial assets not measured at fair value

Government securities	-	-	1,115,310	-	-	1,115,310	-	-	-
Debt securities	-	-	20,043	-	-	20,043	-	-	-
Cash and Bank *	-	-	-	227,479	-	227,479	-	-	-
Loans and other receivables *	-	-	-	77,896	-	77,896	-	-	-
Salvage recoveries accrued *	-	-	-	132,726	-	132,726	-	-	-
Insurance / reinsurance receivables *	-	-	-	1,474,011	-	1,474,011	-	-	-
Reinsurance recoveries against outstanding claims *	-	-	-	2,053,850	-	2,053,850	-	-	-

Total Assets of Windows Takaful

Operations

Investments - Mutual Funds	-	27,349	-	-	-	27,349	-	27,349	-
Investments - Term Deposits	-	-	123,500	-	-	123,500	-	-	-
Investments - debt securities	-	-	58,345	-	-	58,345	-	-	-
Other than investments *	-	-	-	172,960	-	172,960	-	-	-
	-	728,933	1,317,198	4,138,922	-	6,185,053	-	-	-

Financial liabilities not measured at fair value

Outstanding claims including IBNR *	-	-	-	-	2,534,041	2,534,041			
Insurance / reinsurance payables *	-	-	-	-	680,439	680,439			
Other creditors and accruals *	-	-	-	-	294,880	294,880			
Lease liability *	-	-	-	-	74,271	74,271			
Total liabilities of Window Takaful Operations	-	-	-	-	69,407	69,407			
	-	-	-	-	3,653,038	3,653,038			

En

2021								
Fair value through profit or	Available-for-sale	Held to maturity	Loans and Other Receivables	Other financial liabilities	Total	Fair value		
						Level 1	Level 2	Level 3

(Rupees in '000)

On balance sheet financial instruments

Financial assets measured at fair value

- Investments

Ordinary shares of quoted companies	-	30,073	-	-	-	30,073	30,073	-	-
Mutual funds	-	51,084	-	-	-	51,084	-	51,084	-
Debt securities	-	50,000	-	-	-	50,000	-	50,000	-

Financial assets not measured at fair value

Government securities	-	-	916,107	-	-	916,107	-	-	-
Debt securities	-	-	40,189	-	-	40,189	-	-	-
Cash and Bank *	-	-	-	225,530	-	225,530	-	-	-
Loans and other receivables *	-	-	-	58,072	-	58,072	-	-	-
Salvage recoveries accrued *	-	-	-	52,999	-	52,999	-	-	-
Insurance / reinsurance receivables *	-	-	-	1,594,923	-	1,594,923	-	-	-
Reinsurance recoveries against outstanding claims *	-	-	-	1,219,610	-	1,219,610	-	-	-

Total Assets of Windows Takaful Operations

Investments - Mutual Funds	-	11,576	-	-	-	11,576	-	11,576	-
'Debt securities	-	-	-	-	-	-	-	-	-
Investments - Term Deposits	-	-	64,041	-	-	64,041	-	-	-
Investments - debt securities	-	-	-	-	-	-	-	-	-
Other than investments *	-	-	-	166,880	-	166,880	-	-	-
	-	142,733	1,020,337	3,318,014	-	4,481,084	-	-	-

Financial liabilities not measured at fair value

Outstanding claims including IBNR *	-	-	-	-	1,480,367	1,480,367	-	-	-
Insurance / reinsurance payables *	-	-	-	-	369,426	369,426	-	-	-
Other creditors and accruals *	-	-	-	-	223,176	223,176	-	-	-
Lease liability *	-	-	-	-	56,867	56,867	-	-	-
Total liabilities of Window Takaful Operations	-	-	-	-	66,581	66,581	-	-	-
	-	-	-	-	2,196,417	2,196,417	-	-	-

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

41 PROVIDENT FUND

The following is based on un-audited financial statements for the year ended December 31, 2022 and audited financial statement for the year ended December 31, 2021.

	2022	2021
	(Rupees in '000)	
Size of the fund - net assets	136,245	114,347
Cost of investments	126,805	108,001
Percentage of investments made	93.07%	94.45%
Fair value of investments	124,601	107,974

The investments in collective investment schemes, listed equity and listed debt securities out of provident fund / trust have been made in accordance with the provisions of section 218 of the Act and the Rules formulated for this purpose.

En

41.1 The breakup-value of fair value of investments is as follows:

	2022	2021	2022	2021
	----- Percentage -----		----- (Rupees in '000)-----	
Bank balances	5.8%	3.0%	7,270	3,197
Pakistan investment bonds	26.5%	0.0%	33,043	-
Market treasury bills	15.9%	31.7%	19,822	34,208
Mutual Funds	9.4%	11.2%	11,766	12,069
Term deposits	42.3%	54.2%	52,700	58,500
	<u>100.0%</u>	<u>100.0%</u>	<u>124,601</u>	<u>107,974</u>

42 NUMBER OF EMPLOYEES

	2022	2021
	----- (Number)-----	
At December 31	<u>303</u>	<u>291</u>
Average during the year	<u>291</u>	<u>291</u>

43 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors in their meeting held on _____.

44 GENERAL





44.1 Non adjusting event after balance sheet date


The Board of Directors of the Company in their meeting held on March 31, 2023 has proposed a final cash dividend of Rs. 0.29 per share amounting to Rs. 33.4 million (2022: Rs. 0.115 per share amounting to Rs.13.2 million) for the year ended December 31, 2022. The approval of the Members of the Company for the dividend shall be obtained at the Annual General Meeting to be held on April 25, 2023. The financial statements for the year ended December 31, 2022 do not include the effect of the proposed final dividend which will be accounted for in the year ending December 31, 2023.

44.2 Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.

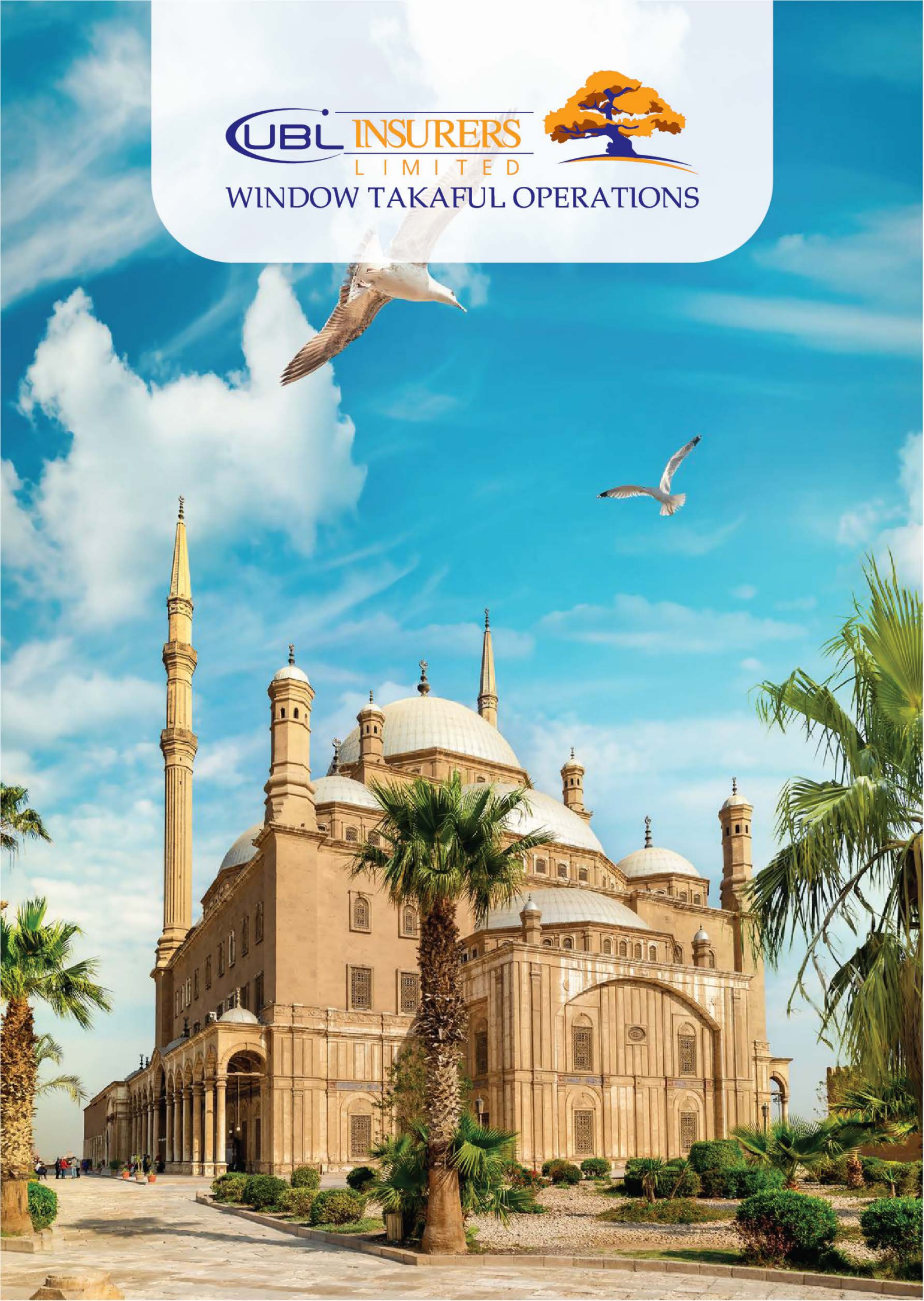
44.3 Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

F.u

			
Chief Executive Officer	Director	Director	Chairman



UBL INSURERS
LIMITED
WINDOW TAKAFUL OPERATIONS



Shariah Advisory Board's Report to the Board of Directors

For the year ended 31 December 2022

The Company, UBL Insurers Limited commenced Window Takaful Operations on January 1, 2016. By the grace of Almighty Allah and sincere efforts of Management, the year under review was the sixth successful year of Window Takaful Operations.

We acknowledge that as Shariah Advisory Board members of Takaful Operator, it is our responsibility to provide Shariah guidelines and develop framework for assurance that the financial arrangements, contracts and transactions undertaken by the Takaful Operator with its participants and stakeholders are in compliance with the requirements of Shariah rules and principles. It is the responsibility of the Takaful Operator to ensure that the rules, principles and guidelines set by the Shariah Advisory Board are fully complied with, and that all policies and services being offered are duly approved by the Shariah Advisory Board.

The Takaful Operator's activities and operations are periodically checked and monitored by Shariah Advisory Board. In order to have an independent assessment of the Shariah Governance and Compliance environment of the Takaful operations under taken by the Operator and the conformity of Takaful operations with Shariah rules and principles an external audit was conducted. Further, internal audit via BDO Ebrahim & Co. and Shariah Compliance review through Internal Shariah Compliance Department were conducted as well. Based on their reports and statement of compliance with the Shariah Principles submitted by the Operator/Management to the Board of Directors, we hereby present our report as follows:

- i. transactions undertaken by the Takaful Operator were in accordance with guidelines issued by Shariah Advisory Board as well as requirements of Takaful Rules, 2012;
- ii. the investments have been done from the Participant's Takaful Fund and Operator's Fund into Shariah Compliant avenues as per Shariah Guidelines for Investment already approved by Shariah Advisory Board;
- iii. during the year, zero non-shariah income was realized;
- iv. takaful membership issuance process is improved and after due screening process takaful membership is issued to avoid issuance of takaful membership to non-shariah compliant business;
- v. transactions and activities of Window Takaful Operations are in accordance with the Shariah principles in respect of the Participants Takaful Fund (Waqf Fund) and Operator's Fund (OF);
- vi. training sessions were held in across Pakistan on awareness of Takaful for Managerial and Business Development Staff and facilitated by Chairman – Shariah Advisory Board;

We are grateful to the Board of Directors of UBL Insurers Limited, Management, and all relevant departments who cooperated with the Shariah Compliance function and provided every possible support to ensure Shariah Compliance in our Takaful practices.

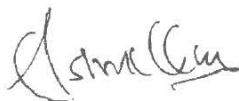
While concluding; in our opinion and to the best of our knowledge that over all the financial arrangements, products, services and transactions entered into by the Operator and the PTF/Waqf, as the case may be, for the year ended December 31, 2022 are in compliance with the requirements of the Shariah rules and guidelines and Allah knows the best. However, the following are recommended:

- The Operator/management should take concrete measures to play pivotal role in sound and transparent growth of Takaful countrywide.

May Allah bless us with the best Tawfeeq and bestow us with success in this world and in the world hereafter, and forgive us for our mistakes. A'ameen.



Mufti Muhammad Hanif
Shariah Advisor & Member
Shariah Advisory Board



Mufti Muhammad Ashraf Alam
Member
Shariah Advisory Board



Mufti Imtiaz Alam
Chairman & Member
Shariah Advisory Board

Date: February 29, 2023

Statement of Compliance with the Shariah Principles

The financial arrangements, contracts and transactions, entered into by Window Takaful Operations of the UBL Insurers Limited for the year ended December 31, 2022 are in compliance with the Takaful Rules, 2012.

Further, we confirmed that:

- The Company has developed and implemented all the policies and procedures in accordance with the Takaful Rules, 2012 and rulings of the Shariah Advisory Board 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 Advisory Board and Board of Directors have been implemented;
- All the products and policies have been approved by Shariah Advisory Board 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 Advisory Board; and
- The assets and liabilities of Window Takaful Operations (Participant Takaful Fund and Operator's fund) are segregated from its other assets and liabilities, at all times in accordance with provisions of the Takaful Rules, 2012



Nadeem Raza
Chief Financial Officer



Zeeshan Muhammad Raza
Chief Executive Officer

Date: March 24, 2023

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

Scope

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

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

Criteria applied by the management

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

The Management's responsibilities

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

EY's responsibilities

Our responsibility is to express an opinion on the presentation of the Subject Matter based on the evidence we have obtained. We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000'), and the terms of reference for this engagement as agreed with the Operator on 27 June 2022. Those standards require that we plan and perform our engagement to obtain reasonable assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

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

• Our Independence and Quality Control

- We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan and have the required competencies and experience to conduct this assurance engagement.
- EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

• Description of procedures performed

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

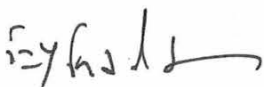
- We checked that the assets and liabilities of Window Takaful Operations (Participants' Takaful Fund and Operator's fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.
- We reviewed training certificates and attendance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

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

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

Opinion

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



Chartered Accountants

Engagement Partner: **Shaikh Ahmed Salman**

Date: 12 April 2023

Karachi

Independent Auditor's Report

To the members of UBL Insurers Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **UBL Insurers Limited - Takaful Window Operations** (the Operator), which comprise the statement of financial position of OPF and PTF as at 31 December 2022, and the profit and loss account, the statement of comprehensive income, the statement of changes in operator's fund and participants' takaful 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 of OPF and PTF, the profit and loss account, the statement of comprehensive income, the statement of changes in operator's fund and participants' takaful fund and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Operator's affairs as at 31 December 2022 and of the profit, total comprehensive loss, the changes in operator's fund and participants' takaful fund and its cash flows for the year then ended.

Basis of 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 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);

En

- b) the statement of financial position of OPF and PTF, the profit and loss account the statement of comprehensive income, the statement of changes in operator's fund and participants' takaful fund and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Operator's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other matter

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

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



Chartered Accountants

Karachi

Date: 12-Apr-2023

UDIN Number: AR202210191udLY75kOG

UBL Insurers Limited - Window Takaful Operations
Statement of Financial Position of OPF & PTF
As at December 31, 2022

	Note	Operator's Fund (OPF)		Participants' Takaful Fund (PTF)	
		2022	2021	2022	2021
----- (Rupees in '000) -----					
Assets					
Investments					
Equity securities	5	27,349	11,576	103,891	38,610
Debt securities	6	58,345	-	92,994	14,992
Term Deposits	13	123,500	64,041	459,000	447,439
Loan and other receivable	7	4,347	396	12,919	2,972
Takaful / retakaful receivables	8	-	-	351,656	254,174
Salvage recoveries accrued		-	-	2,119	7,358
Deferred taxation	11	2,172	142	-	-
Deferred wakala fee		-	-	129,264	96,472
Receivable from PTF	10	101,321	165,195	-	-
Taxation - payment less provisions		-	-	21,060	12,047
Retakaful recoveries against outstanding claims / Benefits		-	-	184,806	109,560
Deferred Commission Expense	20	60,495	44,205	-	-
Prepayments	12	375	326	126,609	100,664
Cash and bank	13	4,250	1,289	32,441	22,482
Total assets		382,154	287,170	1,516,759	1,106,770
Equity and Liabilities					
Reserves attributable to the OPF					
Statutory Reserve		50,000	50,000	-	-
Accumulated profit		96,030	55,257	-	-
Total Reserves attributable to the OPF		146,030	105,257	-	-
Participants' Takaful Fund					
Seed money		-	-	500	500
Accumulated surplus		-	-	363,895	282,802
Balance of Participants' Takaful Fund		-	-	364,395	283,302
Liabilities					
PTF Underwriting Provisions					
Outstanding claims including IBNR	19	-	-	304,408	183,300
Unearned contribution reserves	17	-	-	387,682	290,062
Reserve for unearned retakaful rebate	18	-	-	32,832	26,372
		-	-	724,922	499,734
Unearned wakala fees		129,264	96,472	-	-
Takaful / Retakaful payables	14	-	-	297,175	142,066
Other creditors and accruals	15	69,818	67,211	28,946	16,473
Taxation - provision less payment		37,042	18,230	-	-
Payable to OPF	10	-	-	101,321	165,195
Total Liabilities		236,124	181,913	1,152,364	823,468
Total Equity and Liabilities		382,154	287,170	1,516,759	1,106,770
Contingencies and Commitments	16				

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



Chief Executive Officer



Director



Director



Chairman

UBL Insurers Limited - Window Takaful Operations
Profit & Loss Account
For the year ended December 31, 2022

	Note	2022 ------(Rupees in '000)-----	2021
Participants' Takaful Fund - (PTF)			
Contributions earned	17	531,355	414,768
Less: Contributions ceded to retakaful	17	(309,868)	(250,407)
Net contributions revenue		221,487	164,361
Re-takaful rebate earned	18	79,341	63,748
Net underwriting income		300,828	228,109
Net claims - reported / settled		(218,265)	(144,282)
- IBNR		(24,807)	5,785
	19	(243,072)	(138,497)
Other direct expenses		(17,035)	(12,711)
Surplus before investment income			
Investment income	22	64,744	30,263
Other income	23	6,191	1,104
Less: Modarib's share of investment income		(14,187)	(6,273)
Provisions for doubtful contributions (net of Wakala fee)		(16,376)	(1,290)
Surplus transferred to accumulated surplus			
		81,093	100,705
Operator's Fund - (OPF)			
Wakala fee		261,236	197,034
Commission expense	20	(117,076)	(89,719)
General administrative and management expenses	21	(94,029)	(69,889)
		50,131	37,426
Modarib's share of PTF investment income		14,187	6,273
Investment income	22	16,752	4,565
Direct expenses	24	(22,623)	(20,234)
Other income	23	2,380	551
Profit before taxation			
Taxation	25	(20,054)	(8,289)
Profit after taxation			
		40,773	20,292

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

En


Chief Executive Officer


Director


Director


Chairman



UBL Insurers Limited - Window Takaful Operations
Statement of Comprehensive Income
 For the year ended December 31, 2022

	2022	2021
	----- (Rupees in '000) -----	
Participants' Takaful Fund - (PTF)		
Surplus for the year	81,093	100,705
Other comprehensive loss:		
<i>Items that will be reclassified to profit and loss subsequently</i>		
Reclassification adjustment for net gain on sale of available-for-sale investments included in the profit and loss account	-	(29)
Other comprehensive loss for the year	-	(29)
Total comprehensive income for the year	81,093	100,676
Operator's Fund - (OPF)		
Profit after tax	40,773	20,292
Other comprehensive loss:		
<i>Items that will be reclassified to profit and loss subsequently</i>		
Unrealised loss on available-for-sale investments	-	(63)
Related tax impact	-	18
Other comprehensive loss for the year	-	(45)
Total comprehensive income for the year	40,773	20,247

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

En


 Chief Executive Officer


 Director


 Director


 Chairman

dsd

UBL Insurers Limited - Window Takaful Operations

Statement of Changes in Operator's Fund and Participants' Takaful Fund

As at December 31, 2022

	Attributable to Operator's Fund			Total
	Statutory Reserve	Available-for-sale investment revaluation reserve	Accumulated profit	
	----- (Rupees in '000) -----			
Balance as at January 1, 2021	50,000	45	34,965	85,010
Profit for the year	-	-	20,292	20,292
Other Comprehensive income for the year	-	(45)	-	(45)
Balance as at December 31, 2021	50,000	-	55,257	105,257
Profit for the year	-	-	40,773	40,773
Other comprehensive loss for the year	-	-	-	-
Balance as at December 31, 2022	50,000	-	96,030	146,030

	Attributable to Participants of PTF			Total
	Seed money	Available-for-sale investment revaluation reserve	Accumulated surplus	
	----- (Rupees in '000) -----			
Balance as at January 1, 2021	500	29	208,759	209,288
Surplus for the year	-	-	100,705	100,705
Surplus distribution to participants	-	-	(26,662)	(26,662)
Other Comprehensive income for the year	-	(29)	-	(29)
Balance as at December 31, 2021	500	-	282,802	283,302
Surplus for the year	-	-	81,093	81,093
Surplus distribution to participants	-	-	-	-
Other comprehensive loss for the year	-	-	-	-
Balance as at December 31, 2022	500	-	363,895	364,395

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



Chief Executive Officer



Director




Director



Chairman

UBL Insurers Limited - Window Takaful Operations


Statement of Cash Flows


For the year ended December 31, 2022

	Operator's Fund (OPF)		Participants' Takaful Fund	
	2022	2021	2022	2021
----- (Rupees in '000) -----				
Operating cash flows				
(a) Takaful activities				
Contributions received	-	-	867,350	588,150
Retakaful contribution paid	-	-	(272,868)	(213,965)
Claims / Benefits paid	-	-	(352,715)	(273,420)
Retakaful and other recoveries received	-	-	160,744	138,413
Commissions paid	(131,333)	(96,440)	-	-
Retakaful rebate received	-	-	85,801	69,333
Wakala fees received	351,000	176,037	-	-
Wakala fees paid	-	-	(351,000)	(176,037)
Modarib share received	15,000	6,000	-	-
Modarib share paid	-	-	(15,000)	(6,000)
Net cash inflow from takaful activities	234,667	85,597	122,312	126,474
(b) Other operating activities				
Income tax paid	(3,270)	(854)	(9,013)	(4,423)
General and other expenses paid	(109,982)	(84,175)	(8,312)	(8,831)
Net cash flow from other operating activities	(113,252)	(85,029)	(17,325)	(13,254)
Total cash inflow / (outflow) from all operating activities	121,415	568	104,987	113,220
(c) Investment activities				
Profit / return received	12,960	4,538	50,691	29,267
Dividend received	2,085	575	9,072	2,107
Payment for investments	(142,297)	(11,088)	(657,863)	(163,937)
Proceeds from investments	23,756	7,919	369,633	140,068
Total cash inflow on investing activities	(103,495)	1,944	(228,467)	7,505
(d) Financing activities				
Qard e Hasna	-	-	-	-
Surplus paid	-	-	-	(26,662)
Total cash inflow / (outflow) from financing activities	-	-	-	(26,662)
Net cash inflow from all activities	17,920	2,512	(123,480)	94,063
Cash and cash equivalents at the beginning of the period	65,330	62,818	469,921	375,858
Cash and cash equivalents at the end of the period	83,250	65,330	346,441	469,921
Reconciliation to profit and loss account				
Operating cash flows	121,415	568	104,987	113,220
Dividend income	2,085	575	8,227	2,045
Other investment income	14,667	3,990	56,517	28,218
Other income	2,380	551	6,191	1,104
Decrease in unearned contribution	-	-	(97,620)	(41,400)
Taxation	(20,054)	(8,289)	-	-
Increase in assets other than cash	(39,698)	47,481	248,256	122,501
Increase in liabilities other than borrowings	(54,209)	(30,857)	(231,278)	(118,710)
Modarib's share of investment income	14,187	6,273	(14,187)	(6,273)
Profit after taxation	40,773	20,292	81,093	100,705
Surplus in PTF	-	-	81,093	100,705
Profit after tax attributable to OPF	40,773	20,292	-	-
	40,773	20,292	81,093	100,705

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


 Chief Executive Officer


 Director


 Director


 Chairman

UBL Insurers Limited - Window Takaful Operations

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

UBL Insurers Limited - Window Takaful Operations ("the Operator"), a subsidiary of Bestway International Holdings Limited, was incorporated as an unlisted public limited company on June 29, 2006 under the repealed Companies Ordinance, 1984 (now Companies Act 2017). The registered office of the Company is situated at 126-C, Jami Commercial Street Number 14, D.H.A., Phase VII, Karachi. The Company currently operates a network of 27 (2021: 24) branches in various cities. The Company received Certificate of Registration under Section 6 of the Insurance Ordinance, 2000 on January 05, 2007. The objects of the Operator include providing general takaful services (in spheres of Fire, Marine, Aviation and Transport, Motor, Bankers Blanket and other).

The Operator was granted authorisation on December 29, 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Takaful Window Operations in respect of general takaful products by the Securities and Exchange Commission of Pakistan (SECP) and subsequently the Operator commenced Window Takaful Operations on January 1, 2016.

The Operator transferred statutory reserve of Rs. 50 million for the Window Takaful Operations as per the requirement of circular 8 of 2014. For the purpose of carrying on the takaful business, the Operator has formed a Waqf / Participant Takaful Fund (PTF) on January 1, 2016 under the waqf deed. The Waqf deed governs the relationship of Operator and participants for management of takaful operations.

2 BASIS OF PREPARATION & STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with 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 Standard Board (IASB) as are notified under Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017, Takaful Rules, 2012 and General Takaful Accounting Regulations, 2019.

In case requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, Takaful Rules, 2012 and General Takaful Accounting Regulations, 2019 shall prevail.

These financial statements reflect the financial position and results of operations of both the Operator's Fund (OPF) and Participants' Takaful Fund (PTF) in a manner that the assets, liabilities, income and expenses of the Operator's Fund and PTF remain separately identifiable.

2.1 Basis of Measurement

These financial statements have been prepared under the historical cost convention except available-for-sale investments that have been measured at fair value.

2.2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Operator operates. The financial statements are presented in Pakistani Rupees, which is the Operator's functional and presentation currency.

En

2.3 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are effective in the current year

2.3.1 There are certain amendments that are mandatory for the Operator's accounting periods beginning on or after January 1, 2022 but are considered not to be relevant or do not have any significant effect on the Operator's operations and therefore, have not been stated in these financial statements.

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

The following standards, amendments and interpretations of the accounting and reporting standards as applicable in Pakistan will be effective for accounting periods beginning on or after January 1, 2023:

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

Amendments	Effective date (annual periods beginning on or after)
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	01-Jan-23
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized
Definition of Accounting Estimates - Amendments to IAS 8	01-Jan-23
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	01-Jan-23
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	01-Jan-23
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	01-Jan-24

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

Standards	Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	01-Jan-24
IFRS 17 - Insurance Contracts	01-Jan-23

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented.

3.1 Takaful contracts

The takaful contracts are based on the principles of wakala. The takaful contracts so agreed usually inspire concept of tabarru (to donate for benefit of others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty.

Contracts under which the Participants' Takaful Fund (PTF) accepts significant takaful risk from another party (the participant) by agreeing to compensate the participant if a specified uncertain future event (the takaful event) adversely affects the participant are classified as takaful contracts. Takaful risk is significant if a takaful event could cause the PTF to pay significant benefits due to the happening of the takaful event compared to its non-happening. 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 this period, unless all rights and obligations are extinguished or expired.

En

The PTF underwrites non-life takaful contracts that can be categorised into following main categories:

a) Fire and property damage

Fire and property takaful contracts mainly compensate the Operator's customers for damage suffered to their properties or for the value of property lost. 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.

b) Marine, aviation and transport

Marine and transport takaful covers the loss or damage of ships, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination.

c) Motor

Motor takaful is to provide protection against losses incurred as a result of traffic accidents and against liability that could be incurred in an accident.

d) Bankers blanket

Bankers' blanket takaful covers losses as a result of dishonest or fraudulent acts by officers and employees of the bank, including on premises coverage of cash, coverage of cash during transit and coverage of forged cheques.

e) Miscellaneous

Miscellaneous takaful includes various types of coverage mainly burglary, loss of cash in safe and cash in transit, engineering losses, accident and health, money and other coverage.

These contracts are normally one year takaful contracts except marine and some contracts of fire and property and other class. Normally all marine takaful contracts and some fire and property contracts have three months period. In miscellaneous, some engineering takaful contracts have more than one year period whereas normally travel takaful contracts expire within one month time.

These takaful contracts are provided to all types of customers based on assessment of takaful risk by the Operator. Normally personal takaful e.g. vehicle, travel, personal accident, etc. are provided to individual customers, whereas takaful contracts of fire and property, marine and transport, health and other products are provided to commercial organisation.

The Operator also accepts takaful risk pertaining to takaful contracts of other takaful as retakaful inward. The takaful risk involved in these contracts is similar to the contracts undertaken by the Operator as insurer. All retakaful inward contracts are facultative (specific risk) acceptance contracts.

The contribution recognition policy and recording mechanism for liabilities against the above contracts and claims recognition have been disclosed in their respective notes to these financial statements

3.2 Deferred commission expense / acquisition cost

Commission expense incurred in obtaining and recording policies is deferred and recognised in the profit and loss account as an expense in accordance with the pattern of recognition of contribution revenue.

FA

3.3 Reserve for unearned contribution

Reserve for unearned contribution represents the portion of contribution written relating to the unexpired period of coverage at the reporting date and is recognised as a liability by the Operator. This liability is calculated by applying the 1/24th method as specified in the General Takaful Accounting Regulations, 2019.

3.4 Contribution Deficiency Reserve

The Operator maintains a provision in respect of contribution deficiency for the class of business where the unearned contribution liability is not adequate to meet the expected future liability, after retakaful, from claims and other supplementary expenses expected to be incurred after the date of statement of financial position in respect of the unexpired policies in that class of business as at the reporting date. The movement in the contribution deficiency reserve is recorded as an expense / income in the profit and loss account for the year.

For this purpose, loss ratios for each class are estimated based on historical claim development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, contribution deficiency is determined.

3.5 Retakaful contracts held

These are contracts entered into by the Operator with retakaful for compensation of losses suffered on takaful contracts issued. These retakaful contracts include both facultative and treaty arrangements contracts and are classified in same categories of takaful contracts for the purpose of these financial statements. The PTF recognises the entitled benefits under contracts as various retakaful assets and liabilities.

Retakaful assets represent balances due from retakaful companies and retakaful recoveries against outstanding claims. Due from retakaful companies are carried at cost less any provision for impairment. Cost represents the fair value of the consideration to be received. Retakaful recoveries against outstanding claims are measured at the amount expected to be received.

Retakaful assets are not offset against related takaful liabilities. Income or expenses from retakaful contract are not offset against expenses or income from related takaful assets.

Retakaful liabilities represent balances due to retakaful companies. Due to retakaful companies are carried at cost which is the fair value of the consideration to be paid.

Retakaful assets or liabilities are derecognised when the contractual rights are extinguished or expired.

3.6 Amount due to / from retakaful operators

Amounts due to / from retakaful operators are recognized when due, and carried at cost less provision for impairment, if any. Cost is the fair value of the consideration to be received / paid in the future for services rendered / received.

3.7 Segment reporting

An operating segment is a component of the Operator that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Operator's other components. All operating segments' results are reviewed regularly by the Operator's chief operating decision maker 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 segments reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the General Takaful Accounting Regulations, 2019. The reported operating

En

segments are also consistent with the internal reporting process of the Operator for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment. All the Operator's business segments operate in Pakistan only.

Based on its classification of takaful contracts issued, the Operator has five primary business segments for reporting purposes namely fire & property damage, marine, aviation and transport, motor, bankers blanket and miscellaneous. The nature and business activities of these segments are disclosed in note 3.1.

Assets and liabilities are allocated to particular segments on the basis of contribution earned. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

3.8 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand, stamps in hand, bank deposits and term deposits having maturity of less than three months.

3.9 Revenue Recognition

3.9.1 Contribution

Contribution Receivable under a policy / cover note issued is recognized as written from date of attachment of risk to the policy / cover note and over the period of takaful from inception to expiry. Contribution is recognised as revenue evenly over the period of the policy.

The unearned portion of Contribution income is recognized as a liability. Such liability is calculated by applying the one by twenty-fourth method, whereby the liability shall equal 1/24 of the Contribution relating to policies commencing in the first month of the takaful operator financial year, 3/24 of the Contributions relating to policies commencing in the second month of the takaful operator financial year, and so on.

For facultative acceptance, the basis of recognizing Contribution and determining the unearned Contribution reserve is the same as for the direct policies.

3.9.2 Wakala and modarib fee

Wakala Fee

The Takaful operator manages the general takaful operations for the participants and charges 30% (2021: 30%) of gross contribution on fire & property damage, marine, aviation & transport, bankers blanket and miscellaneous and 35% (2021: 35%) of gross contribution on motor as wakala fees against the services given to Participants' Takaful Fund. Wakala fee under a policy is recognised by applying the one by twenty-fourth method, whereby the liability shall equal 1/24 of the Contribution relating to policies commencing in the first month of the takaful operator financial year, 3/24 of the Contributions relating to policies commencing in the second month of the takaful operator financial year, and so on.

Modarib Fee

The Operator also manages the participants' investment as Modarib and charges 20% (2021: 20%) of the investment income earned by the PTF as Modarib fee. It is recognised on the same basis on which the related revenue is recognised.

En

3.9.3 Rebate from retakaful operators

Re-takaful rebate from retakaful is recognised at the date from attachment of risk to the policy / cover note and over the period of takaful from inception to expiry. Re-takaful rebate is recognized as revenue evenly over the period of the policy of issuance of the underlying takaful.

The unearned portion of Re-takaful rebate is recognized as a liability. Such liability is calculated by applying the one by twenty-fourth method, whereby the liability shall equal 1/24 of the Contribution relating to policies commencing in the first month of the takaful operator financial year, 3/24 of the Contributions relating to policies commencing in the second month of the takaful operator financial year, and so on.

For facultative acceptance, the basis of recognizing commission and determining the unearned commission reserve is the same as for the direct policies.

3.9.4 Dividend income

Dividend income is recognised when the right to receive the dividend is established.

3.9.5 Investment income

- Unrealised appreciation or diminution on revaluation of investments classified as available-for-sale is included in the statement of comprehensive income in the period to which it relates.
- Gain or loss on sale of investments is accounted for in the profit and loss account in the period to which it relates.
- Interest / mark-up on bank balances, term deposits and government securities is recognised on an accrual basis using the effective interest method.
- Premium or discount on debt securities classified as held to maturity is amortised using effective interest method and taken to the profit and loss account.

3.10 Investments

3.10.1 Classification and investments

The Operator invests in Shariah compliant financial instruments only. All investments are initially recognised at cost, being the fair value of the consideration given and include transaction cost, except for investments classified as fair value through profit or loss in which case transaction costs are charged to the profit and loss account. All regular way purchase and sale of investments are accounted for using trade date accounting. Currently, the financial assets of the OPF and PTF are classified into the following categories:

a) Held to maturity

These are investments with fixed or determinable payments and fixed maturities. The Operator classifies these debt securities under "held-to-maturity" (where the Operator has intention and ability to hold till maturity) category.

These investments are subsequently measured and carried at amortised cost. Premium or discount on debt securities classified as held to maturity is amortised using effective interest method and taken to the profit and loss account.

b) Available for sale

Surplus / (deficit) arising on revaluation of quoted securities which are classified as available for sale investments is taken to a separate account which is shown in the statement of changes in equity as revaluation surplus. The surplus / (deficit) arising on these securities is taken to the profit and loss account when actually realised upon disposal.

En

Provision for diminution in the values of securities is made after considering impairment, if any, in their value and is taken to profit and loss account. Impairment is booked when there is an objective evidence of significant or prolonged decline in the value of such securities.

Unquoted investments are recorded at cost less accumulated impairment losses, if any.

3.11 Off setting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position, if the Operator has a legally enforceable right to set-off and the Operator intends either to settle the assets and liabilities on a net basis or to realise the asset and settle the liability simultaneously.

3.12 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 services received, whether or not billed to the Operator.

Provisions are recognised when the Operator has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.13 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Operator's profit and loss account, except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or in other comprehensive income respectively.

3.13.1 Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalised during the current period for such years.

3.13.2 Deferred

Deferred tax is recognised using the statement of financial position liability method, on all temporary differences arising at the date of statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The carrying amount of deferred tax asset is reviewed at each date of statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognised. Unrecognised deferred tax assets are reassessed at each date of statement of financial position and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is utilised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the date of statement of financial position.

fn

3.14 Takaful surplus

Takaful surplus attributable to the participants is calculated after charging all direct cost and setting aside various reserves. Allocation to participants, if applicable, is made after adjustment of claims paid to them during the year.

3.15 Impairment of assets

The carrying amount of the assets is reviewed at each statement of financial position 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 assets is estimated and the impairment losses are recognised in the profit and loss account currently.

Provisions for impairment are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Changes in the provisions are recognised as income / expense currently.

3.16 Allocation of management expenses

Expenses allocated to the takaful business represent directly attributable expenses. Expenses not directly attributable to takaful business are allocated between the conventional business and takaful business of the Operator on the basis of reasonable and supportable information available for determining such allocation.

3.17 Qard-e-Hasna

If there is a deficit of admissible assets over liabilities in PTF, the Operator provides interest free loan 'Qard-e-Hasan' to PTF from OPF so that PTF may become solvent as per Takaful Rules, 2012.

Qard-e-Hasan from PTF can be recovered by the Operator over any period of time without charging any profit.

3.18 Retakaful expense

Contribution Ceded to re-takaful operators is recognized as an expense. For retakaful contracts operating on a proportional basis, on attachment of the underlying policies retakaful; and for retakaful contracts operating on a non-proportional basis, on inception of the retakaful contract.

The portion of retakaful Contribution ceded not yet recognized as an expense is recognized as a prepayment. The prepaid portion of Contribution ceded is recognized as an asset. Such asset is calculated by applying the one by twenty-fourth method, whereby the liability shall equal 1/24 of the Contribution ceded relating to retakaful contract commencing in the first month of the takaful operators financial year, 3/24 of the Contributions ceded relating to policies commencing in the second month of the takaful operator financial year, and so on.

3.19 Dividend Distribution

Dividends, if any, declared and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognised in the financial statements in the year in which such dividends are declared and transfers are made.

3.20 Receivable and Payable related to takaful contracts

Receivables related to takaful contracts are known as Due from takaful contract holders. These are recognised at cost, which is the fair value of the consideration to be received less provision for impairment, if any. Contributions received in advance is recognised as liability till the time of issuance of takaful contract thereagainst.

Provision for impairment and write-off is estimated on a systematic basis after analysing the receivables as per their aging.

En

3.21 Claims expense

General takaful claims include all claims occurring during the year, whether reported or not, related internal and external 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.

The Operator recognises liability in respect of all claims incurred upto the reporting date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an takaful contract. The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

The provision for Incurred But Not Reported (IBNR) claims is determined by the Operator as required under circular No. 9 of 2016 issued by the SECP. As per the SECP circular No. 9 of 2016, an Operator shall estimate IBNR claims reserve based on the prescribed method provided in the guidelines. Guidelines also allows the use of any other alternative method of determining IBNR, if found more suitable for the risk class, provided that the amount estimated under the alternative method shall not be less than the amount calculated under prescribed method. The prescribed method for estimating IBNR claim reserve is the chain ladder method based on paid claims hereinafter called 'Incurred But Not Paid' or 'IBNP'. The Basic Chain Ladder (BCL) method uses a run off triangle to estimate the development factors for each accident period which are further used to estimate the ultimate paid claims. Data from settlement registers is used in the BCL models. Lags are determined to be the difference between the 'date of loss' and 'date of claim payment'. Monthly lags are used since it reflects the claim development pattern within a given year and the back testing supports the same. Once IBNP has been determined using BCL, the outstanding claims are deducted to arrive at IBNR on paid basis.

Under alternative method IBNR is determined on reported basis. IBNR (reported basis) is much similar to IBNR (paid basis) but is calculated using a different methodology. It does not use either IBNP or outstanding claims to estimate IBNR rather, is determined using BCL method. Development factors are determined for each accident period to estimate the ultimately reported claims directly. Intimation registers are used in the BCL model where lags are calculated as the difference between the 'date of loss' and 'date of intimation'.

The analysis is carried out separately for each class of business and results determined through this alternative method are compared to the results of prescribed method and higher of the two are set as the final reserve.

3.22 Retakaful recoveries against outstanding claims

Re-takaful recoveries against outstanding claims are recognized as assets at the same time as the claims which give rise to the right of recovery are recognized as liability and are measured at the amount expected to be recovered.

3.23 Salvage recoveries accrued

Salvage is recognised at the same time as the claims to which they relate. Estimates of salvage recoveries are included as an allowance in the measurement of the takaful liability for claims. The allowance is the amount that can reasonably be recovered from the disposal of the salvage.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Operator's accounting policies. The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

En

The estimates / judgments and associated assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgment or complexity, or areas where assumption and estimates are significant to the financial statements, or judgment was exercised in application of accounting policies, are as follows:

- Provision for outstanding claims including IBNR (note 3.21)
- Reserve for unearned contribution (note 3.3)
- Contribution deficiency reserve (note 3.4)
- Classification and impairment of investments (note 3.10 and 3.15)
- Provision for current and deferred tax (note 3.13)
- Takaful / retakaful receivables (note 3.6 and 3.20)
- Deferred commission expense (note 3.2)
- Allocation of management expenses (note 3.16)

5 INVESTMENTS

5.1 INVESTMENTS IN EQUITY SECURITIES

Particulars	2022			2021		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
(Rupees in '000)						
Available-for-Sale						
Operator's fund (OPF)						
NBP Islamic Daily Dividend Fund	5,445	-	5,445	4,893	-	4,893
Alhamra Islamic Money Market Fund	7,453	-	7,453	6,683	-	6,683
Alhamra Islamic Daily Dividend Fund	14,451	-	14,451	-	-	-
	27,349	-	27,349	11,576	-	11,576
Carrying Value (OPF)			27,349			11,576

Particulars	2022			2021		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
(Rupees in '000)						
Participants' fund (PTF)						
NBP Islamic Daily Dividend Fund	38,044	-	38,044	8,054	-	8,054
Alhamra Islamic Money Market Fund	60,319	-	60,319	30,556	-	30,556
Alhamra Islamic Daily Dividend Fund	5,528	-	5,528	-	-	-
	103,891	-	103,891	38,610	-	38,610
Carrying Value (PTF)			103,891			38,610

6 INVESTMENTS IN DEBT SECURITIES

Held-to-maturity

	2022			2021		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
(Rupees in '000)						
6.1 Operator's fund						
GOP Ijara Sukuk	49,224	-	49,301	-	-	-
Sukuk - Meezan Bank Limited	9,045	-	9,044	-	-	-
Carrying value	58,269	-	58,345	-	-	-

No. of Certificates		Face Value	Value of Certificates	
2022	2021	2022	2022	2021
		(Rupees)	----- (Rupees in '000) -----	

6.2	GOP Ijara Sukuk	500	-	100,000	50,000	-
	Sukuk - Meezan Bank Limited	90	-	100,000	9,000	-

6.2.1 The market value of the investments in sukuk as at December 31, 2022 is Rs 58.320 million (2021: Rs. nil).

En

6.2.2 Participants' Fund

	2022			2021		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
----- (Rupees in '000) -----						
Sukuk - The Hub Power Company Limited	2,570	-	2,505	5,070	-	5,024
Sukuk - Meezan Bank Ltd	31,155	-	31,150	-	-	-
GOP Ijara Sukuk	59,254	-	59,339	9,960	-	9,968
Carrying value	92,979	-	92,994	15,030	-	14,992

6.2.2.1

	No. of Certificates		Face Value	Value of Certificates	
	2022	2021	2022	2022	2021
			(Rupees)	----- (Rupees in '000) -----	
Sukuk - The Hub Power Company Limited	25	50	100,000	2,500	5,000
Sukuk - Meezan Bank Ltd	310	-	100,000	31,000	-
GOP Ijara Sukuk	600	100	100,000	60,000	10,000

6.2.2.2 The market value of the investments in sukuk as at December 31, 2022 is Rs 93.437 million (2021: Rs. 13.985 million).

7 LOANS AND OTHER RECEIVABLES

	OPF		PTF	
	2022	2021	2022	2021
----- (Rupees in '000) -----				
Accrued investment income	4,347	396	12,919	2,972

8 TAKAFUL / RETAKAFUL RECEIVABLES - PTF

	Note	2022	2021
		----- (Rupees in '000) -----	
Unsecured and considered good			
Due from takaful participants holders		353,864	135,468
Provision for impairment of receivables from takaful participants holders		(24,251)	(697)
		329,613	134,771
Due from other insurers/retakaful operators	9	22,043	120,491
Provision for impairment of due from other other takaful / retakaful		-	(1,088)
		22,043	119,403
		351,656	254,174

8.1 The Operator performs aging analysis of its receivable from insurance contract holders, other insurers and reinsurers and also takes into account historical experience, to estimate the amount of provision against these receivables.

9 The Company has entered co-takaful and re-takaful arrangements with various other co-takaful and domestic re-takaful operators. As of 31 December 2022, the aggregate net balances due to other takaful and domestic re-takaful operators arising from such arrangements amounts to Rs. 89.206 million and Rs. 99.615 million respectively. (Refer Notes 8 and 14)

Under the above arrangements, the receivable and payable balances originate mainly due to premiums collected or claims settled by lead insurer on behalf of other co-takaful operators and in case of re-takaful operators, the contribution ceded to and claims recoverable from the re-takaful under the respective contracts. As per the prevailing industry practices, settlements of balances under co-takaful arrangements occur between the respective takaful operators in due course of business, however, the position of outstanding balances due to/from other co-takaful operators at a given point in time is not confirmed or reconciled with other co-takaful due to high volume of transactions and inconsistent accounting practices for classification of co-takaful balances among the takaful operators.

En

During the year 2022, the SECP advised the Takaful sector to exchange outstanding balance information under co-takaful and re-takaful arrangements with other takaful operators operating in Pakistan as part of the annual audit process. Pursuant to that, the takaful operators through the forum of Insurance Association of Pakistan (IAP), informed the SECP that the reconciliation of balances among the takaful operators is a time-consuming exercise as it requires standardization of accounting practices within the takaful sector as a pre-requisite for such reconciliations to complete. Accordingly, it is expected that such balance reconciliation exercise will be completed by 31 December 2023 as indicated by IAP to the SECP.

Notwithstanding the above developments regarding the confirmation and reconciliations of balance positions between the takaful operators/companies, the Company believes that the current balances of co-takaful and re-takaful reflected in the records of the Company are based on the underlying contracts and transactions supported by appropriate evidence and corroborated through confirmation of the balances from several con insurer companies.

10 RECEIVABLE FROM PTF / PAYABLE TO OPF

	OPF		PTF	
	2022	2021	2022	2021
	----- (Rupees in '000) -----			
Wakala fee	96,735	159,796	96,735	159,796
Modarib fee	4,586	5,399	4,586	5,399
	<u>101,321</u>	<u>165,195</u>	<u>101,321</u>	<u>165,195</u>

11 DEFERRED TAXATION

	Note	OPF	
		2022	2021
		----- (Rupees in '000) -----	
Deferred debits arising in respect of provision on wakala fee	11.1	2,172	142
		<u>2,172</u>	<u>142</u>

11.1 The movement in deferred tax asset / (liability) is as follows:

	OPF	
	2022	2021
	----- (Rupees in '000) -----	
Opening deferred tax liability	142	(18)
Income booked in the profit and loss account	2,030	142
Reversal in the other comprehensive income	-	18
Closing deferred tax asset / (liability)	<u>2,172</u>	<u>142</u>

12 PREPAYMENTS

	Note	OPF		PTF	
		2022	2021	2022	2021
		----- (Rupees in '000) -----			
Prepaid retakaful contribution ceded		-	-	122,497	97,113
Tracker monitoring fee		-	-	4,112	3,551
Prepaid software charges		375	326	-	-
		<u>375</u>	<u>326</u>	<u>126,609</u>	<u>100,664</u>

13 CASH AND BANK

Cash and Cash Equivalent					
Cash in hand		-	-	-	-
Policy & Revenue stamps		-	-	190	139
Cash at bank					
- Current account		70	37	13,858	11,117
- Savings account	12.1 & 12.2	4,180	1,252	18,393	11,226
Cash and Bank		<u>4,250</u>	<u>1,289</u>	<u>32,441</u>	<u>22,482</u>
Deposits maturing within 12 months					
Term deposits receipts within 12 months	12.3	123,500	64,041	459,000	447,439
		<u>127,750</u>	<u>65,330</u>	<u>491,441</u>	<u>469,921</u>

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	OPF		PTF	
	2022	2021	2022	2021
	----- (Rupees in '000) -----			
Cash and bank balances	4,250	1,289	32,441	22,482
Short term investments with 3 months or less maturity	79,000	64,041	314,000	447,439
	<u>83,250</u>	<u>65,330</u>	<u>346,441</u>	<u>469,921</u>
Term Deposits with more than 3 months maturity	44,500	-	145,000	-
	<u>127,750</u>	<u>65,330</u>	<u>491,441</u>	<u>469,921</u>

13.1 This includes balance with a related party amounting to Rs. 11.32 million (2021: Rs. 1.94 million).

13.2 Deposits on saving accounts carry profit rates ranging between 3.00% to 13.00% (2021: 3.00% to 4.00%) per annum.

13.3 Term Deposits carry profit rates ranging 15.1% - 15.6% (2021: Nil)

13.3.1 Participants' takaful fund

	Maturity date	2022	2021
		----- (Rupees in '000) -----	
Al Baraka Bank (Pakistan) Limited	16-Feb-22	-	115,800
BankIslami Pakistan Limited	05-Jan-22	-	45,000
Dubai Islamic Bank Pakistan Limited	29-Mar-22	-	87,639
Al Baraka Bank (Pakistan) Limited	30-Jan-22	-	41,000
Meezan Bank Limited	10-Jan-22	-	56,000
BankIslami Pakistan Limited	27-Mar-22	-	102,000
Al Baraka Bank (Pakistan) Limited	16-Jan-23	81,000	-
Al Baraka Bank (Pakistan) Limited	30-Sep-23	145,000	-
BankIslami Pakistan Limited	25-Jan-23	44,000	-
BankIslami Pakistan Limited	16-Jan-23	189,000	-
		<u>459,000</u>	<u>447,439</u>

Operators' fund

	Maturity date	2022	2021
		----- (Rupees in '000) -----	
Dubai Islamic Bank Pakistan Limited	29-Mar-22	-	18,141
BankIslami Pakistan Limited	05-Jan-22	-	6,000
Al Baraka Bank (Pakistan) Limited	16-Feb-22	-	20,900
BankIslami Pakistan Limited	27-Mar-22	-	19,000
Al Baraka Bank (Pakistan) Limited	22-Jan-23	27,000	-
Al Baraka Bank (Pakistan) Limited	30-Sep-23	44,500	-
BankIslami Pakistan Limited	25-Jan-23	10,000	-
BankIslami Pakistan Limited	16-Jan-23	42,000	-
		<u>123,500</u>	<u>64,041</u>

Note

PTF	
2022	2021
----- (Rupees in '000) -----	
207,874	138,888
89,301	3,178
<u>297,175</u>	<u>142,066</u>

14 TAKAFUL / RETAKAFUL PAYABLES

Due to takaful participants / Retakaful payable	9	207,874	138,888
Due to other takaful operators	9	89,301	3,178
		<u>297,175</u>	<u>142,066</u>

En

15 OTHER CREDITORS AND ACCRUALS	Note	OPF		PTF	
		2022	2021	2022	2021
----- (Rupees in '000) -----					
Federal excise duty and sales tax		411	630	11,530	8,290
Federal takaful fee		-	-	913	569
Commissions payable		57,739	55,707	-	-
Unclaimed takaful benefits	15.1	-	-	3,947	2,668
Accrued expenses		3,471	3,742	1,634	1,782
Others		794	692	10,124	2,916
Payable to UBL Insurers Limited		7,403	6,440	798	248
		<u>69,818</u>	<u>67,211</u>	<u>28,946</u>	<u>16,473</u>

15.1 This represents outstanding claims in respect of which cheques have been issued by the Operator for claim settlement but the same have not been encashed by the claimant. The following is the ageing as required by SECP circular No. 11 dated May 19, 2014:

	2022	2021
	----- (Rupees in '000) -----	
More than 6 months	3,947	2,668
1 to 6 months	24,788	21,637

2022						
----- (Age-wise Breakup) -----						
1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months	Total	
----- (Rupees in '000) -----						
Claims not encashed	24,788	701	1,684	525	1,037	<u>28,735</u>

2021						
----- (Age-wise Breakup) -----						
1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months	Total	
----- (Rupees in '000) -----						
Claims not encashed	21,637	1,005	570	316	777	<u>24,305</u>

16 CONTINGENCIES AND COMMITMENTS

Certain policyholders of the PTF have filed cases against the Operator which are pending adjudication at different levels. The management is of the view that decision for payment / non-payment of claims and the amount of claim determined was on the merits of each individual case. The management is confident that these cases will be decided in their favour and accordingly no provision has been recognised in these financial statements.

Under the Sindh Sales Tax Act, 2011, Sindh sales tax (SST) is payable on premium on corporate health insurance policies written in the province of Sindh. However, the Sindh Revenue Board (SRB) vide its first notification SRB-3-41512019 dated 8 May 2019 has exempted SST for the period from 1 July 2016 to 30 June 2019. SRB maintained this exemption via various notifications till June 2022, recently; SRB further extended this exemption via its notification SRB-3-4/19/2022 dated 28 June 2022 till 30 June 2023. Accordingly the Company is not charging sales tax on policies written in the province of Sindh.

En

17 NET CONTRIBUTION

	PTF	
	2022	2021
	----- (Rupees in '000) -----	
Written gross contribution	890,211	653,202
Less: Wakala fee	(294,028)	(214,690)
Contribution Net of Wakala Fee	596,183	438,512
Add: Unearned contribution reserve opening	193,590	169,846
Less: Unearned contribution reserve closing	(258,418)	(193,590)
Contributions Earned	531,355	414,768
Retakaful contribution ceded	(335,252)	(267,387)
Add: Prepaid retakaful ceded opening	(97,113)	(80,133)
Less: Prepaid retakaful ceded closing	122,497	97,113
Retakaful expense	(309,868)	(250,407)
Net Contribution	221,487	164,361

18 RETAKAFUL REBATE

Retakaful rebate/commission received	85,801	69,333
Add: Unearned retakaful rebate/commission opening	26,372	20,787
Less: Unearned retakaful rebate/commission closing	(32,832)	(26,372)
	79,341	63,748

19 TAKAFUL BENEFITS / CLAIMS EXPENSE

	PTF	
	2022	2021
	----- (Rupees in '000) -----	
Benefits / Claims paid	352,715	273,420
Add: outstanding benefits / claims including IBNR closing	304,408	183,300
Less: outstanding benefits / claims including IBNR opening	(183,300)	(191,770)
Claim expense	473,823	264,950
Re-Takaful and other recoveries received	160,744	138,413
Add: Re-Takaful and other recoveries in respect of outstanding claims closing	186,925	116,918
Less: Re-Takaful and other recoveries in respect of outstanding claims opening	(116,918)	(128,878)
Retakaful and other recoveries revenue	(230,751)	(126,453)
Net Claims Expense	243,072	138,497

19.1 BENEFIT / CLAIM DEVELOPMENT

The following table shows the development of claims over a period of time on gross basis.

Analysis on gross basis

Accident year	2018	2019	2020	2021	2022
	----- (Rupees in '000) -----				
At end of accident year	233,489	230,033	293,467	266,339	444,306
One year later	271,433	248,061	289,129	292,815	-
Two years later	272,137	249,059	289,850	-	-
Three years later	271,072	251,899	-	-	-
Four years later	267,447	-	-	-	-
Current estimate of cumulative claims	267,447	251,899	289,850	292,815	444,306
Cumulative payment made to date	(256,872)	(237,367)	(253,938)	(261,338)	(232,394)
Liability recognised in the statement of financial position	10,575	14,532	35,912	31,477	211,912

En

20 COMMISSION EXPENSE

Commission paid or payable
Add: Deferred commission expense opening
Less: Deferred commission expense closing

OPF	
2022	2021
----- (Rupees in '000) -----	
133,366	96,718
44,205	37,206
(60,495)	(44,205)
<u>117,076</u>	<u>89,719</u>

21 GENERAL ADMINISTRATIVE AND MANAGEMENT EXPENSES

Employee benefit cost
Traveling expenses
Printing & stationery
Rent, rates and taxes
Legal and professional charges - business related
Electricity, gas and water
Entertainment
Vehicle running expenses
Office repairs and maintenance
Postages, telegrams, and telephone
Shariah Advisor's fee
Bad and doubtful debts
Miscellaneous

Note

OPF		
2022	2021	
----- (Rupees in '000) -----		
19.1	55,769	45,465
	525	254
	1,231	1,035
	1,277	1,063
	2,375	1,785
	2,308	1,223
	531	340
	15,797	11,429
	1,106	807
	4,894	4,254
	1,490	1,368
	6,090	490
	636	376
	<u>94,029</u>	<u>69,889</u>

21.1 Employee benefit cost

Salaries, allowance and other benefits
Charges for post employment benefit

OPF	
2022	2021
----- (Rupees in '000) -----	
(69,711)	42,817
125,480	2,648
<u>55,769</u>	<u>45,465</u>

22 INVESTMENT INCOME

Income from equity securities - (available for sale)
- Dividend income

Income from debt securities - (Held to maturity)

- Return on debt securities
- Amortization of discount / (premium)

Income from term deposits - (Held to maturity)

- Return on term deposits

Realised gains on investments

- Equity Securities - (available for sale)

OPF		PTF	
2022	2021	2022	2021
(Rupees in '000)		(Rupees in '000)	
2,085	575	8,227	2,045
2,469	17	4,264	1,226
76	2	53	(12)
12,122	3,879	51,355	26,942
<u>16,752</u>	<u>4,473</u>	<u>63,899</u>	<u>30,201</u>
-	92	845	62
<u>16,752</u>	<u>4,565</u>	<u>64,744</u>	<u>30,263</u>

23 OTHER INCOME / (LOSS)

Return on bank balances
Miscellaneous

2,319	551	5,918	1,264
61	-	273	(160)
<u>2,380</u>	<u>551</u>	<u>6,191</u>	<u>1,104</u>

En

	Note	OPF	
		2022	2021
24 DIRECT EXPENSES		(Rupees in '000)	
Legal & professional fee other than business related		550	425
Auditor's remuneration	24.1	721	911
Shariah audit fee		374	374
Salaries & Benefits		13,076	11,768
Rent and Rates & Taxes		2,914	2,491
Communication		1,608	1,606
Others		3,380	2,659
		<u>22,623</u>	<u>20,234</u>
24.1 Auditor's remuneration			
Audit fee		187	187
Half yearly review		62	62
Certifications		325	325
Out of pocket expense		147	337
		<u>721</u>	<u>911</u>
25 TAXATION			
For the year			
Current		22,083	8,431
Deferred		(2,029)	(142)
		<u>20,054</u>	<u>8,289</u>
25.1 Relationship between tax expense and accounting profit			
Profit before taxation for the year		<u>60,827</u>	<u>28,581</u>
Tax at the applicable rate of 33% (2021: 29%)		20,073	8,289
Others		(19)	-
		<u>20,054</u>	<u>8,289</u>
26 COMPENSATION OF DIRECTORS AND EXECUTIVES			
		Executives	
		2022	2021
		(Rupees in '000)	
Managerial remuneration		851	802
Bonus		106	50
House rent allowance		383	361
Utilities		170	160
Medical		85	80
Retirement benefits		142	134
Fuel Allowance		743	351
Vehicle allowance		660	660
Cell allowance		36	36
Driver Salary		120	120
Others		11	11
		<u>3,307</u>	<u>2,765</u>
Number of persons		<u>1</u>	<u>1</u>

Executives mean employees, other than the Chief Executive and Directors, whose basic salary exceeds five hundred thousand rupees in a financial year.

En

27 RELATED PARTY TRANSACTIONS

Related parties comprise of related group companies, directors of the Operator, key management personnel, post employment benefit plans and other related parties. The Operator in the normal course of business carries out transactions with various related parties at agreed / commercial terms and conditions. Balances and transactions with the related parties other than those disclosed in the relevant notes to these financial statements are as follows.

Transactions and balances with related parties	Operator Fund		Participants' Takaful Fund	
	2022	2021	2022	2021
Associated and other companies	(Rupees in '000)		(Rupees in '000)	
Contribution underwritten	-	-	13,965	11,311
Takaful claims expense	-	-	5,158	1,562
Profit on bank accounts	-	-	291	95
Bank Charges	-	-	1	-
Management and other expenses	103,463	83,116	-	-
Balances				
Associated and other companies			(Rupees in '000)	
Bank balances	-	-	11,320	1,943
Contribution due but unpaid	-	-	1,542	819
Claim outstanding	-	-	15,357	11,355
Payable to UBL Insurers Limited	7,403	6,440	798	248

27.1 Following are the related parties with whom the Operator had entered into transactions or have arrangement / agreement in place:

S. No.	Name of related party	Basis of association / relationship
1	United Bank Limited	Associate
2	Bestway Cement Limited	Associate
3	UBL Insurers Limited	Operator
4	Bestway Packaging Limited	Other

28 SEGMENT INFORMATION

The Window Takaful Operation has five primary business segments for reporting purposes namely fire and property damage, marine aviation and transport, motor, bankers blanket and miscellaneous segment.

Assets and liabilities, wherever possible, have been assigned to the following segments based on specific identification or allocated on the basis of the gross contribution written by the segments.

En

Particulars	2022					
	Fire and property damage	Marine, Aviation and Transport	Motor	Bankers Blanket	Miscellaneous	Total
(Rupees in '000)						
Participants' Takaful Fund						
Contribution receivable (inclusive of Federal excise duty and Federal takaful fee and Administrative surcharge)	260,436	92,147	618,717	14,226	36,407	1,021,933
Less: Federal excise duty/ sales tax	(31,964)	(10,764)	(73,862)	(1,781)	(4,275)	(122,646)
Less: Federal takaful fee	(2,266)	(808)	(5,557)	(126)	(318)	(9,076)
Gross written contribution (inclusive of Administrative surcharge)	226,206	80,575	539,298	12,318	31,814	890,211
Gross direct contribution	221,327	77,805	521,437	12,314	31,445	864,328
Facultative inward contribution	2,771	-	3,364	-	-	6,135
Administrative surcharge	2,108	2,770	14,497	4	369	19,748
	226,207	80,575	539,299	12,318	31,814	890,211
Wakala fee	67,862	24,173	188,754	3,695	9,544	294,028
Takaful contribution earned	141,773	55,547	304,964	10,588	18,483	531,355
Takaful contribution ceded to retakaful	(184,035)	(63,485)	(30,635)	(8,527)	(23,186)	(309,868)
Net takaful contribution	(42,262)	(7,938)	274,329	2,061	(4,703)	221,487
Retakaful rebate	49,670	18,787	2,606	2,221	6,057	79,341
Net underwriting income	7,408	10,849	276,935	4,282	1,354	300,828
Takaful claims	(78,904)	(37,188)	(332,388)	(13,821)	(11,522)	(473,823)
Takaful claims recovered from retakaful	76,216	33,825	97,003	13,156	10,551	230,751
Net claims	(2,688)	(3,363)	(235,385)	(665)	(971)	(243,072)
Other direct expense	(493)	(175)	(16,271)	(27)	(69)	(17,035)
Surplus / (deficit) before investment income	4,227	7,311	25,279	3,590	314	40,721
Investment income						64,744
Other income						6,191
Modarib's share of investment income						(14,187)
Provisions for doubtful contributions (net of Wakala fee)						(16,376)
Surplus transferred to Balance of PTF						81,093
Corporate segment assets	207,225	73,814	494,046	11,284	29,144	815,514
Corporate unallocated assets						701,245
Total assets						1,516,759
Corporate segment liabilities	259,719	92,512	619,196	14,143	36,527	1,022,097
Corporate unallocated liabilities						130,267
Total liabilities						1,152,364

Particulars	2022					
	Fire and property damage	Marine, Aviation and Transport	Motor	Bankers Blanket	Miscellaneous	Total
(Rupees in '000)						
Operator's Fund						
Wakala fee	60,760	23,806	164,211	4,538	7,921	261,236
Commission expense	(33,060)	(12,562)	(68,694)	(707)	(2,052)	(117,076)
Management expenses	(23,893)	(8,511)	(56,964)	(1,301)	(3,360)	(94,029)
	3,807	2,733	38,553	2,530	2,508	50,131
Modarib's share of PTF investment income						14,187
General and administrative expenses						(22,623)
Investment income						16,752
Other income						2,380
Profit before taxation						60,827
Taxation						(20,054)
Profit after tax						40,773
Corporate segment assets	41,118	14,646	98,030	2,239	5,783	161,816
Corporate unallocated assets						220,338
Total assets						382,154
Corporate segment liabilities	47,518	16,926	113,288	2,588	6,683	187,003
Corporate unallocated liabilities						49,121
Total liabilities						236,124

En

Particulars	2021					
	Fire and property damage	Marine, Aviation and Transport	Motor	Bankers Blanket	Other Classes	Total
(Rupees in '000)						
Participants' Takaful Fund						
Contribution receivable (inclusive of Federal excise duty and Federal takaful fee and Administrative surcharge)	201,937	80,505	429,637	15,589	21,828	749,496
Less: Federal excise duty/ sales tax	(24,633)	(9,520)	(51,245)	(1,778)	(2,540)	(89,716)
Less: Federal takaful fee	(1,741)	(700)	(3,813)	(137)	(187)	(6,578)
Gross written contribution (inclusive of Administrative surcharge)	175,563	70,285	374,579	13,674	19,101	653,202
Gross direct contribution	170,998	67,252	361,418	13,670	18,329	631,667
Facultative inward contribution	2,642	362	1,484	-	436	4,924
Administrative surcharge	1,923	2,671	11,677	4	336	16,611
	175,563	70,285	374,579	13,674	19,101	653,202
Wakala fee	52,669	21,085	131,103	4,102	5,730	214,689
Takaful contribution earned	105,465	49,299	234,456	11,226	14,322	414,768
Takaful contribution ceded to retakaful	(138,531)	(58,175)	(28,192)	(7,948)	(17,561)	(250,407)
Net takaful contribution	(33,066)	(8,876)	206,264	3,278	(3,239)	164,361
Retakaful rebate	37,492	16,924	2,963	1,844	4,525	63,748
Net underwriting income	4,426	8,048	209,227	5,122	1,286	228,109
Takaful claims	(31,215)	(34,917)	(172,006)	(2,418)	(24,394)	(264,950)
Takaful claims recovered from retakaful	29,333	33,067	40,210	1,784	22,059	126,453
Net claims	(1,882)	(1,850)	(131,796)	(634)	(2,335)	(138,497)
Contribution deficiency expense	-	-	-	-	-	-
Other direct expense	(565)	(226)	(11,814)	(44)	(61)	(12,711)
Surplus / (deficit) before investment income	1,979	5,972	65,617	4,444	(1,110)	76,901
Net investment income						30,263
Other income						1,104
Modarib's share of investment income						(6,273)
Provisions for doubtful contributions (net of Wakala fee)						(1,290)
Surplus transferred to Balance of PTF						100,705
Corporate segment assets	155,962	62,438	332,759	12,147	16,968	580,275
Corporate unallocated assets						526,495
Total assets						1,106,770
Corporate segment liabilities	172,498	69,058	368,041	13,435	18,768	641,800
Corporate unallocated liabilities						181,668
Total liabilities						823,468

Particulars	2021					
	Fire and property damage	Marine, Aviation and Transport	Motor	Bankers Blanket	Other Classes	Total
(Rupees in '000)						
Operator's Fund						
Wakala fee	45,199	21,128	119,757	4,811	6,138	197,034
Commission expense	(23,982)	(11,428)	(52,622)	(31)	(1,656)	(89,719)
Management expenses	(18,784)	(7,520)	(40,078)	(1,463)	(2,044)	(69,889)
	2,433	2,180	27,058	3,317	2,438	37,426
Modarib's share of PTF investment income						6,273
General and administrative expenses						(20,234)
Investment income						4,565
Other income						551
Profit before taxation						28,581
Taxation						(8,289)
Profit after tax						20,292
Corporate segment assets	56,281	22,532	120,080	4,384	6,123	209,400
Corporate unallocated assets						77,770
Total assets						287,170
Corporate segment liabilities	40,902	16,375	87,267	3,186	4,450	152,179
Corporate unallocated liabilities						29,734
Total liabilities						181,913

En

29 MOVEMENT IN INVESTMENT

	Operator Fund			Total
	Held to maturity	Available for sale	Fair Value through P & L	
----- (Rupees in '000) -----				
Operator's Fund				
Balance as at January 1, 2021	52,998	6,969	-	59,967
Additions	258,441	11,089	-	269,530
Disposal (sale and redemptions)	(247,400)	(6,419)	-	(253,819)
Fair value net gains (excluding net realised gains)	-	(63)	-	(63)
Discount / premium amortization	2	-	-	2
Balance as at January 1, 2022	64,041	11,576	-	75,617
Additions	581,569	39,528	-	621,097
Disposal (sale and redemptions)	(463,841)	(23,756)	-	(487,597)
Fair value net gains (excluding net realised gains)	-	-	-	-
Discount / premium amortization	76	-	-	76
Balance as at December 31, 2022	181,845	27,348	-	209,193

	Window Takaful Operation			Total
	Held to maturity	Available for sale	Fair Value through P & L	
----- (Rupees in '000) -----				
Participants' Takaful Fund				
Balance as at January 1, 2021	350,804	9,970	-	360,774
Additions	1,753,539	163,937	-	1,917,476
Disposal (sale and redemptions)	(1,641,900)	(135,268)	-	(1,777,168)
Fair value net gains (excluding net realised gains)	-	(29)	-	(29)
Discount / premium amortization	(12)	-	-	(12)
Balance as at January 1, 2022	462,431	38,610	-	501,041
Additions	2,178,649	432,414	-	2,611,063
Disposal (sale and redemptions)	(2,089,139)	(367,133)	-	(2,456,272)
Fair value net gains (excluding net realised gains)	-	-	-	-
Discount / premium amortization	53	-	-	53
Balance as at December 31, 2022	551,994	103,891	-	655,885

30 MANAGEMENT OF TAKAFUL AND FINANCIAL RISK

The Operator issues contracts that transfer Takaful risk or financial risk or both. This section summarises these risks and the way the Operator manages them.

30.1 Takaful risk management

Takaful risk

The risk under any takaful contract is the possibility that the takaful event occurs and the uncertainty of the amount of compensation to the takaful. Generally most takaful contracts carry the takaful risk for a period of one year (refer note 3.1).

The Operator accepts takaful through issuance of general takaful contracts. For these general takaful contracts the most significant risks arise from fire, atmospheric disturbance, earthquakes, transit, theft, third party liabilities and other catastrophes. For health takaful contracts significant risks arise from epidemics.

The Operator's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitor risk. This framework includes implementation of underwriting strategies which aim to ensure that the underwritten risks are well diversified in terms of type and amount of the risk. Adequate retakaful is arranged to mitigate the effect of the potential loss to the PTF from individual to large or catastrophic takaful events. Further, the Operator adopts strict claim review policies including active management and prompt pursuing of the claims and regular detailed review of claim handling procedures.

En

a) Frequency and severity of claims

Risk associated with general takaful contracts includes the reasonable possibility of significant loss as well as the frequent occurrence of the insured events. This has been managed by having in place underwriting strategy, retakaful arrangements and proactive claim handling procedures.

The retakaful arrangements against major risk exposure include excess of loss, quota share, surplus arrangements and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on the PTF's net retentions.

Concentration of risk

To optimise benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risk with reference to the geographical location, the most important of which is risk survey.

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial/ industrial/ residential occupation of the participant. Details regarding the fire separation/ segregation with respect to the manufacturing process, storage, utilities, etc are extracted from the layout plan of the participant facility. Such details form part of the reports which are made available to the underwriters/ retakaful personnel for their evaluation. Reference is made to the standard construction specification as laid down by IAP (Insurance Association of Pakistan). For instance, the presence of perfect party walls, double fire proof iron doors, physical separation between the building within a participant's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine participant damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

The ability to manage catastrophic risk is tied managing the density of risk within a particular area. For catastrophic aggregates, the system assigns precise geographic CRESTA (Catastrophe Risk Evaluating and standardising Target Accumulations) codes with reference to the accumulation of sum covered in force at any particular location against natural perils.

For marine risks, complete underwriting details such as sums covered mode of transport (air / inland transit), vessel identification, sailing dates, origin and destination of the shipments, per carry limits, accumulation of sum covered on a single voyage etc. are taken into consideration.

A number of proportional and non-proportional retakaful arrangements are in place to protect the net account. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above the said limit would be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Operator.

The Company monitors concentration of insurance risks primarily by class of business. The table below sets out the concentration of the claims and contribution liabilities (in percentage terms) by class of business at financial statement date:

Class	2022				2021			
	Gross claims liabilities	Net claims liabilities	Gross contribution liabilities	Net contribution liabilities	Gross claims liabilities	Net claims liabilities	Gross contribution liabilities	Net contribution liabilities
	%				%			
Fire and property	27.53%	-1.06%	28.05%	4.78%	17.30%	-2.56%	29.33%	4.25%
Marine and transport	8.23%	-1.02%	1.42%	0.24%	13.27%	0.28%	1.48%	-0.05%
Motor	48.12%	99.18%	66.86%	94.44%	45.68%	97.11%	65.18%	95.03%
Banker's blanket	6.22%	1.28%	0.76%	0.16%	6.15%	1.92%	1.98%	0.42%
Health	9.91%	1.61%	2.91%	0.38%	17.60%	3.25%	2.03%	0.35%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

En

The operator monitors concentration of takaful exposers primarily by class of business. The table below sets out the concentration of the maximum gross risk exposure on a single policy by class of business at date of statement of financial position:

Class	Maximum gross risk exposure	
	2022	2021
	(Rupees in '000)	
Fire and property	152,912,694	151,765,631
Marine, aviation and transport	104,458,763	119,889,684
Motor	32,590,352	21,979,386
Bankers blanket	4,203,500	1,255,450
Miscellaneous	9,304,669	3,013,051

The Operator minimises its exposure to significant losses by obtaining retakaful from a number of retakaful operators, who are dispersed over several geographical regions.

b) Uncertainty in the estimation of future claim payments

Claims on general takaful contracts are payable on a claim occurrence basis. The PTF is liable for all takaful events as per terms and condition of the takaful contract.

An estimated amount of the claim is recorded immediately on the intimation to the Operator. The estimation of the amount is based on management judgement or preliminary assessment by the independence surveyor appointed for the purpose. The initial estimates include expected settlement cost of the claims. Provision for IBNR is recorded based on the advice of the actuary.

There are several variable factors which affect the amount and timing of recognised claim liabilities. The Operator takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from initial recognised amount. Similarly, the provision for claims incurred but not reported is based on historic reporting pattern of the claims other than exceptional losses. Hence, actual amount of incurred but not reported claims may differ from the amounts estimated.

c) Key assumptions

The principal assumption underlying the liability estimation of IBNR and Contribution Deficiency Reserves is that the PTF's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgement to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgement includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc. The internal factors such as portfolio mix, policy conditions and claim handling procedures are further used in this regard.

Actuarial valuation is carried out for the determination of IBNR which is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required / allowed by the SECP circular 9 of 2016.

IBNR is determined by using the "Chain Ladder Method" for all classes of business including in-patient claims of accident and health class. Alternative method is used for accident and health out-patient (OP) takaful. The claims outstanding and claims paid till date are deducted from the ultimate claim payments for that particular year to derive an IBNR estimate for that year. IBNR triangles are made on a yearly basis for each class of business except for motor which is made on a quarterly basis and health which is made on monthly basis. For accident and health OP

En

business, IBNR has been set equal to monthly average of OP claims reported in preceding three months, including margins for adverse deviations. For accident and health takaful business, a loss ratio method has been used. The methods used, and the estimates made, are reviewed regularly.

The Operator determines adequacy of liability of contribution deficiency by carrying out analysis of its loss ratio of expired periods of the contracts. For this purpose average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned contribution. The liability of contribution deficiency reserve in relation to accident and health takaful is calculated in accordance with the advice of the actuary (refer note 3.1).

d) Changes in assumptions

The Operator did not change its assumptions for the takaful contracts as disclosed above in (b) and (c).

e) Sensitivity analysis

The takaful claim liabilities are sensitive to the incidence of participant events and severity / size of claims. The impact of 10% increase / decrease in incidence of participant events on underwriting results and participants' Takaful Fund is as follows:

Average claim cost	Underwriting results		Participants' Takaful Fund	
	2022	2021	2022	2021
	----- (Rupees in '000) -----			
Fire and property	269	188	180	134
Marine and transport	336	185	225	131
Motor	23,538	13,180	15,770	9,358
Banker's blanket	67	63	45	45
Miscellaneous	97	234	65	166
	24,306	13,850	16,285	9,833

30.2 Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Financial risk
- Credit risk
- Liquidity risk
- Market risk

Risk management framework

Every takaful operator is exposed to a wide range of risks, some discrete and some interdependent; integrated risk management entail strong governance processes; ensuring greater accountability, transparency and risk awareness in underwriting, investment and strategic decisions. The Board of Directors take ultimate responsibility for supervising the Operator's risk management framework. Risk management framework covers the need to review the strategy of a Operator and to assess the risk associated with it.

The Audit Committee oversees compliance by management with the Operator's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Operator. The Audit Committee is assisted in its oversight role by an Internal Audit Function. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

En

30.2.1 Financial risk

Maturity profile of financial assets and liabilities:

OPF

2022								
Profit rate % per annum	Profit / mark-up bearing financial instruments			Non profit / mark-up bearing financial instruments			Total	
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total		
----- (Rupees in '000) -----								
Financial assets								
Cash and bank	3.00 - 13.00	4,180	-	4,180	70	-	70	4,250
Investments	7.15 - 10.25	123,500	58,345	181,845	27,349	-	27,349	209,194
Loan and other receivable		-	-	-	4,347	-	4,347	4,347
Receivable from PTF		-	-	-	101,321	-	101,321	101,321
		127,680	58,345	186,025	133,087	-	133,087	319,112
Financial liabilities								
Other creditors and accruals		-	-	-	69,407	-	69,407	69,407
		-	-	-	69,407	-	69,407	69,407
Interest rate risk sensitivity gap		127,680	58,345	186,025				
Cumulative interest rate risk sensitivity gap		127,680	186,025					

PTF

2022								
Profit rate % per annum	Profit / mark-up bearing financial instruments			Non profit / mark-up bearing financial instruments			Total	
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total		
----- (Rupees in '000) -----								
Financial assets								
Cash and bank	3.00 - 4.00	18,393	-	18,393	14,048	-	14,048	32,441
Investments	7.15 - 11.00	461,505	90,489	551,994	103,891	-	103,891	655,885
Takaful / retakaful receivables		-	-	-	351,656	-	351,656	351,656
Retakaful recoveries against outstanding claims		-	-	-	184,806	-	184,806	184,806
Loan and other receivable		-	-	-	12,919	-	12,919	12,919
Salvage recoveries accrued		-	-	-	2,119	-	2,119	2,119
		479,898	90,489	570,387	669,439	-	669,439	1,239,826
Financial liabilities								
Outstanding claims including IBNR		-	-	-	304,408	-	304,408	304,408
Payable to OPF		-	-	-	101,321	-	101,321	101,321
Takaful / Retakaful payables		-	-	-	297,175	-	297,175	297,175
Other creditors and accruals		-	-	-	16,503	-	16,503	16,503
		-	-	-	719,407	-	719,407	719,407
Interest rate risk sensitivity gap		479,898	90,489	570,387				
Cumulative interest rate risk sensitivity gap		479,898	570,387					

OPF

2021								
Profit rate % per annum	Profit / mark-up bearing financial instruments			Non profit / mark-up bearing financial instruments			Total	
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total		
----- (Rupees in '000) -----								
Financial assets								
Cash and bank	3.00 - 4.00	1,252	-	1,252	37	-	37	1,289
Investments	7.15 - 10.25	64,041	-	64,041	11,576	-	11,576	75,617
Loan and other receivable		-	-	-	396	-	396	396
Receivable from PTF		-	-	-	165,195	-	165,195	165,195
		65,293	-	65,293	177,204	-	177,204	242,497
Financial liabilities								
Other creditors and accruals		-	-	-	66,581	-	66,581	66,581
		-	-	-	66,581	-	66,581	66,581
Interest rate risk sensitivity gap		65,293	-	65,293				
Cumulative interest rate risk sensitivity gap		65,293	65,293					

En

PTF

Profit rate % per annum	2021						Total	
	Profit / mark-up bearing financial instruments			Non profit / mark-up bearing financial instruments				
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total		
----- (Rupees in '000) -----								
Financial assets								
Cash and bank	3.00 - 4.00	11,226	-	11,226	11,256	-	11,256	22,482
Investments	7.15 - 11.00	447,439	14,992	462,431	38,610	-	38,610	501,041
Takaful / retakaful receivables		-	-	-	254,174	-	254,174	254,174
Retakaful recoveries against outstanding claims		-	-	-	109,560	-	109,560	109,560
Loan and other receivable		-	-	-	2,972	-	2,972	2,972
Salvage recoveries accrued		-	-	-	7,358	-	7,358	7,358
		458,665	14,992	473,657	423,930	-	423,930	897,587
Financial liabilities								
Outstanding claims including IBNR		-	-	-	183,300	-	183,300	183,300
Payable to OPF		-	-	-	165,195	-	165,195	165,195
Takaful / Retakaful payables		-	-	-	142,066	-	142,066	142,066
Other creditors and accruals		-	-	-	7,614	-	7,614	7,614
		-	-	-	498,175	-	498,175	498,175
Interest rate risk sensitivity gap		458,665	14,992	473,657				
Cumulative interest rate risk sensitivity gap		458,665	473,657					

a) Sensitivity analysis - interest rate risk

a.1) Fair value sensitivity analysis for fixed rate instruments

The Operator does not account for any fixed rate financial assets at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account and equity of the Operator and PTF.

a.2) Cash flow sensitivity analysis for variable rate instruments

The OPF and PTF are exposed to cash flow interest rate risk in respect of its balances with saving account with banks and investments in sukuk certificates. A change of 100 basis points in interest rates at the year end would not have material impact on profit for the year and equity of the OPF and PTF.

b) Sensitivity analysis- Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or foreign 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 Operator's securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The Operator limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity market.

The following table summarises the Operator's other price risk as at December 31, 2022 and 2021. It shows the effects of an estimated increase of 5% in the market prices as on those dates. A decrease of 5% in the fair values of the listed equity securities would affect it in a similar and opposite manner.

	OPF		
	Fair value	Price change	Effect on fair value
	(Rupees in '000)		(Rupees in '000)
December 31, 2022	27,349	+5%	1,367
	(27,349)	-5%	(1,367)
December 31, 2021	11,576	+5%	579
	(11,576)	-5%	(579)

En

	PTF		
	Fair value	Price change	Effect on fair value
	(Rupees in '000)		(Rupees in '000)
December 31, 2022	103,891	+5%	5,195
	(103,891)	-5%	(5,195)
December 31, 2021	38,610	+5%	1,931
	(38,610)	-5%	(1,931)

30.2.2 Credit risk

Credit risk is the risk that 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 Operator attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

Exposure to credit risk and credit exposure of the financial instruments

Credit risk of the Operator and PTF arises principally from the balances with banks, investments (except for investment in government securities, units of mutual funds and listed equity shares), contribution due but unpaid, amount due from other takaful operator / retakaful operator, retakaful and other recoveries against outstanding claims and sundry receivable. To reduce the credit risk the management continuously reviews and monitors the credit exposure towards the participants and other takaful operator / retakaful operator and makes provision against those balances considered doubtful of recovery.

In summary, compared to the amount included in statement of assets and liabilities, the maximum exposure to credit risk as at December 31, 2022 is as follows:

OPF

	2022		2021	
	Balance as per the financial statements	Maximum exposure	Balance as per the financial statements	Maximum exposure
	(Rupees in '000)			
Equity Securities	27,349	-	11,576	-
Debt Securities	58,345	58,345	-	-
Term Deposit	123,500	123,500	64,041	64,041
Receivable from PTF	101,321	101,321	165,195	165,195
Loan and other receivable	4,347	4,347	396	396
Cash and bank	4,250	4,250	1,289	1,289
	319,112	291,763	242,497	230,921

PTF

	2022		2021	
	Balance as per the financial statements	Maximum exposure	Balance as per the financial statements	Maximum exposure
	(Rupees in '000)			
Equity Securities	103,891	-	38,610	-
Debt Securities	92,994	92,994	14,992	14,992
Term Deposit	459,000	459,000	447,439	447,439
Loan and other receivable	12,919	12,919	2,972	2,972
Takaful / retakaful receivables	351,656	351,656	254,174	254,174
Retakaful recoveries against outstanding claims	184,806	184,806	109,560	109,560
Salvage recoveries accrued	2,119	2,119	7,358	7,358
Cash and bank	32,441	32,441	22,482	22,482
	1,239,826	1,135,935	897,587	858,977

En

Differences in the balances as per financial statements and maximum exposure in investments is mainly due to investments in equity securities (mutual funds) of Rs. 131.240 million (2021 Rs. 50.186 million) which are not exposed to credit risk.

Bank balances and investments in term deposits represent low credit risk as they are placed with reputed financial institutions with strong credit ratings. The credit quality of bank balances and investments in term deposits can be assessed with reference to external credit ratings as follows:

Bank	Rating Agency	Short Term Rating	Long Term Rating	2022	2021
----- (Rupees in '000) -----					
Meezan Bank Limited - Participant Takaful Fund	VIS	A-1+	AAA	1,042	57,073
Dubai Islamic Bank Pakistan Limited - Participant Takaful Fund	VIS	A-1+	AA	13,917	98,756
BankIslami Pakistan Limited - Participant Takaful Fund	PACRA	A1	A+	238,222	155,143
Al Baraka Bank (Pakistan) Limited - Participant Takaful Fund	VIS	A1	A+	226,749	156,867
UBL Ameen- Participant Takaful Fund	VIS	A-1+	AAA	11,320	1,943
				<u>491,250</u>	<u>469,782</u>

Bank	Rating Agency	Short Term Rating	Long Term Rating	2022	2021
----- (Rupees in '000) -----					
Meezan Bank Limited - Operator Fund	VIS	A-1+	AAA	382	111
Dubai Islamic Bank Pakistan Limited - Operator Fund	VIS	A-1+	AA	70	18,178
Al Baraka Bank (Pakistan) Limited - Operator Fund	VIS	A1	A+	72,364	20,918
BankIslami Pakistan Limited - Operator Fund	PACRA	A1	A+	54,934	26,123
				<u>127,750</u>	<u>65,330</u>

Assets that pass the SPPI test include government securities, term deposits and corporate sukuks. Government securities are unrated while credit quality of term deposits have been given above in bank-wise ratings. The Hub Power Company Limited sukuk has a long term credit rating of AA+.

Concentration of credit risk

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 effect their ability to meet contractual obligations in similar manner. The Operator manages concentration of credit risk through diversification of activities among individuals, groups and industry segments. The Operator enters into re-takaful / co-takaful arrangements with re-takaful operator / other takaful operator having sound credit ratings accorded by reputed credit rating agencies. Further, the Operator is required to comply with the requirements of circular no. 32 / 2009 dated October 27, 2009 issued by the SECP which requires takaful Operator to place at least 80% of their outward treaty cessions with retakaful operator rated 'A' or above by Standard & Poors with the balance being placed with entities rated at least 'BBB' by reputable ratings agency. An analysis of all retakaful assets recognised by the rating of the entity from which it is due is as follows:

	Amount due from other cotakaful / retakaful operators	Retakaful recoveries against outstanding claims	Prepaid retakaful contribution ceded	2022	2021
	----- (Rupees in '000) -----				
A or above (including PRCL)	22,043	184,806	122,497	329,346	326,076
	<u>22,043</u>	<u>184,806</u>	<u>122,497</u>	<u>329,346</u>	<u>326,076</u>

En

30.2.3 Liquidity risk

Liquidity risk is defined as the risk that the Operator will encounter difficulty in meeting its financial obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Operator might be unable to meet its payment obligations when they fall due under normal circumstances. To guard against the risk, the Operator has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

The following are the contractual maturities of financial liabilities:

Non-Derivative Financial liabilities

	Carrying Amount	
	2022	2021
	----- (Rupees in '000) -----	
OPF		
Other creditors and accruals	69,407	66,581
	<u>69,407</u>	<u>66,581</u>
PTF		
Outstanding claims including IBNR	304,408	183,300
Payable to OPF	101,321	165,195
Retakaful / co-takaful payables	297,175	142,066
Other creditors and accruals	16,503	7,614
	<u>719,407</u>	<u>498,175</u>

The carrying amounts represent contractual cash flows maturing within one year.

30.2.4 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise of interest rate risk, foreign currency risk and other price risk. The Operator manages the market risk exposures by following internal risk management policies. Refer 31.2.1(a) and 31.2.1(b) for discussion on interest rate risk and price risk.

30.2.4.1 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 exchange rates. The Operator, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pakistani Rupees.

30.3 Capital Management

The Operator's objective when managing capital is to safeguard the Operator's ability to continue as going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Operator manages its fund structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions.

31 FAIR VALUE OF FINANCIAL INSTRUMENTS

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. Consequently, differences can arise between carrying values and the fair value estimates.

En

Underlying the definition of fair value is the presumption that the Operator is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Operator has no items to report in this level.

Currently, the Operator has investment in mutual funds which are carried at Level 2 and the fair value is based on the net assets value quoted by the Fund and Mutual Funds Association of Pakistan at each reporting date.

OPF	2022							
	Available-for-sale	Held to Maturity	Loans and Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
(Rupees in '000)								
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Units of open ended mutual fund	27,349	-	-	-	27,349	-	27,349	-
Financial assets not measured at fair value								
Cash and bank *	-	-	4,250	-	4,250	-	-	-
Investment in term deposit *	-	123,500	-	-	123,500	-	-	-
Sukuks	-	58,345	-	-	58,345	-	-	-
Loan and other receivable	-	-	4,347	-	4,347	-	-	-
Receivable from PTF*	-	-	101,321	-	101,321	-	-	-
	<u>27,349</u>	<u>181,845</u>	<u>109,918</u>	<u>-</u>	<u>319,112</u>			
Financial liabilities not measured at fair value								
Other creditors and accruals *	-	-	-	69,407	69,407	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,407</u>	<u>69,407</u>			
PTF								
								2022
Available-for-sale	Held to Maturity	Loans and Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	
(Rupees in '000)								
On-balance sheet financial instruments								
Financial assets measured at fair value								
Investments								
- Units of open ended mutual fund	103,891	-	-	-	103,891	-	103,891	-
Financial assets not measured at fair value								
Cash and bank *	-	-	32,441	-	32,441	-	-	-
Investment in term deposit *	-	459,000	-	-	459,000	-	-	-
Sukuks	-	92,994	-	-	92,994	-	-	-
Takaful / ReTakaful receivables *	-	-	351,656	-	351,656	-	-	-
Loan and other receivable	-	-	12,919	-	12,919	-	-	-
Re-takaful recoveries against outstanding claims *	-	-	184,806	-	184,806	-	-	-
Salvage recoveries accrued	-	-	2,119	-	2,119	-	-	-
	<u>103,891</u>	<u>551,994</u>	<u>583,941</u>	<u>-</u>	<u>1,239,826</u>			
Financial liabilities not measured at fair value								
Underwriting provision for outstanding claims including IBNR *	-	-	-	304,408	304,408	-	-	-
Takaful / Retakaful payables*	-	-	-	297,175	297,175	-	-	-
Payable to OPF*	-	-	-	101,321	101,321	-	-	-
Other creditors and accruals *	-	-	-	16,503	16,503	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>719,407</u>	<u>719,407</u>			

En

OPF

2021							
Available-for-sale	Held to Maturity	Loans and Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3

(Rupees in '000)

On-balance sheet financial instruments

Financial assets measured at fair value

Investments

- Units of open ended mutual fund	11,576	-	-	-	11,576	-	11,576	-
-----------------------------------	--------	---	---	---	--------	---	--------	---

Financial assets not measured at fair value

Cash and bank *	-	-	1,289	-	1,289	-	-	-
Investment in term deposit *	-	64,041	-	-	64,041	-	-	-
Corporate Sukuks	-	-	-	-	-	-	-	-
Loan and other receivable	-	-	396	-	396	-	-	-
Receivable from PTF*	-	-	165,195	-	165,195	-	-	-
	11,576	64,041	166,880	-	242,497	-	-	-

Financial liabilities not measured at fair value

Other creditors and accruals *	-	-	-	66,581	66,581	-	-	-
	-	-	-	66,581	66,581	-	-	-

PTF

2021							
Available-for-sale	Held to Maturity	Loans and Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3

(Rupees in '000)

On-balance sheet financial instruments

Financial assets measured at fair value

Investments

- Units of open ended mutual fund	38,610	-	-	-	38,610	-	38,610	-
-----------------------------------	--------	---	---	---	--------	---	--------	---

Financial assets not measured at fair value

Cash and bank *	-	-	22,482	-	22,482	-	-	-
Investment in term deposit **	-	447,439	-	-	447,439	-	-	-
Corporate Sukuks	-	14,992	-	-	14,992	-	-	-
Takaful / ReTakaful receivables *	-	-	254,174	-	254,174	-	-	-
Loan and other receivable	-	-	2,972	-	2,972	-	-	-
Re-takaful recoveries against outstanding claims *	-	-	109,560	-	109,560	-	-	-
Salvage recoveries accrued	-	-	7,358	-	7,358	-	-	-
	38,610	462,431	396,546	-	897,587	-	-	-

Financial liabilities not measured at fair value

Underwriting provision for outstanding claims including IBNR *	-	-	-	183,300	183,300	-	-	-
Retakaful / co-takaful payables *	-	-	-	142,066	142,066	-	-	-
Payable to OPF*	-	-	-	165,195	165,195	-	-	-
Other creditors and accruals *	-	-	-	7,614	7,614	-	-	-
	-	-	-	498,175	498,175	-	-	-

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

32 DATE OF AUTHORISATION FOR ISSUE


These financial statements have been authorised for issue by the Board of Directors in their meeting held on March 31, 2023.

33 GENERAL

33.1 All figures have been rounded off to the nearest rupees, unless otherwise stated.

33.2 Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. No significant rearrangements or reclassifications have been made in these financial statements during the current year.


 Chief Executive Officer

En

 Director


 Director


 Chairman

UBL Insurers Limited

Head Office & Branches Information

HEAD OFFICE

126-C, Jami Commercial, Street # 14,
Phase VII, D.H.A, Karachi.
UAN: 021-111 845 111, Tel: 021-5809335
Fax: 021-35314504

CITY BRANCH

Office # 608 & 609, Uni Tower, 6th Floor,
I. I. Chundrigar Road, Karachi.
Tel: 32424699, 32468396, 32415539
Fax: 021-32424689

LAHORE (REGIONAL OFFICE)

Office No. 501, 5th Floor, Siddique Trade
Centre, Main Boulevard, Gulberg-II, Lahore.
UAN: 042- 111 845 111
Fax: 042-35770406

FAISALABAD (REGIONAL OFFICE)

Office No. 17, 18, 19 First Floor, Saeed
Arcade, 721 Batala Colony, Satyiana Road,
Faisalabad.
UAN: 041- 111 845 111
Tel: 041-38555681, 041-38555682,
041-38555683

PESHAWAR OFFICE

Office # A-3 & A-4, 1st Floor, Lamsy Arcade,
Fakhr-e-Alam Road, Peshawar Cantt,
Peshawar.
Tel: 091-5279544, 091-5286412
Fax: 091-35278144

MALL ROAD BRANCH FAISALABAD

Office # 1, 3rd Floor, Fatima Tower,
Kohinoor City, Faisalabad.
Tel: 041-38721852-53-54

MULTAN FIESTA GARDEN BRANCH

Office # 504, 5th Floor, United Mall, Abdali
Road, Multan.
Tel: 061-34515049-50-51
Fax: 061-34515052

KARACHI BRANCH

Room # 608 & 609, Uni Tower, 6th Floor,
I. I. Chundrigar Road, Karachi.
Tel: 021-2465123-24
Fax: 021-32424689

MULTAN (REGIONAL OFFICE)

3rd Floor, Chen One Tower, 74-Abdali Road,
Multan.
UAN: 061-111 845 111
Fax: 061- 34500170

HYDERABAD BRANCH

Office No. 1, First Floor, Shelter Shopping
Mall, Saddar Cantt, Hyderabad.
Tel: 022-2784501
Fax: 022-32784439

GULBERG BRANCH LAHORE

3rd Floor, Executive Plaza, 92-Commercial
Area Cavalry Ground, Lahore Cantt, Lahore.
Contact # 042 36619851-3
Fax # 042 36619854

GLASS TOWER BRANCH

Office # 101, 1st Floor, 100-C, Main
Khayaban-e-Jami, Commercial Street # 11,
Phase VII, D.H.A, Karachi.
Tel: 021-35314540
Fax: 021-35314529

CORPORATE BRANCH

Office No. 403, 4th Floor, Fayyaz Centre,
Sindhi Muslim Society, Main
Shahrah-e-Faisal, Karachi.
Tel: 021-34323064-65-66
Fax: 021-34323062

CREEK BRANCH

Plot # 31-C, Office No. 302, 3rd Floor,
Ittehad Commercial Lane - 1, Phase VI,
Defence Officers Housing Authority, Karachi.

ISLAMABAD (REGIONAL OFFICE)

4th Floor, Redco Pakistan Building, (West)
Jinnah Avenue, Blue Area, Islamabad.
UAN: 051-111 845 111
Fax: 051-32344349

CANTT BRANCH LAHORE

3rd Floor, Executive Plaza,
92-Commercial Area, Cavalry Ground,
Lahore Cantt, Lahore.
Tel: 042 36619851-3
Fax: 042 36619854

South Branch DHA

Plot 5-C-5, 3rd Floor, Al Murtaza,
Commercial Lane -1, Phase VIII,
Defense Housing Authority, Karachi.
Tel: 021-35247117, 021-35247118, 021-35247119

Delta Branch

Plot # 118-C, Office No. B/3, 2nd Floor,
Jami Commercial Lane 13, Phase VII, D.H.A,
Karachi.
Tel: 021-35891802-04

MULTAN CITY BRANCH

Office No. 123/ABC, 1st Floor, Shama Plaza,
Old Bahawalpur Road, Nishtar Chowk,
Multan.
Tel: 061-34515045-47
Fax: 061-34515048

GARDEN TOWN BRANCH LAHORE

Suit No. 06, 1st Floor, Shan Arcade,
Barkat Market, New Garden Town,
Lahore.
Tel: 042-35889258-59-60

Sub Office Rahim Yar Khan

Multan Regional Office
Office No. 06, 1st Floor, Iqbal Complex, Model
Town, Shahi Road,
Rahim Yar Khan
Tel: 068-35888808, Cell: 0302-3330124

Sub Office D. G. Khan

Multan City Branch
Mohib Trader, 1st Floor, 18 Block,
Opp Ghazi Medical Collage, Jampur Road,
Dera Ghazi Khan., Cell: 0344-1555554

SEA VIEW BRANCH

4th Floor, 126-C, Jami Commercial, Street #
14, Phase VII, D.H.A, Karachi.
UAN: 111 845 111 (Ext 7862)

D.H.A. BRANCH

Basement 126-C, Jami Commercial, Street #
14, Phase VII, D.H.A, Karachi.
UAN: 111 845 111 (Ext 7856 - 7832)
Tel: 021-35314524
Fax: 021-35314504

JAMI COMMERCIAL BRANCH

Office # 102, 1st Floor, 100-C,
Main Khayaban-e-Jami, Commer-
cial Street # 11, Phase VII, D.H.A,
Karachi.
Tel: 021-35314547, 021-35314556-58

NEW UNIT BRANCH

Office # 101, 1st Floor, 100-C,
Main Khayaban-e-Jami, Commer-
cial Street # 11, Phase VII, D.H.A,
Karachi.
Tel: 021-35314530, 021-35314532,
021-35314533, Fax: 021-35314529

KEPZA BRANCH

Plot # N-2, Sector B-III, Karachi
Export Processing Zone Authority
Phase-1,
Landhi Industrial Area, Mehran
Highway,
Karachi. Tel: 021-35130835-36

FAISAL COMPLEX BRANCH

Office No. P-20, Ground Floor, Behind
Bank Al-Habib Limited, Bilal Road,
Civil Lines,
Faisalabad.
Tel: 041-2647100, 041-2648100

Shahrah-e-Faisal Branch

Office No. 210, 2nd Floor, Anum
Empire,
Plot No. ZCC-1, Survey No. SNCC-8,
Block 7/8, K.C.H.S. Shahrah-e-Faisal,
Karachi.
Tel: 021 - 38736301-02

C.U Sub Office - 04

Office No. 403, 4th Floor, Fayyaz
Centre, Sindhi Muslim Society, Main
Shahrah-e-Faisal, Karachi.
Tel: 021-34323064-65-66
Fax: 021-34323062

CBG UNIT

Plot No. 2/6, Room No. 706, 7th Floor,
Block 3, Horizon Tower, Clifton,
Karachi. Tel: 021-34166182, 83, 84

Sub Office Faisalabad

Multan Regional Office
Office No. 3, 3rd Floor, Wahab Centre,
Main Susan Road, Faisalabad.
Tel: 041-38723830

Sub Office Sialkot

Cantt Branch Lahore
Office No. 208, Kareem Plaza,
Defense Road, Allama Iqbal Town,
Sialkot.
Tel: 052-3259595
Cell: 0321-7155000

Sub Office Sukkur

City Branch Karachi
Eidgah Road, Near Forest Office,
Sukkur.
Cell: 0331-2734835, 0306-3128904

CANAL ROAD FAISALABAD

70-Officers Colony No.1, East Canal
Road, Near ITHM Collage, Faisalabad.
Tel: 041-38725022-23

Form of Proxy

17th ANNUAL GENERAL MEETING OF UBL INSURERS LIMITED

I/We, _____ of _____ being a member of **UBL Insurers Limited** (the “Company”) and holder of _____ ordinary shares as per Share Register Folio No. _____ hereby appoint _____ or failing him/her _____ as my/us proxy to vote for me/our and on my/our behalf at the 16th **Annual General Meeting** of the Company scheduled to be held on **Wednesday, 26th April, 2023 at 2:00 p.m.** at **UBL Insurers Ltd. Board Room, Head Office Building, 126-C Jami Commercial, Phase VII DHA, Karachi** and at any adjournment thereof.

Signed this _____ day of _____ 2022.

Witness 1 :

Signature: _____

Name: _____

CNIC No. or Passport No: _____

Address: _____

Revenue
Stamps
of Rs.5/-

(Authorized Signature)

Witness 2 :

Signature: _____

Name: _____

CNIC No. or Passport No: _____

Address: _____

Note:

The Proxy Form, duly completed, should be reached/deposited at the Registered Office of UBL Insurers Limited at 126, Jami Commercial Street No. 14, Phase VII, DHA Karachi not later than 48 hours before the meeting.

HERE FOR YOU



 www.ublinsurers.com