

2023 ANNUAL REPORT



UBL INSURERS
LIMITED



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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.

INTEGRITY



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

COLLABORATION



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

RESPECT



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

PROTECTION



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

Our Visionary Directors & Management



Zia Ijaz
Chairman



Lord. Zameer Mohammed Choudrey, CBE, SI Pk
Director



Rizwan Pervez
Director



Saira Shah
Director



Muhammad Rizwan Malik
Director



Irfan Farooq Memon
Director



Muhammad Danish Khan
Director



Zeeshan Raza
Chief Executive Officer



Nadeem Raza
Chief Financial Officer



Abdul Sattar Vaid
Company Secretary





Corporate Information

Board of Directors:

Zia Ejaz	Chairman
Lord. Zameer Mohammed Choudrey, CBE, SI Pk	Director
Rizwan Pervez	Director
Saira Shah	Director
Muhammad Rizwan Malik	Director
Irfan Farooq Memon	Director
Muhammad Danish Khan	Director
Zeeshan Muhammad Raza	Chief Executive Officer

Board Audit Committee:

Lord. Zameer Mohammed Choudrey, CBE, SI Pk	Chairman
Rizwan Pervez	Member
Muhammad Danish Khan	Director

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:

Muhammad Danish Khan	Director
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 Imtiaz Alam	Chairman/Member
Mufti Muhammad Ashraf Alam	Shariah Advisor / Member
Taj Muhammad	Islamic Finance Expert / Member

Company Registration No. & NTN No:

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

Rating Agency:

VIS "AA+"

Status of Company:

MSC (Medium Sized Company)

Auditors:

EY Ford Rhodes Chartered Accountants

Legal Advisors:

Warsi & Iqbal Associates

Website & Contact:

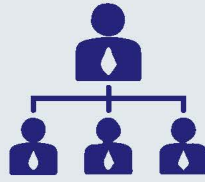
www.ublinsurers.com
Email: info@ublinsurers.com
UAN 111-845-111
Fax Number +92-21-35314504

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

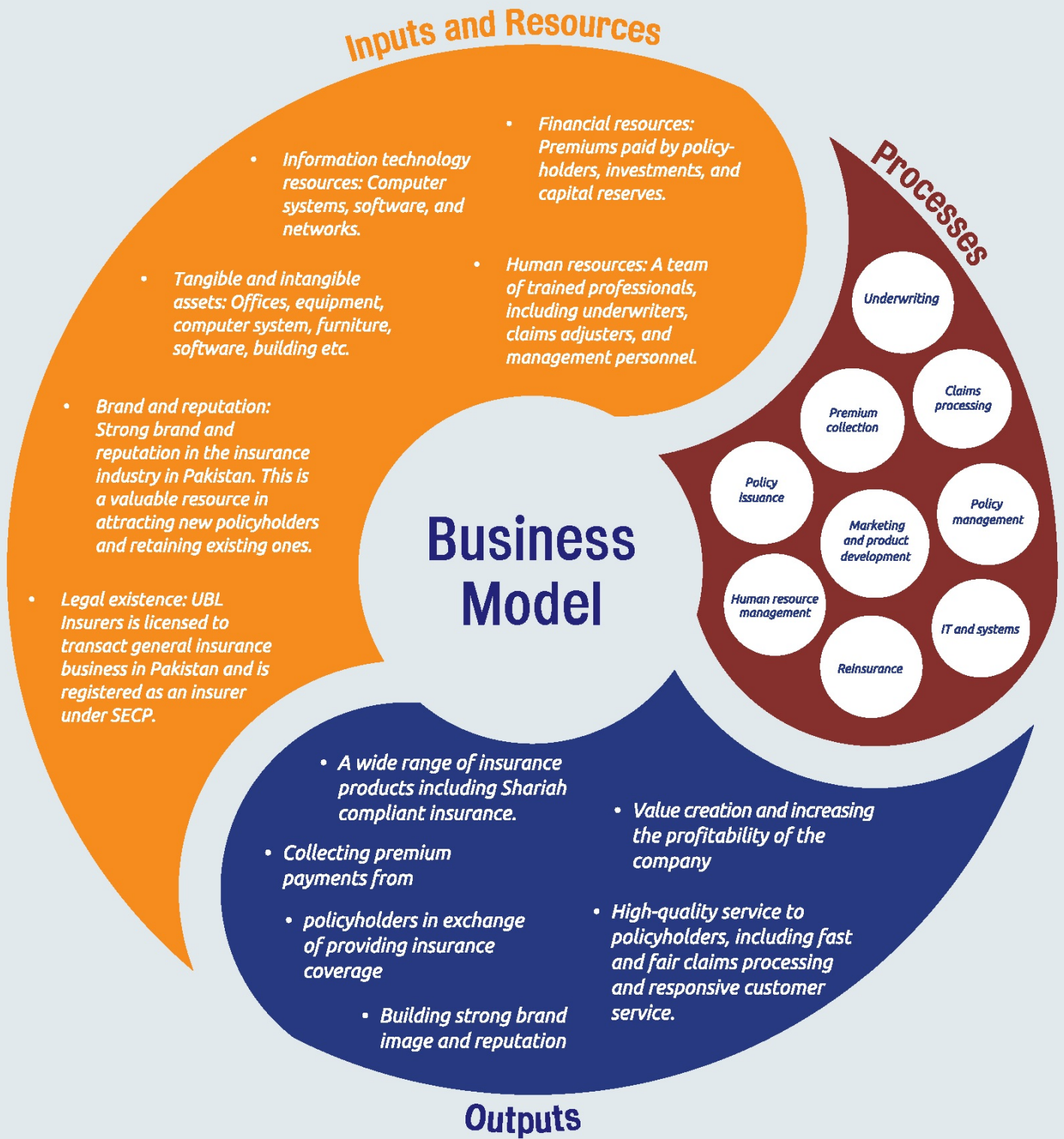
At a time where the health and wellness services are inflating exponentially, health insurance has become a basic necessity for the well-being of every individual. The consistently growing healthcare sector calls for new innovations in the insurance industry to best fulfill the needs of customers. UBL 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.

Business Model



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.

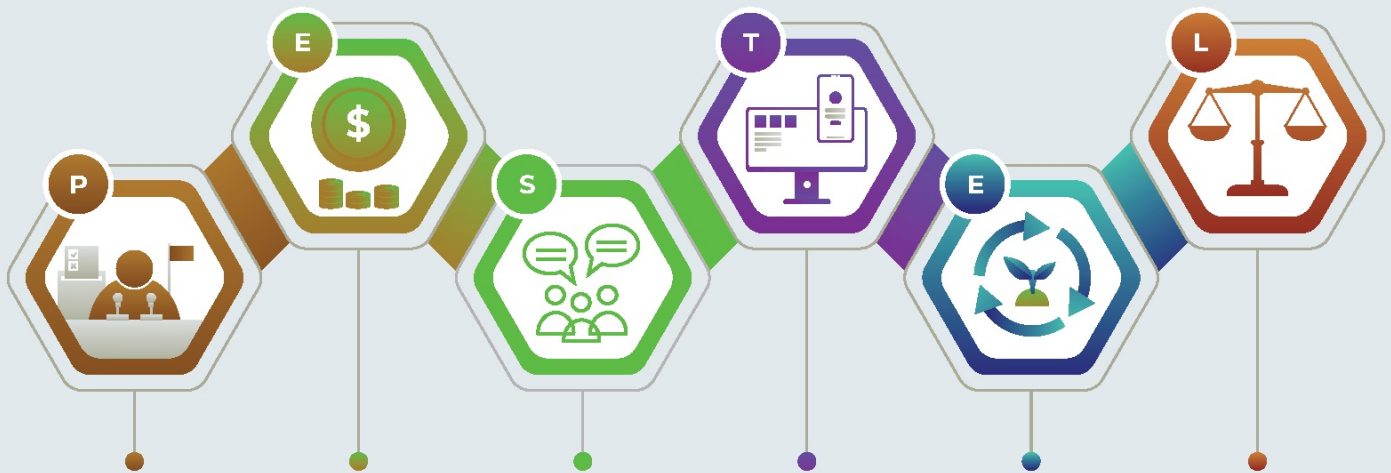
Role of risk management

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 recommendation s 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



Opportunities

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

Challenges

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

Our External Environment

1.5°C
Global temperature
increases by 2050

As the impacts of climate change continues to intensify across the globe, the need for urgent actions increases.

In 2023, the world experienced many catastrophic events the most destructive event of the year was a twin earthquake with magnitudes of 7.8 and 7.5 that struck southern Turkey near the Syrian border. A magnitude 6.8 earthquake struck western Morocco, A magnitude 6.3 earthquake rocked western Afghanistan. Typhoon Doksuri caused significant rainfall and flooding throughout at least 16 cities and provinces in northeastern China. In September 2023, Mediterranean Storm Daniel passed across eastern Libya, leaving a path of devastation.

On the other hand, record droughts caused river levels to fall and other water bodies to dry up across various parts of the world, including the Amazon rainforest. Scientists say these kinds of extreme weather events will become more common and more severe as the earth warms.

Looking at this rapid climate change, On 26 June 2023 the International Sustainability Standards Board (ISSB) released its first two International Sustainability Disclosure Standards (IFRS SDS or the Standards) that become effective for periods beginning on or after 1 January 2024.

IFRS S1 provides the basic requirements for sustainability disclosures while IFRS S2 has been developed to capture climate-specific requirements.

37.97%
Pakistan Inflation in
May 2023
(67-year high)

The global economy is at the midst of a prolonged period of global economic volatility.

There are several key drivers, including the Russian invasion of Ukraine & its impact on global energy markets, persistent inflation, rising interest rates and geo-political fragmentation affecting global trade and co-operation.

In Pakistan families and businesses are facing high inflation, material increase to food & energy prices are reducing customers' disposable income & contributing to the worst cost of living crisis in Pakistan since 1950s.

\$150.2
billion
AI Market size in 2023

The global Artificial Intelligence market size was valued at USD 150.2 billion in 2023 & is expected to grow at a fast pace of 36.8% from 2023 to 2030. The revenue forecast for 2030 is projected to reach \$1345.2 billion. The base year for estimation is 2022, & the historical data spans from 2023 to 2030.

Increasingly, AI is being used across the value chain. From targeting & attracting customers with direct marketing to driving new levels of efficiency & productivity through digitization & automation.

In Pakistan, certain business enterprises are already using some version of AI. Essentially, those companies are leveraging various AI tools to help boost the performance of their daily operations and logistics management in order to maximize revenue and growth.

Notice of 18th Annual General Meeting

of UBL Insurers Limited

Notice is hereby given that the 18th Annual General Meeting (AGM) of UBL Insurers Limited will be held on Friday, 22nd March, 2024 at 11.00 a.m. at UBL Insurers Limited Board Room Karachi to transact the following business:

Ordinary Business:

1. To confirm minutes of the Extra ordinary General Meeting held on June 15th, 2023.
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, 2023 and the Chairman's review, Directors' and Auditors' report thereon.
3. To consider and approve a final cash dividend at PKR 1.58 i.e. 15.8% per share for the year ended December 31, 2023 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, 2024. 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.

March 01, 2024

By Order of the Board



Abdul Sattar Vaid
Company Secretary

Notes:

1. The share transfer books of the Company shall remain closed from Friday March 08, 2024 to Friday March 22, 2024 (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 March 07, 2024 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.

1. ALL SHAREHOLDERS UBL INSURERS LIMITED
2. ALL DIRECTORS, UBL INSURERS LIMITED
3. M/s EY Ford Rhodes Chartered Accountants
External Auditor
4. CEO & CFO UBL INSURERS LIMITED

Director's Report

For the year ended December 31, 2023

On behalf of the Board of Directors, I present the Eighteenth (18th) annual report of UBL Insurers Limited for the year ended 31 December, 2023.

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

'Rupees 000'

	31-Dec-23	31-Dec-22	%
Gross premium written	7,292,850	5,248,055	39%
Premium earned	6,513,286	4,960,407	31%
Net premium revenue	1,993,150	1,839,604	8%
Net claim expense	(931,579)	(892,633)	4%
Net commission	(83,359)	(142,452)	-41%
Management expenses	(685,647)	(765,187)	-10%
Underwriting results - Profit	292,565	39,332	644%
Investment and other income	487,428	248,125	49%
General & administrative expenses	(162,823)	(142,994)	14%
Profit from window Takaful Operations	145,062	60,827	138%
Profit before tax	737,534	198,653	271%

Economic Overview

The year 2023 witnessed political turmoil and an economic crisis 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.

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 2023 company has posted a growth of 39% in gross premium written to close at Rs. 7,292 million while net premium revenue increased by 8% to Rs. 1,993 million.

Premium earned recorded an increase of Rs. 1,552 million (31%) during the year ended December 31, 2023 and stood at Rs. 6,513 million as compared to Rs. 4,960 million as at December 31, 2022.

Net claim expense is increased by 4% during the year ended December 2023 as compared to last year December 2022. The net claim ratio over net premium revenue is 47% compared to 49% last year.

The underwriting results reported a growth of 644% in profit and close at Rs. 293 million during the year ended 31 December 2023 as compared to a profit of Rs. 39 million for the year ended 31 December 2022.

Investments and other income increased and stands at Rs. 487 million during the year ended December 2023 as compared to Rs. 248 million during the same period in 2022 and an amount of Rs. 1 million has been

recorded as impairment on listed equity securities.

Profit before tax stands at Rs. 738 million for the current year as compared with last year profit of Rs. 199 million.

Portfolio Analysis (Conventional & Takaful)

Fire & Property

Fire and property class of business constitutes 49.9% of the total portfolio. During the year, the Company has underwritten a gross premium of Rs. 4.16 billion (2022: Rs. 2.56 billion). The ratio of net claims to net premium is 29.0% this year as compared to 37.3% last year. The Company incurred an underwriting profit of Rs. 1 million as compared to loss of Rs. 135 million in 2022.

Marine and transport

This class of business constitutes 8.3% of the total portfolio. The Company has underwritten a gross premium of Rs. 694 million in current year (2022: Rs. 614 million). The net claims ratio is 14.5% as against 24.1% last year, which resulted in an underwriting profit of Rs. 70 million against Rs. 7 million last year.

Motor

During the year, the Company has underwritten gross premium of Rs. 1.8 billion (2022: Rs. 1.6 billion) which constitutes 21.9% of the total portfolio. The ratio of net claims to net premium for the current year is 53.3% as compared to 56.8% in 2022. The Company incurred an underwriting profit of Rs. 347 million as compared to Rs. 149 million in 2022.

Bankers & Blanket

This class of business constitutes 1.4% of the total portfolio. The Company has underwritten a gross premium of Rs. 116 million in current year (2022: Rs.116 million). The net claims ratio is 129.5% as against 77.5% last year, which resulted in an underwriting profit of Rs. 6.9 million against Profit of Rs. 7.5 million last year.

Health

This class of business constitutes 7.1% of the total portfolio. The Company has underwritten a gross premium of Rs. 590 million in current year (2022: Rs. 590 million). The net claims ratio is 78.7% as compared to last year 28.7%. This resulted in an underwriting profit of Rs. 20 million against underwriting Profit of Rs. 118 million last year.

Other Classes

The other classes of business constitute 11.3% of the total portfolio. The gross premium written was Rs. 945 million (2022: Rs. 634 million). The ratio of net claims to net premium is 34.8% as against 79.4% last year. The portfolio showed an underwriting Profit of Rs. 15 million in current year against an underwriting loss of Rs. 32 million in last year.

The earning per share for the year 2023 is Rs 3.95 against earning per share of Rs. 1.16 in the year 2022.

Window Takaful Operations

The year under review was the Eight year for Takaful business and the company was able to successfully grow gross written contribution to Rs. 1,037 million. The participant's Takaful fund reported a surplus before investment income of Rs. 56 million as compared to 41 million in the year 2022. Net investment and other income stands at Rs. 111 million in 2023 against Rs. 57 million for the year 2022. This resulted in achieving a surplus for the year of Rs. 178 million which stood at 81 million in the year 2022.

The Operator's Fund reported the profit before tax of Rs. 142 million in the year 2023 against profit of 61 million in the year 2022.

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 2023

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	03
Lord Zameer M. Choudrey, CBE, Si Pk	03
Mr. Rizwan Pervez	03
Mr. Sharjeel Shahid	04
Mr. Muhammad Rizwan Malik	05
Mr. Sajid Hussain (Resigned on 07-November-2023)	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 2023, 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	03
Mr. Rizwan Pervez	03
Mr. Sharjeel Shahid	03

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 two meetings of the committee were held and attended by the members as under:

Name of Member	Meetings Attended
Mr. Sharjeel Shahid	01
Lord Zameer M. Choudrey, CBE, Si Pk	01
Mr. Rizwan Pervez	01
Mr. Zeeshan Muhammad Raza	02

Leave of absence was granted to the members who could not attend Board's Ethics, Nomination, Human Resource & Remuneration Committee meeting(s).

Investment Committee

The committee consists of five members. During the year 2023, 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	03
Mr. Rizwan Pervez	03
Mr. Zeeshan Muhammad Raza	04
Mr. Nadeem Raza	04

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

Management Committee in Compliance with Code of Corporate Governance

The Underwriting committee consists of four members. During the year 2023, Three meetings of the committee were held and attended by the members as under:

Name of Member	Meetings Attended
Mr. Aameer Karachiwalla	03
Mr. Zeeshan Muhammad Raza	03
Mr. Rashid Jameel	03
Mr. Fahad Hussain Khan	03

The Claim committee consists of three members. During the year 2023, Three meetings of the committee were held and attended by the members as under:

Name of Member	Meetings Attended
Ms. Saira Shah	03
Mr. Zeeshan Muhammad Raza	03
Mr. Munawar Ali Siddiqui	03

The Re-Insurance & Co-Insurance committee consists of four members. During the year 2023, Three meetings of the committee were held and attended by the members as under:

Name of Member	Meetings Attended
Mr. Aameer Karachiwalla	03
Mr. Zeeshan Muhammad Raza	03
Mr. Rashid Jameel	03
Mr Fahad Hussain Khan	03

The Risk Management & Compliance committee consists of Five members. During the year 2023, three meetings of the committee were held and attended by the members as under:

Name of Member	Meetings Attended
Mr. Sajid Hussain (Resigned on 07-November-2023)	03
Ms. Saira Shah	03
Mr. Zeeshan Muhammad Raza	03
Mr. Rashid Jameel Khan	03
Mr. Muhammad Anas Qureshi	03

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 2024 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

- a. The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- b. Proper books of accounts have been maintained by the company.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
- d. 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.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts on the Company's ability to continue as a going concern.
- g. There has been no material departure from the best practices of Corporate Governance, as detailed in the code of corporate governance for insurers, 2016.
- h. No Premium Deficiency Reserve has been recorded during the year.
- i. Claims incurred but not reported has been reported on the bases of actuarial validation as per the SECP's guideline.
- j. During the Eight year of Takaful the Operator's Fund reported a profit after tax of Rs. 89 million which is expected to be further improved in the upcoming years.
- k. The amount of outstanding on account of FED, FIF, EOBI, Withholding taxes, Sales taxes, and SECP fees are 109 million. Which are subsequently paid as per the requirement of concerned regulators or bodies.
- l. The key operating and financial data for the last six years is annexed.
- m. The board of Directors is pleased to recommend a final cash dividend of Rs 1.58 per share at the rate 40% for the year ended December 31, 2023.
- n. The value of investments of provident and gratuity funds based on their unaudited accounts, as on December 31, 2023 were the following.

o. Provident Fund	Rs. 166 million
Gratuity Fund	Rs. 90 million
- p. The statement of pattern of shareholding in the Company as at 31 December, 2023 is annexed with the report.

No material changes and commitments affecting the financial position of our Company have occurred between the end of financial year to which this balance sheet relates and the date of this report.

The present external auditors Ernst & Young Ford Rhodes, Chartered Accountants, had retired and have offered themselves for re-appointment. The Board of Audit Committee recommends that Ernst & Young Ford Rhodes, Chartered Accountants to be appointed as the statutory auditors for the year 2024.

The Company is a subsidiary of Bestway International Holdings Limited (BIHL) incorporated in London (U.K). The Bestway International Holdings Limited (BIHL) holds 55.6% of the issued share capital of UBL Insurers Limited.

The Directors of the Company would like to express their gratitude to Securities and Exchange Commission of Pakistan, Insurance Association of Pakistan and the panel of Re-insurers for their continued guidance, co-operation and support.

We also thank our valued clients for their continued patronage and support extended to our Company.

The Directors also wish to acknowledge the hard work and dedicated efforts of UBL Insurers team in achieving the goals of the Company.



Chief Executive Officer



Chairman - Board of Directors

Date: February 29, 2024



Key operating and financial data for the last six years

'Rupees 000'

	2023	2022	2021	2020	2019	2018
Gross premium Written	7,292,850	5,248,055	4,104,343	4,041,493	3,988,703	3,391,311
Net premium revenue	1,993,150	1,839,604	1,793,771	1,841,542	1,769,967	1,412,471
Net claims	(931,579)	(892,633)	(959,119)	(1,127,838)	(646,815)	(568,260)
Premium deficiency (expense) / reversal	-	-	-	(3)	18	(11)
Management Expenses	(685,647)	(765,187)	(561,782)	(552,257)	(516,562)	(478,684)
Net commission	(83,359)	(142,452)	(191,931)	(107,637)	(158,510)	13,188
Underwriting result	292,565	39,332	80,962	53,807	448,098	378,703
Investment income	382,860	201,176	97,333	102,026	79,661	60,557
Exchange gain / (Loss)	27,603	10,527	(1,598)	1,215	2,929	1,020
Other Income	76,965	36,422	31,327	38,373	33,253	12,907
General and administrative	(162,823)	(142,994)	(129,818)	(127,013)	(124,743)	(99,276)
Finance costs	(24,698)	(6,637)	(4,765)	(5,114)	(4,970)	-
Profit before tax from Windows Takaful Operations	145,062	60,827	28,581	30,244	14,328	11,079
Profit before tax	737,534	198,653	102,022	93,538	448,556	364,991
Taxation						
– Prior	(996)	(176)	(1,688)	1,017	(11,811)	1,622
– Current	(268,256)	(110,898)	(29,745)	(26,009)	(136,230)	(107,862)
– Deferred	(12,837)	46,027	(4,410)	(1,416)	7,359	826
Profit after tax	455,445	133,606	66,179	67,130	307,874	259,576

Pattern of Shareholding

As at December 31, 2023

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, 2023

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 & NBFi	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۔

شیرتزر ہولڈر کے زمرے

ڈائریکٹرز

فیصد	منعقد شیرتزر
-	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

انشورنس کمپنیز

مدار بہ

باہمی فنڈز

جزل پبلک - انفرادی

علاقائی

شیرتزر ہولڈر ہولڈنگ %5 یا زیادہ ووٹنگ کی دلچسپی

بیسٹ وے انٹرنیشنل ہولڈنگ لمیٹڈ (BIHL)

یونائیٹڈ بینک لمیٹڈ

بیسٹ وے سیمنٹ لمیٹڈ

فیصد %	کل شیر حصص	شیر ہولڈنگ		شیر ہولڈرز نمبر
		تک	سے	
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

شیر ہولڈرز کے زمرے

31 دسمبر 2023ء

فیصد %	متعلقہ شیر	شیر ہولڈرز نمبر	شیر 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	بینکس، ڈی ایف آئی اور این بی ایف آئی
0	-	0	انشورنس کمپنیز
0	-	0	مدار با اور با ہی فنڈ
0	-	0	گورنمنٹ آف پاکستان
0	-	0	حکومتی ملکیتی ادارے یا بینک
0	-	0	غیر ملکی کمپنیز
0	-	0	جو انٹرنیشنل اسٹاک کمپنیز
0	-	0	چیر ٹریبل 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

2018	2019	2020	2021	2022	2023	
3,391,311	3,988,703	4,041,493	4,104,343	5,248,055	7,292,850	تحریری مجموعی پریمیم
1,412,471	1,769,967	1,841,542	1,793,771	1,839,604	1,993,150	خالص پریمیم آمدنی
(568,260)	(646,815)	(1,127,838)	(959,119)	(892,633)	(931,579)	خالص دعویٰ
(11)	18	(3)	-	-	-	پریمیم کی کمی (خرچ)/الٹ
(478,684)	(516,562)	(552,257)	(561,782)	(765,187)	(685,647)	انتظامی اخراجات
13,188	(158,510)	(107,637)	(191,931)	(142,452)	(83,359)	خالص کمیشن
378,703	448,098	53,807	80,962	39,332	292,565	انڈر رائٹنگ کا نتیجہ
60,557	79,661	102,026	97,333	201,176	382,860	سرمایہ کاری کی آمدنی
1,020	2,929	1,215	(1,598)	10,527	27,603	تبادلہ فائدہ/ (نقصان)
13,928	33,253	38,373	31,327	36,422	76,965	دیگر آمدنی
(99,276)	(124,743)	(127,013)	(129,818)	(142,994)	(162,823)	عمومی اور انتظامی
-	(4,970)	(5,114)	(4,765)	(6,637)	(24,698)	فنانس لاگت
11,079	14,329	30,244	28,581	66,662	145,062	ونڈوز کا نفل آپریشنز سے پہلے کا ٹیکس منافع
364,991	448,557	93,538	102,022	198,653	737,534	منافع قابل از محمول
						ٹیکس
1,622	(11,811)	1,017	(1,688)	(176)	(996)	پہلے
(107,862)	(136,230)	(26,009)	(29,745)	(110,898)	(268,256)	موجودہ
826	7,359	(1,416)	(4,411)	46,027	(12,837)	مؤخر
259,576	307,875	67,130	66,178	133,606	455,445	ٹیکس کے بعد منافع

10

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 بینیل 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۔

چیئر مین بورڈ آف ڈائریکٹرز

چیف ایگزیکٹو آفیسر

تاریخ: 29 فروری 2024ء

2024 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 کر کے 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 ضابطہ، 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 دعویٰ کیے گئے لیکن رپورٹ نہیں کیے گئے ہیں۔
- (ط) تکافل کے آٹھویں سال کے دوران آپریٹرز فنڈ نے 89 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، ود ہولڈنگ ٹیکس، سیلز ٹیکس، اور ایس ای سی پی کی فیسوں پر واجب الادا رقم 109 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 2023 کو ختم ہونے والے سال کے لیے 40% کی شرح سے 1.58 روپے فی حصہ کے حتمی نقد منافع کی سفارش کری ہے۔
- (ک) 31 دسمبر 2023 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 166 ملین روپے
- (ع) گریجویٹ فنڈ 90 ملین روپے
- (غ) 31 دسمبر 2023 تک کمپنی میں شیئر ہولڈنگ کے پیٹرن کا بیان رپورٹ کے ساتھ منسلک ہے۔

کلیم کمیٹی تین ارکان پر مشتمل ہے سال 2023 کے دوران کمیٹی کے تین اجلاس ہوئے جن میں حسب ذیل اراکین نے شرکت کی:

ممبرز کے نام	میٹنگ میں شرکت
سائرہ شاہ	03
ذیشان محمد رضا	03
منور علی صدیقی	03

نوبیمہ اور شریک بیمہ کمیٹی چار اراکین پر مشتمل ہے سال 2023 کے دوران کمیٹی کے تین اجلاس منعقد ہوئے جن میں ان ممبران نے شرکت کی:

ممبرز کے نام	میٹنگ میں شرکت
امیر کراچی والا	03
ذیشان محمد رضا	03
راشد جمیل	03
فہد حسین خان	03

رسک منجمنٹ اینڈ کمپلائنس کمیٹی پانچ ارکان پر مشتمل ہے سال 2023 کے دوران کمیٹی کے تین اجلاس ہوئے اور ان میں درج ذیل ممبران نے شرکت کی:

ممبرز کے نام	میٹنگ میں شرکت
ساجد حسین (استغفیٰ 07 نومبر 2023)	03
سائرہ شاہ	03
ذیشان محمد رضا	03
راشد جمیل خان	03
محمد انس قریشی	03

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۔

جگا

اخلاقیات، نامزدگی، انسانی وسائل اور معاوضہ کمیٹی

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

ممبرز کے نام	میٹنگ میں شرکت
شرچیل شاہد	01
لارڈ ضمیر محمد چوہدری، CBE , SIPK	01
رضوان پرویز	01
ذیشان محمد رضا	02

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

سرمایہ کاری کمیٹی

کمیٹی پانچ ارکان پر مشتمل ہے۔ سال 2023 کے دوران، کمیٹی کے چار (4) اجلاس منعقد ہوئے اور ان میں ممبران نے شرکت کی:

ممبرز کے نام	میٹنگ میں شرکت
محمد رضوان ملک	04
لارڈ ضمیر محمد چوہدری، CBE, SIPK	03
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 2023 کے دوران کمیٹی کے تین اجلاس منعقد ہوئے اور ان میں ممبران نے شرکت کی۔

ممبرز کے نام	میٹنگ میں شرکت
امیر کراچی والا	03
ذیشان محمد رضا	03
راشد جمیل	03
فہد حسین خان	03

بجاء

بیمہ کنندہ کی مالی طاقت (IFS) کی درجہ بندی

سال 2023 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	03
لارڈ ضمیر محمد چوہدری، CBE, SIPK	03
رضوان پرویز	03
شرجیل شاہد	04
محمد رضوان ملک	05
ساجد حسین (استعفیٰ 07 نومبر 2023)	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 2023 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	03
رضوان پرویز	03
شرجیل شاہد	03

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

محمد

موٹ

سال کے دوران، کمپنی نے 1.6 بلین (2022:1.6 بلین روپے) روپے کا مجموعی پریمیم تحریر کیا ہے۔ جوکل پورٹ فولیو کا 21.9 فیصد بنتا ہے۔ 2022 میں 56.8% کے مقابلے میں موجودہ سال کے لیے خالص دعووں کا خالص پریمیم کا تناسب 53.3% ہے۔ کمپنی نے 2022 میں 142 ملین روپے کے مقابلے میں اس سال 347 ملین روپے کی ذمہ نویسی کی ہے۔

بینکرز اور بلینٹ

کاروبار کا یہ طبقہ کل پورٹ فولیو کا 1.4% ہے۔ کمپنی نے موجودہ سال میں 116 ملین (2022:116 ملین روپے) روپے کا مجموعی پریمیم لکھا ہے۔ خالص دعووں کا تناسب 129.5% ہے جو پچھلے سال 77.5% تھا، جس کے نتیجے میں 6.9 ملین روپے کا ذمہ نویسی منافع ہوا۔ جو کہ پچھلے سال 7.5 ملین تھا۔

صحت

کاروبار کا یہ طبقہ کل پورٹ فولیو کا 7.1% ہے۔ کمپنی نے موجودہ سال میں 590 ملین (2022:590 ملین روپے) روپے کا مجموعی پریمیم لکھا ہے۔ خالص دعووں کا تناسب گزشتہ سال 28.7 فیصد کے مقابلے میں 78.7 فیصد ہے۔ اس کے نتیجے میں 20 ملین روپے کا ذمہ نویسی منافع ہوا۔ پچھلے سال 118 ملین تھا۔

دیگر کلاسز

کاروبار کی دوسری کلاسیں کل پورٹ فولیو کا 11.3% بنتی ہیں۔ تحریری مجموعی پریمیم 945 ملین (2022:634 ملین روپے) درج کیا۔ خالص دعووں کا خالص پریمیم کا تناسب 34.8% ہے جو پچھلے سال 79.4% تھا۔ پورٹ فولیو نے 15 ملین روپے کا ذمہ نویسی منافع ظاہر کیا۔ جو کہ گزشتہ سال گزشتہ سال 32 ملین روپے کا نقصان 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 آٹھواں سال تھا اور کمپنی کا میابی کے ساتھ مجموعی تحریری شراکت کو Rs.1037 ملین تحریر کیا شرکت کنندگان کے تکافل فنڈ نے روپے کی سرمایہ کاری آمدنی سے سرپلس کی اطلاع دی۔ سال 2022 میں 41 ملین کے مقابلے میں 56 ملین۔ خالص سرمایہ کاری اور دیگر آمدنی 2023 میں 111 ملین روپے تحریر کی جو کہ گزشتہ سال 57 ملین تھی ذمہ نویسی کے نتیجے میں 178 ملین روپے سرپلس اس سال درج کیا گیا جو کہ 2022 میں 81 ملین روپے تھا آپریٹنگ فنڈ نے ٹیکس سے پہلے سال 2022 میں 61 ملین کے منافع کے مقابلے میں 2023 میں 142 ملین 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 فائر اور میرین کلاس آف بزنس پر بہت زیادہ متاثر کرے گا۔

کمپنی کی کارکردگی کا جائزہ:

سال 2023 میں کمپنی نے مجموعی پریمیم میں 39 فیصد کا اضافہ لکھا ہے جو 7,292 ملین روپے درج ہوا جبکہ خالص پریمیم ریونیو 8 فیصد بڑھ کر 1,993 ملین روپے ہو گیا۔

پریمیم نے 1552 ملین (31%) روپے کا اضافہ ریکارڈ کیا 31 دسمبر 2023 کو ختم ہونے والے سال کے دوران جو کہ 6,513 ملین روپے رہا اور اس مقابلے میں 31 دسمبر 2022 میں 4,960 ملین تھا۔

گزشتہ سال دسمبر 2022 کے مقابلے میں دسمبر 2023 کو ختم ہونے والے سال کے دوران خالص دعوے کے اخراجات میں 4% اضافہ رکارڈ کیا گیا۔ خالص پریمیم آمدنی پر خالص دعوے کا تناسب گزشتہ سال کے 49% کے مقابلے میں 47% ہے۔

31 دسمبر 2023 کے ذمہ نویسی کے نتائج میں 644% اضافہ رکارڈ کیا گیا جو کہ پچھلے سال 31 دسمبر 2022 کو 39 ملین روپے کے منافع کے مقابلے میں 293 ملین روپے درج کی گئی۔

سرمایہ کاری اور دیگر آمدنی میں اضافہ ہوا جو کہ دسمبر 2023 کو ختم ہونے والے سال کے دوران 487 ملین روپے درج کی گئی جو کہ 2022 میں اسی مدت کے دوران 248 ملین اور روپے کی رقم لٹڈ ایکویٹی سکیورٹیز پر 1 ملین کو خرابی کے طور پر ریکارڈ کیا گیا ہے۔

ٹیکس سے پہلے کا منافع پچھلے سال 199 ملین کے منافع سے رواں سال 738 ملین کے مقابلے میں ہے۔ پورٹ فولیو تجزیہ (روایتی اور ٹکنل)

آگ اور جانسداد

کاروبار کی آگ اور جانسداد کی کلاس کل پورٹ فولیو کا 49.9 فیصد ہے سال کے دوران، کمپنی نے 4.16 بلین (2022: 2.56 بلین روپے) روپے کا مجموعی پریمیم لکھا ہے۔ خالص دعووں کا خالص پریمیم کا تناسب اس سال 29% ہے جو پچھلے سال 37.3% تھا۔ کمپنی کو 1 ملین روپے کا ذمہ نویسی نقصان ہوا جو کہ پچھلے سال 135 ملین تھا۔

سمندری اور نقل و حمل

کاروبار کا یہ طبقہ کل پورٹ فولیو کا 8.3% ہے۔ مجموعی پریمیم موجودہ سال میں 694 ملین روپے (2022: 614 ملین روپے) کی ذمہ نویسی کی ہے۔ خالص دعووں کا تناسب گزشتہ سال کے 24.1% کے مقابلے میں 14.5% ہے، جس کے نتیجے میں ذمہ نویسی منافع پچھلے سال 7 ملین کے مقابلے میں 70 ملین روپے ہے۔

31 دسمبر 2023 کو ختم ہونے والے سال کے لیے ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے، 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے یو بی ایل انشورر کمپنی لمیٹڈ کی اٹھارویں (18) سالانہ رپورٹ پیش کریں۔

زیر نظر سال کی مالی جھلکیاں حسب ذیل ہیں:

’روپے 000‘

%	31 دسمبر 2022	31 دسمبر 2023	
39%	5,248,055	7,292,850	لکھا ہوا مجموعی پریمیم
31%	4,960,407	6,513,286	پریمیم حاصل کیا
8%	1,839,604	1,993,150	خالص پریمیم آمدنی
4%	(892,633)	(931,579)	خالص دعویٰ کے اخراجات
-41%	(142,452)	(83,359)	خالص کمیشن
-10%	(765,187)	(685,647)	انتظامی اخراجات
644%	39,332	292,565	انڈر رائٹنگ کا نتیجہ - منافع
49%	248,125	487,428	سرمایہ کاری اور دیگر آمدنی
14%	(142,994)	(162,823)	عمومی اور انتظامی اخراجات
138%	60,827	145,062	ونڈ و ہیکل آپریشن سے منافع
271%	198,653	237,534	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۔

جگد

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

UBL Insurers Limited For the year ended 31 December 2023

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. Muhammad Rizwan Malik
Female Director	Ms. Saira Shah

**UBL Insurers Limited is a non-listed entity, and clause (iii) of the code, appointment of one third of the total members of the Board as independent Director(s) is required through the S.R.O 1013(I)/2022, on the expiry of the current term, currently the board has no independent director however will be appointed on expiry of current term of board.*

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 due to resignation of Mr. Sajjad which was approved in the board meeting held on December 14, 2023 subsequent to year end casual vacancy was filled by on 9 January 2024 i.e within 90 days.
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 the directors have been provided appropriate material/guidelines on the orientation course as such they are fully aware of their duties and responsibilities. 50% of the directors present are certified under Directors' training program.
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 the 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 the Member	Category
Ms. Saira Shah	Chairman
Mr. Zeeshan Muhammad Raza	Member
Mr. Munawar Ali Siddiqui	Member

Reinsurance & Co-insurance Committee	
Name of the Member	Category
Mr. Aameer Karachiwalla	Chairman
Mr. Zeeshan Muhammad Raza	Member
Mr. Rashid Jameel Khan	Member



Risk Management & Compliance Committee	
Name of the Member	Category
Ms. Saira Shah	Member
Mr. Zeeshan Muhammad Raza	Member
Mr. Rashid Jameel Khan	Member
Mr. Muhammad Anas Qureshi	Member

17. The Board has formed the following Board Committee;

Ethics, Nominations, Human Resource & Remuneration Committee	
Name of the Member	Category
Mr. Sharjeel Shahid	Chairman
Lord Zameer M. Choudrey, CBE, Si Pk	Member
Mr. Rizwan Pervez	Member
Mr. Zeeshan Muhammad Raza	Member

Investment Committee	
Name of the 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 the 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-UI-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. Muhammad Anas Qureshi	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 19, 2023 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. 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

Date: February 21, 2024

Independent Auditor's 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 2023 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 2023.



Chartered Accountants

Place: Karachi

Date: 18 March 2024

UDIN Number: CR202310191eSAO5tFCh

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in 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 2023 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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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.

Report on Other Legal and Regulatory Requirement

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

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

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- 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).

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



Chartered Accountants

Karachi

Date: 18 March 2024

UDIN Number: AR202310191EMplmfKXr

Chief Financial Officer's Report



Overall, 2023 likely presented a mix of challenges and opportunities, with individuals, businesses, and governments, but 2023 was a good year for UIL. Against the backdrop of an extremely challenging market environment we have continued to deliver very strong results and have demonstrated that the diversified business model we have built is working.

We have shown consistent and reliable positive momentum, through disciplined profitable top line growth and tight cost control. Despite of the political turmoil and an economic crisis in Pakistan. On the economic front, the country has been dealing with backbreaking inflation, a depreciating currency, and precariously low foreign reserves. However, at UIL we continued to deliver strong financial performance, giving us momentum as we move forward to 2024.

We delivered our promises to the shareholders by returning at a rate of 40% of PBT in terms of a DPS of Rs.1.58, we have delivered a further 2% reduction in the overall expenses of the UIL as a percentage of GPW during the year ended December 31, 2023 in comparison to the previous year ended December 31, 2022.

Alongside this strong progress on efficiency we have succeeded to achieve some impressive key financial figure during the year, a growth of 36% in gross premium written to close at Rs. 8,330 million while net premium revenue increased by 11% to Rs. 2,583 million.

The underwriting results reported a growth of 306% in profit and close at Rs. 435 million during the year ended 31 December 2023 as compared to a profit of Rs. 107 million for the year ended 31 December 2022.

Key Performance Indicators:

	2023	2022	Comments
Return on Equity	25%	17%	Return on equity has increased by 8% points which shows how well the equity is being used by the Co to generate profit as compared to the previous year 2022.
Return on Investment	19%	14%	Return on investment has increased by 5% points as compared to the last year, as we have widened our investment portfolio during the year 2023 as compare to the previous year, further increase in overall interest rates in the country also helped to achieve better return on investments during the year ended December 31, 2023.
Dividend Yield	16%	3%	Dividend Yield is witnessed 16% this year 2023 while in 2022 Dividend yield was 3%. This rise in dividend yield suggests that the company distributed a larger portion of its earnings to shareholders in the form of dividends relative to its stock price.

	2023	2022	Comments
Dividend Per Share	1.58	0.29	An increase in DPS year-over-year is showing that company's earnings have grown, or its management is confident in its ability to sustain or even enhance dividend payments.
Earnings per Share	3.95	1.16	In 2023, there was a noticeable increase in Earnings Per Share (EPS) compared to 2022. This rise in EPS indicates improved profitability and potentially stronger financial performance during the year. Such an increase could be attributed to various factors including higher GPW, effective cost management, increased efficiency positive strategic initiatives further by continually assessing our investment strategies, reallocating resources, and rebalancing our portfolios, we have optimized our risk-return profile and maximized investment income potential which also played a key role in the overall increased EPS.
Expense Ratio	13%	15%	Better cost control was maintained during the year as compare to the last year, despite of very high inflation rate UIL managed to somehow keep its expenses under control.

International Financial Reporting Standards (IFRS):

IFRS-17 Insurance Contracts:

IFRS 17 'Insurance Contracts' establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard.

The 'Security Exchange Commission of Pakistan' (SECP) introduced a 4 steps approach for the implementation of IFRS- 17 with different deadlines for each stage, UBL Insures Ltd. Is complying with deadlines shared by SECP.

SECP vide its SRO 1715 dated 21 November 2023 directed the application of IFRS 17 for the period commencing from January 01, 2026.

IFRS-9 Financial Instrument:

IFRS 9 introduces new classification and measurement requirements, particularly for financial assets. Insurers may need to perform new analyses and make new judgements and will also need to consider the interaction between their accounting for financial investments under IFRS 9 and for insurance contracts under IFRS 17 to minimize accounting mismatches. IFRS-9 also contains new criteria for below mentioned items:

- Impairment
- Hedging
- Presentation and disclosure

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

IFRS S1 & S2

The International Sustainability Standards Board (ISSB) issued its first two sustainability reporting standards on 26 June 2023 that become effective for periods beginning on or after 1 January 2024 worldwide.

- General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1), which is the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.

- Climate-related Disclosures (IFRS S2), which is the first thematic standard, and sets out requirements for entities to disclose information about climate-related risks and opportunities.

"During 2023 I've proactively attended a two days training session in UAE for IFRS standards S1 and S2, despite their current non-applicability in Pakistan, to prepare for future regulatory changes and anticipate emerging challenges. Through this initiative, I've gained insights into integrating sustainability-related risks and opportunities into financial statements to meet investor demands. Additionally, I've learned strategies to effectively plan and respond to climate-related risks and opportunities, including setting and meeting regulatory targets. Furthermore, I now understand how various climate-related events could impact business operations in the future."

Conclusion:

The positive financial results of 2023 signal our company's robust performance. As we anticipate the challenges of 2024, we remain confident in our ability to capitalize on opportunities for continued success.



Nadeem Raza
Chief Financial Officer



Financial Performance

Vertical Analysis - Balance Sheet and Income Statement

Balance sheet

	2023	2022	2021	2020	2019	2018	2017
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
	%	%	%	%	%	%	%
Assets							
Cash and bank	3.2%	3.0%	4.0%	3.7%	6.3%	2.9%	2.0%
Investments	26.8%	23.9%	19.1%	18.2%	14.4%	18.1%	20.5%
Deferred Taxation	0.4%	0.8%	0.2%	21.061	0.4%	0.4%	0.3%
Current Assets - others	62.6%	65.2%	69.7%	4,207,905	73.1%	3,535,315	3,067,464
Fixed Assets	2.1%	2.1%	2.0%	120,137	2.0%	100,487	84,515
Total assets of Window Takaful	4.9%	5.0%	5.0%	236,065	4.0%	140,322	101,689
Total Assets	100.0%	100.0%	100.0%	5,866,515	100.0%	4,807,108	4,217,061
Total Equity	21.1%	24.2%	30.6%	1,670,279	28.5%	1,401,075	1,150,759
Underwriting Provisions	57.8%	58.5%	54.1%	3,269,941	55.7%	2,915,967	2,546,610
Deferred Liabilities	0.0%	0.1%	0.1%	6,828	0.1%	8,720	5,495
Creditors and Accruals	5.1%	4.2%	4.6%	207,042	3.5%	163,387	177,152
Other Liabilities	13.1%	9.9%	7.5%	561,370	9.6%	230,960	280,808
Total liabilities of Window Takaful	2.8%	3.1%	3.2%	151,055	2.6%	86,999	56,237
Total Equity and Liabilities	100.0%	100.0%	100.0%	5,866,515	100.0%	4,807,108	4,217,061

Profit and Loss Account

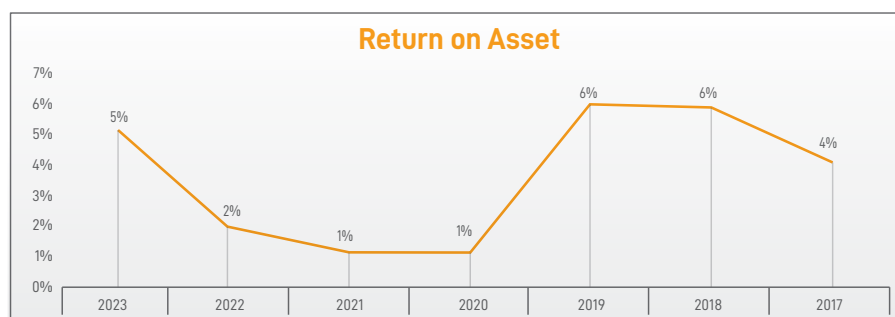
	2023	2022	2021	2020	2019	2018	2017
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
	%	%	%	%	%	%	%
Net insurance premium	100.0%	100.0%	100.0%	1,841,542	100.0%	1,412,471	1,012,177
Net insurance claims	-46.7%	-48.5%	-53.5%	(1,127,838)	-61.2%	(568,259)	(419,969)
Premium deficiency	0.0%	0.0%	23	(3)	0.0%	(11)	10,879
Net commission and other acquisition costs	-4.2%	-7.7%	-10.7%	(107,637)	-5.8%	13,188	63,369
Management expenses	-34.4%	-41.6%	-31.3%	(552,257)	-30.0%	(478,684)	(345,489)
Underwriting results	14.7%	2.1%	4.5%	53,807	2.9%	378,703	320,967
Investment income	19.2%	10.9%	5.4%	102,026	5.5%	60,557	44,115
Other income	5.2%	2.6%	1.7%	39,588	2.1%	13,928	6,173
Other expenses	-8.2%	-7.8%	-7.2%	(127,013)	-6.9%	(99,276)	(125,047)
Profit from Window Takaful Operations	7.3%	3.3%	1.6%	30,244	1.6%	11,079	1,163
Finance costs	-1.2%	-0.4%	-0.3%	(5,114)	-0.3%	-	-
Profit before tax	37.0%	10.8%	5.7%	93,538	5.1%	364,991	247,371
Income tax expense	-14.2%	-3.5%	-2.0%	(26,408)	-1.4%	(105,414)	(80,376)
Profit after tax	22.9%	7.3%	3.7%	67,130	3.6%	259,576	166,996

Horizontal Analysis - Balance Sheet and Income Statement

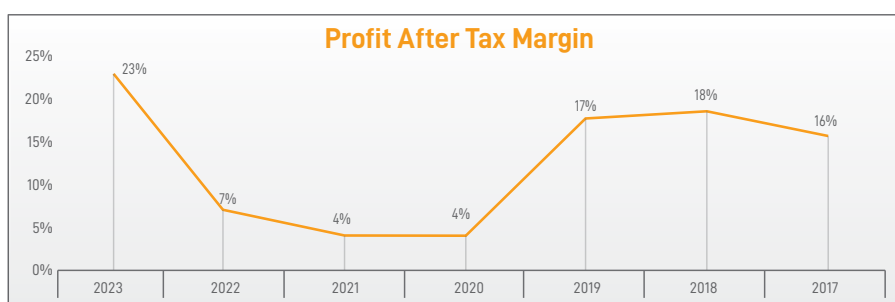
	Rs in '000						% Increase / (decrease) over preceding year							
	2023	2022	2021	2020	2019	2018	2017	2023	2022	2021	2020	2019	2018	2017
Balance sheet														
Assets														
Cash and bank	341,400	227,479	225,530	214,296	360,436	140,664	86,049	50.1%	0.9%	5.2%	-40.5%	156.2%	63.5%	182.2%
Investments	2,903,956	1,827,731	1,087,453	1,067,051	827,411	872,075	863,694	58.9%	68.1%	1.9%	29.0%	-5.1%	1.0%	10.1%
Deferred Taxation	43,754	61,320	13,866	21,061	21,982	18,245	13,650	-28.6%	342.2%	-34.2%	-4.2%	20.5%	33.7%	125.5%
Current Assets - others	6,776,992	4,999,730	3,973,202	4,207,905	4,203,967	3,535,315	3,067,464	35.5%	25.8%	-5.6%	0.1%	18.9%	15.3%	19.7%
Fixed Assets	223,953	164,497	116,065	120,137	162,665	100,487	84,515	36.1%	41.7%	-3.4%	-26.1%	61.9%	18.9%	2.4%
Total assets of Window Takaful	535,164	382,154	287,170	236,065	178,345	140,322	101,689	40.0%	33.1%	21.6%	32.4%	27.1%	38.0%	43.9%
Total Assets	10,825,219	7,662,911	5,703,286	5,866,515	5,754,806	4,807,108	4,217,061	41.3%	34.4%	-2.8%	1.9%	19.7%	14.0%	19.2%
Total Equity	2,288,324	1,856,219	1,742,879	1,670,279	1,665,953	1,401,075	1,150,759	23.3%	6.5%	4.3%	0.3%	18.9%	21.8%	16.0%
Underwriting Provisions	6,261,018	4,485,468	3,085,772	3,269,941	3,310,115	2,915,967	2,546,610	39.6%	45.4%	-5.6%	-1.2%	13.5%	14.5%	24.8%
Deferred Liabilities	2,463	5,108	3,039	6,828	7,214	8,720	5,495	-51.8%	68.1%	-55.5%	-5.4%	-17.3%	58.7%	138.8%
Creditors and Accruals	551,329	322,433	263,390	207,042	186,335	163,387	177,152	71.0%	22.4%	27.2%	11.1%	14.0%	-7.8%	13.0%
Other Liabilities	1,422,226	757,560	426,293	561,370	470,402	230,960	280,808	87.7%	77.7%	-24.1%	19.3%	103.7%	-17.8%	-12.1%
Total liabilities of Window Takaful	299,859	236,123	181,913	151,055	114,787	86,999	56,237	27.0%	29.8%	20.4%	31.6%	31.9%	54.7%	116.0%
Total Equity and Liabilities	10,825,219	7,662,911	5,703,286	5,866,515	5,754,806	4,807,108	4,217,061	41.3%	34.4%	-2.8%	1.9%	19.7%	14.0%	19.2%

	Rs in '000						% Increase / (decrease) over preceding year							
	2023	2022	2021	2020	2019	2018	2017	2023	2022	2021	2020	2019	2018	2017
Profit and Loss Account														
Net insurance premium	1,993,150	1,839,604	1,793,771	1,841,542	1,769,967	1,412,471	1,012,177	8.3%	2.6%	-2.6%	4.0%	25.3%	39.5%	16.0%
Net insurance claims	(931,579)	(892,633)	(959,119)	(1,127,838)	(646,815)	(568,259)	(419,969)	4.4%	-6.9%	-15.0%	74.4%	13.8%	35.3%	-7.3%
Premium deficiency	-	-	23	(3)	18	(11)	10,879	0.0%	-100.0%	-86.6%	-116.7%	-263.6%	-100.1%	-199.7%
Net commission and other acquisition costs	(83,359)	(142,452)	(191,931)	(107,637)	(158,510)	13,188	63,369	-41.5%	-25.8%	78.3%	-32.1%	-1301.9%	-79.2%	-6.5%
Management expenses	(685,647)	(765,187)	(561,782)	(552,257)	(516,562)	(478,684)	(345,489)	-10.4%	36.2%	1.7%	6.9%	7.9%	38.6%	43.9%
Underwriting results	292,565	39,332	80,962	53,807	448,098	378,703	320,967	643.8%	-51.4%	50.5%	-88.0%	18.3%	18.0%	35.6%
Investment income	382,860	201,176	97,333	102,026	79,661	60,557	44,115	90.3%	106.7%	-4.6%	28.1%	31.5%	37.3%	-40.4%
Other income	104,568	46,949	29,729	39,588	36,182	13,928	6,173	122.7%	57.9%	-24.9%	9.4%	159.8%	125.6%	89.6%
Other expenses	(162,823)	(142,994)	(129,818)	(127,013)	(124,743)	(99,276)	(125,047)	13.9%	10.1%	2.2%	1.8%	25.7%	-20.6%	13.8%
Profit from Window Takaful Operations	145,062	60,827	28,581	30,244	14,329	11,079	1,163	138.5%	112.8%	-5.5%	111.1%	29.3%	852.6%	-85.0%
Finance costs	(24,698)	(6,637)	(4,765)	(5,114)	(4,970)	-	-	272.1%	39.3%	-6.8%	2.9%	100.0%	-	-
Profit before tax	737,534	198,653	102,022	93,538	448,557	364,991	247,371	271.3%	94.7%	9.1%	-79.1%	22.9%	200.9%	47.5%
Income tax expense	(282,089)	(65,047)	(35,844)	(26,408)	(140,682)	(105,414)	(80,376)	333.7%	81.5%	35.7%	-81.2%	33.5%	31.2%	34.7%
Profit after tax	455,445	133,606	66,178	67,130	307,875	259,576	166,996	240.9%	101.9%	-1.4%	-78.2%	18.6%	55.4%	22.3%

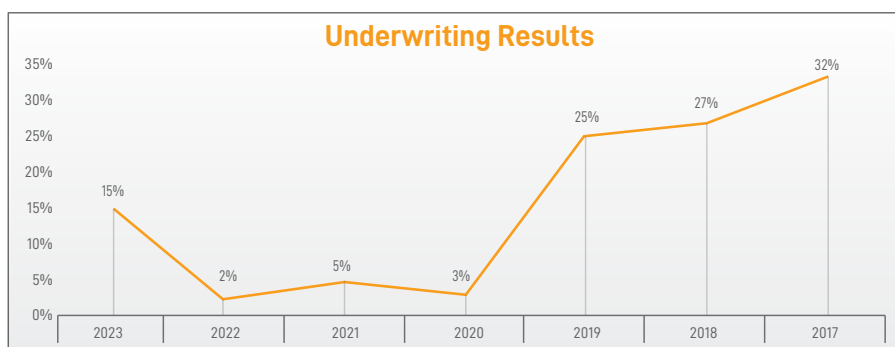
Ratio Analysis



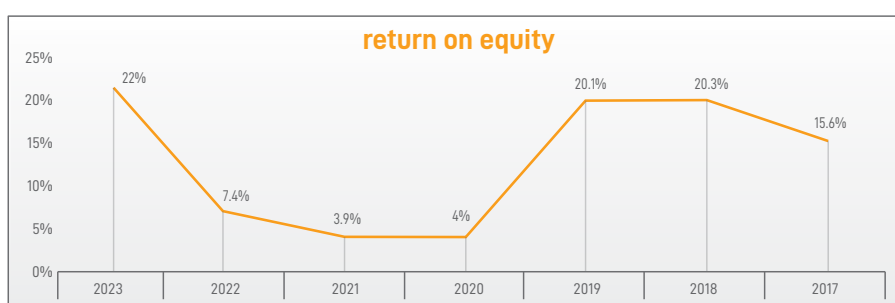
ROA= PAT/ Average total assets	2023	2022	2021	2020	2019	2018	2017
	5%	2%	1%	1%	6%	6%	4%



Profit After Tax Margin= Profit After Tax/Net Insurance Premium	2023	2022	2021	2020	2019	2018	2017
	23%	7%	4%	4%	17%	18%	16%



Underwriting Results Margin= Underwriting Results/Net Insurance Premium	2023	2022	2021	2020	2019	2018	2017
	15%	2%	5%	3%	25%	27%	32%



ROE= PAT/Average Shareholer's Equity	2023	2022	2021	2020	2019	2018	2017
	22%	7.4%	3.9%	4%	20.1%	20.3%	15.6%

Statement of Financial Position

As at December 31, 2023

	Note	2023	2022
----- (Rupees in '000) -----			
Assets			
Property and equipment	5	91,812	102,147
Right-of-use-assets	6	131,786	61,630
Intangible assets	7	355	720
Investments			
Equity securities / mutual funds	8	122,724	132,092
Debt securities	9	2,781,232	1,695,639
Loans and other receivables	10	131,173	77,896
Insurance / reinsurance receivables	11	1,646,548	1,474,011
Reinsurance recoveries against outstanding claims		2,677,254	2,053,850
Salvage recoveries accrued		205,009	132,726
Deferred commission expense / acquisition cost		421,276	205,939
Deferred taxation	14	43,754	61,320
Taxation - payment less provisions	33	-	-
Prepayments	15	1,695,732	1,055,308
Cash and bank	16	341,400	227,479
		10,290,055	7,280,757
Total assets of Window Takaful Operations	23	535,164	382,154
Total Assets		10,825,219	7,662,911
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	4,608	(3,535)
Unappropriated profit		1,483,716	1,059,754
Total Equity		2,288,324	1,856,219
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	25	3,324,856	2,534,041
Unearned premium reserves	24	2,496,055	1,716,491
Premium deficiency reserves		-	-
Unearned reinsurance commission	26	440,107	234,936
Retirement benefit obligations	13	2,463	5,108
Lease liabilities	19	156,640	74,271
Insurance / reinsurance payables	20	1,192,950	680,439
Taxation - payment less provisions	33	72,636	2,850
Other creditors and accruals	21	551,329	322,433
		8,237,036	5,570,569
Total liabilities of Window Takaful Operations	23	299,859	236,123
Total Liabilities		8,536,895	5,806,692
Total Equity and Liabilities		10,825,219	7,662,911
Contingencies and commitments			
	22		

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



Chief Executive Officer



Director



Director & Chairman

Profit and Loss Account

For the year ended December 31, 2023

	Note	2023 ------(Rupees in '000)-----	2022
Net insurance premium	24	1,993,150	1,839,604
Net insurance claims	25	(931,579)	(892,633)
Premium deficiency reversal / (expense)		-	-
Net commission and other acquisition costs	26	(83,359)	(142,452)
Insurance claims and acquisition expenses		(1,014,938)	(1,035,085)
Management expenses	27	(685,647)	(765,187)
Underwriting results		292,565	39,332
Investment income	28	382,860	201,176
Other income	29	104,568	46,949
Other expenses	30	(162,823)	(142,994)
Results of operating activities		617,170	144,463
Finance costs	31	(24,698)	(6,637)
Profit from Window Takaful Operations - Operator's Fund	23	145,062	60,827
Profit before tax		737,534	198,653
Income tax expense	32	(282,089)	(65,047)
Profit after tax		455,445	133,606
Earnings per share - Rupees	34	3.95	1.16

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



Chief Executive Officer



Director



Director & Chairman

Statement Of Comprehensive Income

For the year ended December 31, 2023

	2023	2022
	------(Rupees in '000)-----	
Profit after tax	455,445	133,606
Other comprehensive income		
Item that may be reclassified to profit and loss account in subsequent years		
Unrealised gain / (loss) on available-for-sale investments	12,186	(8,414)
Related tax impact	(4,436)	2,651
	7,750	(5,763)
Other comprehensive gain from Window Takaful Operations	393	-
Item that will never be reclassified to profit and loss account in subsequent years		
Re-measurement gain / (loss) on defined benefit obligation	2,645	(2,069)
Related tax impact	(726)	804
	1,919	(1,265)
Net other comprehensive income / (loss) for the year	10,062	(7,028)
Total comprehensive income for the year	<u>465,507</u>	<u>126,578</u>

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



 Chief Executive Officer





 Director





 Director & Chairman



Statement Of Changes In Equity

For the year ended December 31, 2023

	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 reserve	Unappropriated profit	
----- (Rupees in '000) -----					
Balance as at January 01, 2022	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	-	-	-	(13,238)	(13,238)
Other comprehensive loss - 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
Total comprehensive income					
Profit after tax	-	-	-	455,445	455,445
Final cash dividend at Re. 0.289 (2.89%) per share	-	-	-	(33,402)	(33,402)
Other comprehensive income - net of tax	-	-	8,143	1,919	10,062
	-	-	8,143	423,962	432,105
Balance as at December 31, 2023	1,152,174	(352,174)	4,608	1,483,716	2,288,324

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


 Chief Executive Officer


 Director


 Director & Chairman



Statement of Cash Flows

For the year ended December 31, 2023

Note	2023 ----- (Rupees in '000) -----	2022
Operating Cash Flows		
(a) Underwriting activities		
Insurance premium received	7,212,406	5,178,441
Reinsurance premium paid	(4,721,419)	(2,855,270)
Claims paid	(2,651,668)	(2,124,965)
Reinsurance and other recoveries received	1,815,217	1,372,039
Commission paid	(1,072,095)	(811,465)
Commission received	1,143,258	781,145
Management expenses paid	(562,812)	(745,673)
Net cash inflow from underwriting activities	1,162,887	794,252
(b) Other operating activities		
Income tax paid	(143,719)	(29,062)
General expenses paid	(141,797)	(130,474)
Loan advanced	(11,639)	(7,765)
Loan repayments received	11,309	7,206
Payment against unclaimed insurance benefits	(7,982)	(2,826)
Net cash outflow from other operating activities	(293,828)	(162,921)
Total cash inflow from all operating activities	869,059	631,331
Investment activities		
Profit / return received	188,010	95,280
Dividend received	7,599	12,787
Payment for investments	(2,598,236)	(3,459,298)
Proceeds from investments	1,744,894	2,494,287
Proceeds from sale of property and equipment	1,475	8,315
Fixed capital expenditure	(16,432)	(62,721)
Total cash outflow from investing activities	(672,690)	(911,350)
Financing activities		
Dividend paid	(40,762)	(5,878)
Principal portion of lease liability paid	(31,881)	(15,619)
Interest paid	(24,698)	(6,637)
Total cash outflow from financing activities	(97,341)	(28,134)
Net cash inflow / (outflow) from all activities	99,028	(308,153)
Cash and cash equivalents at beginning of the year	542,576	850,729
Cash and cash equivalents at end of the year	641,604	542,576
	16	
Reconciliation to profit and loss account		
Operating cash flows	869,059	631,331
Depreciation expense	(69,631)	(39,074)
Financial charges expense	(24,698)	(6,637)
Profit on disposal of investments	13,010	3,877
Profit on disposal of property and equipment and right of use asset	540	1,557
Dividend income	7,599	12,787
Profit from window takaful operations	145,062	60,827
(Increase) / Decrease in assets other than cash	1,997,439	1,120,906
(Decrease) / increase in liabilities other than borrowings	(2,666,473)	(1,815,635)
Amortisation expense	(652)	(1,189)
Provision for impairment against listed equity securities	(1,082)	(102)
Income tax expense	(282,089)	(65,047)
Interest on government securities / term finance certificates / sukuk	363,333	184,614
Exchange gain / (loss)	27,603	10,527
Return on bank balances	75,352	32,470
Other income	1,073	2,395
Profit after taxation	455,445	133,606

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


Chief Executive Officer


Director


Director & Chairman

Notes to and forming part of the financial statements

For the year ended December 31, 2023

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 (2022: 27) 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 AND 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.

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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, 2023 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, 2024 |
| ▪ Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7 | January 1, 2024 |
| ▪ Lease Liability in a Sale and Leaseback - Amendments to IFRS 16 | January 1, 2024 |
| ▪ IFRS 17 - Insurance Contracts | January 1, 2026 |
| ▪ Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28 | Not yet finalized |

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

SECP vide its SRO 1715 dated 21 November 2023 directed the application of IFRS 17 for the period commencing from January 01, 2026.

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF"). The key objectives of IFRS 17 are comparable recognition and measurement of contracts in the scope of the standard, the recognition of insurance service results based on the services provided to the policyholder and provision of disclosures that will enable the users of the financial statements to assess the impact of these contracts on the financial position, financial results and cash flows of the entity. The standard distinguishes between the sources of profit and quality of earnings between insurance service results and insurance finance income and expense (reflecting the time value of money and financial risk). The company has not yet determined the quantitative potential impact of the standard.

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

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

Standards

Effective date
(period beginning on or after)

- | | |
|---|-----------------|
| ▪ IFRS 1 - First-time Adoption of International Financial Reporting Standards | January 1, 2024 |
|---|-----------------|

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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. MATERIAL ACCOUNTING POLICY INFORMATION

The material 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 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.

3.2 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.

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3.2.1 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.

3.2.2 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.

3.2.3 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 there against.

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.

3.3 Commission

3.3.1 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.

3.3.2 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.

3.4 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.

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3.5 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.

3.6 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 original maturity of three months or less.

3.7 Investments

3.7.1 Investment income

- Interest / mark-up on bank balances, term deposits and government securities is recognised on an accrual basis using the effective interest method.
- 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.

3.7.2 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:

- Held to maturity
- Available for sale

3.7.3 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.

3.7.4 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.

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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.

3.8 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.

3.9 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income or below equity, in which case it is recognized in other comprehensive income or below equity.

3.9.1 Current

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

3.9.2 Deferred

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

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.10 Staff retirement benefits

3.10.1 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

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the profit and loss account. The Company recognises gain and loss on the settlement of a defined benefit plan when the settlement occurs.

3.10.2 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.

3.11 Right of Use Assets

The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability. The right-of-use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of right-of-use asset or end of the lease term. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

3.11.1 Liabilities against leases for right of use assets

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

3.12 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.

3.13 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.

3.14 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

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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.

3.15 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 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 JUDGMENTS

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 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.

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 3.14)
- b. Unearned premium reserve (note 3.2.2)
- c. Premium deficiency reserve (note 3.4)
- d. Defined benefit plan (note 3.10.1)
- e. Classification and measurement of investments (note 3.7.2)
- f. Useful lives of assets and methods of depreciation (note 3.1 & 5.1)
- g. Provision for current and deferred tax (note 3.9.1 & 3.9.2)
- h. Insurance / reinsurance receivables and payables (note 3.2.3)
- i. Lease liability and right-of-use asset (note 3.11.1)
- j. Allocation of management and other expenses (note 3.13)

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5. PROPERTY AND EQUIPMENT

Note

2023

2022

----- (Rupees in '000) -----

Operating fixed assets

5.1

91,812

102,147

5.1 Operating fixed assets

2023								
Cost			Accumulated Depreciation			Written down value as at December 31, 2023	Depreciation rate	
As at January 1, 2023	Additions / (disposals)	As at December 31, 2023	As at January 1, 2023	For the year / (on disposals)	As at December 31, 2023			
----- (Rupees in '000) -----							%	
Furniture and fixtures	30,339	2,533 (593)	32,279	14,406	2,437 (547)	16,296	15,983	10
Office equipment	27,156	5,214 (1,148)	31,222	17,525	3,775 (1,033)	20,267	10,955	20
Computer and accessories	24,375	4,313 (2,155)	26,533	15,608	4,296 (2,018)	17,886	8,647	25
Motor vehicles	75,225	- (2,436)	72,789	24,756	11,562 (1,827)	34,491	38,298	20
Mobile phones	2,749	351 (200)	2,900	1,188	722 (174)	1,736	1,164	33
Leasehold improvements	44,528	4,021 (1,616)	46,933	28,742	3,042 (1,616)	30,168	16,765	10
	204,372	16,432 (8,148)	212,656	102,225	25,834 (7,215)	120,844	91,812	

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	

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5.1.1 Disposal of fixed assets

2023					
Fixed Assets	Cost	Book value	Sale proceeds	Mode of sale	Particulars of purchaser
----- (Rupees in '000) -----					
Office Equipment	1,148	115	170	BID	Various
Computer Hardware	2,155	137	118	BID	Various
Furniture & Fixture	593	46	55	BID	Various
Motor vehicles	2,436	609	1,096	BID	Various
Office Premises	1,616	-	-	BID	Various
Mobile phones	200	26	36	BID	Various
	8,148	933	1,475		

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 book value

exceeding Rs. 50,000 individually

Car	Motor Vehicle	2,436	609	1,096	Bid	M/s Toyota Motors Faisalabad
Office equipment	Office equipment	97	85	56	Bid	M/s IGI Insurance Limited
Computer and accessories	Computer and accessories	98	51	57	Bid	M/s A2Z Solutions
		2,631	745	1,209		

5.2 The cost and accumulated depreciation of fully depreciated property and equipment still in use amounts to Rs. 50.009 million (2022: Rs. 39.604 million).

6. RIGHT-OF-USE-ASSETS

	2023	2022
----- (Rupees in '000) -----		
Buildings		
Opening cost	102,538	79,182
Addition	113,953	35,459
Disposal	(3,813)	(12,103)
Closing cost	212,678	102,538
Accumulated Depreciation opening	40,908	32,417
Depreciation for the year	43,797	17,866
Depreciation for disposals	(3,813)	(9,375)
Accumulated Depreciation closing	80,892	40,908
Written Down Value	131,786	61,630

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		

Computer software

2023	18,917	287	19,204	18,197	652	18,849	355	4 years
2022	18,917	-	18,917	17,008	1,189	18,197	720	4 years

7.1 Fully amortised intangible assets still in use amounted Rs. 16.625 million (2022: Rs. 16.461 million).

8. INVESTMENTS IN EQUITY SECURITIES

Note	2023			2022		
	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	(13,671)	3,848	17,519	(12,589)	4,930
8.1	51,297	(25,546)	25,751	51,297	(24,464)	26,833
Surplus / (deficit) on revaluation			5,689			3,815
			31,440			30,648
Mutual Funds						
Pakistan Cash Management Fund	-	-	-	10,816	-	10,816
Mcb Cash Management Optimizer	-	-	-	90,513	-	90,513
Pakistan Income Enhancement Fund	9,997	-	9,997	-	-	-
MCB Pakistan Sovereign Fund	80,000	-	80,000	-	-	-
8.2	89,997	-	89,997	101,329	-	101,329
Surplus / (deficit) on revaluation			1,287			115
			91,284			101,444
Total investment in equity securities			122,724			132,092

8.1 Listed shares (Available for sale)

	2023	2022
	----- (Rupees in '000) -----	
Cost	51,297	51,297
Provision for impairment	(25,546)	(24,464)
	25,751	26,833

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8.1.1 Provision for impairment

	2023	2022
	----- (Rupees in '000) -----	
Opening provision	24,464	24,362
Charge for the year	1,082	102
Closing provision	25,546	24,464

8.2 Mutual Funds (Available for sale)

	No. of Units		NAV	Value of Units	
	2023	2022		2023	2022
			---(Value)---	----- (Rupees in '000) -----	
Pakistan Cash Management Fund	-	214,322	50	-	10,816
MCB Cash Management Optimizer	-	892,363	102	-	90,628
Pakistan Income Enhancement Fund	184,565	-	55	10,077	-
MCB Pakistan Sovereign Fund	1,355,473	-	60	81,206	-
				91,284	101,445

9. INVESTMENTS DEBT SECURITIES

	Note	2023			2022		
		Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
----- (Rupees in '000) -----							
Available-for-Sale							
Government Securities and Term Finance Certificates							
Term finance certificate	9.1	50,000	-	50,000	50,000	-	50,000
Market treasury bills	9.2	1,133,316	-	1,133,316	141,832	-	141,832
Pakistan investment bonds	9.3	1,018,686	-	1,018,686	377,660	-	377,660
		2,202,002	-	2,202,002	569,492	-	569,492
Deficit on revaluation		-	-	(66)	-	-	(9,206)
Total investment - available for sale		2,202,002	-	2,201,936	569,492	-	560,286
Held-to-maturity							
Government Securities							
Market treasury bills	9.4	-	-	-	430,030	-	430,030
Pakistan investment bonds	9.5	579,296	-	579,296	685,280	-	685,280
		579,296	-	579,296	1,115,310	-	1,115,310
Corporate Sukuks							
The Hub Power Company Limited	9.6	-	-	-	20,043	-	20,043
Term Finance Certificates							
Bank Al-Habib Limited		-	-	-	-	-	-
Total investment - held-to-maturity		579,296	-	579,296	1,135,353	-	1,135,353
Total investment - debt securities		2,781,298	-	2,781,232	1,704,845	-	1,695,639

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9.1 Term Finance Certificate (Available for sale)

	No. of Certificates		Face Value	Value of Certificates	
	2023	2022		2023	2022
			---	---	---
			(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	Effective yield	Profit payment	Type of security	Maturity date	2023	2022
					----- (Rupees in '000) -----	
(Rupees in '000)					Amortized Cost	Amortized Cost
150,000	15.15%	On Maturity	Treasury bills	1-Jun-23	-	141,832
130,000	16.88%	On Maturity	Treasury bills	25-Jan-24	128,222	-
180,000	16.96%	On Maturity	Treasury bills	21-Mar-24	171,982	-
490,000	16.97%	On Maturity	Treasury bills	26-Dec-24	404,973	-
500,000	16.55%	On Maturity	Treasury bills	17-Oct-24	428,139	-
					<u>1,133,316</u>	<u>141,832</u>

9.2.1 Market treasury bills (MTBs) have face value of Rs. 1300 million (market value of Rs. 1131.970) [2022: face value Rs. 150 million (market value of Rs. 140.116 million)].

9.3 Pakistan investment bonds (Available for sale)

Face value	Effective yield	Profit payment	Type of security	Maturity date	2023	2022
					----- (Rupees in '000) -----	
(Rupees in '000)					Amortized Cost	Amortized Cost
200,000	12.97%	Semi-annually	3 Years PIB	5-Aug-24	193,391	183,299
100,000	17.10%	Semi-annually	5 Years PIB	17-Nov-27	96,169	95,574
128,000	12.64%	Semi-annually	10 Years PIB	10-Dec-30	101,102	98,787
725,000	19.53%	Semi-annually	3 Years PIB	4-Jul-26	628,024	-
					<u>1,018,686</u>	<u>377,660</u>

9.3.1 Pakistan investment bonds (PIBs) have face value of Rs. 1153.500 million (market value of Rs. 1,119.966 million) [2022: face value Rs. 428 million (market value of Rs. 370.171 million)].

9.4 Market treasury bills (Held to Maturity)

Face value	Effective yield	Profit payment	Type of security	Maturity date	2023	2022
					----- (Rupees in '000) -----	
(Rupees in '000)					Amortized Cost	Amortized Cost
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
					<u>-</u>	<u>430,030</u>

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9.4.1 Market treasury bills (MTBs) have face value of Rs. Nil (market value of Rs. Nil) [2022: face value Rs. 443.500 million (market value of Rs. 430.270 million)].

9.5 Pakistan investment bonds (Held to Maturity)

Face value	Effective yield	Profit payment	Type of security	Maturity date	2023	2022
----- (Rupees in '000) -----						
(Rupees in '000)					Amortized Cost	Amortized Cost
125,000	15.97%	Quarterly	3 Years PIB	22-Oct-23	-	124,642
188,000	11.10%	Semi-annually	5 Years PIB	15-Oct-25	177,320	172,179
199,000	11.07%	Semi-annually	5 Years PIB	15-Oct-25	187,790	182,392
250,000	12.94%	Semi-annually	5 Years PIB	29-Apr-27	214,186	206,067
					<u>579,296</u>	<u>685,280</u>

9.5.1 Pakistan investment bonds have face value of Rs. 637 million (market value of Rs. 517.7 million) [2022: face value of 762 million (market value of Rs. 635.2 million)]. PIBs having face value of Rs. 188 million (market value of Rs.156.960 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	Value of Certificates	
	2023	2022		2023	2022
			---(Rupees)---	----- (Rupees in '000) -----	
The Hub Power Company Limited	-	200	-	-	20,000

9.6.1 Corporate Sukuk have market value of Rs. Nil (2022: Rs. 20.234 million).

9.7 Terms of TFC and Sukuks

Name of Investment	Maturity year	Coupon	Profit payment	2023	2022
----- (Rupees in '000) -----					
				Face value	Face value
Term Finance Certificates					
Habib Bank Limited	Perpetual	22.97%	Quarterly	<u>50,000</u>	<u>50,000</u>
Corporate Sukuks					
The Hub Power Company Limited				<u>-</u>	<u>20,000</u>

10. LOANS AND OTHER RECEIVABLES

	2023	2022
----- (Rupees in '000) -----		
Considered good	61,416	22,582
Accrued investment income	6,283	8,201
Receivable from window takaful operations	26,450	22,456
Security deposits	3,479	3,149
Loans to employees	-	9
Federal insurance fee	33,545	21,499
Other receivables	<u>131,173</u>	<u>77,896</u>

11. INSURANCE / REINSURANCE RECEIVABLES

	2023	2022
	----- (Rupees in '000) -----	
Unsecured and considered good		
Due from insurance contract holders	1,517,611	1,300,059
Provision for impairment of receivables from insurance contract holders	<u>(33,194)</u>	<u>(64,842)</u>
	<u>1,484,417</u>	<u>1,235,217</u>
Due from other insurers / reinsurers	190,627	311,666
Provision for impairment of due from other insurers / reinsurers	<u>(28,496)</u>	<u>(72,872)</u>
	<u>162,131</u>	<u>238,794</u>
	<u>1,646,548</u>	<u>1,474,011</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 December 31, 2023, the aggregate net balances due to other insurers and domestic re-insurers arising from such arrangements amounts to Rs. 102.897 million and Rs. 236.088 million respectively. (Refer notes 11 & 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 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.

In 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.

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, 2023 by Akhtar & Hasan (Private) Limited using the Projected Unit Credit Method.

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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.

	2023	2022
	----- (Rupees in '000) -----	
Details of Employees Valued		
Total number of employees	260	261
Total monthly salary	<u>12,811</u>	<u>11,970</u>
Reconciliation for Net Defined Benefit Liability		
Balance Sheet liability, as at January 01, 2023 / January 01, 2022	5,108	3,039
Gratuity cost recognised in P&L for the year	11,576	9,528
Net contribution to Gratuity Fund	(11,576)	(9,528)
Total amount of re-measurements recognised in OCI during the year	<u>(2,646)</u>	<u>2,069</u>
Balance Sheet liability, as at December 31, 2023 / December 31, 2022	<u>2,462</u>	<u>5,108</u>
Balance Sheet Reconciliation		
Fair value of plan assets	(90,249)	(77,616)
Present value of defined benefit obligations	<u>92,712</u>	<u>82,724</u>
Funded status	2,463	5,108
Unrecognised net actuarial loss / (gain)	<u>-</u>	<u>-</u>
Recognised liability	<u>2,463</u>	<u>5,108</u>
Movement in fair value of plan assets		
Fair value as at January 01, 2023 / January 01, 2022	77,616	66,568
Expected return on plan assets	11,138	8,048
Actuarial (loss) / gain	1,534	262
Employer contributions	11,576	9,528
Benefits paid	<u>(11,615)</u>	<u>(6,790)</u>
Fair value as at December 31, 2023 / December 31, 2022	<u>90,249</u>	<u>77,616</u>

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	2023	2022
	----- (Rupees in '000) -----	
Movement in the defined benefit obligations		
Obligation as at January 01, 2023 / January 01, 2022	82,724	69,607
Service cost	10,884	9,190
Interest cost	11,831	8,386
Actuarial gains	(1,112)	2,331
Benefits paid	(11,615)	(6,790)
Obligation as at December 31, 2023 / December 31, 2022	92,712	82,724
Charge to the profit and loss account		
Current Service cost	10,884	9,190
Interest cost	11,831	8,386
Expected return on plan assets	(11,138)	(8,048)
Expense	11,577	9,528
Actual return on plan assets	12,672	8,310
Remeasurements recognised in the statement of comprehensive income during the year		
Actuarial loss / (gain) from changes in financial assumptions	(1,534)	(262)
Experience adjustments	(1,583)	1,167
Return on plan assets, excluding interest income	471	1,164
	(2,646)	2,069
Principal actuarial assumptions are as follows:		
Discount rate and expected return on plan assets	15.50%	14.50%
Future salary increases	14.50%	13.50%
Mortality rates	SLIC (2001-05)	SLIC (2001-05)
Rates of Employee turnover	Moderate	Moderate

The expected charge for retirement benefit obligations for the year 2024 amounts to Rs. 12.52 million.

	2023	2022	2021	2020	2019
Comparison for five years:					
----- (Rupees in '000) -----					
As at December 31					
Fair value of plan assets	(90,249)	(77,616)	(66,568)	(56,963)	(47,534)
Defined benefit obligations	92,712	82,724	69,607	63,791	54,748
Deficit	2,463	5,108	3,039	6,828	7,214
Experience adjustments					
Gain / (loss) on plan assets (as percentage of plan assets)	-1.8%	1.5%	-8.9%	0.5%	-3.3%
Gain / (loss) on plan assets (as percentage of plan obligations)	-1.7%	-1.9%	-2.3%	-2.5%	-2.9%

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Sensitivity Analysis on Significant Actuarial Assumptions: Actuarial Liability

Change in assumption	2023		2022		
	Increase / (decrease) in present value of defined benefit obligation	Increase / (decrease) in present value of defined benefit obligation	Increase / (decrease) in present value of defined benefit obligation	Increase / (decrease) in present value of defined benefit obligation	
	(%)	(Rupees in '000)	(%)	(Rupees in '000)	
Discount rate	+1%	-7.50%	(6,957)	-7.19%	(5,948)
Discount rate	-1%	8.54%	7,915	8.22%	6,797
Salary increases rate	+1%	9.01%	8,353	8.69%	7,191
Salary increases rate	-1%	-8.03%	(7,447)	-7.72%	(6,385)

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:	2023		2022	
	(Rupees in '000)	(%)	(Rupees in '000)	(%)
Debt	83,708	92.75%	68,402	88.30%
Mutual Funds	9,726	10.78%	8,093	10.45%
Cash and cash equivalent - net of current liabilities	(3,185)	-3.53%	967	1.25%
Fair value of plan assets	<u>90,249</u>	<u>100.00%</u>	<u>77,462</u>	<u>100.00%</u>

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
----- (Rupees in '000) -----					
2023					
Gratuity	<u>4,398</u>	<u>8,650</u>	<u>30,251</u>	<u>155,708</u>	<u>199,007</u>
2022					
Gratuity	<u>13,229</u>	<u>4,454</u>	<u>27,594</u>	<u>130,362</u>	<u>175,639</u>

14. DEFERRED TAXATION

Deferred taxation comprises deductible temporary differences relating to following:

	Note	2023	2022
----- (Rupees in '000) -----			
Deferred debits arising in respect of:			
- staff retirement benefits		960	1,686
- impairment against listed equity securities		9,963	8,073
- lease liability		61,089	24,509
- provision for bad debts		24,059	45,446
- Minimum tax		-	-
- accelerated depreciation		1,775	203
- Deficit on revaluation		-	1,741

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	Note	2023	2022
		----- (Rupees in '000) -----	
Deferred credit arising in respect of:			
- Surplus on revaluation		(2,695)	-
- Right of use assets		<u>(51,397)</u>	<u>(20,338)</u>
		<u>43,754</u>	<u>61,320</u>

14.1 Movement in deferred tax assets is as follows:

Opening deferred tax asset		61,320	13,866
(Reversal) / charge to the profit and loss account			
- impairment against listed equity securities		1,890	1,008
- lease liability		36,580	8,018
- provision for bad debts		(23,126)	44,890
- accelerated depreciation		1,572	(1,113)
- Right of use assets		(31,059)	(6,776)
Arising from takaful operator fund			
- provision for bad debts		1,739	(2,029)
Charged / (reversal) to other comprehensive income			
- staff retirement benefits		(726)	805
- Deficit on revaluation		(4,436)	2,651
Closing deferred tax asset		<u>43,754</u>	<u>61,320</u>

15 PREPAYMENTS

Prepaid reinsurance premium ceded	24	1,663,276	1,019,180
Prepaid rent		984	3,617
Prepaid tracker monitoring charges		29,274	28,448
Prepaid miscellaneous expenses		2,198	4,063
		<u>1,695,732</u>	<u>1,055,308</u>

16 CASH AND BANK

Cash and cash equivalents			
- Cash in hand		1,565	1,495
- Policy stamps in hand		1,687	969
		<u>3,252</u>	<u>2,464</u>
Cash at bank			
- Current accounts	16.1	67,686	17,966
- Savings accounts	16.2 & 16.3	270,462	207,049
		<u>338,148</u>	<u>225,015</u>
		<u>341,400</u>	<u>227,479</u>

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

	Note	2023	2022
		----- (Rupees in '000) -----	
Cash and bank balances		341,400	227,479
Short term investments with 3 months or less original maturity		300,204	315,097
		<u>641,604</u>	<u>542,576</u>

- 16.1** This includes balance with a related party amounting to Rs. 3.729 million (2022: Rs. 3.793 million).
16.2 This includes balance with related parties amounting to Rs. 41.654 million (2022: Rs. 38.657 million).
16.3 These carry profit rates ranging between 5.50% to 20.50% (2022: 5.50% to 15.00%) per annum.

17. SHARE CAPITAL

17.1 Authorised capital

	2023	2022		2023	2022
	(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

	2023	2022		2023	2022
	(Number of shares)			----- (Rupees in '000) -----	
	<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	
2023	2022		2023	2022
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

18 RESERVES

	Note	2023	2022
		----- (Rupees in '000) -----	
Revaluation reserves - Available-for-sale			
Listed Shares	8	6,976	3,930
Government Securities	9	(66)	(9,206)
		<u>6,910</u>	<u>(5,276)</u>
Related deferred tax liability		(2,695)	1,741
		<u>4,215</u>	<u>(3,535)</u>
Revaluation reserves - WTO		393	-
		<u>4,608</u>	<u>(3,535)</u>

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19 LEASE LIABILITIES

Note	2023	2022
	----- (Rupees in '000) -----	
Current	41,672	29,412
Non-current	114,968	44,859
	<u>156,640</u>	<u>74,271</u>

19.1 Interest expense on lease liability amounted to Rs. 24.70 million (2022: Rs. 6.64 million).

19.2 Total lease payment made during the year amounted to Rs. 31.88 million (2022: Rs. 15.62 million).

19.3 Amounts recognized in profit or loss account

	2023	2022
	----- (Rupees in '000) -----	
Interest expense on lease liabilities	24,698	6,637
Expenses relating to short-term leases (included in management and other expenses)	5,979	24,606
Total amount recognised in profit or loss	<u>30,677</u>	<u>31,243</u>

20 INSURANCE / REINSURANCE PAYABLES

Due to foreign reinsurers	648,882	354,042
Due to local reinsurers	321,894	229,379
Due to Co-insurers	195,622	85,171
Due to insurance contract holders	26,552	11,847
	<u>1,192,950</u>	<u>680,439</u>

20.1 Details of insurance / reinsurance payables disclosure are stated in note number 11.

21 OTHER CREDITORS AND ACCRUALS

Agents commission payable		298,153	143,631
Federal excise duty / sales Tax	21.1	69,235	27,553
Federal insurance fee		3,993	-
Accrued expenses	21.2	99,865	77,342
Unclaimed insurance benefits		49,458	41,476
Cash margin against insurance policies		18,745	17,701
Others		11,880	14,730
		<u>551,329</u>	<u>322,433</u>

21.1 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 May 08, 2019 has exempted SST for the period from July 01, 2016 to June 30, 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 June 28, 2022 till June 30, 2023. As no further extension is available the Company has charged Sindh sales tax amounting to Rs. 18.32 million on policies written in the province of Sindh for health business after July 01, 2023.

21.2 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:

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	Note	2023	2022
		----- (Rupees in '000) -----	
More than 6 months		<u>49,458</u>	<u>41,476</u>
1 to 6 months		<u>88,742</u>	<u>132,812</u>

Claims not encashed

2023						2022					
(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) -----					
<u>88,742</u>	<u>6,722</u>	<u>8,859</u>	<u>7,003</u>	<u>26,874</u>	<u>138,200</u>	<u>132,812</u>	<u>6,911</u>	<u>7,415</u>	<u>6,781</u>	<u>20,369</u>	<u>174,288</u>

22 CONTINGENCIES AND COMMITMENTS

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.

During the year the additional commissioner inland revenue has passed an order u/s 122 (5A) and has demanded the tax amounting to Rs. 35.7 million determined u/s 113 of the Income Tax Ordinance, 2001, the company has filed an appeal before commissioner appeals against impugned order and is of view that the case will be decided in the favor of company.

23 WINDOW TAKAFUL OPERATIONS

	Note	2023	2022
		----- (Rupees in '000) -----	
Assets			
Cash and bank		24,219	4,250
Investments		227,113	209,194
Current assets - other		<u>283,832</u>	<u>168,710</u>
Total assets		<u>535,164</u>	<u>382,154</u>
Total liabilities - current		<u>299,859</u>	<u>236,123</u>
Profit before taxation Operator's fund		<u>145,062</u>	<u>60,827</u>

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, 2023.

24 NET INSURANCE PREMIUM

Written Gross Premium	7,292,850	5,248,055
Add: Unearned premium reserve opening	1,716,491	1,428,843
Less: Unearned premium reserve closing	<u>(2,496,055)</u>	<u>(1,716,491)</u>
Premium earned	<u>6,513,286</u>	<u>4,960,407</u>

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	Note	2023	2022
		----- (Rupees in '000) -----	
Less:			
Reinsurance premium ceded		5,164,232	3,356,808
Add: Prepaid reinsurance premium opening		1,019,180	783,175
Less: Prepaid reinsurance premium closing		(1,663,276)	(1,019,180)
Reinsurance expense		<u>4,520,136</u>	<u>3,120,803</u>
		<u>1,993,150</u>	<u>1,839,604</u>

25 NET INSURANCE CLAIMS EXPENSE

Claims paid		2,651,668	2,124,965
Add: Outstanding claims including IBNR closing	25.1	3,324,856	2,534,041
Less: Outstanding claims including IBNR opening		(2,534,041)	(1,480,367)
Claim expense		<u>3,442,483</u>	<u>3,178,639</u>
Less: Reinsurance and other recoveries received		(1,815,217)	(1,372,039)
Add: Reinsurance and other recoveries in respect of outstanding claims - opening		2,186,576	1,272,609
Less: Reinsurance and other recoveries in respect of outstanding claims - closing		(2,882,263)	(2,186,576)
Reinsurance and other recoveries revenue		<u>(2,510,904)</u>	<u>(2,286,006)</u>
		<u>931,579</u>	<u>892,633</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	2019	2020	2021	2022	2023
	----- (Rupees in '000) -----				
Estimate of ultimate claims cost:					
At end of accident year	<u>11,431,596</u>	<u>2,560,569</u>	<u>2,323,168</u>	<u>3,111,926</u>	<u>2,568,489</u>
One year later	<u>12,319,872</u>	<u>2,656,281</u>	<u>2,311,531</u>	<u>4,036,988</u>	-
Two years later	<u>11,983,860</u>	<u>2,686,929</u>	<u>2,303,378</u>	-	-
Three years later	<u>11,933,043</u>	<u>2,677,095</u>	-	-	-
Four years later	<u>11,808,239</u>	-	-	-	-
Current estimate of cumulative claims	<u>11,808,239</u>	<u>2,677,095</u>	<u>2,303,378</u>	<u>4,036,988</u>	<u>2,568,489</u>
Cumulative payments made to date	<u>(11,578,971)</u>	<u>(2,580,796)</u>	<u>(2,134,442)</u>	<u>(2,347,324)</u>	<u>(1,427,800)</u>
Liability recognised in the statement of financial position	<u>229,268</u>	<u>96,299</u>	<u>168,936</u>	<u>1,689,664</u>	<u>1,140,689</u>

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26 NET COMMISSION EXPENSE / ACQUISITION COSTS

	Note	2023	2022
----- (Rupees in '000) -----			
Commission paid or payable		1,441,954	890,873
Add: Deferred commission expense opening		205,939	180,289
Less: Deferred commission expense closing		(421,276)	(205,939)
Net Commission		<u>1,226,617</u>	<u>865,223</u>
Less: Commission received or recoverable		(1,348,429)	(781,145)
Add: Unearned reinsurance commission closing		440,107	234,936
Less: Unearned reinsurance commission opening		(234,936)	(176,562)
Commission from reinsurers		<u>(1,143,258)</u>	<u>(722,771)</u>
		<u>83,359</u>	<u>142,452</u>

27 MANAGEMENT EXPENSES

Employee benefit cost	271	369,521	313,505
Traveling expense		6,053	3,097
Advertisements and sales promotion		465	725
Printing and stationery		18,847	9,377
Depreciation		48,645	25,724
Rent, rates and taxes		5,547	7,529
Legal and professional charges - business related		3,608	5,683
Electricity, gas and water		20,789	13,604
Entertainment		6,466	3,130
Vehicle running expenses		113,281	93,128
Office repairs and maintenance		12,815	6,518
Bank charges		5,217	3,979
Postages, telegrams and telephone		6,350	6,350
Annual supervision fee - SECP		11,609	8,372
Service charges		12,871	11,096
Tracker charges		84,011	101,475
Bad and doubtful debts		(76,025)	128,801
Miscellaneous		35,577	23,094
		<u>685,647</u>	<u>765,187</u>

27.1 Employee benefit cost

Salaries, allowances and other benefits		348,510	295,790
Charges for post employment benefit	271.1	21,011	17,715
		<u>369,521</u>	<u>313,505</u>

27.1.1 The total amount is Rs. 23.99 (2022: Rs. 20.23) million out of which Rs. 2.98 (2022: Rs. 2.52) million has allocated to UBL Insurers Limited - Window Takaful Operations.

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28 INVESTMENT INCOME

Note 2023 2022

----- (Rupees in '000) -----

Available-for-sale

Income from equity securities

Dividend income	7,599	12,787
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Income from debt securities

Return on term finance certificates	11,216	7,530
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Return on government securities	70,719	13,151
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Amortization of discount on government securities / term finance certificates	100,551	33,613
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	<u>190,085</u>	<u>67,081</u>
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Net realised gains on investments

- Net realised gains on investments	13,010	3,877
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	<u>203,095</u>	<u>70,958</u>
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Less: Impairment in value of available-for-sale securities

- Equity Securities	(1,082)	(102)
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	<u>202,013</u>	<u>70,856</u>
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Held to maturity

Income from debt securities

Return on government securities	68,129	54,957
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Return on term finance certificates	-	-
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Return on sukus	1,619	4,176
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Amortization of premium on term finance certificates	-	-
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Amortization of premium on sukus	(43)	(146)
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Amortization of discount on government securities	111,142	71,333
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	<u>180,847</u>	<u>130,320</u>
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Total investment income	<u><u>382,860</u></u>	<u><u>201,176</u></u>
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29 OTHER INCOME

Return on bank balances	75,352	32,470
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Gain on sale of fixed assets	540	1,557
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Gain on cancellation of lease	-	599
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Exchange gain / (loss)	27,603	10,527
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Stale cheque	1,049	1,784
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Miscellaneous income	24	12
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	<u>104,568</u>	<u>46,949</u>
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30 OTHER EXPENSES

Legal and professional fee other than business related	2,175	3,241
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Auditors' remuneration	2,970	2,060
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30.1

Depreciation expense	20,988	13,350
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Amortisation	652	1,189
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Communication	7,190	8,103
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Rent, rates and taxes	1,401	17,178
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	Note	2023	2022
		----- (Rupees in '000) -----	
Salaries and benefits		93,163	73,556
Vehicle running expenses		13,076	10,467
Miscellaneous		21,208	13,850
		<u>162,823</u>	<u>142,994</u>

30.1 Auditors' remuneration

	Note	2023	2022
		----- (Rupees in '000) -----	
Audit fee		1,127	524
Half yearly review fee		402	263
Certifications		1,171	612
Out of pocket expenses		270	661
		<u>2,970</u>	<u>2,060</u>

31 FINANCE COST

Mark-up on lease liability		<u>24,698</u>	<u>6,637</u>
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32 TAXATION

For the year			
Current		268,256	110,898
Deferred		12,837	(46,027)
		<u>281,093</u>	<u>64,871</u>
For the prior year			
Current		996	176
		<u>282,089</u>	<u>65,047</u>

32.1 Relationship between tax expense and accounting profit

Profit before taxation for the year		<u>737,534</u>	<u>198,653</u>
Tax at the applicable rate of 29% (2022: 29%)		213,885	57,609
Super Tax at the applicable rate of 10% (2022: 4%)		73,753	7,946
Tax effect of change in tax rates		(9,903)	1,913
Tax effect of permanent difference		1,432	(2,596)
Tax effect of prior year		996	176
Others		1,926	-
		<u>282,089</u>	<u>65,047</u>

32.2 The assessment of the Company upto and including tax year 2023 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.

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33 TAXATION - PAYMENTS LESS PROVISION

Note	2023	2022
	----- (Rupees in '000) -----	
Balance as at January 1,	(2,850)	57,079
Tax paid including deducted at source	143,719	29,062
Provision for taxation - Takaful	55,747	22,083
Provision for taxation	(269,252)	(111,074)
Balance as at December 31,	<u>(72,636)</u>	<u>(2,850)</u>

34 EARNINGS PER SHARE

	2023	2022
	----- (Rupees in '000) -----	
The Company's earnings per share has been calculated based on the following:		
Profit after tax for the year	<u>455,445</u>	<u>133,606</u>
	(Number of shares)	
Weighted average number of ordinary shares of Rs. 10 each	<u>115,217,391</u>	<u>115,217,391</u>
	(Rupees)	
Earnings per share - basic and diluted	<u>3.95</u>	<u>1.16</u>

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	
	2023	2022	2023	2022	2023	2022	2023	2022
	----- (Rupees in '000) -----							
Fees	-	-	-	-	-	-	-	-
Managerial remuneration	14,487	12,597	-	-	124,801	100,130	139,287	112,727
Bonus	21,000	7,000	-	-	25,929	22,422	46,929	29,422
House rent allowance	6,519	5,669	-	-	56,160	45,058	62,679	50,727
Utilities	2,897	2,519	-	-	30,734	24,095	33,631	26,615
Medical	1,449	1,302	-	-	15,159	11,992	16,608	13,295
Retirement benefits	2,113	1,837	-	-	12,145	9,670	14,258	11,507
Fuel Allowance	1,548	1,283	-	-	52,092	41,502	53,640	42,785
Cell allowance	72	60	-	-	3,116	2,699	3,188	2,759
Car maintenance allowance	648	648	-	-	47,709	41,492	48,357	42,140
Driver Salary	72	324	-	-	2,121	2,184	2,193	2,508
Guard Salary	423	532	-	-	-	-	423	532
Others	8	60	-	-	789	672	798	732
	<u>51,236</u>	<u>33,831</u>	<u>-</u>	<u>-</u>	<u>370,755</u>	<u>301,918</u>	<u>421,991</u>	<u>335,751</u>
Number of persons	<u>1</u>	<u>1</u>	<u>7</u>	<u>7</u>	<u>110</u>	<u>84</u>	<u>118</u>	<u>92</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:

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	Note	2023	2022
		----- (Rupees in '000) -----	
Transactions during the year with related parties			
Associated companies			
Premium underwritten		600,831	507,430
Insurance claims paid		540,922	301,614
Bank charges		2,928	2,536
Profit on bank accounts		25,428	10,648
Commission expense		7,884	12,349
Others			
Premium underwritten		9,740	10,167
Insurance claims paid		1,439	582
Profit on bank accounts		34	32
Management and other expenses		105,494	103,463
Sale proceeds of motor vehicle having written down value of Rs. Nil (2022: Rs. 3,648)		-	3,650
Employees' funds			
Contribution to the provident fund		12,422	10,706
Contribution to the gratuity fund		11,577	9,528
Balances with related parties			
Associated companies			
Bank balances		45,358	41,979
Premium due but unpaid		18,288	59,717
Claim outstanding		341,161	554,714
Commission outstanding		8,387	13,442
Internal audit fee payable		503	503
Others			
Bank balances		500	471
Premium due but unpaid		2,948	465
Claim outstanding		8,358	1,735
Receivable from UBL Insurers Limited - PTF		1,448	798
Receivable from UBL Insurers Limited - OPF		7,897	7,403

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

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37 SEGMENT INFORMATION

	2023						
	Fire & property	Marine, aviation & transport	Motor	Bankers blanket	Health	Miscellaneous	2023 Aggregate
	----- (Rupees in '000) -----						
Premium receivable (inclusive of Federal excise duty and Federal insurance fee and Administrative surcharge)	4,421,990	674,041	1,431,872	122,795	614,569	1,032,239	8,297,506
Less: Federal excise duty / sales tax	(530,878)	(69,493)	(178,440)	(15,786)	(18,317)	(118,558)	(931,472)
Less: Federal insurance fee	(38,313)	(6,037)	(12,736)	(1,063)	(5,905)	(9,130)	(73,184)
Gross written premium (inclusive of Administrative surcharge)	3,852,799	598,511	1,240,696	105,946	590,347	904,551	7,292,850
Gross direct premium	3,800,561	585,102	1,194,779	105,901	589,965	896,393	7,172,701
Facultative inward premium	37,114	-	-	-	-	-	37,114
Administrative surcharge	15,124	13,409	45,917	45	382	8,158	83,035
Insurance premium earned	3,272,371	585,987	1,181,352	105,815	541,847	825,914	6,513,286
Insurance premium ceded to reinsurers	(2,973,397)	(274,618)	(166,841)	(87,127)	(327,591)	(690,562)	(4,520,136)
Net insurance premium	298,974	311,369	1,014,511	18,688	214,256	135,352	1,993,150
Commission income	834,729	50,419	29,026	20,334	64,380	144,370	1,143,258
Net underwriting income	1,133,703	361,788	1,043,537	39,022	278,636	279,722	3,136,408
Insurance claims	(1,105,550)	(377,851)	(737,615)	(24,277)	(522,915)	(674,275)	(3,442,483)
Insurance claims recovered from reinsurers	1,014,058	335,014	185,552	(5,658)	354,351	627,587	2,510,904
Net claims	(91,492)	(42,837)	(552,063)	(29,935)	(168,564)	(46,688)	(931,579)
Commission expenses	(740,767)	(210,255)	(90,315)	1,911	(39,626)	(147,565)	(1,226,617)
Management expenses	(316,798)	(49,212)	(186,037)	(8,711)	(50,513)	(74,376)	(685,647)
Premium deficiency reserve	-	-	-	-	-	-	-
Net insurance claims and expenses	(1,149,057)	(302,304)	(828,415)	(36,735)	(258,703)	(268,629)	(2,843,843)
Underwriting result	(15,354)	59,484	215,122	2,287	19,933	11,093	292,565
Investment income							382,860
Other income							104,568
Other expenses							(162,823)
Result of operating activities							617,170
Finance costs							(24,698)
Profit from Window takaful operations - net off tax							145,062
Profit before tax							737,534
Segment assets	3,542,331	550,282	1,140,718	97,409	542,775	831,660	6,705,175
Unallocated assets							4,120,044
							10,825,219
Segment liabilities	4,095,431	636,203	1,318,829	112,618	627,524	961,516	7,752,121
Unallocated liabilities							784,774
							8,536,895
Depreciation and amortisation	37,131	5,768	11,957	1,021	5,689	8,717	70,283
Unallocated capital expenditure	-	-	-	-	-	-	16,719

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	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	119,550	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	590,166	601,739	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)
Reversal of 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

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38 MOVEMENT IN INVESTMENT

	Held to Maturity	Available for Sale	Total
	----- (Rupees in '000) -----		
At beginning of previous 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)
	1,135,353	692,379	1,827,732
Additions	1,865,645	4,049,520	5,915,165
Disposal (sale and redemptions)	(2,532,800)	(2,528,895)	(5,061,695)
Fair value net gains (excluding net realised gains)	-	12,187	12,187
Amortization of discount	111,098	100,551	211,649
Impairment losses	-	(1,082)	(1,082)
	579,296	2,324,660	2,903,956

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 3.2).

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.

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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.

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	2023				2022			
	Gross claims liabilities	Net claims liabilities	Gross premium liabilities	Net premium liabilities	Gross claims liabilities	Net claims liabilities	Gross premium liabilities	Net premium liabilities
Fire and property	32.02%	7.60%	54.96%	19.82%	25.90%	9.44%	46.10%	17.64%
Marine and transport	8.66%	3.18%	1.66%	3.05%	11.72%	4.18%	1.68%	2.02%
Motor	9.81%	53.67%	23.11%	59.64%	10.29%	51.18%	30.14%	66.52%
Banker's blanket	8.40%	17.90%	0.18%	0.09%	12.03%	19.26%	0.25%	0.17%
Health	3.70%	9.57%	9.46%	8.44%	4.01%	2.68%	10.93%	6.83%
Other classes	37.41%	8.08%	10.63%	8.96%	36.05%	13.26%	10.89%	6.83%
	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.

The Company evaluates the concentration of exposures to individual and cumulative insurance risks

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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	
	2023	2022
	----- (Rupees in '000) -----	
Fire and property	2,546,115,091	1,106,332,310
Marine, aviation and transport	912,730,885	478,924,534
Motor	80,338,177	60,626,827
Banker's blanket	22,723,347	20,536,547
Health	31,484,624	32,561,832
Miscellaneous	368,650,935	197,683,696

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 judgment 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, 2023 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.

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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.

(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	
	2023	2022	2023	2022
----- (Rupees in '000) -----				
Fire and property	9,149	9,053	5,581	6,065
Marine and transport	4,284	6,347	2,613	4,252
Motor	55,206	54,436	33,676	36,472
Health Insurance	16,856	7,854	10,282	5,262
Banker's blanket	2,994	2,537	1,826	1,700
Others	4,669	9,037	2,848	6,055
	<u>93,158</u>	<u>89,264</u>	<u>56,826</u>	<u>59,806</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	2023						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	5.50 - 20.50	270,462	-	270,462	70,938	-	70,938	341,400
Investments	7.00- 22.97	1,895,850	885,382	2,781,232	122,724	-	122,724	2,903,955
Loans and other receivables		-	-	-	104,723	26,450	131,173	131,173
Insurance / reinsurance receivables		-	-	-	1,646,548	-	1,646,548	1,646,548
Reinsurance recoveries against outstanding claims		-	-	-	2,677,254	-	2,677,254	2,677,254
Salvage recoveries accrued		-	-	-	205,009	-	205,009	205,009
Total assets - Window Takaful Operations		<u>192,816</u>	<u>58,468</u>	<u>251,284</u>	<u>217,825</u>	<u>-</u>	<u>217,825</u>	<u>469,109</u>
		<u>2,359,128</u>	<u>943,850</u>	<u>3,302,978</u>	<u>5,045,021</u>	<u>26,450</u>	<u>5,071,471</u>	<u>8,374,448</u>
Financial liabilities								
Outstanding claims including IBNR		-	-	-	3,324,856	-	3,324,856	3,324,856
Insurance / reinsurance payables		-	-	-	1,192,950	-	1,192,950	1,192,950
Other creditors and accruals		-	-	-	478,101	-	478,101	478,101
Lease Liability	8.48 - 24.74	41,672	114,968	156,640	-	-	-	156,640
Total liabilities - Window Takaful Operations		<u>-</u>	<u>-</u>	<u>-</u>	<u>74,310</u>	<u>-</u>	<u>74,310</u>	<u>74,310</u>
		<u>41,672</u>	<u>114,968</u>	<u>156,640</u>	<u>5,070,217</u>	<u>-</u>	<u>5,070,217</u>	<u>5,226,857</u>
Interest rate risk sensitivity gap		<u>2,317,456</u>	<u>828,882</u>	<u>3,146,338</u>				
Cumulative interest rate risk sensitivity gap		<u>2,317,456</u>	<u>3,146,338</u>					

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	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	1,827,732
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		127,680	58,345	186,025	133,087	-	133,087	319,112
		1,051,276	1,037,437	2,088,713	4,001,636	22,456	4,024,092	6,112,806
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
		29,412	44,859	74,271	3,578,767	-	3,578,767	3,653,038
Interest rate risk sensitivity gap		1,021,864	992,579	2,014,442				
Cumulative interest rate risk sensitivity gap		1,021,864	2,014,442					

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, 2023, with all other variables held constant, total comprehensive income for the year and net assets would be lower/higher by Rs. 6.14 million (2022: Rs. 6.61 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.

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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	2023		2022	
		Balance as per the financial statement	Maximum exposure	Balance as per the financial statement	Maximum exposure
----- (Rupees in '000) -----					
Cash and bank	16	341,400	338,148	227,479	225,015
Investments	8,9 & 10	2,903,956	172,724	1,827,731	202,135
Loans and other receivables	10	131,173	131,173	77,896	77,896
Insurance / reinsurance receivables	11	1,646,548	1,646,548	1,474,011	1,474,011
Reinsurance recoveries against outstanding claims		2,677,254	2,677,254	2,053,850	2,053,850
Salvage recoveries accrued		205,009	205,009	132,726	132,726
Total assets of Window Takaful Operations	23	<u>469,109</u>	<u>303,036</u>	<u>319,112</u>	<u>269,811</u>
		<u>8,374,449</u>	<u>5,473,892</u>	<u>6,112,805</u>	<u>4,435,445</u>

Differences in the balances as per financial statements and maximum exposure in cash and bank and investments is due to cash in hand, policy stamps in hand, investments in government securities and equity securities of Rs. 2,900.56 million (2022 Rs. 1677.36 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	2023	2022
	Short term	Long term		--- (Rupees in '000) ---	
United Bank Limited	A1+	AAA	VIS	45,359	41,978
FINCA Microfinance Bank Limited	A2	A-	VIS	12	9,844
Khushhali Microfinance Bank Limited	A2	A-	VIS	500	471
Telenor Microfinance Bank Limited	A1	A	PACRA	557	530
Bank Al-Habib Limited	A1+	AAA	PACRA	3,095	1,535
Bank Alfalah Limited	A1+	AA+	PACRA	244,928	108,774
Faysal Bank Limited	A1+	AA	PACRA	18,745	17,701
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	24,942	44,173
Bank Makramah Limited	Unrated			10	9
				<u>338,148</u>	<u>225,015</u>

Government securities are unrated while term finance certificates of Habib Bank Limited have long term credit rating of AA+.

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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. 2 / 2023 dated March 03, 2023 issued by the SECP which requires insurance company to place At least 60% of the total reinsurance treaty arrangement for each class of insurance business with foreign reinsurers having at least "A" or above rating, and maximum upto 40% of the total reinsurance treaty arrangement for each class of insurance business with foreign reinsurers having at least "BBB" rating, furthermore maximum upto 10% of the total reinsurance treaty arrangement for each class of insurance business, having at least "B" rating by "Standard & Poor's" or an equivalent rating by any other reputed agency. An analysis of all reinsurance assets net of provision for doubtful balances recognised by the rating of the entity from which it is due is as follows:

Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	2023	2022
---	---	-----------------------------------	------	------

--- (Rupees in '000) ---

A or above (including PRCL)	162,131	2,677,254	1,663,276	4,502,661	3,311,824
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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	
	2023	2022
	----- (Rupees in '000) -----	
Non-Derivative Financial liabilities		
Outstanding claims including IBNR	3,324,856	2,534,041
Insurance / reinsurance payables	1,192,950	680,439
Other creditors and accruals	478,101	294,880
Lease Liabilities	156,640	74,271
Total Liabilities of Window Takaful Operations - Operator's Fund	74,310	69,407
	<u>5,226,857</u>	<u>3,653,038</u>

The carrying amounts represent contractual cash flows maturing within one year except for non-current portion of lease liability amounting to Rs. 35.54 million.

EA

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 39.2.1(a) and 39.2.1(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.

The Company currently has solvency margin in excess of minium regulatory requirement as required under the insurance rules, 2017.

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.

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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).
Government Securities	The fair value of Pakistan investment bonds and treasury bills are derived using PKRV rates. The PKRV rates are announced by FMA (Financial Market Association) through Rueters.

2023								
Fair value through profit or loss	Available-for-sale	Held to maturity	Loans and Other Receivable	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	-	31,440	-	-	-	31,440	31,440	-	-
Mutual funds	-	91,284	-	-	-	91,284	-	91,284	-
Government securities		2,151,936				2,151,936	-	2,151,936	-
Debt securities	-	50,000	-	-	-	50,000	-	50,000	-

Financial assets not measured at fair value

Government securities	-	-	579,296	-	-	579,296	-	-	-
Debt securities	-	-	-	-	-	-	-	-	-
Cash and Bank *	-	-	-	341,400	-	341,400	-	-	-
Loans and other receivables *	-	-	-	131,173	-	131,173	-	-	-
Salvage recoveries accrued *	-	-	-	205,009	-	205,009	-	-	-
Insurance / reinsurance receivables	-	-	-	1,646,548	-	1,646,548	-	-	-
Reinsurance recoveries against outstanding claims *	-	-	-	2,677,254	-	2,677,254	-	-	-

Total Assets of Windows Takaful

Operations

Investments - Mutual Funds	-	-	-	-	-	-	-	-	-
Investments - Term Deposits	-	-	52,000	-	-	52,000	-	-	-
Investments - debt securities	-	116,645	58,468	-	-	175,113	-	116,645	-
Other than investments *	-	-	-	241,996	-	241,996	-	-	-
	-	2,441,305	689,764	5,243,380	-	8,374,449			

Financial liabilities not measured at fair value

Outstanding claims including IBNR *	-	-	-	3,324,856	3,324,856				
Insurance / reinsurance payables *	-	-	-	1,192,950	1,192,950				
Other creditors and accruals *	-	-	-	478,101	478,101				
Lease liability *	-	-	-	156,640	156,640				
Total liabilities of Window Takaful									
Operations	-	-	-	74,310	74,310				
	-	-	-	5,226,857	5,226,857				

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2022								
Fair value through profit or loss	Available-for-sale	Held to maturity	Loans and Other Receivable	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	-	510,286	-	-	-	510,286	-	510,286	-
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	-
'Debt securities	-	-	-	-	-	-	-	-	-
Investments - Term Deposits	-	-	123,500	-	-	123,500	-	-	-
Investments - debt securities	-	-	58,345	-	-	58,345	-	-	-
Other than investments *	-	-	-	109,918	-	109,918	-	-	-
	-	719,727	1,317,198	4,075,880	-	6,112,805	-	-	-

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	-	-	-	-	69,407	69,407	-	-	-
Operations	-	-	-	-	3,653,038	3,653,038	-	-	-

* 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, 2023 and audited financial statement for the year ended December 31, 2022.

	2023	2022
	----- (Rupees in '000) -----	
Size of the fund - net assets	165,613	136,248
Cost of investments	150,514	126,808
Percentage of investments made	90.88%	93.07%
Fair value of investments	149,783	124,604

En

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.

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

	2023 ---- (Percentage) ----	2022	2023 ----- (Rupees) -----	2022
Bank balances	2.74%	5.83%	4,110	7,270
Pakistan investment bonds	38.84%	26.52%	58,179	33,043
Market treasury bills	6.62%	15.91%	9,910	19,822
Mutual Funds	10.07%	9.45%	15,084	11,769
Term deposits	41.73%	42.29%	62,500	52,700
	<u>100.00%</u>	<u>100.00%</u>	<u>149,783</u>	<u>124,604</u>

42 NUMBER OF EMPLOYEES

	2023 ----- (Rupees in '000) -----	2022
At December 31	<u>311</u>	<u>303</u>
Average during the year	<u>310</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 01 March 2024.

44 GENERAL

44.1 Non adjusting event after balance sheet date

The Board of Directors of the Company in their meeting held on 01 March, 2024 has proposed a final cash dividend of Rs. 1.58 per share amounting to Rs. 182 million (2023: Rs. 0.289 per share amounting to Rs.33.4 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 22 March 2024. The financial statements for the year ended December 31, 2023 do not include the effect of the proposed final dividend which will be accounted for in the year ending December 31, 2024.

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.



Chief Executive Officer



Director



Director & Chairman

UBL INSURERS
LIMITED
WINDOW TAKAFUL OPERATIONS



Shariah Advisory Boards' Report to the Board of Directors

For the year ended December 31, 2023

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 eighth 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 Shariah audit was conducted. Further, internal Shariah audit via BDO Ebrahim & Co. and Shariah Compliance review through Internal Shariah Compliance Officer 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:

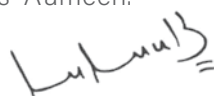
- i. transactions undertaken by the Takaful Operator were in accordance with guidelines issued by Shariah Advisory Board as well as requirements of Takaful Rules, 2012;
- ii. the investments have been done from the Participant's Takaful Fund and Operator's Fund into Shariah Compliant avenues as per Shariah Guidelines for Investment already approved by Shariah Advisory Board;
- iii. during the year, zero non-shariah income was reported;
- 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.

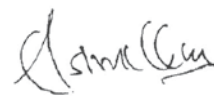
While concluding; in our opinion and to the best of our knowledge that over all the financial arrangements, products, services and transactions entered into by the Operator and the PTF/Waqf, as the case may be, for the year ended December 31, 2023 are in compliance with the requirements of the Shariah rules and guidelines and Allah knows the best. However, the following are recommended:

- To leverage the growing operations and network, we urge the Operator/management to arrange Takaful training sessions more frequently;
- 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 Imtiaz Alam
Chairman & Member
Shariah Advisory Board



Mufti Muhammad Ashraf Alam
Member
Shariah Advisory Board

February 20, 2024

Statement of Compliance with the Shariah Rules and Principles

The financial arrangements, contracts and transactions, entered into by UBL Insurers Limited - Window Takaful Operations (the Operator) for the year ended 31 December 2023 are in compliance with the Takaful Rules, 2012 and the Shariah Rules and Principles as determined by the Shariah Advisory Board of the Operator, (Shariah Rules and Principles).

Further, we confirm that:

- The Operator 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;
- The Operator has imparted trainings / orientations and ensured availability of all manuals / agreements approved by Shariah Advisory Board / Board of Directors to maintain the adequate level of awareness, capacity and sensitization of the staff, management;
- 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

This has been duly confirmed by the Shariah Advisory Board of the Operator.



Nadeem Raza
Chief Financial Officer



Zeeshan Muhammad Raza
Chief Executive Officer

Date: February 14, 2024

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

Scope

We have been engaged by **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 2023** (the "Report").

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

Criteria applied by the management

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

The Management's responsibilities

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

EY's responsibilities

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

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000'), and the terms of reference for this engagement as agreed with the Operator on 20 July 2023. 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 Management

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

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

EY

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 Shariah matters was provided by the internal Shari'ah experts.

Opinion

In our opinion, the Statement of Compliance of the Takaful Operations of the Operator as of 31 December 2023 is presented, in all material respects, in accordance with Takaful Rules, 2012.



Chartered Accountants

Engagement Partner: Shaikh Ahmed Salman

Date: 18 March 2024

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 - Window Takaful Operations** (the Operator), which comprise the statement of financial position of OPF and PTF as at **31 December 2023**, 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 material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position 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 2023 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 for Opinion

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

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

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

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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 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 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 Requirement

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

- a. proper books of account have been kept by the Operator as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b. the statement of financial position of OPF and PTF, the profit and loss account, the statement of comprehensive income, the statement of changes 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 (XIX of 2017), and are in agreement with the

FA



books of account;

- c. investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Operator's business; and
- d. no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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



Chartered Accountants

Karachi

Date: 18 March 2024

UDIN Number: AR202310191u6Se1Nx3R



Statement of Financial Position

As at December 31, 2023

	Note	Operator's Fund (OPF)		Participants' Takaful Fund (PTF)	
		2023	2022	2023	2022
----- (Rupees in '000) -----					
Assets					
Investments					
Equity securities / mutual funds	5	-	27,349	93,847	103,891
Debt securities	6	175,113	58,345	472,848	92,994
Term Deposits	13	52,000	123,500	300,000	459,000
Loan and other receivable	7	8,725	4,347	30,571	12,919
Takaful / retakaful receivables	8	-	-	393,916	351,656
Salvage recoveries accrued		-	-	-	2,119
Deferred taxation	11	1,487	2,172	-	-
Deferred wakala fee		-	-	138,938	129,264
Receivable from PTF	10	209,052	101,321	-	-
Taxation - payment less provisions		-	-	41,910	21,060
Retakaful recoveries against outstanding claims / Benefits		-	-	228,957	184,806
Deferred commission expense	20	64,193	60,495	-	-
Prepayments	12	375	375	156,644	126,609
Cash and bank	13	24,219	4,250	40,651	32,441
Total assets		535,164	382,154	1,898,282	1,516,759
Equity and Liabilities					
Reserves attributable to the OPF					
Statutory reserve		50,000	50,000	-	-
Revaluation reserve		393	-	-	-
Accumulated profit		184,912	96,030	-	-
Total Reserves attributable to the OPF		235,305	146,030	-	-
Participants' Takaful Fund					
Seed money		-	-	500	500
Revaluation reserve		-	-	2,926	-
Accumulated surplus		-	-	541,495	363,895
Balance of Participants' Takaful Fund		-	-	544,921	364,395
Liabilities					
PTF Underwriting Provisions					
Outstanding claims including IBNR	19	-	-	377,202	304,408
Unearned contribution reserves	17	-	-	420,019	387,682
Reserve for unearned retakaful rebate	18	-	-	39,276	32,832
		-	-	836,497	724,922
Unearned wakala fees		138,938	129,264	-	-
Takaful / retakaful payables	14	-	-	273,116	297,175
Other creditors and accruals	15	75,215	69,818	28,945	28,946
Salvage accrued		-	-	5,751	-
Taxation - provision less payment		85,706	37,042	-	-
Payable to OPF	10	-	-	209,052	101,321
Total liabilities		299,859	236,124	1,353,361	1,152,364
Total Equity and Liabilities		535,164	382,154	1,898,282	1,516,759
Contingencies and Commitments	16				

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



Chief Executive Officer



Director



Director & Chairman

Profit and Loss Account

For the year ended December 31, 2023

	Note	2023	2022
------(Rupees in '000)-----			
Participants' Takaful Fund - (PTF)			
Contributions earned	17	673,840	531,355
Less: Contributions ceded to retakaful	17	(414,335)	(309,868)
Net contributions revenue		259,505	221,487
Re-takaful rebate earned	18	104,912	79,341
Net underwriting income		364,417	300,828
Net claims - reported / settled		(274,931)	(218,265)
- IBNR		(13,183)	(24,807)
	19	(288,114)	(243,072)
Other direct expenses		(20,567)	(17,035)
Surplus before investment income		55,736	40,721
Investment income	22	128,065	64,744
Other income	23	10,382	6,191
Less: Modarib's share of investment income		(27,690)	(14,187)
Provisions for doubtful contributions (net of Wakala fee)		11,107	(16,376)
Surplus transferred to accumulated surplus		177,600	81,093
Operator's Fund - (OPF)			
Wakala fee		330,746	261,236
Commission expense	20	(143,008)	(117,076)
General administrative and management expenses	21	(87,565)	(94,029)
		100,173	50,131
Modarib's share of PTF investment income		27,690	14,187
Investment income	22	36,474	16,752
Direct expenses	24	(21,751)	(22,623)
Other income	23	2,476	2,380
Profit before taxation		145,062	60,827
Taxation	25	(56,180)	(20,054)
Profit after taxation		88,882	40,773

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


Chief Executive Officer


Director


Director & Chairman

Statement of Comprehensive Income

For the year ended December 31, 2023

	2023	2022
	----- (Rupees in '000) -----	
Participants' Takaful Fund - (PTF)		
Surplus for the year	177,600	81,093
Other comprehensive loss:		
Items that will be reclassified to profit and loss subsequently		
Reclassification adjustment for net gain on sale of available-for-sale investments included in the profit and loss account	2,926	-
Other comprehensive income for the year	2,926	-
Total comprehensive income for the year	180,526	81,093
Operator's Fund - (OPF)		
Profit after tax	88,882	40,773
Other comprehensive loss:		
Items that will be reclassified to profit and loss subsequently		
Unrealised gain on available-for-sale investments	645	-
Related tax impact	(252)	-
Other comprehensive income for the year	393	-
Total comprehensive income for the year	89,275	40,773

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



 Chief Executive Officer





 Director





 Director & Chairman



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

As at December 31, 2023

	Attributable to Operator's Fund			Total
	Statutory Reserve	Available-for-sale investment revaluation reserve	Accumulated profit	
----- (Rupees in '000) -----				
Balance as at January 1, 2022	50,000	-	55,257	105,257
Profit for the year	-	-	40,773	40,773
Other Comprehensive income for the year	-	-	-	-
Balance as at December 31, 2022	50,000	-	96,030	146,030
Profit for the year	-	-	88,882	88,882
Other comprehensive income for the year	-	393	-	393
Balance as at December 31, 2023	50,000	393	184,912	235,305
----- (Rupees in '000) -----				
	Attributable to Participants of PTF			Total
	Seed money	Available-for-sale investment revaluation reserve	Accumulated surplus	
----- (Rupees in '000) -----				
Balance as at January 1, 2022	500	-	282,802	283,302
Surplus for the year	-	-	81,093	81,093
Surplus distribution to participants	-	-	-	-
Other Comprehensive income for the year	-	-	-	-
Balance as at December 31, 2022	500	-	363,895	364,395
Surplus for the year	-	-	177,600	177,600
Surplus distribution to participants	-	-	-	-
Other comprehensive income for the year	-	2,926	-	2,926
Balance as at December 31, 2023	500	2,926	541,495	544,921

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


Chief Executive Officer


Director


Director & Chairman

Statement of Cash Flows

For the year ended December 31, 2023

	Operator's Fund (OPF)		Participants' Takaful Fund (PTF)	
	2023	2022	2023	2022
----- (Rupees in '000) -----				
Operating cash flows				
(a) Takaful activities				
Contributions received	-	-	1,039,100	867,350
Retakaful contribution paid	-	-	(482,782)	(272,868)
Claims / benefits paid	-	-	(424,435)	(352,715)
Retakaful and other recoveries received	-	-	172,834	160,744
Commissions paid	(141,017)	(131,333)	-	-
Retakaful rebate received	-	-	111,357	85,801
Wakala fees received	262,500	351,000	-	-
Wakala fees paid	-	-	(262,500)	(351,000)
Modarib share received	-	15,000	-	-
Modarib share paid	-	-	-	(15,000)
Net cash inflow from takaful activities	121,483	234,667	153,574	122,312
(b) Other operating activities				
Income tax paid	(7,083)	(3,270)	(20,850)	(9,013)
General and other expenses paid	(111,596)	(109,982)	(35,351)	(8,312)
Net cash outflow from other operating activities	(118,679)	(113,252)	(56,201)	(17,325)
Total cash inflow from all operating activities	2,804	121,415	97,373	104,987
(c) Investment activities				
Profit / return received	32,210	12,960	106,748	50,691
Dividend received	2,106	2,085	11,869	9,072
Payment for investments	(159,250)	(142,297)	(644,986)	(657,863)
Proceeds from investments	115,099	23,756	423,206	369,633
Total cash outflow on investing activities	(9,835)	(103,495)	(103,163)	(228,467)
(d) Financing activities				
Qard e Hasna	-	-	-	-
Surplus paid	-	-	-	-
Total cash inflow / (outflow) from financing activities	-	-	-	-
Net cash (outflow) / inflow from all activities	(7,031)	17,920	(5,790)	(123,480)
Cash and cash equivalents at the beginning of the period	83,250	65,330	346,441	469,921
Cash and cash equivalents at the end of the period	76,219	83,250	340,651	346,441
Reconciliation to profit and loss account				
Operating cash flows	2,804	121,415	97,373	104,987
Dividend income	2,106	2,085	11,869	8,227
Other investment income	34,368	14,667	116,196	56,517
Other income	2,476	2,380	10,382	6,191
Decrease in unearned contribution	-	-	(32,337)	(97,620)
Taxation	(56,180)	(20,054)	-	-
Increase in assets other than cash	139,355	(39,698)	170,467	248,256
Increase in liabilities other than borrowings	(63,737)	(54,209)	(168,660)	(231,278)
Modarib's share of investment income	27,690	14,187	(27,690)	(14,187)
Profit after taxation	88,882	40,773	177,600	81,093
Surplus in PTF	-	-	177,600	81,093
Profit after tax attributable to OPF	88,882	40,773	-	-
	88,882	40,773	177,600	81,093

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



Chief Executive Officer



Director



Director & Chairman

Notes to and forming part of the financial statements

For the year ended December 31, 2023

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 (2022: 27) 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.

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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 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, 2024:

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 (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	January 1, 2024
Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	January 1, 2024
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 1, 2024
IFRS 17 - Insurance Contracts	January 1, 2026
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized

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

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

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF"). The key objectives of IFRS 17 are comparable recognition and measurement of contracts in the scope of the standard, the recognition of insurance service results based on the services provided to the policyholder and provision of disclosures that will enable the users of the financial statements to assess the impact of these contracts on the financial position, financial results and cash flows of the entity. The standard distinguishes between the sources of profit and quality of earnings between insurance service results and insurance finance income and expense (reflecting the time value of money and financial risk). The operator has not yet determined the quantitative potential impact of the standard.

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.

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Standards	Effective date (annual periods beginning on or after)
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IFRS 1 - First-time Adoption of International Financial Reporting Standards

January 1, 2024

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 MATERIAL ACCOUNTING POLICY INFORMATION

The material 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.

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.

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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.

3.1.1 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.

3.2 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.

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 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.

3.6 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

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deposits and term deposits having original maturity of less than three months.

3.7 Revenue recognition

3.7.1 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.

3.7.2 Wakala and modarib fee

Wakala Fee

The Takaful operator manages the general takaful operations for the participants and charges 30% (2022: 30%) of gross contribution on fire & property damage, marine, aviation & transport, bankers blanket and miscellaneous and 35% (2022: 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% (2022: 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.

3.7.3 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.

3.7.4 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.

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

3.8 Investments

3.8.1 Classification and impairment of 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.

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.

3.9 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income or below equity, in which case it is recognized in other comprehensive income or below equity.

3.9.1 Current

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

3.9.2 Deferred

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

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will

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be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.10 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.

3.11 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.

3.12 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.

3.13 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.

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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.

3.14 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.

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.

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 3.13)
- Reserve for unearned contribution (note 3.3)
- Contribution deficiency reserve (note 3.4)
- Classification and impairment of investments (note 3.8)
- Provision for current and deferred tax (note 3.9)
- Takaful / retakaful receivables (note 3.12)
- Deferred commission expense (note 3.2)
- Allocation of management expenses (note 3.10)

5 INVESTMENTS

5.1 Investments in Equity Securities / Mutual Funds

Particulars	2023			2022		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Available-for-Sale	----- (Rupees in '000) -----					
Operator's fund (OPF)						
NBP Islamic Daily Dividend Fund	-	-	-	5,445	-	5,445
Alhamra Islamic Money Market Fund	-	-	-	7,453	-	7,453
Alhamra Islamic Daily Dividend Fund	-	-	-	14,451	-	14,451
	-	-	-	27,349	-	27,349
Carrying Value (OPF)	-	-	-			27,349

Particulars	2023			2022		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value

----- (Rupees in '000) -----

Participants' fund (PTF)

NBP Islamic Daily Dividend Fund	28,540	-	28,540	38,044	-	38,044
Alhamra Islamic Income Fund	35,000	-	35,000	-	-	-
Alhamra Islamic Money Market Fund	29,631	-	29,631	60,319	-	60,319
Alhamra Islamic Daily Dividend Fund	-	-	-	5,528	-	5,528
	93,171	-	93,171	103,891	-	103,891

Surplus on revaluation 676 -

Carrying Value (PTF) 93,847 103,891

6 INVESTMENTS IN DEBT SECURITIES

6.1 Operator's fund

Particulars	2023			2022		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value

----- (Rupees in '000) -----

Held-to-maturity

GOP Ijara Sukuk	49,428	-	49,428	49,224	-	49,301
Sukuk - Meezan Bank Limited	9,040	-	9,040	9,045	-	9,044
Total investment - held-to-maturity	58,468	-	58,468	58,269	-	58,344

Available-for-Sale

GOP Ijara Sukuk 116,000 - -

Surplus on revaluation - - 645 - - -

Total investment - available for sale 116,000 - 116,645 - - -

Total investment - debt securities 174,468 - 175,113 58,269 - 58,344

6.2 Held-to-maturity

	No. of Certificates		Face Value	Value of Certificates	
	2023	2022		2023	2022

(Rupees) ----- (Rupees in '000) -----

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

6.2.1 The market value of the investments in sukuk as at December 31, 2023 is Rs. 53.438 million (2022: Rs. 58.320).

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6.3 Available-for-Sale

No. of Certificates		Face Value	Value of Certificates	
2023	2022		2023	2022

(Rupees) -----(Rupees in '000)-----

GOP Ijara Sukuk	1160	-	100,000	116,000	-
-----------------	------	---	---------	---------	---

6.3.1 The market value of the investments in sukuk as at December 31, 2023 is Rs. 116.645 million (2022: Rs. Nil).

6.4 Participants' Fund

2023			2022		
Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value

----- (Rupees in '000) -----

Held-to-maturity

Sukuk - The Hub Power Company Limited	-	-	-	2,570	-	2,505
Sukuk - Meezan Bank Ltd	31,139	-	31,139	31,155	-	31,150
GOP Ijara Sukuk	59,459	-	59,459	59,254	-	59,339
Total investment - held-to-maturity	90,598	-	90,598	92,979	-	92,994

Available-for-Sale

GOP Ijara Sukuk	380,000	-	380,000	-	-	-
Surplus on revaluation			2,250			-
Total investment - available for sale	380,000	-	382,250	-	-	-
Total investment - debt securities	470,598	-	472,848	92,979	-	92,994

6.5 Available-for-Sale

No. of Certificates		Face Value	Value of Certificates	
2023	2022		2023	2022

(Rupees) -----(Rupees in '000)-----

GOP Ijara Sukuk	3800	-	100,000	380,000	-
-----------------	------	---	---------	---------	---

6.5.1 The market value of the investments in sukuk as at December 31, 2023 is Rs. 382.250 million (2022: Rs. Nil).

6.6 Held-to-maturity

No. of Certificates		Face Value	Value of Certificates	
2023	2022		2023	2022

(Rupees) -----(Rupees in '000)-----

Sukuk - The Hub Power Company Limited	-	25	100,000	-	2,500
Sukuk - Meezan Bank Ltd	310	310	100,000	31,000	31,000
GOP Ijara Sukuk	600	600	100,000	60,000	60,000

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6.6.1 The market value of the investments in sukuk as at December 31, 2023 is Rs 85.593 million (2022: Rs. 93.437 million).

7 LOANS AND OTHER RECEIVABLES

	OPF		PTF	
	2023	2022	2023	2022
	------(Rupees in '000)-----			
Accrued investment income	8,639	4,041	30,301	11,765
Other receivables	86	305	270	1,153
	<u>8,725</u>	<u>4,347</u>	<u>30,571</u>	<u>12,919</u>

8 TAKAFUL / RETAKAFUL RECEIVABLES - PTF

	Note	2023	2022
		----- (Rupees in '000) -----	
Unsecured and considered good			
Due from takaful participants holders		353,655	353,864
Provision for impairment of receivables from takaful participants holders		(9,564)	(24,251)
		<u>344,091</u>	<u>329,613</u>
Due from other insurers/retakaful operators	9	51,283	22,043
Provision for impairment of due from other other takaful / retakaful		(1,458)	-
		<u>49,825</u>	<u>22,043</u>
		<u>393,916</u>	<u>351,656</u>

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 2023, the aggregate net balances due to other takaful and domestic re-takaful operators arising from such arrangements amounts to Rs. 70.521 million and Rs. 27.619 million respectively. (Refer notes 8 & 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.

In 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.

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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	
	2023	2022	2023	2022
	------(Rupees in '000)-----			
Wakala fee	176,776	96,735	176,776	96,735
Modarib fee	32,276	4,586	32,276	4,586
	<u>209,052</u>	<u>101,321</u>	<u>209,052</u>	<u>101,321</u>

11 DEFERRED TAXATION

	Note	OPF	
		2023	2022
		----- (Rupees in '000) -----	
Deferred debits arising in respect of provision on wakala fee	11.1	1,739	2,172
Deferred credit arising in respect of surplus on revaluation		(252)	-
		<u>1,487</u>	<u>2,172</u>

The movement in deferred tax asset is as follows:

	Note	OPF	
		2023	2022
		----- (Rupees in '000) -----	
Opening deferred tax asset		2,172	142
Income booked in the profit and loss account		(433)	2,030
Reversal in the other comprehensive income		(252)	-
Closing deferred tax asset		<u>1,487</u>	<u>2,172</u>

12 PREPAYMENTS

	OPF		PTF	
	2023	2022	2023	2022
	------(Rupees in '000)-----			
Prepaid retakaful contribution ceded	-	-	151,763	122,497
Tracker monitoring fee	-	-	4,881	4,112
Prepaid software charges	375	375	-	-
	<u>375</u>	<u>375</u>	<u>156,644</u>	<u>126,609</u>

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13 CASH AND BANK

OPF		PTF	
2023	2022	2023	2022

------(Rupees in '000)-----

Cash and cash equivalent

Cash in hand

Policy and revenue stamps

Cash at bank

- Current account

- Savings account

13.1 & 13.2

Cash and bank

-	-	-	-
-	-	501	190
48	70	7,273	13,858
24,171	4,180	32,877	18,393
24,219	4,250	40,651	32,441

Deposits maturing within 12 months

Term deposits receipts 13.3 & 13.3.1

within 12 months

52,000	123,500	300,000	459,000
76,219	127,750	340,651	491,441

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

OPF		PTF	
2023	2022	2023	2022

------(Rupees in '000)-----

Cash and bank balances

Short term investments with 3 months or less maturity

24,219	4,250	40,651	32,441
52,000	79,000	300,000	314,000
76,219	83,250	340,651	346,441

13.1 This includes balance with a related party amounting to Rs. 7.283 million (2022: Rs. 11.32 million).

13.2 Deposits on saving accounts carry profit rates ranging between 7.50% to 11.01% (2022: 3.00% to 13.00%) per annum.

13.3 Term Deposits carry profit rates ranging 21.00% - 21.25% (2022: 15.10%-15.60%)

13.3.1 Participants' takaful fund

Maturity date	2023	2022
---------------	------	------

----- (Rupees in '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
BankIslami Pakistan Limited	02-Jan-24	150,000	-
BankIslami Pakistan Limited	08-Jan-24	100,000	-
BankIslami Pakistan Limited	26-Jan-24	50,000	-
		300,000	459,000

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Operators' fund

	Maturity date	2023	2022
		----- (Rupees in '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
BankIslami Pakistan Limited	02-Jan-24	52,000	-
		<u>52,000</u>	<u>123,500</u>

14 TAKAFUL / RETAKAFUL PAYABLES

	Note	PTF	
		2023	2022
----- (Rupees in '000) -----			
Due to takaful participants / Retakaful payable	9	162,559	207,874
Due to other takaful operators	9	110,557	89,301
		<u>273,116</u>	<u>297,175</u>

15 OTHER CREDITORS AND ACCRUALS

	Note	OPF		PTF	
		2023	2022	2023	2022
----- (Rupees in '000) -----					
Federal excise duty and sales tax		905	411	9,761	11,530
Federal takaful fee		-	-	972	913
Commissions payable		63,429	57,739	-	-
Unclaimed takaful benefits	15.1	-	-	4,569	3,947
Accrued expenses		4,773	3,471	3,584	1,634
Others		1,273	794	8,609	10,124
Payable to UBL Insurers Limited		4,835	7,403	1,448	798
		<u>75,215</u>	<u>69,818</u>	<u>28,943</u>	<u>28,946</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:

	2023	2022
----- (Rupees in '000) -----		
More than 6 months	<u>4,569</u>	<u>3,947</u>
1 to 6 months	<u>35,872</u>	<u>24,788</u>

2023						
----- (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	35,872	429	981	1,677	1,482	40,441

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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	28,735

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.

17 NET CONTRIBUTION

	PTF	
	2023	2022
	----- (Rupees in '000) -----	
Written gross contribution	1,036,921	890,211
Less: Wakala fee	(340,419)	(294,028)
Contribution Net of Wakala Fee	696,502	596,183
Add: Unearned contribution reserve opening	258,418	193,590
Less: Unearned contribution reserve closing	(281,080)	(258,418)
Contributions Earned	673,840	531,355
Retakaful contribution ceded	(443,601)	(335,252)
Add: Prepaid retakaful ceded opening	(122,497)	(97,113)
Less: Prepaid retakaful ceded closing	151,763	122,497
Retakaful expense	(414,335)	(309,868)
Net Contribution	259,505	221,487

18 RETAKAFUL REBATE

	PTF	
	2023	2022
	----- (Rupees in '000) -----	
Retakaful rebate/commission received	111,356	85,801
Add: Unearned retakaful rebate/commission opening	32,832	26,372
Less: Unearned retakaful rebate/commission closing	(39,276)	(32,832)
	104,912	79,341

En

19 TAKAFUL BENEFITS / CLAIMS EXPENSE

	PTF	
	2023	2022
	----- (Rupees in '000) -----	
Benefits / Claims paid	424,435	352,715
Add: Outstanding benefits / claims including IBNR closing	377,202	304,408
Less: Outstanding benefits / claims including IBNR opening	(304,408)	(183,300)
Claim expense	497,229	473,823
Re-Takaful and other recoveries received	172,834	160,744
Add: Re-Takaful and other recoveries in respect of outstanding claims closing	223,206	186,925
Less: Re-Takaful and other recoveries in respect of outstanding claims opening	(186,925)	(116,918)
Retakaful and other recoveries revenue	(209,115)	(230,751)
Net Claims Expense	288,114	243,072

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	2019	2020	2021	2022	2023
	----- (Rupees in '000) -----				
At end of accident year	463,522	293,467	266,339	444,306	490,577
One year later	519,494	289,129	292,815	447,475	-
Two years later	521,196	289,850	297,369	-	-
Three years later	522,971	292,960	-	-	-
Four years later	515,164	-	-	-	-
Current estimate of cumulative claims	515,164	292,960	297,369	447,475	490,577
Cumulative payment made to date	(502,811)	(266,298)	(275,779)	(374,989)	(246,466)
Liability recognised in the statement of financial position	12,353	26,662	21,590	72,486	244,111

20 COMMISSION EXPENSE

	OPF	
	2023	2022
	----- (Rupees in '000) -----	
Commission paid or payable	146,706	133,366
Add: Deferred commission expense opening	60,495	44,205
Less: Deferred commission expense closing	(64,193)	(60,495)
Commission expense	143,008	117,076

En

21 GENERAL ADMINISTRATIVE AND MANAGEMENT EXPENSES

	Note	OPF	
		2023	2022
----- (Rupees in '000) -----			
Employee benefit cost	21.1	51,578	55,769
Traveling expenses		861	525
Printing and stationery		2,105	1,231
Rent, rates and taxes		789	1,277
Legal and professional charges - business related		4,202	2,375
Electricity, gas and water		2,956	2,308
Entertainment		919	531
Vehicle running expenses		16,107	15,797
Office repairs and maintenance		1,822	1,106
Postages, telegrams, and telephone		5,792	4,894
Shariah Advisor's fee		1,540	1,490
Bad and doubtful debts		(2,122)	6,090
Miscellaneous		1,016	636
		<u>87,565</u>	<u>94,029</u>

21.1 Employee benefit cost

Salaries, allowance and other benefits	48,591	53,250
Charges for post employment benefit	2,987	2,519
	<u>51,578</u>	<u>55,769</u>

22 INVESTMENT INCOME

	OPF		PTF	
	2023	2022	2023	2022
----- (Rupees in '000) -----				
Income from equity securities - (available for sale)				
- Dividend income	2,106	2,085	11,699	8,227
Income from debt securities - (available for sale)				
- Return on debt securities	11,973	-	40,181	-
- Amortization of discount / (premium)	-	-	-	-
Income from debt securities - (Held to maturity)				
- Return on debt securities	8,110	2,469	14,840	4,264
- Amortization of discount / (premium)	124	76	103	53
Income from term deposits - (Held to maturity)				
- Return on term deposits	14,161	12,122	61,072	51,355
	<u>36,474</u>	<u>16,752</u>	<u>127,895</u>	<u>63,899</u>

En

OPF		PTF	
2023	2022	2023	2022

----- (Rupees in '000) -----

Realised gains on investments

- Equity Securities - (available for sale)

-	-	170	845
<u>36,474</u>	<u>16,752</u>	<u>128,065</u>	<u>64,744</u>

23 OTHER INCOME / (LOSS)

Return on bank balances

2,344 2,319 8,307 5,918

Miscellaneous

132 61 2,075 273

2,476 2,380 10,382 6,191

24 DIRECT EXPENSES

Note	OPF	
	2023	2022

----- (Rupees in '000) -----

Legal and professional fee other than business related

309 550

Auditor's remuneration

24.1 1,470 721

Shariah audit fee

431 374

Salaries and benefits

15,781 13,076

Rent, rates and taxes

199 2,914

Communication

1,318 1,608

Others

2,243 3,380

21,751 22,623

24.1 Auditor's remuneration

Audit fee

551 187

Half yearly review

133 62

Certifications

613 325

Out of pocket expense

173 147

1,470 721

25 TAXATION

OPF	
2023	2022

----- (Rupees in '000) -----

For the year

Current

55,747 22,083

Deferred

433 (2,029)

56,180 20,054

En

25.1 Relationship between tax expense and accounting profit

Profit before taxation for the year	<u>145,062</u>	<u>60,827</u>
Tax at the applicable rate of 39% (2022: 33%)	56,574	20,073
Others	<u>(394)</u>	<u>(19)</u>
	<u>56,180</u>	<u>20,054</u>

26 COMPENSATION OF EXECUTIVES

	Executives	
	2023	2022
	----- (Rupees in '000) -----	
Managerial remuneration	902	851
Bonus	113	106
House rent allowance	406	383
Utilities	180	170
Medical	90	85
Retirement benefits	150	142
Fuel allowance	896	743
Vehicle allowance	660	660
Cell allowance	36	36
Driver salary	120	120
Others	12	11
	<u>3,565</u>	<u>3,307</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.

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 during the year with related parties

Associated and other companies

Contribution underwritten	-	-	12,343	13,965
Takaful claims paid	-	-	4,178	808
Profit on bank accounts	-	-	1,476	291
Bank charges	-	-	153	1
Management and other expenses	102,432	103,463	-	-

Operator Fund		Participants' Takaful Fund	
2023	2022	2023	2022
----- (Rupees in '000) -----			
-	-	12,343	13,965
-	-	4,178	808
-	-	1,476	291
-	-	153	1
102,432	103,463	-	-

En

Balances with related parties

Operator Fund		Participants' Takaful Fund	
2023	2022	2023	2022

Associated and other companies

----- (Rupees in '000) -----

Bank balances	-	-	7,283	11,320
Contribution due but unpaid	-	-	668	1,542
Profit on bank accounts	-	-	33	-
Claim outstanding	-	-	16,453	15,357
Payable to UBL Insurers Limited	4,835	7,403	1,448	798

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.

Particulars	2023					
	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)	352,246	109,446	675,423	10,940	45,852	1,193,907
Less: Federal excise duty/ sales tax	(44,098)	(12,901)	(82,463)	(1,363)	(5,415)	(146,240)
Less: Federal takaful fee	(3,182)	(960)	(6,108)	(95)	(401)	(10,746)
Gross written contribution (inclusive of Administrative surcharge)	304,966	95,585	586,852	9,482	40,036	1,036,921
Gross direct contribution	300,564	91,652	566,508	9,447	39,341	1,007,512
Facultative inward contribution	-	-	-	-	-	-
Administrative surcharge	4,402	3,933	20,344	35	695	29,409
	304,966	95,585	586,852	9,482	40,036	1,036,921
Wakala fee	91,490	28,675	205,398	2,845	12,011	340,419
Takaful contribution earned	191,064	66,539	381,813	8,411	26,013	673,840
Takaful contribution ceded to retakaful	(248,326)	(82,912)	(43,892)	(6,139)	(33,066)	(414,335)
Net takaful contribution	(57,262)	(16,373)	337,921	2,272	(7,053)	259,505
Retakaful rebate	66,005	25,226	3,846	1,685	8,150	104,912
Net underwriting income	8,743	8,853	341,767	3,957	1,097	364,417
Takaful claims	(23,160)	(53,949)	(375,709)	(25,983)	(18,428)	(497,229)
Takaful claims recovered from retakaful	20,821	49,745	97,829	24,096	16,624	209,115
Net claims	(2,339)	(4,204)	(277,880)	(1,887)	(1,804)	(288,114)
Other direct expense	(909)	(285)	(19,225)	(28)	(120)	(20,567)
Surplus / (deficit) before investment income	5,495	4,364	44,662	2,042	(827)	55,736
Investment income						128,065
Other income						10,382
Modarib's share of investment income						(27,690)
Provisions for doubtful contributions (net of Wakala fee)						11,107
Surplus transferred to Balance of PTF						177,600
Corporate segment assets	282,450	88,528	543,525	8,782	37,080	960,365
Corporate unallocated assets						937,917
Total assets						1,898,282
Corporate segment liabilities	326,345	102,286	627,992	10,147	42,843	1,109,613
Corporate unallocated liabilities						243,748
Total liabilities						1,353,361

Particulars	2023					Total
	Fire and property damage	Marine, Aviation and Transport	Motor	Bankers Blanket	Miscellaneous	
----- (Rupees in '000) -----						
Operator's Fund						
Wakala fee	81,885	28,517	205,591	3,605	11,148	330,746
Commission expense	(45,284)	(14,239)	(79,825)	(236)	(3,425)	(143,008)
Management expenses	(25,753)	(8,072)	(49,558)	(801)	(3,381)	(87,565)
	<u>10,848</u>	<u>6,206</u>	<u>76,208</u>	<u>2,568</u>	<u>4,342</u>	<u>100,173</u>
Modarib's share of PTF investment income						27,690
General and administrative expenses						(21,751)
Investment income						36,474
Other income						2,476
Profit before taxation						<u>145,062</u>
Taxation						(56,180)
Profit after tax						<u><u>88,882</u></u>
Corporate segment assets	80,363	25,188	154,645	2,499	10,550	273,245
Corporate unallocated assets						261,919
Total assets						<u><u>535,164</u></u>
Corporate segment liabilities	59,518	18,655	114,531	1,851	7,813	202,368
Corporate unallocated liabilities						97,492
Total liabilities						<u><u>299,860</u></u>

Particulars	2022					Total
	Fire and property damage	Marine, Aviation and Transport	Motor	Bankers Blanket	Other Classes	
----- (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)	<u>226,206</u>	<u>80,575</u>	<u>539,298</u>	<u>12,318</u>	<u>31,814</u>	<u>890,211</u>
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
	<u>226,206</u>	<u>80,575</u>	<u>539,298</u>	<u>12,318</u>	<u>31,814</u>	<u>890,211</u>
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	<u>(42,262)</u>	<u>(7,938)</u>	<u>274,329</u>	<u>2,061</u>	<u>(4,703)</u>	<u>221,487</u>
Retakaful rebate	49,670	18,787	2,606	2,221	6,057	79,341
Net underwriting income	<u>7,408</u>	<u>10,849</u>	<u>276,935</u>	<u>4,282</u>	<u>1,354</u>	<u>300,828</u>
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	<u>(2,688)</u>	<u>(3,363)</u>	<u>(235,385)</u>	<u>(665)</u>	<u>(971)</u>	<u>(243,072)</u>
Contribution deficiency expense	-	-	-	-	-	-
Other direct expense	(493)	(175)	(16,271)	(27)	(69)	(17,035)
Surplus / (deficit) before investment income	<u>4,227</u>	<u>7,311</u>	<u>25,279</u>	<u>3,591</u>	<u>314</u>	<u>40,721</u>
Net 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						<u><u>81,093</u></u>
Corporate segment assets	207,225	73,814	494,046	11,284	29,144	815,514
Corporate unallocated assets						701,245
Total assets						<u><u>1,516,759</u></u>
Corporate segment liabilities	259,719	92,512	619,196	14,143	36,527	1,022,097
Corporate unallocated liabilities						130,267
Total liabilities						<u><u>1,152,364</u></u>

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Particulars	2022					Total
	Fire and property damage	Marine, Aviation and Transport	Motor	Bankers Blanket	Other Classes	
----- (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)
	<u>3,807</u>	<u>2,733</u>	<u>38,553</u>	<u>2,530</u>	<u>2,508</u>	<u>50,131</u>
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						<u>60,827</u>
Taxation						(20,054)
Profit after tax						<u>40,773</u>
Corporate segment assets	41,118	14,646	98,030	2,239	5,783	161,816
Corporate unallocated assets						220,338
Total assets						<u>382,154</u>
Corporate segment liabilities	47,518	16,926	113,288	2,588	6,683	187,003
Corporate unallocated liabilities						49,121
Total liabilities						<u>236,124</u>

29 MOVEMENT IN INVESTMENT

Operator Fund			
Held to maturity	Available for sale	Fair Value through P & L	Total

Operator's Fund

----- (Rupees in '000) -----

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 January 1, 2023	181,845	27,348	-	209,193
Additions	187,000	132,250	-	319,250
Disposal (sale and redemptions)	(258,500)	(43,599)	-	(302,099)
Fair value net gains (excluding net realised gains)	-	645	-	645
Discount / premium amortization	124	-	-	124
Balance as at December 31, 2023	110,469	116,644	-	227,113

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Window Takaful Operation			
Held to maturity	Available for sale	Fair Value through P & L	Total

Participants' Takaful Fund

------(Rupees in '000)-----

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 January 1, 2023	551,994	103,891	-	655,885
Additions	971,000	562,986	-	1,533,986
Disposal (sale and redemptions)	(1,132,500)	(193,706)	-	(1,326,206)
Fair value net gains (excluding net realised gains)	-	2,926	-	2,926
Discount / premium amortization	104	-	-	104
Balance as at December 31, 2023	390,598	476,097	-	866,695

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.

(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

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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	2023				2022			
	Gross claims liabilities	Net claims liabilities	Gross contribution liabilities	Net contribution liabilities	Gross claims liabilities	Net claims liabilities	Gross contribution liabilities	Net contribution liabilities
	----- % -----				----- % -----			
Fire and property	15.91%	1.26%	33.52%	4.57%	27.53%	-1.06%	28.05%	4.78%
Marine and transport	11.54%	-1.67%	1.44%	0.05%	8.23%	-1.02%	1.42%	0.24%
Motor	52.27%	97.06%	61.58%	94.83%	48.12%	99.18%	66.86%	94.44%
Banker's blanket	11.84%	2.05%	0.09%	0.09%	6.22%	1.28%	0.76%	0.16%
Miscellaneous	8.44%	1.30%	3.37%	0.46%	9.91%	1.61%	2.91%	0.38%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

The operator monitors concentration of takaful exposer 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	
	2023	2022
	----- (Rupees in '000) -----	
Fire and property	289,264,956	152,912,694
Marine, aviation and transport	154,873,438	104,458,763
Motor	56,312,058	32,590,352
Bankers blanket	4,203,500	4,203,500
Miscellaneous	13,989,713	9,304,669

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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 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.

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:

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	Underwriting results		Participants' Takaful Fund	
	2023	2022	2023	2022
Average claim cost	----- (Rupees in '000) -----			
Fire and property	234	269	143	180
Marine and transport	420	336	256	225
Motor	27,787	23,538	16,950	15,770
Banker's blanket	189	67	115	45
Miscellaneous	180	97	110	65
	28,810	24,306	17,574	16,285

30.2 Financial risk management

The Board of Directors of the Operator has overall responsibility for the establishment and oversight of the Operator's risk management framework. The Operator 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.

30.2.1 Financial risk

Maturity profile of financial assets and liabilities:

OPF

	2023							Total
	Profit rate % per annum	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	7.50 - 11.01	24,171	-	24,171	48	-	48	24,219
Investments	11.94 - 22.79	168,645	58,468	227,113	-	-	-	227,113
Loan and other receivable		-	-	-	8,725	-	8,725	8,725
Receivable from PTF		-	-	-	209,052	-	209,052	209,052
		192,816	58,468	251,284	217,825	-	217,825	469,109
Financial liabilities								
Other creditors and accruals		-	-	-	74,310	-	74,310	74,310
		-	-	-	74,310	-	74,310	74,310
Interest rate risk sensitivity gap		192,816	58,468	251,284				
Cumulative interest rate risk sensitivity gap		192,816	251,284					

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PTF

2023								
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	7.50 - 11.01	32,877	-	32,877	7,774	-	7,774	40,651
Investments	12.49 - 23.87	682,250	90,598	772,848	93,847	-	93,847	866,694
Takaful / retakaful receivables		-	-	-	393,916	-	393,916	393,916
Retakaful recoveries against outstanding claims		-	-	-	228,957	-	228,957	228,957
Loan and other receivable		-	-	-	30,571	-	30,571	30,571
Salvage recoveries accrued		-	-	-	-	-	-	-
		715,127	90,598	805,725	755,065	-	755,065	1,560,790
Financial liabilities								
Outstanding claims including IBNR		-	-	-	377,202	-	377,202	377,202
Payable to OPF		-	-	-	209,052	-	209,052	209,052
Takaful / retakaful payables		-	-	-	273,116	-	273,116	273,116
Salvage payable		-	-	-	5,751	-	5,751	5,751
Other creditors and accruals		-	-	-	18,210	-	18,210	18,210
		-	-	-	883,331	-	883,331	883,331
Interest rate risk sensitivity gap		715,127	90,598	805,725				
Cumulative interest rate risk sensitivity gap		715,127	805,725					

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 - 13.00	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					

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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, 2023 and 2022. 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 (Rupees in '000)	Price change	Effect on fair value (Rupees in '000)
December 31, 2023	-	+5%	-
	-	-5%	-
December 31, 2022	27,349	+5%	1,367
	(27,349)	-5%	(1,367)

	PTF		
	Fair value (Rupees in '000)	Price change	Effect on fair value (Rupees in '000)
December 31, 2023	93,847	+5%	4,692
	(93,847)	-5%	(4,692)
December 31, 2022	103,891	+5%	5,195
	(103,891)	-5%	(5,195)

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.

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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, 2023 is as follows:

OPF	2023		2022	
	Balance as per the financial statements	Maximum exposure	Balance as per the financial statements	Maximum exposure
------(Rupees in '000)-----				
Equity Securities	-	-	27,349	27,349
Debt Securities	175,113	9,040	58,345	9,044
Term Deposit	52,000	52,000	123,500	123,500
Receivable from PTF	209,052	209,052	101,321	101,321
Loan and other receivable	8,725	8,725	4,347	4,347
Cash and bank	24,219	24,219	4,250	4,250
	<u>469,109</u>	<u>303,036</u>	<u>319,112</u>	<u>269,811</u>

Differences in the balances as per financial statements and maximum exposure in investments is mainly due to investments in government securities of Rs. 166.07 million (2022 Rs. 49.30 million) which are not exposed to credit risk.

PTF	2023		2022	
	Balance as per the financial statements	Maximum exposure	Balance as per the financial statements	Maximum exposure
------(Rupees in '000)-----				
Equity Securities	93,847	93,847	103,891	103,891
Debt Securities	472,848	31,139	92,994	33,655
Term Deposit	300,000	300,000	459,000	459,000
Loan and other receivable	30,571	30,571	12,919	12,919
Takaful / retakaful receivables	393,916	393,916	351,656	351,656
Retakaful recoveries against outstanding claims	228,957	228,957	184,806	184,806
Salvage recoveries accrued	-	-	2,119	2,119
Cash and bank	40,651	40,150	32,441	32,251
	<u>1,560,790</u>	<u>1,118,580</u>	<u>1,239,826</u>	<u>1,180,297</u>

Differences in the balances as per financial statements and maximum exposure in investments is mainly due to investments in government securities and policy stamps of Rs. 442.21 million (2022 Rs. 59.53 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:

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Bank	"Rating Agency"	"Short Term Rating"	"Long Term Rating"	2023	2022
				---(Rupees in '000)---	
Meezan Bank Limited - Participant Takaful Fund	VIS	A-1+	AAA	1,141	1,042
Dubai Islamic Bank Pakistan Limited - Participant Takaful Fund	VIS	A-1+	AA	7,333	13,917
BankIslami Pakistan Limited - Participant Takaful Fund	PACRA	A1	AA-	324,199	238,222
Al Baraka Bank (Pakistan) Limited - Participant Takaful Fund	VIS	A-1	A+	193	226,749
UBL Ameen- Participant Takaful Fund	VIS	A-1+	AAA	7,283	11,320
				<u>340,149</u>	<u>491,250</u>

Bank	"Rating Agency"	"Short Term Rating"	"Long Term Rating"	2023	2022
				---(Rupees in '000)---	
Meezan Bank Limited - Operator Fund	VIS	A-1+	AAA	2	382
Dubai Islamic Bank Pakistan Limited - Operator Fund	VIS	A-1+	AA	48	70
Al Baraka Bank (Pakistan) Limited - Operator Fund	VIS	A-1	A+	270	72,364
BankIslami Pakistan Limited - Operator Fund	PACRA	A1	AA-	75,899	54,934
				<u>76,219</u>	<u>127,750</u>

Government securities are unrated while credit quality of term deposits have been given above in bank-wise ratings.

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. 2 / 2023 dated March 03, 2023 issued by the SECP which requires takaful Operator to place At least 60% of the total retakaful treaty arrangement for each class of takaful business with foreign retakaful operators having at least "A" or above rating, and maximum upto 40% of the total retakaful treaty arrangement for each class of takaful business with foreign retakaful operators having at least "BBB" rating, furthermore maximum upto 20% of the total retakaful treaty arrangement in case of takaful business may be placed with the foreign retakaful operators, having at least "B" rating by "Standard & Poor's" or an equivalent rating by any other reputed agency. An analysis of all retakaful assets net of provision for doubtful balances 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	2023	2022
				----- (Rupees in '000) -----	
A or above (including PRCL)	49,825	228,957	151,763	430,545	329,346
	<u>49,825</u>	<u>228,957</u>	<u>151,763</u>	<u>430,545</u>	<u>329,346</u>

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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	
	2023	2022
	----- (Rupees in '000) -----	
OPF		
Other creditors and accruals	74,310	69,407
	<u>74,310</u>	<u>69,407</u>
PTF		
Outstanding claims including IBNR	377,202	304,408
Payable to OPF	209,052	101,321
Retakaful / co-takaful payables	273,116	297,175
Other creditors and accruals	18,210	16,503
	<u>877,580</u>	<u>719,407</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 30.2.1(a) and 30.2.1(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.

The fund currently has solvency margin in excess of minimum regulatory requirement as required under the general takaful accounting regulations, 2019.

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.

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

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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.

Mutual funds	Units of mutual funds are valued using the net asset value (NAV) announced by the Mutual Funds Association of Pakistan (MUFAP).
Government Securities	The fair value of GoP Ijarah Sukuk quoted are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Rueters.

OPF

	2023							
	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	-	-	-	-	-	-	-	-
- GOP Ijara sukus	116,645	-	-	-	116,645	-	116,645	-
Financial assets not measured at fair value								
Cash and bank *	-	-	24,219	-	24,219	-	-	-
Investment in term deposit *	-	52,000	-	-	52,000	-	-	-
Sukus	-	58,468	-	-	58,468	-	-	-
Loan and other receivable	-	-	8,725	-	8,725	-	-	-
Receivable from PTF*	-	-	209,052	-	209,052	-	-	-
	<u>116,645</u>	<u>110,468</u>	<u>241,996</u>	<u>-</u>	<u>469,109</u>			
Financial liabilities not measured at fair value								
Other creditors and accruals *	-	-	-	74,310	74,310	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,310</u>	<u>74,310</u>			

PTF

	2023							
	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	93,847	-	-	-	93,847	-	93,847	-
- GOP Ijara sukus	382,250	-	-	-	382,250	-	382,250	-
Financial assets not measured at fair value								
Cash and bank *	-	-	40,651	-	40,651	-	-	-
Investment in term deposit *	-	300,000	-	-	300,000	-	-	-
Sukus	-	90,598	-	-	90,598	-	-	-
Takaful / ReTakaful receivables *	-	-	393,916	-	393,916	-	-	-
Loan and other receivable	-	-	30,571	-	30,571	-	-	-
Re-takaful recoveries against outstanding claims *	-	-	228,957	-	228,957	-	-	-
Salvage recoveries accrued	-	-	-	-	-	-	-	-
	<u>476,097</u>	<u>390,598</u>	<u>694,095</u>	<u>-</u>	<u>1,560,790</u>			
Financial liabilities not measured at fair value								
Underwriting provision for outstanding claims including IBNR *	-	-	-	377,202	377,202	-	-	-
Takaful / Retakaful payables*	-	-	-	273,116	273,116	-	-	-
Payable to OPF*	-	-	-	209,052	209,052	-	-	-
Salvage payable accrued	-	-	-	5,751	5,751	-	-	-
Other creditors and accruals *	-	-	-	18,210	18,210	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>883,331</u>	<u>883,331</u>			

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OPF

2022							
Available for-sale	Held to Maturity	Loans and Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3

On-balance sheet financial instruments

(Rupees in '000)

Financial assets measured at fair value

Investments

- Units of open ended mutual fund	27,349	-	-	-	27,349	-	27,349	-
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Financial assets not measured at fair value

Cash and bank *	-	-	4,250	-	4,250	-	-	-
Investment in term deposit *	-	123,500	-	-	123,500	-	-	-
Corporate 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

On-balance sheet financial instruments

(Rupees in '000)

Financial assets measured at fair value

Investments

- Units of open ended mutual fund	103,891	-	-	-	103,891	-	103,891	-
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Financial assets not measured at fair value

Cash and bank *	-	-	32,441	-	32,441	-	-	-
Investment in term deposit **	-	459,000	-	-	459,000	-	-	-
Corporate 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			
Retakaful / co-takaful 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>			

* 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 were authorised for issue by the Board of Directors in their meeting held on 01 March 2024.

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33 GENERAL

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

Director

Director & Chairman

Head Office & Branches Information

City Branch

Room # 608 & 609, Uni Tower, 6th Floor,
I. I. Chundrigar Road, Karachi.
Tel: 021-32424707, 32424699, 32468396,
32415539, Fax: 021-32424689

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

Lahore Regional Office

Office No. 501, 5th Floor, Siddique Trade
Centre, Main Boulevard, Gulberg-II,
Lahore.
Tel: 042- 35770029-30
Fax: 042-3 35770406

Islamabad Regional Office

4th Floor, Redco Pakistan Building,
(West) Jinnah Avenue, Blue Area,
Islamabad.
Tel: 051-2344345-47
Fax: 051-2344349

Faisalabad Regional Office

1st Floor Saeed Arcade, 721 Batala Colony
Opposite McDonald Satyana Road
Faisalabad.
Tel: 041-8555681-83

Multan Regional Office

3rd Floor, Chen One Tower,
74-Abdali Road, Multan.
Tel: 061- 4500171-72, Fax: 061- 4500170

Cantt Branch Lahore

3rd Floor, Executive Plaza, 92-Commercial
Area Cavalry Ground, Lahore Cantt,
Lahore.
Tel: 042 36619851-3
Fax: 042 36619854

Hyderabad Branch

Salman Icon Towers, 2nd Floor
Opp R.T Resturent Auto Bhan Road
Latifabad Hyderabad.
Cell #0300-3093331

Mall Road Branch Faisalabad

Office # 1, 3rd Floor, Fatima Tower,
Kohinoor City, Faisalabad.
Tel: 041-8721852-5

Gulberg Branch Lahore

3rd Floor, Executive Plaza,
92-Commercial Area
Cavalry Ground, Lahore Cantt, Lahore.
Tel: 042 36619851-3, Fax: 042 36619854

Peshawar Branch

Office # A-3 & A-4, 1st Floor, Lamsy
Arcade, Fakhr-e-Alam Road, Peshawar
Cantt, Peshawar.
Tel: 091-5279544, 091-5286412
Fax: 091-5278144

South Branch DHA

Plot 5-C-5 3rd Floor
AL Murataza Commercial Lane 1,
Phase VIII, Defence Officers Housing
Authority, Karachi
Tel: 021-35247117, 021-35247118,
021-35247119

Sea View Branch

4th Floor, 126/C, Jami Commercial, Street
14, Phase VII, D.H.A, Karachi.
UAN: 111 845 111 (Ext 7862)
Fax: 021-35314504

Karachi Branch

Room # 608 & 609, Uni Tower, 6th Floor,
I. I. Chundrigar Road, Karachi.
Tel: 021-2465123-24
Fax: 021-32424689

D.H.A Branch

Basement 126/C, Jami Commercial, Street
14, Phase VII, D.H.A, Karachi.
UAN: 111 845 111 (Ext 7856)
Tel: 021-35314524
Fax: 021-35314504

New Unit Branch

Office # 101, 1st Floor, 100-C, Main
Khayaban-e-Jami, Commercial Street # 11,
Phase VII, D.H.A, Karachi.
Tel: 021-35314530, 35314532, 35314533
Fax: 021-35314529

Jami Commercial Branch

Office # 102, 1st Floor, 100-C, Main
Khayaban-e-Jami, Commercial Street # 11,
Phase VII, D.H.A, Karachi.
Tel: 021-35314519, 021-35314547,
021-35314556-58

Glass Tower Branch

3rd Floor, 126/C, Jami Commercial, Street
14, Phase VII, D.H.A, Karachi.
Fax: 021-35314504

KEPZA Branch

Plot # N-2, Sector B-III, Karachi Export
Processing Zone Authority Phase-1,
Landhi Industrial Area, Mehran Highway,
Karachi.
Tel: 35130835-36 0321-2107171

Multan Fiesta Garden Branch

Office # 504, 5th Floor, United Mall,
Abdali Road, Multan.
Tel: 061-4515049-50-51
Fax: 061-4515052-0300-6263480

Multan City Branch

Office No. 123/ABC, 1st Floor, Shama
Plaza, Old Bahawalpur Road, Nishtar
Chowk, Multan.
Tel: 061-4515045-47
Fax: 061-4515048

Garden Town Branch Lahore

Suit No. 06, 1st Floor, Shan Arcade,
Barkat Market, New Garden Town,
Lahore.
Tel: 042-35889258-59-60

Faisal Complex Branch

Office No. 404, 4th Floor, Faisal Complex,
Opp. Pizza Hut, Bilal Road, Civil Lines,
Faisalabad.
Tel: 041-2647100-8100

Creek Branch

Plot # 31-C, Office 302, 3rd Floor, Ittehad
Commerial Lane-1, Phase VI, D.H.A.,
Karachi

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
Cell:0321-8994530, 0321-2621000

Delta Branch

Plot No. 118- C Office No. B/3, 2nd Floor
Jami Commercial Lane 13, Phase VII,
D.H.A, Karachi
Tel:021-35891802-04

CBG Unit

Plot No. 2/6, Room No. 706, 7th Floor,
Block 3, Horizon Tower, Clifton, Karachi.
Tel: 021-34166182, 83, 84

Sub Office Sukkur

Eidgah Road, Near Forest Office, Sukkur.
Cell: 0331-2734835, 0606-3128904

Canal Road, Faisalabad

70-Officers Colony No.1, East Canal Road,
Near ITHM Collage, Faisalabad.
Tel: 041-8725022-23

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

Sub Office Faisalabad Multan Regional Office

Office No. 3, 3rd Floor, Wahab Centre,
Main Susan Road. Faisalabad.
Tel: 041-8723830

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

Form of Proxy

18th 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 **Friday 22nd March 2024 at 11.00 a.m. at UBL Insurers Ltd. Board Room, Head Office 126-C Jami Commercial, Street No.14 Phase VII DHA Karachi** and at any adjournment thereof.

Signed this _____ day of _____ 2023.

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

