adamjee insurance



A VISION FOR PROGRESS

ANNUAL REPORT 2023


adamjee
insurance



The world is in constant flux. New technologies emerge, landscapes shift, and the needs of our communities evolve. At Adamjee Insurance, we recognize that progress isn't just a destination – it's a continuous journey. This year's annual report is themed "A Vision for Progress," reflecting our unwavering commitment to be at the forefront of that journey.

This report will delve into the many ways Adamjee Insurance is playing its part in the vision for progress. As a leading insurance provider, we understand the importance of stability and security in a dynamic world. Our comprehensive insurance solutions are designed to empower individuals, families, and businesses to navigate change with confidence. But progress extends beyond simply offering financial protection. We see ourselves as active partners in shaping a brighter future.





About Our Annual Report 2023

Coverage & Contents

Adamjee Insurance Company Limited (the Company) proudly presents its annual report for the year 2023. The Annual Report 2023 covers the twelve-month period from 1 January 2023 to 31 December 2023. Significant events, if any, that took place up to the date of authorization of financial statements and date of directors' report i.e. March 26, 2024 have also been explained in relevant sections of the report. The most recent previous report of the Company was dated 31 December 2022.

The Company has included following content elements for the users of this report:

- **Organizational overview & external environment**

  This section introduces the users with our Vision & Mission, Core values, Code of conduct, ethics & values, Board of Directors and Management Team.

  It also provides information regarding our business model, geographical presence, products & services, achievements and the external environment in which we operate.

- **Strategy and resource allocation**

  This section educates the users about our short, medium and long term strategic objectives, strategies adopted and available resources along with their allocation to achieve these objectives.

- **Risk and opportunities**

  This section enables the users to understand key risk and opportunities facing the Company and how the Company is dealing with them.

- **Governance**

  This section contains Directors' report, Statement of Compliance with the Code of Corporate Governance and enables users to understand our ownership and operating structure.

  It also provides highlights regarding functioning of board committees as well as various Governance Policies of the Company.

- **IT Governance & Cybersecurity**

  This section provides insight regarding IT Governance and Cybersecurity Policies of the Company and Company's use of Enterprise Resource Planning (ERP) System.

- **Performance and Position**

  This section provides the users with relevant information and analysis of financial performance of the Company over the last six years.

- **Outlook**

  This section provides information regarding outlook of the Company and status of projects in pipeline.

- **Stakeholders' relationship and engagement**

  This section explains in detail the policies and measures being taken by the Company to engage and maintain healthy relationship with its stakeholders.

- **Sustainability and Corporate social responsibility**

  This section highlights our efforts for sustainability and our contribution towards society to fulfil our social responsibility.

- **Financial Statements**

  This section contains Unconsolidated Financial Statements, Consolidated Financial Statements and Financial Statements of Window Takaful Operations along with Auditors' Reports thereon.

- **Other Information**

  This section contains Notice of Annual General Meeting, Pattern of shareholding and other necessary information.

Scope and boundaries

The scope and boundaries of this report have been derived from following laws, rules, regulations and frameworks:

- International Financial Reporting Standards 'IFRS' issued by the International Accounting Standards Board 'IASB' as are notified under the Companies Act, 2017.
- Provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, the Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019.
- In case requirements of IFRS differ, the provisions of or the directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, the Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019, have been followed.
- Listed Companies (Code of Corporate Governance) Regulations, 2019
- Code of Corporate Governance for insurers, 2016
- International Integrated Reporting Framework, and
- Guidelines for best practices on corporate reporting prescribed by the joint committee of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost & Management Accountants of Pakistan (ICMAP).

Adoption of IR Framework and Responsibility for the report

The Company always strives for best practices in corporate reporting for all stakeholders and general public. Our commitment towards adoption of International Integrated Reporting Framework by applying fundamental concepts and guiding principles, in addition to content elements, into our annual report is a forward step to give an overview of the Company's philosophy to explain connection between its financial and non-financial information.

The board of directors of the Company acknowledges its responsibility to ensure integrity of this annual report and assesses that the presentation of this report in accordance with the International Integrated Reporting Framework is still at the preliminary stage. However, the Company will continue to hone the information produced to make it even easier to understand, while considering the interests of stakeholders reading this report.

External Assurances

Independent Auditors' Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

Yousuf Adil Chartered Accountants

Independent Auditors' Report on Audit of Unconsolidated Financial Statements

Yousuf Adil Chartered Accountants

Independent Auditors' Report on Audit of Consolidated Financial Statements

Yousuf Adil Chartered Accountants

Independent Reasonable Assurance Report to the Board of Directors on the Statement of Compliance with the Shariah Principles

Yousuf Adil Chartered Accountants

Shariah Advisor's Report to the Board of Directors

Mufti Muhammad Hassaan Kaleem

Independent Auditors' Report on Audit of Window Takaful Operations

Yousuf Adil Chartered Accountants

Basis of preparation and presentation

The information in this report has been included in accordance with the requirements of applicable laws, rules, regulations and frameworks as explained in 'Scope and boundaries' section. In addition to that the Company has benchmarked the materiality principle to gauge as to what information is to be disclosed in this report. Hence, this report contains only those matters which have material implications on the Company and its ability to create value over the short, medium and long term.

For feedback, suggestions and queries: info@adamjeeinsurance.com

11 Organizational Overview and External Environment

67 Strategy and Resource Allocation

77 Risks and Opportunities

85 Governance

125 IT Governance and Cybersecurity

131 Performance and Position

159 Outlook

165 Stakeholders Relationship and Engagement

170 Sustainability and Corporate Social Responsibility

184 Unconcolidated Financial Statements

253 Concolidated Financial Statements

359 Window Takaful Operations

407 Other Information

FINANCIAL HIGHLIGHTS

Rs. 44.3 Billion
Gross Premium & Contribution Written

Rs. 6.46
Earning Per Share

Rs. 3.9 Billion
Investment Income

Rs. 36 Billion
Investments

Rs. 30.6 Billion
Equity and Reserves

Rs. 25.5 Billion
Claims Paid

Rs. 90.1 Billion
Asset Base

Rs. 2.3 Billion
Profit After Tax

TABLE OF CONTENTS

ORGANIZATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT

27 Vision & Mission
28 Core Values
31 Strategic Objectives
32 Company Information
34 Code of Conduct, Ethics and Values
36 Chairman's Review (English)
37 Chairman's Review (Urdu)
38 Chief Executive Officer's Message
40 Board of Directors
43 Roles & Responsibilities of Chairman
45 Management Team
47 Roles & Responsibilities of Chief Executive Officer
48 Board Committees
48 Management Committees
49 Events Highlights 2023
50 Company Profile
51 Products and Services
52 Awards
54 Our Geographical Presence
56 Insurer Financial Strength Ratings
57 Organizational Structure
58 ISO 9001:2015 Certified Company
59 Competitive Landscape and Market Positioning
60 PESTEL Analysis
61 SWOT Analysis
62 Internal Value Chain Analysis
64 Our Leading Business Model
66 Legislative and Regulatory Environment
66 Political Environment and other countries that may affect our ability to implement our strategy
66 Effect of Seasonality on Business
66 Significant Changes from Prior Year

STRATEGY AND RESOURCE ALLOCATION

68 Strategic Objectives
68 Strategies in place to achieve our strategic objectives
70 Organizational Resources and Their Allocation
73 Statement of Value Addition and its Distribution
74 Factors Affecting Strategy and Resource Allocation
75 Our Commitment to Addressing Integrity and Ethical Issues
75 Initiatives for Promoting and Enabling Innovation
75 Strategy to Manage Liquidity and Repayment of Debts
75 Significant Plans and Decisions
75 Significant Decisions Regarding Restructuring of the Group
75 Significant Changes from Prior Years

RISKS AND OPPORTUNITIES

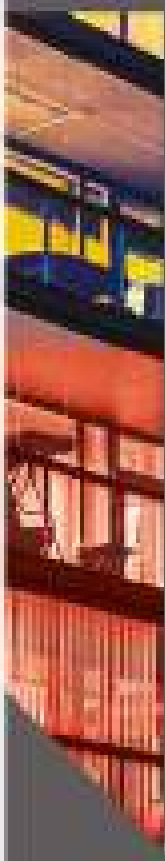
78 Enterprise Risk Management (ERM) Framework
79 Commitment of the Board in the ERM Process
80 Analysis of Key Risks
83 Analysis of Key Opportunities
84 Adequacy of Capital Structure

GOVERNANCE

86 Director Report (English)
102 Director Report (Urdu)
103 Statement of Compliance with the Code of Corporate Governance
108 Independent Auditors' Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance
109 Ownership / Shareholding Structure
110 Operating Structure
110 Relationship with Group Companies & its Nature
110 Name of independent Directors and justification for their independence
110 Statement on how board operates
110 Decisions taken by the Board
111 Decisions taken by Management
111 Performance evaluation of the Chairman, Board members, Board Committees and CEO
111 Board's performance evaluation by external consultant
111 Formal Orientation Courses for the Directors
111 Directors Training Program
111 External Oversight of Functions
112 Policy for Related Party transactions
112 Policy for actual and perceived conflict of interest
113 Governance of risks
113 Board's policy for diversity
113 Director remuneration
113 Policy regarding fee earned by executive Director against His services as non executive director in other Companies
113 Policy for Security Clearance of Foreign Directors
113 Board meetings outside Pakistan
113 Human Resource Management Policies including succession plan
114 Social and environmental responsibility policy
114 legitemate needs
114 Grievance policy
115 Whistle Blowing policy
115 Policy for safety records of the company
115 Business continuity plan (BCP)
115 Salient features of TOR and attendance in meetings of the Audit Committee
117 Report of the Audit Committee
120 TOR and attendance in Ethics, Human Resources and Remuneration Committee
120 TOR and attendance in Investment Committee
121 Use of external search consultancy in appointment of chairman or nonexecutive director
121 Chairman's significant commitments
121 Governance Practice exceeding legal requirements
122 Anti-Money Laundering and Countering Financing Terrorism Policy
122 Access to Reports and Enquiries
122 Stock Exchange Listing
122 Video Link of Chief Executive Officer's Review
123 Statement of Unreserved Compliance of International Financial Reporting Standards (IFRS) Issued by International Accounting Standards Board (IASB)
124 Statement Under Section 46(6) of the Insurance Ordinance, 2000

IT GOVERNANCE AND CYBERSECURITY

126 Enterprise Information Technology and Cybersecurity Governance
126 IT Governance Policy
126 Cybersecurity Policy
127 Board's Role and responsibility in IT Governance and Cybersecurity
127 Early Warning System



127 Independent Security Assessment
128 Resilient Contingency and Disaster Recovery
128 Advancement in digital transformation
128 Employees Education and Training on Cybersecurity
128 Board disclosure on Company's use of Enterprise Resource Planning (ERP) software
129 Integration of Core Business Processes & Modules
129 Management support in the effective implementation and continuous updation
129 User trainings of ERP software
129 Management of risks or control risk factors on ERP projects
129 Company's assessment of system security, access to sensitive data and segregation of duties
130 Key Capabilities of the Company's Information Technology Infrastructure:

PERFORMANCE AND POSITION
132 Performance Evaluation Against Targets / Budgets
133 Six Years Financial Performance (2018 - 2023)
134 Six Years - Horizontal Analysis (2018 - 2023)
135 Six Years - Vertical Analysis (2018 - 2023)
136 Six Years - Financial Ratios (2018 - 2023)
137 Six Years - Graphical Summary (2018 - 2023)
142 Comments on Horizontal and Vertical Analysis
143 Comments on Ratios
144 DuPont Analysis
145 Free Cashflows to the Company
146 Six Years' Summary of Cashflow Statements
147 Graphical Presentation of Financial Statements
149 Quarterly Performance Analysis 2023
150 Methods and Assumptions in Compiling Indicators
151 Market Statistics of AICL Share
152 Share price sensitivity analysis
152 Sensitivity analysis of change in market capitalization
152 Sensitivity to Foreign Currency Fluctuations
152 Major Capital Expenditures
153 Fair Value and Forced Sale Value of Property and Equipment
153 Significant immovable properties
153 Summary of significant transactions and events during the year
154 Loans, advances or investments made in foreign companies or undertakings
154 Human resource accounting policy
154 Management assessment of tax
155 Solvency Margin
156 Review of assets quality
156 Financial Events during the year
157 Disclosure of outstanding premium / unearned premium
157 Claims under different categories of policies
157 Insurance Sector Ratios

OUTLOOK
160 Forward Looking Statement

STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT
166 Identification of stakeholders
166 Stakeholder engagement policy
166 Stakeholders' engagement process & frequency
168 Steps to encourage minority shareholders to attend the general meetings
168 Investors' Relations section on the Company's website
169 Issues raised in last AGM, decisions taken and their implementation status
169 Corporate and Analyst briefing sessions
169 Highlights about redressal of Investors' Complaints

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY
172 Sustainability Statement
172 Board Statement
172 Chairman's Overview on Sustainability
173 Environment, Social, Governance and Our Contribution
174 Sustainability & Corporate Social Responsibility
175 Our Responsibility towards Sustainability
176 Health, Safety and Environment
177 Activities During the Year
182 Corporate Social Responsibility (Voluntary) Guidelines 2013 by SECP
182 Certifications Acquired for Best Sustainability and CSR Practices
183 Green Initiatives

Unconsolidated Financial Statements
186 Independent Auditor's Report
190 Unconsolidated Statement of Financial Position
191 Unconsolidated Profit and Loss Account
192 Unconsolidated Statement of Comprehensive Income
193 Unconsolidated Statement of Cash Flow
195 Unconsolidated Statement of Changes in Equity
196 Notes to the Unconsolidated Financial Statements

Consolidated Financial Statements
254 Independent Auditor's Report
258 Directors' Report to the Members
259 Consolidated Statement of Financial Position
260 Consolidated Profit and Loss Account
261 Consolidated Statement of Comprehensive Income
262 Consolidated Statement of Cash Flow
264 Consolidated Statement of Changes in Equity
265 Notes to the Consolidated Financial Statements

Window Takaful Operations
360 Shariah Advisor Profile
361 Statement of Compliance with the Shariah Principles
362 Independent Reasonable Assurance Report to the Board of Directors on the Statement of Compliance with the Shariah Principles
364 Shariah Advisor's Report to the Board of Directors
365 Independent Auditors' Report
367 Statement of Financial Position
368 Profit and Loss Account
369 Statement of Comprehensive Income
370 Statement of Changes in OPF and PTF
371 Cash Flow Statement
372 Notes To and Forming Part of Financial Statements

Other Information
408 BCR Criteria
421 Notice of 63rd Annual General Meeting
425 Pattern of Shareholding
427 E-Dividend Mandate Form
429 Form of Proxy



ORGANIZATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT





In life's journey, we're your trusted travel companion, safeguarding memories and ensuring peace of mind wherever you wander.





Just as a farmer tends to crops, we cultivate a secure environment for growth, ensuring prosperity for all.



The road ahead can be unpredictable, we become your sturdy shield and help you navigate any challenges, ensuring you reach your destination safely.









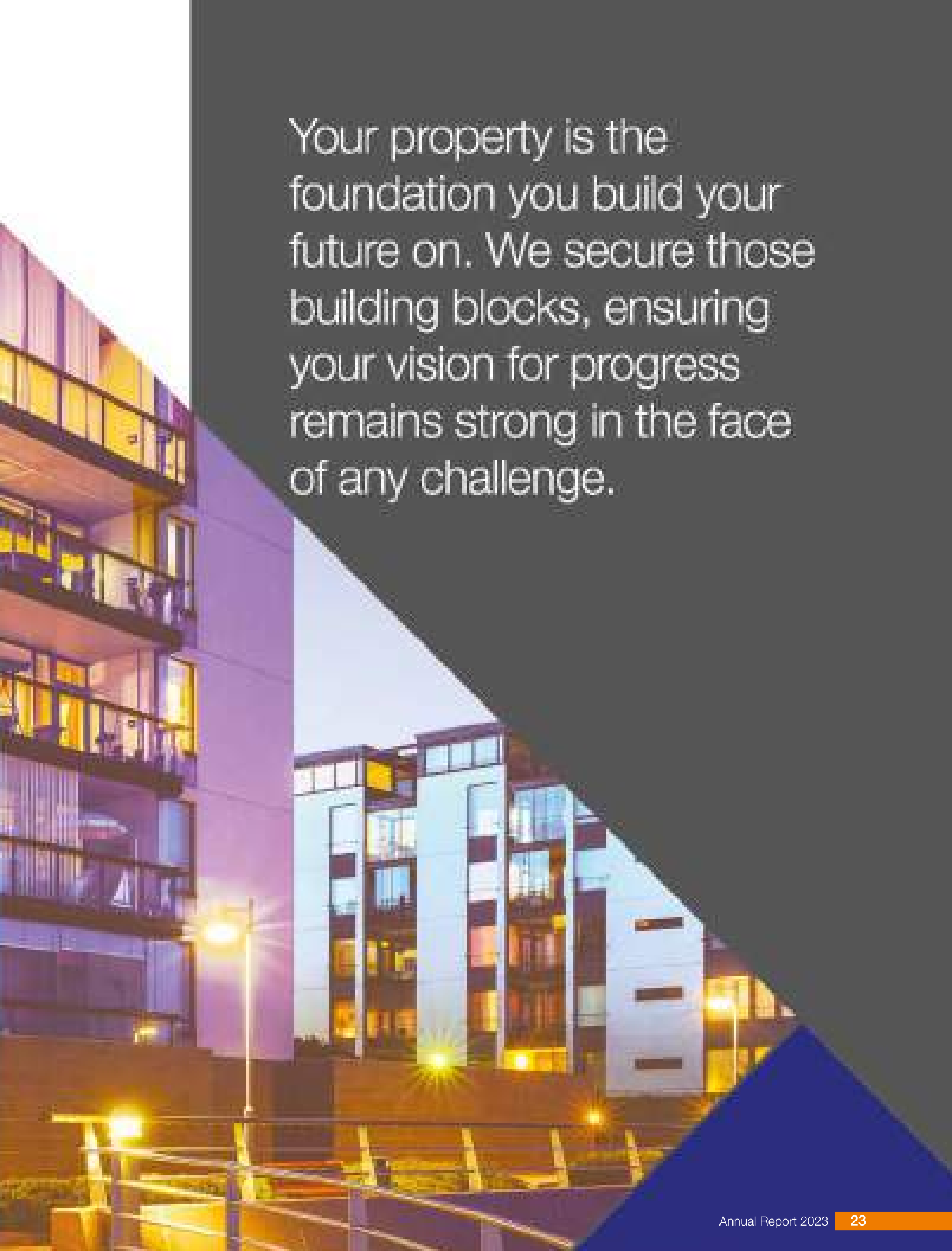
From cherished dreams to safeguarded tomorrows, we're dedicated to nurturing every aspect of your family's health and security.

Big dreams are built on solid ground. We act as the shield for your machinery, protecting it from unexpected breakdowns and setbacks. Focus on building the future, while we safeguard the tools that make it possible.









Your property is the foundation you build your future on. We secure those building blocks, ensuring your vision for progress remains strong in the face of any challenge.

Every voyage deserves smooth sailing. We become your invisible shield, and safeguard your cargo across sea, air, or land, while you focus on your vision.







VISION & MISSION

Our will is to **Explore, Innovate** and **Differentiate**.
Our Passion is to provide **Leadership** to the insurance industry.



CORE VALUES

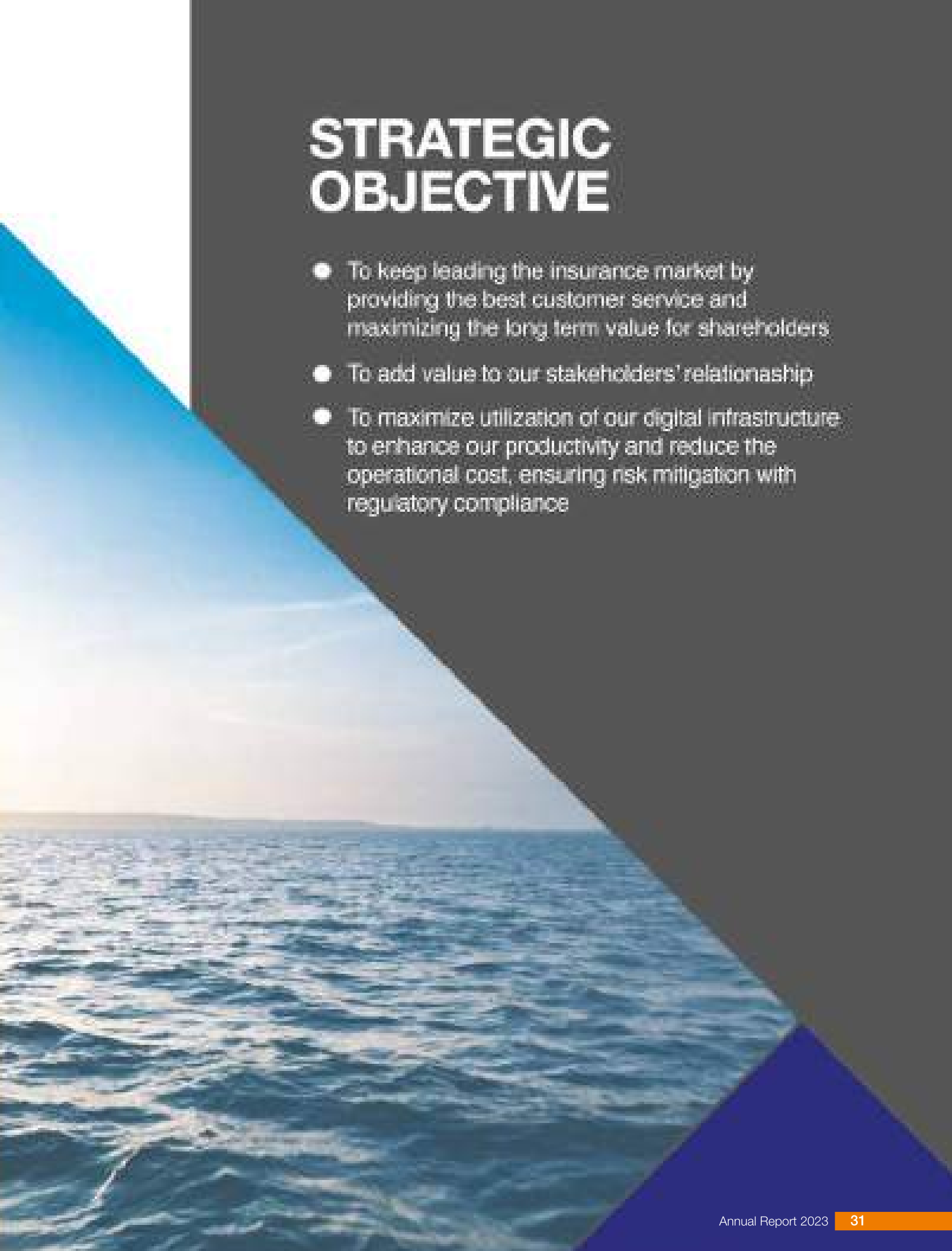
Integrity - Transparency and honesty without compromise
Humility - Empathy, self-esteem and respect in all relationships
Fun at Workplace - Work-life balance
Corporate Social Responsibility - Service to humanity





STRATEGIC OBJECTIVE

- To keep leading the insurance market by providing the best customer service and maximizing the long term value for shareholders
- To add value to our stakeholders' relationship
- To maximize utilization of our digital infrastructure to enhance our productivity and reduce the operational cost, ensuring risk mitigation with regulatory compliance



Company Information

BOARD OF DIRECTORS

Umer Mansha	Chairman
Ibrahim Shamsi	Director
Imran Maqbool	Director
Khawaja Jalaluddin	Director
Muhammad Arif Hameed	Director
Sadia Younas Mansha	Director
Shaikh Muhammad Jawed	Director
Muhammad Ali Zeb	Managing Director & Chief Executive Officer

ADVISOR

Mian Muhammad Mansha

AUDIT COMMITTEE

Muhammad Airf Hameed	Chairman
Ibrahim Shamsi	Member
Shaikh Muhammad Jawed	Member
Umer Mansha	Member

ETHICS, HUMAN RESOURCE AND REMUNERATION COMMITTEE

Khawaja Jalaluddin	Chairman
Umer Mansha	Member
Ibrahim Shamsi	Member
Muhammad Ali Zeb	Member

INVESTMENT COMMITTEE

Shaikh Muhammad Jawed	Chairman
Umer Mansha	Member
Imran Maqbool	Member
Muhammad Ali Zeb	Member
Muhammad Asim Nagi	Member

COMPANY SECRETARY

Tameez ul Haque, FCA

CHIEF FINANCIAL OFFICER

Muhammad Asim Nagi, FCA

EXECUTIVE MANAGEMENT TEAM

Muhammad Ali Zeb
Muhammad Asim Nagi
Adnan Ahmad Chaudhry
Asif Jabbar
Muhammad Salim Iqbal

AUDITORS

Yousuf Adil
Chartered Accountants
134-A, Abu Bakar Block
New Garden Town
Lahore, Pakistan

SHARIAH ADVISOR

Mufti Muhammad Hassan Kaleem

SHARE REGISTRAR

CDC Share Registrar Services Ltd
CDC House, 99-B, Block-B, S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi-74400
Tel: (92) 0800-23275
Fax: (92-21) 34326053

BANKERS

Askari Bank Limited
Abu Dhabi Commercial Bank, UAE
Allied Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank
Khushali Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
Mobilink Microfinance Bank Limited
National Bank of Pakistan
Samba Bank Limited
The Punjab Provincial Cooperative Bank Limited
United Bank Limited
Zarai Taraqiati Bank Limited

REGISTERED OFFICE

Adamjee House, 80/A, Block E-1,
Main Boulevard, Gulberg III,
Lahore - 54000, Pakistan
Phone: (92-42) 35772960-79
Fax (92-42) 35772868
Email: info@adamjeeinsurance.com
Web: www.adamjeeinsurance.com

Code of Conduct, Ethics and Values

As one of the leading insurance companies of Pakistan, we have great responsibility to conduct our business with utmost honesty and integrity. We prioritize the interests of our various stakeholders and create an environment that helps the business to achieve sustainable growth.

At Adamjee Insurance Company Limited (AICL) we pay close attention to the way we conduct our business in line with the standards set by the Board. This code of conduct contains the guidelines for it. We strive to follow these guidelines at all levels which helps us to create value for our stakeholders.

This code is ingrained in our organizational values and helps us in protecting the interests of our shareholders, investors, customers, employees, regulators and business partners.

The Company is proud of the values with which it conducts business. It has and will continue to uphold the highest levels of business ethics and personal integrity in all types of Business activities, transactions and interactions.

This Code of Conduct serves to:

- Emphasize the Company's commitment to ethics and compliance with the laws and regulations
- Set forth basic standards of ethical and legal behavior
- Provide reporting mechanisms for known or suspected ethical or legal violations
- Help prevent and detect wrongdoings

Salient Characteristics of Code of Conduct, Ethics and Values

Integrity

All Members of Board of Directors and Employees shall behave honestly and ethically at all times and with all people. They shall act in good faith, with due care, and shall engage only in fair and open competition, by treating competitors, suppliers, customers, and colleagues ethically. In case of any breaches that cause damage to the reputation of the Company, strict action will be taken immediately.

Customers

AICL is committed to providing the best customer experience and offer value in terms of the quality of the service. We make sure that our customers are fully satisfied with our service.

Shareholders

AICL strictly follows the principles of the Code of Corporate Governance and works in accordance with international standards to provide reliable, timely and accurate information to shareholders.

Business Partners

AICL is committed to ensure mutually beneficial relationships with its business partners. There is continuous engagement and communication to make sure business is conducted ethically and in accordance with the law.

Community Involvement

Being part of the corporate community, AICL recognizes its responsibility towards the society and strives to work towards the betterment of the community.

Health, Safety and Environment

Health, Safety and Environmental (HSE) responsibilities constitute an essential part of AICL's operations. These become the core of the Company's activities. The Company hopes to safeguard people's health and minimize the environmental impact of their jobs. AICL's HSE policy observes all existing laws, regulations and amendments.

Compliance with Laws, Rules and Regulations

Obeying the law, both in letter and inspirit, is the foundation on which the Company's ethical standards are built. In conducting business, the employees shall comply with applicable governmental laws, rules and regulations of the countries in which AICL operates. AICL ensures compliance with the Anti-Money Laundering (AML) Act, 2010, AML Rules, 2008 and the AML/CFT Regulations, 2018 together with the guidelines thereunder.

Use of Company assets

All employees should endeavor to protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the company's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation.

Confidentiality

Employees must maintain the confidentiality of the business information entrusted to them, except when disclosure is authorized. Business information includes information that might be harmful to the Company or its customers if disclosed. It also includes information that suppliers and customers have entrusted to the Company. The obligation to preserve confidential information continues even after employment ends.

Equal Employment opportunity

At Adamjee Insurance equal opportunities are given to all employees without any discrimination on the basis of age, race, ethnicity, religion and gender and these characteristics are not the basis of any employment decision.

Insider Trading

Employees should refrain from Insider trading at all costs and abide by the guidelines provided by SECP.

Conflict of Interest

A conflict can arise when an employee takes actions or has interests that may make it difficult to perform his or her work for the Company, objectively and effectively. Conflicts of interest may also arise when an employee or members of his or her family, receives personal benefits as a result of his or her position at the Company.

- An employee has a prime responsibility to the company and is expected to avoid any activity that could interfere with that responsibility.
- The Company purchases equipment, material, and services for various aspect of its operations. The employees are forbidden from holding any personal financial interest, directly or indirectly in any deal of supplying goods or services to the Company.
- Employees should not engage in any outside business or activity that might interfere with their duties and responsibilities to the Company.
- Any conflict of Interest should be reported to the respective line manager.

Anti-Bribery and Corruption

It is mandatory for all stakeholders to comply with the rules and laws set to govern corruption and bribery. Employees are prohibited to engage in such activities and in case of any breach, severe penalties will have to be faced.

Political Participation

No membership of any political party or involvement in any political movement is allowed. Moreover, from any political representatives / authorities influence is strictly prohibited.

Workplace Harassment

AICL will maintain an environment that is free from harassment and in which everyone is equally respected. Workplace harassment is defined as any action that creates an intimidating, hostile or offensive work environment. Such actions include, but are not limited to, sexual harassment, disparaging comments based on gender, race or religion.

Receiving gifts or Favors

All employees are expected to refrain from receiving any gifts or favors that gives the employee an unfair advantage and might affect the ability of the employee to take unbiased decisions. In case if a gift is received by an employee, it should be submitted to the supervisor as soon as possible.

External Communication & Media Relations

At AICL all employees should report to the Marketing Department and take written approval for any contact with media or writing any type of article which represent or misrepresent the Company position in any mean, Chairman, CEO, CFO and Company Secretary or employee nominated by CEO are authorized to contact media.

Use of Personal Devices at Work

Employees are only allowed to use their personal devices such as cell phones and laptops for business purposes such as attending business call. Personal should only be attended when it's unavoidable.

Whistle Blowing Policy

AICL has a formal whistle blowing policy in place to protect employees from any improper acts and provides them a medium to report any illegal, improper or unethical acts. The employees may also report questionable behavior by sending an email to voice@adamjeeinsurance.com (confidentiality will be ensured).

Chairman's Review

I feel privileged to present my review to the valued shareholders on the overall performance of Adamjee Insurance Company Limited with a particular focus on the performance of the Board of Directors and its efficacy in directing the Company to achieve its strategic goals.

In the year 2023, the business continued to face the persistent challenges in the form of ongoing economic uncertainty, emerging hostilities at the political front, cross-border security concerns, low business confidence, changing regulations, market volatility and cut-throat competition. These uncertainties coupled with pressures on foreign exchange reserves and unimproved trade deficit, unfortunately, continued the downward economic spiral.

Notwithstanding these challenges, our firm commitment to achieve our strategic objectives has been evident from the accomplishments made through the dedicated and concerted efforts of our Board of Directors, remarkably proficient executive management and highly skilled operating team. Against all odds, Adamjee Insurance has remained steadfast in its commitment to customer service and upholding its responsibilities.

The Board places major emphasis on safeguarding the interest of the stakeholders and keeps robust oversight on risk management and internal controls system. Alongside the business processes, the Board places increasing emphasis on ESG practices. Targets in important sustainability areas were defined and required actions were completed during the year.

Our highly structured governance regime, close at hands with the expertise of our Board of Directors was instrumental in navigating through the ever-growing complexities while achieving our strategic goals. I deeply appreciate our employees for their dedication and resilience, especially during challenging these times.

Our company's commitment to sustainable practices significantly impacts our financial performance. Sustainability goes beyond being a moral imperative; it represents a strategic business opportunity. Through the adoption of sustainable practices, we optimize operational efficiency and reduce costs while improving resource allocation. Additionally, our focus on sustainability enhances our brand reputation, attracts customers, and sets us apart in the market. These efforts also serve to mitigate risks, ensuring our resilience amidst environmental, social, and regulatory challenges. Moreover, sustainable initiatives open avenues for new revenue streams and business opportunities, aligning us with emerging markets and driving long-term growth. This highlights the essential association between sustainable practices and financial success, emphasizing the strategic advantages of integrating sustainability into our company's operations.

Finally, I would like to extend my gratitude to our business partners, reinsurers, the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, and the Pakistan Stock Exchange for placing trust in us. Our commitment to stakeholders remains paramount. Upholding high corporate standards and fostering an ethical, inclusive culture are central to our growth strategy. We prioritize talent development and innovation to enhance customer experience and maintain our market leadership.

In the year 2024, we are optimistic and fully equiped to face the challenges that lie ahead. Newly elected government is expected to provide some confidence to the businesses which in turn will create opportunities. We will continue to invest in our people, processes, and technology to maintain our position as leader in Pakistan's insurance industry. With the support of our stakeholders, we are confident in maintaining our position as the most trusted and respected insurance brand in Pakistan.

Umer Mansha
Chairman



چیئرمین کا جائزہ

میں اپنے قابلِ قدر شیئر ہولڈرز کے سامنے آدمجی انشورنس کمپنی لمیٹڈ کی مجموعی کارکردگی پر اپنا جائزہ اور خاص طور پر بورڈ آف ڈائریکٹرز کی کارکردگی اور کمپنی کو اپنے اسٹریٹجک اہداف کو حاصل کرنے کی ہدایت دینے میں اُس کی افادیت پر تبصرہ پیش کرتے ہوئے فخر محسوس کر رہا ہوں۔

سال 2023ء میں، کاروبار کو تواتر کے ساتھ معاشی غیر یقینی صورتحال، سیاسی محاذ پر اُبھرتی ہوئی مخاصمتوں، سرحد پار سکیورٹی خدشات، کاروباری عدم اعتماد، بدلتے ہوئے ضوابط، مارکیٹ میں اُتار چڑھاؤ اور سفّاک مقابلے کی صورت میں مسلسل چیلنجز کا سامنا کرنا پڑا۔ ان غیر یقینی صورتحال کے ساتھ ساتھ غیر ملکی زرِمبادلہ کے ذخائر پر دباؤ اور بہتر نہ ہوتے تجارتی خسارے نے بدقسمتی سے نیچے کی طرف معاشی بھنور کے تسلسل کو جاری رکھا۔

اِن چیلنجز کے باوجود، اپنے اسٹریٹجک مقاصد کو حاصل کرنے کے لیے ہمارا پختہ عزم، ہمارے بورڈ آف ڈائریکٹرز، خاص طور پر ماہر ایگزیکٹیو مینجمنٹ اور انتہائی ہنرمند آپریٹنگ ٹیم کی بھرپور اور ٹھوس کوششوں کے ذریعے حاصل کی گئی کامیابیوں سے بالکل واضح ہے۔ تمام تر مشکلات کے باوجود، آدمجی انشورنس کسٹمر سروس کے لیے اپنی وابستگی اور اپنی ذمّے داریوں کو نبھانے میں نہایت ثابت قدم ہے۔

بورڈ، اسٹیک ہولڈرز کے مفادات کے تحفّظ پر زیادہ زور دیتا ہے اور رِسک مینجمنٹ اور اندرونی کنٹرول سسٹم پر مضبوط نگرانی رکھتا ہے۔ کاروباری عمل کے ساتھ ساتھ، بورڈ ای ایس جی کے طریقوں پر زیادہ توجّہ دیتا ہے۔ پائیداری کے اہم شعبوں میں اہداف کا تعیّن کیا گیا اور سال کے دوران مطلوبہ امورِ کار کو مکمل کیا گیا۔

ہمارے بورڈ آف ڈائریکٹرز کی مہارت کے ساتھ، ہماری انتہائی منظّم گورننس کا نظام ہمارے اسٹریٹجک اہداف کو حاصل کرنے کے دوران لگاتار بڑھتی پیچیدگیوں سے گزرنے میں اہم کردار ادا کر رہا ہے۔ میں اپنے ملازمین کی خاص طور پر اس چیلنج کے دوران اُن کی لگن اور استقامت کو دل کی گہرائیوں سے سراہتا ہوں۔

پائیدار طور طریقوں سے ہماری کمپنی کی وابستگی ہماری مالی کارکردگی پر نمایاں طور پر اثر انداز ہوتی ہے۔ پائیداری ایک اخلاقی ضرورت سے بھی بڑھ کر ہے۔ یہ ایک اسٹریٹجک کاروباری موقع کی نمائندگی کرتی ہے۔ پائیدار طور طریقوں کو اپنانے سے ہم وسائل کی تقسیم کو بہتر بناتے ہوئے آپریشنل کارکردگی کو نکھارتے ہیں اور اخراجات کو کم کرتے ہیں۔ مزید یہ کہ پائیداری پر ہماری توجّہ ہمارے برانڈ کی ساکھ کو مستحکم کرتی ہے، یہ صارفین کو اپنی طرف متوجّہ کرتی ہے، اور ہمیں مارکیٹ میں ایک امتیازی خصوصیت عطا کرتی ہے۔ یہ کوششیں ماحولیاتی، سماجی اور ریگولیٹری چیلنجز کے درمیان ہماری قوّت کو یقینی بناتے ہوئے خطرات کو کم کرنے میں بھی مددگار ثابت ہوتی ہیں۔ اِس کے علاوہ، پائیدار اقدامات آمدن کے نئے سلسلے اور کاروباری مواقع کے لیے راہیں کھولتے ہیں، جو ہمیں اُبھرتی ہوئی مارکیٹس کے ساتھ ہم آہنگ کرتے ہیں اور طویل مدّتی ترقّی کو فروغ دیتے ہیں، جس سے ہماری کمپنی کے امورِ کار میں پائیداری کو ضم کرنے کے اسٹریٹجک فوائد پر زور دیتے ہوئے، پائیدار طور طریقوں اور مالیاتی کامیابی کے درمیان ضروری تعلق بھی نمایاں اور واضح ہوتا ہے۔

آخر میں، میں اپنے کاروباری شراکت داروں، ری انشورررز، اسٹیٹ بینک آف پاکستان، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اور پاکستان اسٹاک ایکسچینج کا ہم پر اعتماد کرنے کے لیے شکریہ ادا کرنا چاہوں گا۔ اسٹیک ہولڈرز کے ساتھ ہماری وابستگی سب سے اہم ہے۔ ادارہ جاتی اعلیٰ معیارات کو برقرار رکھنا اور ایک اخلاقی، جامع ثقافت کو فروغ دینا ہماری ترقّی کی حکمتِ عملی میں مرکزی حیثیت رکھتا ہے۔ ہم صارفین کے باہمی تجربے کو بڑھانے اور اپنی مارکیٹ کی قیادت کو برقرار رکھنے کے لیے ٹیلنٹ کی ترقّی اور اختراع کو ترجیح دیتے ہیں۔

سال 2024ء میں، ہم پُرامید ہیں اور آنے والے چیلنجز کا مقابلہ کرنے کے لیے پوری طرح تیّار ہیں۔ نومنتخب حکومت سے توقع کی جاتی ہے کہ وہ کاروباری اداروں کو کچھ اعتماد فراہم کرے گی جس کے نتیجے میں مواقع پیدا ہوں گے۔ ہم پاکستان کی انشورنس انڈسٹری میں اپنی پوزیشن کو برقرار رکھنے کے لیے اپنے لوگوں، امورِ کار اور ٹیکنالوجی میں سرمایہ کاری جاری رکھیں گے۔ اپنے اسٹیک ہولڈرز کے تعاون سے، ہم پاکستان میں سب سے قابلِ اعتماد اور قابلِ احترام انشورنس برانڈ کے طور پر اپنی پوزیشن کو برقرار رکھنے میں نہایت پُراعتماد ہیں۔

عمر منشا
چیئرمین

CEO Message

I am pleased to present the Company's Annual Report for the financial year 2023.

Distress in the local political landscape and the effects of global economic headwinds on Pakistan economy, did not restrain Adamjee Insurance Company Limited from registering a year-on-year growth in Written Premiums and Contribution Margin of 26% to Rs. 44.3 billion (2022 Rs. 35.2 billion), the highest ever premiums written by Adamjee Insurance. A considerable growth was also witnessed in the Profit before Tax. We are optimistic about maintaining this positive trajectory in future as well.

Our unwavering commitment and a robust and well deliberated business strategy navigated us in crossing over the ever-growing complexities in the business environment but also achieving significant milestones in business growth, operational efficiency, and customer satisfaction.

Our customer-centric strategy has placed us at the forefront of the insurance industry. By streamlining processes, fostering deeper customer relationships and delivering an exceptional value, we have secured, during the reported year, the largest market share in the Insurance Industry. We remain steadfast in our commitment to long-term shareholders' value while exceeding customer expectations with high-quality products and services.

At Adamjee Insurance, we strive to observe the highest ethical standards, consistent and unflagging compliance with an inclusive workplace culture, which fosters a systematic environment with open communication, performance recognition and professionalism. We prioritize talent development with continuous training, thriving creativity and innovation for mutual development and growth.

Our journey of accomplishments, realization and exclusivity in success continues. Our future strategy focuses on sustained business growth, establishing AICL as one-stop solution for all insurance needs. Innovation, operational excellence, and investment in cutting-edge technology are at the core of our mission to exceed customer satisfaction and retain market leadership.

We are committed to leveraging the latest technology to deliver seamless access to our products and services, prioritizing superior value for our customers. We acknowledge the challenges ahead but are confident in our preparedness to navigate the evolving insurance landscape. Open communication and transparency remain core values, differentiating us in disclosures and fostering stronger relationships with shareholders and stakeholders.

My heartfelt gratitude goes out to our Chairman and the Board of Directors, for their trust and unflinching support, which have been instrumental in making 2023, a successful year. Finally, I would like to thank our shareholders, regulators, bankers and employees for their untiring contribution and support in achieving our strategic goals. I look forward to a renewed zeal and passion in the year 2024.

Muhammad Ali Zeb
Chief Executive Officer



BOARD OF DIRECTORS



Board of Directors



Umer Mansha

Chairman

Mr. Umer Mansha holds a bachelor's degree in Business Administration from USA. He has served on the Board of Directors of various listed companies for more than 23 years. He also holds the position of Chief Executive Officer of Nishat Mills Limited. In addition, he has been serving on the boards of various other businesses.

Other Directorships:

- Adamjee Life Assurance Company Ltd.
- Hyundai Nishat Motor (Pvt) Limited
- MCB Bank Limited
- National Textile Foundation
- Nishat (Raiwind) Hotels & Properties Ltd.
- Nishat Agriculture Farming (Private) Limited
- Nishat Agrotech Farms (Pvt) Limited (Incorporated on May 31, 2018)
- Nishat Dairy (Private) Limited
- Nishat Developers (Private) Limited
- Nishat Hotels & Properties Ltd
- Nishat Mills Ltd.
- Nishat Sutas Dairy Limited



Ibrahim Shamsi

Director

Ibrahim Shamsi is the Chief Executive Officer of Joyland (Pvt.) Limited and AA Joyland (Pvt.) Limited and is the Chairman of Cotton Web (Pvt.) Limited. Ibrahim earned his MBA from the Lahore University of Management Sciences (LUMS). He has done Advance Management Program from Harvard University, USA.

Other Directorships:

- A. Joyland (Pvt) Limited
- MCB Islamic Bank Ltd
- AFLAK Developers
- AGROHUB INTERNATIONAL (PVT) LTD
- Cotton Web Limited
- Dupak Developers Pakistan Pvt. Limited
- Dupak Premier Properties (Pvt) Ltd
- Dupak Properties (Pvt) Limited
- Dupak Residency (Pvt) Ltd
- Dupak Tameer Limited
- Fortress Financials Services Pvt. Ltd.
- Fortress Square Services (Pvt) Limited
- Fortress Developers (Private) Limited
- Ibsal Properties Limited
- Joyland Construction Pvt Ltd.
- Joyland Entertainment (Pvt) Ltd
- Joyland Limited
- Siddiqsons Limited.
- Siddiqsons Tin Plate Limited
- SIDDIQSONS ENEREGY LIMITED
- Fortress Builder Private Limited
- Dupak Skyline Private Limited
- Dupak Towers Private Limited
- Ashrie Tech Pvt Ltd



Mohammad Arif Hameed

Director

Mohammad Arif Hameed is a former Managing Director of Sui Northern Gas Pipelines Ltd., a company he served for 37 years. He has vast managerial experience in Gas Distribution, Sales, Billing, Logistics Support, Procurement, and Legal. He has served as Director on the Boards of Sui Southern Gas Company Ltd., Inter State Gas System (Pvt.) Ltd., Petroleum Institute of Pakistan and LUMS. He is a Mechanical Engineer by profession and is registered with the Pakistan Engineering Council (PEC). He also holds a Masters in Administrative Sciences and is a Law Graduate from University of the Punjab, Lahore.



Imran Maqbool

Director

Imran Maqbool served as President & Chief Executive Officer of MCB Bank Limited (MCB) for nine years. Before taking on CEO position, he severed MCB for ten years in senior management positions covering Retail, Islamic, Corporate, Special Assets and Sri Lanka Operations of the Bank. Prior to joining MCB in 2002, Mr. Maqbool worked in local banking operations of Bank of America and Citi Bank for more than 17 years. He is a seasoned professional with over 36 years of diverse banking experience. Mr. Maqbool has served as Board member of multinational and local companies, including Vice Chairman of Pakistan Banks' Association. He holds MBA degree from Institute of Business Administration (IBA) Karachi and MS in Management from MIT Sloan School of Management, Massachusetts USA.

Other Directorships:

- Adamjee Life Assurance Company Limited



Khawaja Jalaluddin

Director

Khawaja Jalaluddin is the Chairman of Masood Roomi - one of the most modern and vertically integrated textile setups exporting globally with professionals on board in multi-faceted business domains comprising of Textiles, Trading & Real Estates Development.

He is an MBA with professional accreditations and certifications from Switzerland in the field of textiles and finance from UK. His diversified professional experience, rich business portfolio and associations with various Government, Semi Government and Public Limited Companies, have helped them institutionalize pragmatic business solutions.

Besides serving on the boards of few corporate entities he is also actively involved in various philanthropic projects for the wellbeing of the society.

- Ex-President Multan & DG Khan Chamber of Commerce and Industries
- Director Arif Habib Corporation Limited
- Executive Member Pakistan Business Council
- Director Punjab Board of Investment & Trade
- Chairman Institute of Cardiology, Multan
- Former Chairman Board of Management Nishtar Medical College and Hospital

Other Directorships:

- Masood Fabrics Limited
- Roomi Fabrics Limited
- Masood Holdings (Pvt) Limited
- Roomi Holdings (Pvt) Limited
- Masood Apparels (Pvt) Limited
- Masood Roomi Textile Mills (Pvt) Limited
- Roomi Home (Pvt) Limited



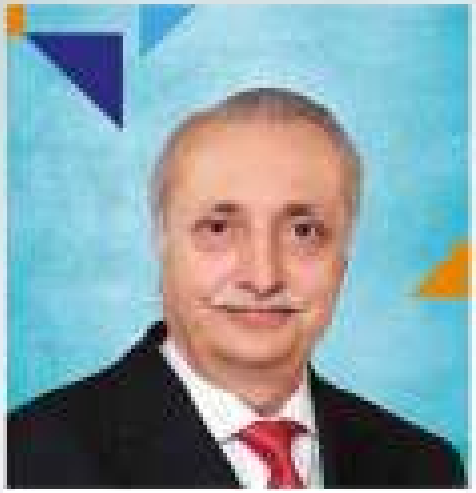
Sadia Younas Mansha

Director

Sadia Younas Mansha has more than 19 years of diversified professional experience in Textile, Knitwear, Dairy and Agriculture Farming. She is currently serving in the capacity of Managing Director of Nishat Dairy (Pvt) Limited and Nishat Agriculture Farming (Pvt) Limited. She is also the Chief Executive Officer of Golf View Land (Pvt) Limited.

Other Directorships:

- Golf View Land (Pvt) Limited
- Nishat Agriculture Farming (Private) Limited
- Nishat Sutas Dairy Limited
- Nishat Dairy (Private) Limited
- Pakgen Power Limited



Shaikh Muhammad Jawed

Director

S. M. Jawed possesses extensive expertise in the efficient management of cutting-edge industrial operations. His remarkable technical proficiency has earned numerous accolades and merits for outstanding performance in exporting industrial products from Pakistan. Under his guidance, the industrial entity he leads has received prestigious awards, contributing significantly to the country's foreign exchange reserves.

A recipient of technical education in Industrial Technology from the UK, Mr. S. M. Jawed has been honored with a Gold Medallion Award from the International Export Association, UK, highlighting the company's excellence in production and export.

In addition to his leadership in the industrial sector, he holds Directorship / shareholding in following entities, reflecting his diverse business interests.

Other Directorships:

- Adamjee Life Assurance Co. Limited.
- Din Textile Mills Limited;
- Din Leather (Pvt.) Limited;
- Din Farm Products (Pvt.) Limited;
- MCB Bank Limited;



Muhammad Ali Zeb

Managing Director &
Chief Executive Officer

Muhammad Ali Zeb is a fellow member of the Institute of Chartered Accountants of Pakistan and completed post graduate diploma in Organizational Leadership from Saïd Business School, University of Oxford. He has over 29 years of diverse experience in the Manufacturing, Financial and Insurance sectors. He started his professional career from Nishat Mills in 1995 and joined Adamjee Insurance as the Chief Financial Officer in 2005 where he was promoted as Executive Director Finance. He was appointed as the Chief Executive Officer in 2008 and remained in this position until March 2011. Before rejoining Adamjee Insurance as the Chief Executive Officer in June 2013. Ali also served as the Chief Financial Officer at City School (Pvt) Limited. He has served as the Chairman, Insurance Association of Pakistan in 2014.

Other Directorships:

- Adamjee Life Assurance Company Limited
- MCB Bank Limited
- Nishat Sutas Dairy Limited
- Pakgen Power Limited

Role and Responsibilities of Chairman

- Chairman provides leadership to the Board and presides the Board meetings.
- Establishes a strong governance structure in which not only the effectiveness of the overall Board, but also of an individual member, increases.
- Creates an environment that promotes open communication, strong corporate relations that allow every individual member to express their view points and have constructive debates at Executive and management level of the organization.
- Exercise strict impartiality on every matter and ensures to act in accordance with the provisions of the Companies Act 2017, Codes of the Corporate Governance and the Memorandum and Articles of Association of the Company.
- Ensures that the Company's policies and objectives set by the Board are in the best interests of the organization and encourage future development and sustainable long term growth.
- Conduct meetings with the Chief Executive Officer (CEO) to ensure that the objectives and strategies set by the Board are successfully implemented by the management.
- Makes sure that all the important issues and upcoming changes are thoroughly discussed in the Board meetings and a way forward is established.
- Ensures that shareholders' and other stakeholders' views are taken into consideration and effective communication is established between the stakeholders and the Board.



Management Team



Muhammad Ali Zeb

Managing Director & Chief Executive Officer

Muhammad Ali Zeb is a fellow member of the Institute of Chartered Accountants of Pakistan and completed post graduate diploma in Organizational Leadership from Saïd Business School, University of Oxford. He has over 29 years of diverse experience in the Manufacturing, Financial and Insurance sectors. He started his professional career from Nishat Mills in 1995 and joined Adamjee Insurance as the Chief Financial Officer in 2005 where he was promoted as Executive Director Finance. He was appointed as the Chief Executive Officer in 2008 and remained in this position until March, 2011. Before rejoining Adamjee Insurance as the Chief Executive Officer in June 2013. Ali also served as the Chief Financial Officer at City School (Pvt) Limited. He has served as the Chairman, Insurance Association of Pakistan in 2014.



Muhammad Asim Nagi

Executive Director Finance & Chief Financial Officer

Muhammad Asim Nagi has over 26 years of experience in Accounts and Finance. He is an Economics graduate from University College London and is a Fellow of the Institute of Chartered Accountants in England & Wales. Asim is also a member of the Institute of Chartered Accountants of Pakistan and a Fellow of the Association of Chartered Certified Accountants in United Kingdom. He has worked with a number of organizations at the management level in the UK, including Ernst & Young LLP and UHY Hacker Young LLP in London. His experience in UK comprised assurance and transaction advisory, in particular, IPOs, stock exchange flotations and reverse takeovers. He has also worked with A.F. Ferguson & Co., Chartered Accountants (a member firm of Pricewaterhouse Coopers) and has headed the Internal Audit function at DH Corporation Limited. Asim has been with Adamjee Insurance Company Limited since November 2011 and has served as the Executive Director Finance & Chief Financial Officer since 2014.



Adnan Ahmad Chaudhry

Executive Director Commercial

Adnan Ahmad Chaudhry has over 31 years of combined experience in engineering, manufacturing, and insurance sectors. He has done his Master's in Counselling and Coaching for Change from INSEAD. He is a qualified engineer B.E. (Electrical) from UET Lahore. He started his career in 1993 from Arden Engineering & Automation after which he moved to ALSTOM in 1995. He served as Senior Sales Engineer (Abu Dhabi Branch) at Al Hassan Group of Companies in 2000 and as General Manager Sales & Operations at Classic Needs Pakistan (Pvt.) Ltd. from 2003 to 2007.

Adnan has been with Adamjee Insurance since 2008, joined as the Head of Motor Department and became General Manager Operations in 2010 and has served as the Executive Director Commercial since 2013.



Asif Jabbar

Executive Director Technical

Asif Jabbar has 31 years of insurance experience in the areas of underwriting, risk management, operations, and sales. He started his career in 1993 with Adamjee Insurance Company Limited where he held different leadership roles. In 2012, he moved to Marsh Operations in Pakistan with Unique Insurance Brokers as Chief Operating Officer. As an insurance broker, the areas of his specialty were energy, property, and business interruption. In 2013, he rejoined Adamjee Insurance Company Limited as an Executive Director Technical. He specialises in Project Finance Insurance. He holds a Bachelor's degree in Commerce & Economics. He is a Fellow of the Chartered Insurance Institute, London and a Chartered Insurer from CII, London. He is also a CMILT from London.



Muhammad Salim Iqbal

Executive Director Reinsurance

Muhammad Salim Iqbal has over 35 years of experience in the insurance and reinsurance sector. Salim started his career in 1987 from Wahidis Associates (Pvt.) Ltd. He then joined Adamjee Insurance in 1989 as Probationary Officer and was progressively promoted to the position of Deputy Chief Manager - Engineering Department in 1994, after which he joined Al-Dhafra Insurance Company, Abu Dhabi in 1995 as Manager Marine Aviation and Reinsurance. Salim returned to Pakistan in 2005 and joined New Jubilee Insurance Company as Head of Reinsurance. He later joined Adamjee Insurance Company Ltd. in 2006 as Deputy General Manager, Reinsurance. He moved on to IGI Insurance Limited in 2009 as Head of Underwriting and rejoined Adamjee Insurance in 2010 as General Manager Technical. Salim is currently serving as Executive Director Reinsurance. He is a Chartered Insurer and Life Member of Pakistan Engineering Council.

Muhammad Salim Iqbal is a qualified engineer B.E. (Civil Engg.) and Fellow of Chartered Insurance Institute (FCII). He has served as member of IAP's Fire Section Committee & Engineering Insurance Sub-committee in 2009-10 and was also a member of Marine Technical Committee of Emirates Insurance Association from 1997 till 2005.

Role and Responsibilities of Chief Executive Officer

- Responsible for leading the Company's long term strategies that maximize shareholders value.
- Provides leadership to the management to efficiently and effectively run the business processes in accordance with the plans and policies approved by the Board. Furthermore, decides the course of actions needed to achieve the objectives set by the Board.
- Be a communication bridge between the Board and the management and convene meetings with Chairman on the critical issues that need to be discussed with the Board.
- Ensures that the Board is provided with relevant information on timely basis for making important decisions
- Engage in effective communication with various stakeholders and establish strong relationships.
- Undertake all necessary actions in ordinary course of business which are in interest of the Company
- Have the authority to appoint or terminate any employee except the appointment, remuneration and terms and conditions of employment of the Chief Financial Officer and the Company Secretary which is determined by the Board and they shall be removed only after the approval of the Board.
- To ensure that the Company maintains the highest standards in conducting the business with regard to applicable laws and regulations.
- To monitor risk management to make sure that management is able to control and mitigate risks.
- Ensure that effective and efficient internal controls are established and followed by the management.

Board Committees

Audit Committee:

Muhammad Arif Hameed	Chairman - Independent Director
Ibrahim Shamsi	Member - Non-Executive Director
Shaikh Muhammad Jawed	Member - Non-Executive Director
Umer Mansha	Member - Non-Executive Director

Investment Committee:

Shaikh Muhammad Jawed	Chairman - Non-Executive Director
Imran Maqbool	Member - Non-Executive Director
Umer Mansha	Member - Non-Executive Director
Muhammad Ali Zeb	Member - Executive Director
Muhammad Asim Nagi	Member - Chief Financial Officer

Ethics, Human Resources and Remuneration Committee:

Khawaja Jalaluddin	Chairman - Independent Director
Ibrahim Shamsi	Member - Non-Executive Director
Umer Mansha	Member - Non-Executive Director
Muhammad Ali Zeb	Member - Executive Director

Management Committees

Underwriting Committee:

Umer Mansha	Chairman
Muhammad Ali Zeb	MD & CEO
Asif Jabbar	Head of Underwriting

Claim Settlement Committee:

Muhammad Ali Zeb	Chairman
Muhammad Asim Nagi	Chief Financial Officer
Syed Ameer Hassan Naqvi	Head of Claims

Risk Management & Compliance Committee:

Muhammad Ali Zeb	Chairman
Muhammad Asim Nagi	Chief Financial Officer
Asif Jabbar	Head of Risk Management
Syed Ameer Hassan Naqvi	Head of Compliance /Claims
Tameez ul Haque	Company Secretary
Hafiz Muhammad Usman Zahid	Compliance Officer

Reinsurance & Coinsurance Committee:

Muhammad Ali Zeb	Chairman
Muhammad Salim Iqbal	Head of Reinsurance
Asif Jabbar	Head of Underwriting
Adnan Ahmad Chaudhry	Head of Commercial

Events Highlights 2023

MARCH

EARTH DAY

MARCH

PAKISTAN DAY CELEBRATION

MARCH

WORLD WATER DAY

APRIL

WORLD ENVIRONMENT DAY

APRIL

INSURANCE DAY CELEBRATION

MAY

BLOOD DONATION DRIVE

AUGUST

INDEPENDENCE DAY CELEBRATION

AUGUST

WORLD NO TOBACCO DAY

AUGUST

EMPLOYEES WELLBEING SEMINAR

SEPTEMBER

INTERNATIONAL WOMEN'S DAY

SEPTEMBER

SEMINAR ON "TEXTILE RISK"

OCTOBER

PINK RIBBON DAY

NOVEMBER

ARC SPORTS FESTIVAL

NOVEMBER

TAKAFUL TRAINING

DECEMBER

HEALTH, SAFETY & ENVIRONMENT AWARENESS PROGRAM

Company Profile

Adamjee Insurance Company Limited (AICL) is one of the largest general insurance companies in Pakistan, incorporated as a Public Limited Company on 28 September 1960 and is listed on Pakistan Stock Exchange Limited. AICL has a unique advantage of having regional presence in United Arab Emirates (UAE) and maintains its standing through an unwavering commitment to its corporate philosophy. AICL's competitive advantage is achieved by having the largest paid-up capital and reserves, and a well-diversified business portfolio.

A Truly Dynamic Business Setting

AICL aims to deliver innovative customer solutions, owing to its wide-ranging line of products. Its employees are dedicated to delivering their best for its valued customers, trained with all the skills necessary for a truly outstanding customer service. The Company's focus on strengthening and expanding its global presence is reflected in its tapping the growth potential available in the UAE market. AICL has life assurance operations under a separate entity namely, Adamjee Life Assurance Company Limited.

Delivering Value to Customers

Adamjee Insurance is broadly involved in underwriting the following classes of business:

- Fire and Property
- Marine Aviation and Transport
- Motor
- Accident & Health
- Miscellaneous Insurance

As a pioneer in the coverage of Oil & Gas (upstream & midstream), Wind and Thermal Energy Risks, AICL has successfully assumed the role of the leading player in Pakistan's insurance industry. The Company has also managed to secure business being brought in by foreign investors entering Pakistan to execute construction or infrastructure development projects. AICL's confidence lies in the large number of banking and financial sector clients that AICL insures. Some of AICL's high risk-value projects include risk-coverage provision to Petrochemical Factories and Industrial Risk projects. AICL also specializes in insuring Engineering and Telecom concerns.

Alternatively, AICL serves Pakistan's primary industry by providing coverage to the Textile and Sugar sectors. AICL is proud to be the premier insurer of Kidnap & Ransom, Professional Indemnity, Product Liability and other specialized lines in Pakistan. A wide range of Shariah-compliant Takaful Products are also offered through AICL's top-of-the-line Window Takaful Operations, serving customers from all walks of life, on a much larger scale.

AICL's customer-centric approach drives it forward in customer care. The Company's financial strength allows the timely settlement of hefty claims. A competent team of professionals works tirelessly to ensure comprehensive customer satisfaction and a 24/7 dedicated customer care call center is always on call.

Products And Services

(CONVENTIONAL/ TAKAFUL)

FIRE & PROPERTY

- Property All Risk
- Comprehensive Machinery
- Consequential Loss Of Profit
- Energy
- Ginning Stock Policy
- Home
- Fire Policy
- Shopowner's Comprehensive Policy

MOTOR

- Comprehensive Car
- Commercial Vehicle
- Motorcycle Comprehensive
- Motor Third Party Liability

MISCELLANEOUS

- All Risk Valuable
- Bankers Policy
- Burglary
- Cash in Safe
- Cash in Transit
- Cellular Mobile Phone
- Contractual Liability
- Credit Card Travel Incovenience Policy
- Crop
- Director & Officers Liability
- Doctor Professional Indemnity Policy
- Electronic & Computer Crime
- Employer's Liability policy
- Fidelity Guranatee Policy
- Foreign Exchange Dealers Policy
- General Professional Indemnity Policy
- Gosecure Travel
- Kidnap & Ransom
- Livestock
- Loss of Licence
- Neon Sign Policy
- Personal Accident
- Plastic Card
- Plate Glass
- Product Liability Policy
- Public Liability
- Workmen's Compensation

ENGINEERING

- Machinery
- Electronic Equipment
- Boiler & Pressure Vessel
- Contractor's All Risks
- Erection All Risks
- Contractor's Plant & Machinery
- Comprehensive Projects

HEALTH

- Micro Health
- Group Health
- Retail Health

MARINE

- Marine Hull and Machinery
- Marine Cargo
- Marine Umbrella Liability
- Aviation

Awards & Accolades

2023	Certificate of Merit - SAFA Anniversary Award by South Asian Federation of Accountants
2023	Winner of Asia's Outstanding Insurance Company in Pakistan by Asia Money 2023
2022	Best Corporate and Sustainability Report Award Winner 2022
2021	Best Corporate Report Award by Institute of Chartered Accountant of Pakistan
2021	Certificate of Merit - SAFA Anniversary Award by South Asian Federation of Accountants
2021	Certificate of Merit - Best Governance Award in Insurance by South Asian Federation of Accountants
2021	Winner of Asia's Outstanding Insurance Company in Pakistan by Asia Money 2020
2021	Best General Insurance Company in Pakistan by World Finance 2020
2020	1st Position in Insurance Sector for Best Corporate Report Award by ICAP & ICMAP
2020	Best General Insurance Company in Pakistan by World Finance 2020
2020	Certification of ISO 9001:2015 by Lloyd's Register Quality Assurance
2019	Best Domestic General Insurer in Pakistan by Insurance Asia, Singapore
2019	Best General Insurance Company in Pakistan by World Finance
2019	First insurance company in Pakistan having Tier3 compliant Data Centre
2019	Best General Insurance Company in Pakistan in 2019 by World Finance
2019	Breakthrough Insurer of the Year by YALLACOMPARE Banking and Insurance Awards UAE
2018	Certification of Green Office by WWF in 2018 'To Reduce Ecological Footprint'
2018	Awarded as the 'Distinguished Insurance Company under One Belt One Road initiative' by Insurance Research Institute of Fudan University China
2018	Best General Insurance Company in Pakistan by World Finance
2017	Best General Insurance Company in Pakistan by World Finance
2016	Best Company 'Asia's 200 Best Under A Billion $' by Forbes
2016	Environment, Health, Safety & Security Awards
2015	CSR Awards - Best Practices in Corporate Social Responsibility
2015	Environmental & Quality Standard Awards

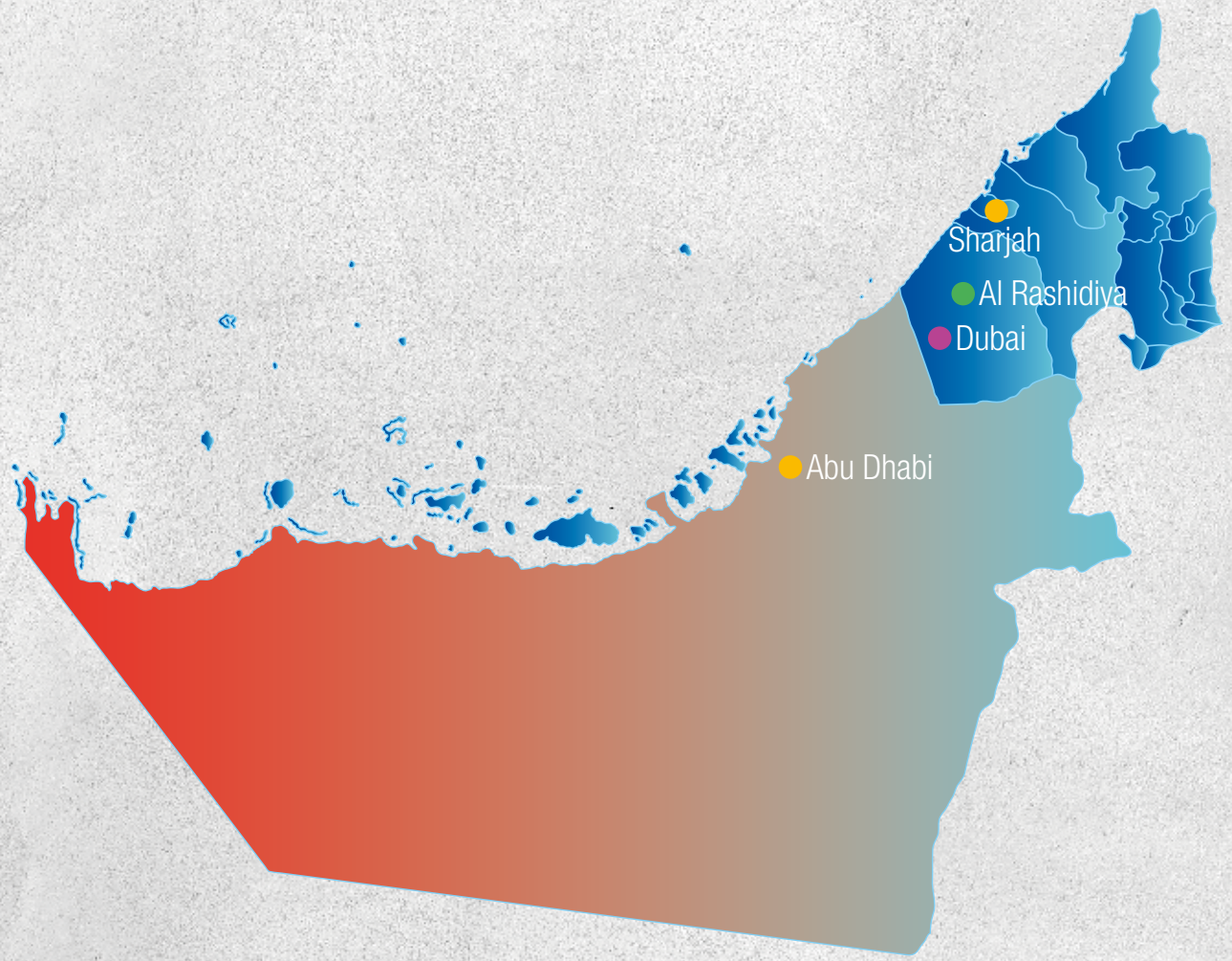

BEST UNDER A BILLION

Our Geographical Presence



Total No. of Employees (31 December 2023)	824

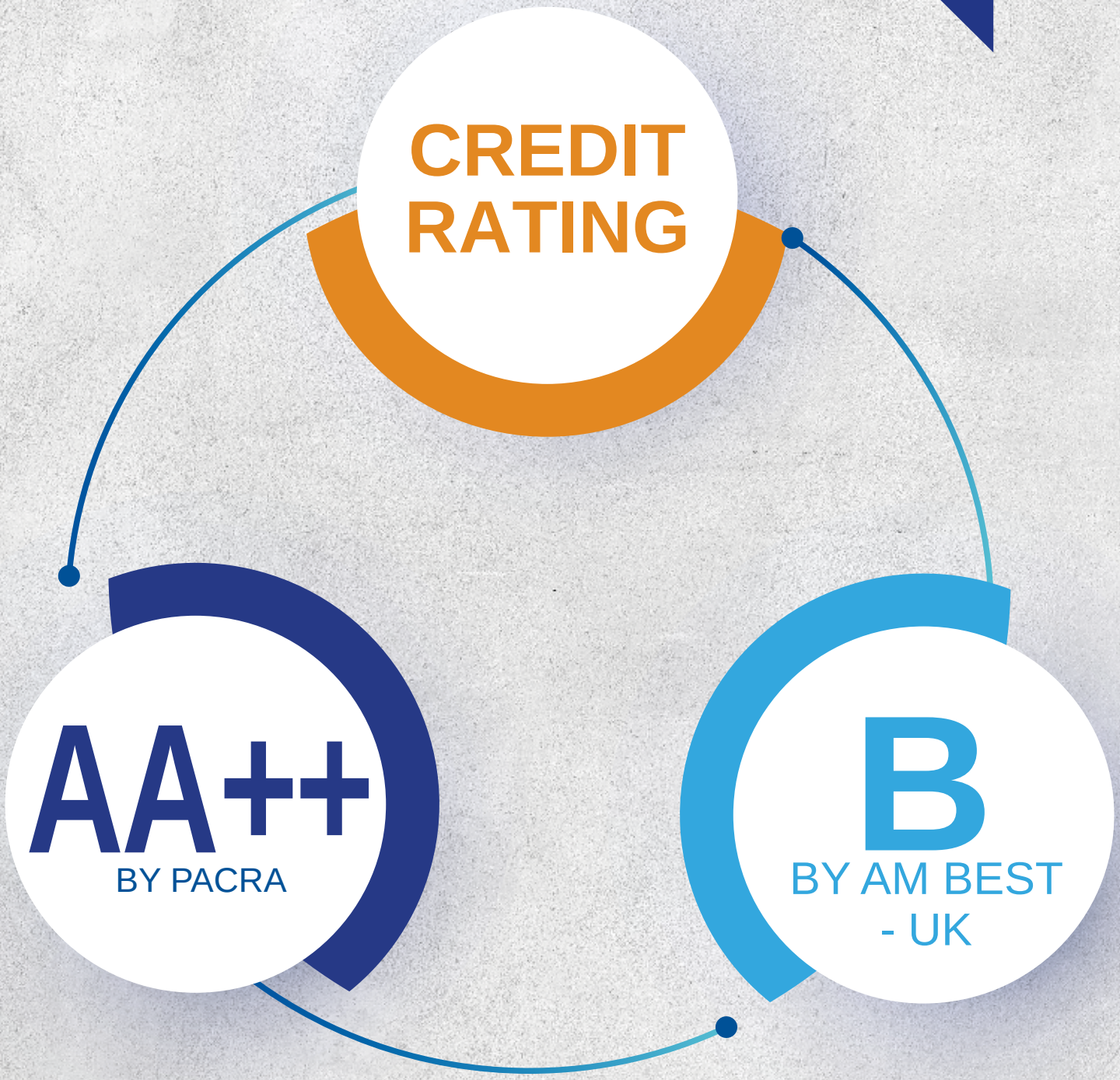
- Head Office and Registered Office
- Divisional Office, Branch Office & Specialised Product Branches
- Window Takaful Operations Zones/Branches



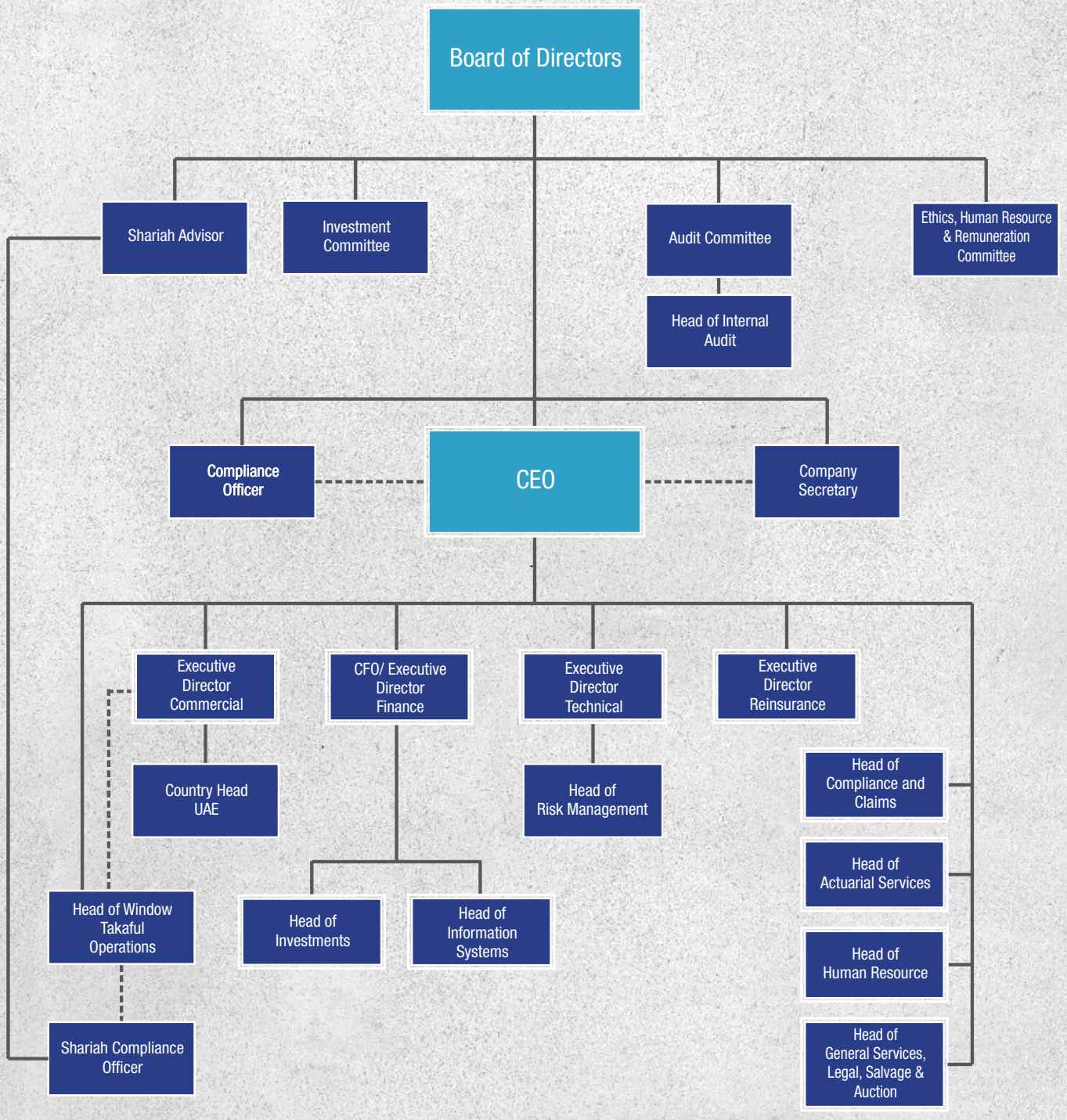
United Arab Emirates

Total No. of Employees (31 December 2023)	69

- Main Office and Branch
- Branch Offices
- Claim Centre


CREDIT RATING
AA++
BY PACRA
B
BY AM BEST - UK

Organizational structure



ISO 9001:2015 Certified



LRQA

Current issue date: 5 December 2022
Expiry date: 30 November 2025
Certificate identity number: 10494031

Original approval(s):
ISO 9001 - 30 May 2000

Certificate of Approval

This is to certify that the Management System of:

Adamjee Insurance Company Limited

Adamjee House 80/A, Block E-1, Main Boulevard, Gulberg-III, Lahore, Pakistan

has been approved by LRQA to the following standards:

ISO 9001:2015

Approval number(s): ISO 9001 – 0049955

This certificate is valid only in association with the certificate schedule bearing the same number on which the locations applicable to this approval are listed.

The scope of this approval is applicable to:

The QMS is applicable to:
1) Underwriting and Claims settlement in the Classes of Health, Engineering Marine, Non-Marine, Motor, Crop, Live Stock Travel.
2) Marketing, Sales and Associated activities of Risk Assessment, Reinsurance, Human Resource, Information System, Finance, Administration, Legal and Quality Assurance.

Luis Cunha

Area Operations Manager - North Asia & SAMEA

Issued by: LRQA Limited

LRQA Group Limited, its affiliates and subsidiaries and their respective officers, employees or agents are, individually and collectively, referred to in this clause as 'LRQA'. LRQA assumes no responsibility and shall not be liable to any person for any loss, damage or expense caused by reliance on the information or advice in this document or howsoever provided, unless that person has signed a contract with the relevant LRQA entity for the provision of this information or advice and in that case any responsibility or liability is exclusively on the terms and conditions set out in that contract.
Issued by: LRQA Limited, 1 Trinity Park, Bickenhill Lane, Birmingham B37 7ES, United Kingdom

Competitive Landscape and Market Positioning

The state of competition in an industry depends on five basic forces, commonly described as 'Porter's Five Forces Framework'. According to this framework, competitiveness does not only come from competitors. Rather, the state of competition in an industry depends on five basic forces depicted in below diagram:

Threat of New Entrants

Barriers to entry in the insurance industry is considered to be at a medium level with recent interest by foreign insurance companies in entering Pakistan's insurance industry especially in microinsurance sector of the industry. However, with the Securities and Exchange Commission of Pakistan's (SECP) strict monitoring and regulation of the insurance industry, the threat of entrants is limited to certain extent. In addition, a reasonable high capital requirement to start an insurance business and a broad distribution network requirement, further reduces the threat.

Bargaining Power of Buyers

Most large insurance companies offer similar products and services. May it be property, marine, motor, health or life insurance; chances are there for similar services. Customer's inclination to substitute/another product to solve the same need constitutes a threat. AICL has introduced workable innovations in insurance products, including on demand and usage-based insurance products, which have great appeal for consumers looking for an alternative to the traditional products.

Bargaining Power of Suppliers

Customer's influence is a force to be reckoned as multiple alternatives for procuring products and service are available in the market. Customers have the right to demand lower prices and higher product quality. Large corporate clients paying millions of rupees in premiums have bargaining power too. With the online emergence of social media, and instantaneous access to awareness of coverages, pricing, and services, today's customer demand more personalized attention and care for the premiums paid. To meet these expectations, AICL has strengthened its user-friendly workflows for customer-facing processes, including underwriting, policy issuance, endorsements, and claims.

Threat of Substitute Products

Suppliers generally pressurize companies by raising prices, lowering quality, or tightly controlling product/service availability. Agents and brokers have historically leveraged the ability to influence policyholder choices into placing business with specific insurers. Employing the front-end tools to reach potential customers directly, AICL nullifies the bargaining power of suppliers. In addition, the prices in the insurance market is generally dictated by local or global performance of those reinsurers in the region.

Existing Competitors

Distribution channels of AICL are very well equipped and customized to serve and satisfy digitally native customer of the day. Through our strength of assets, diverse and widespread product mix provides an edge to AICL over its competitors in the industry. Companies are running lucrative media campaigns to retain the current customers and engage new customers by offering services at cost effective or affordable rates. Our long experience, tailormade insurance plans and exceedingly prompt services have not only gained customer loyalties, but also provided us a competitive edge. Provision of maximum insurance protection at the most competitive rates keeps us competitive in the market.

The collective strength of these forces determines the ultimate profit potential of an industry and thus its attractiveness.

PESTEL Analysis

PESTEL (Political, Economic, Social, Technological, Environmental and Legal) analysis is a framework or tool used to identify key macro (external) factors that affect the business environment in which the organization operates and ultimately affect the objectives of the organization.

Understanding each factor is important for the growth of the organization and plays a pivotal role in planning the right strategies which helps the management in assessing the risks specific to the insurance industry to take informed decisions. Furthermore, the Company can understand the opportunities and threats in the external environment and this framework provides the basis for business planning process.



POLITICAL

Pakistan's enduring struggle with political volatility significantly hampers its economic development by fostering inconsistent policy-making and undermining investor confidence. This instability, particularly concerning for foreign investors, creates uncertainty that deters crucial investment, while security concerns arising from political instability further disrupt economic activities and discourage both domestic and international investment. Additionally, political instability exacerbates issues of corruption and weak governance, diverting resources from productive uses and delaying necessary reforms, thus impeding economic progress.

Furthermore, Pakistan's political instability strains diplomatic relations, potentially disrupting trade and economic cooperation with other nations. Addressing these challenges requires concerted efforts to fortify democratic institutions, enhance governance standards, bolster security measures, and cultivate stability. A more stable political environment would foster investor confidence, enable consistent policy implementation, and lay the groundwork for sustainable economic growth.



ECONOMIC

In 2023, Pakistan's economy grappled with mounting challenges, creating a narrative of two distinct halves marked by despair and hope. The first half of the year was characterized by escalating economic and political uncertainty, eroding trust among both citizens and investors in the government's crisis management capabilities. Factors such as excessive sovereign debt, persistent fiscal deficits, and natural disasters like floods hindered economic activity. Moreover, global commodity price hikes and geopolitical tensions exacerbated the situation, leading to a negative real GDP growth of 0.2%.

Delays in the completion of IMF program reviews further strained the economy, resulting in a dearth of foreign inflows and putting pressure on the external account balance. Despite efforts towards fiscal consolidation, including planned tax reforms and subsidy reductions, revenue targets were missed amidst economic slowdown. In response to the challenging economic environment, the State Bank of Pakistan adopted a contractionary monetary policy, raising the discount rate to a historic high of 22% to counter inflation. While the economic landscape remained daunting, there were prospects for improvement in the latter half of the year, driven by potential policy adjustments and external factors.



SOCIAL

Global digitalization has changed not only the economic, but also the social vision of the world. The digitalization has determined the continuous flow of data containing information, knowledge, ideas and innovations. Covid-19 has pushed the insurance industry to expedite its transformation towards digital products to its customers and it has also changed the habits of the Pakistan's consumer market. As Islamic state, an increase in demand for takaful products has also been witnessed.



TECHNOLOGICAL

Innovative digital solutions are revolutionizing the insurance market, yielding significant returns and driving positive outcomes. With customers increasingly prioritizing convenience, technological advancements have emerged as a crucial factor in both retaining and expanding the customer base. Moreover, technology enables companies to operate with real-time information, providing them with a competitive advantage and empowering informed decision-making processes. This integration of technology not only enhances operational efficiency but also fosters a more responsive and customer-centric approach within the insurance industry.



LEGAL

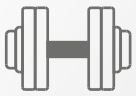
The insurance industry in Pakistan is increasingly embracing technology for the distribution and sale of insurance products. This reliance on technology underscores the importance of implementing robust measures to ensure the security and resilience of information technology systems within insurance companies, as well as their partners and intermediaries. Recognizing this need, the Securities and Exchange Commission of Pakistan (SECP), the apex regulatory body for insurance companies, recently issued the SEC Guidelines on Cybersecurity Framework for the Insurance Sector 2020. These guidelines establish regulatory measures aimed at reducing threats and vulnerabilities, as well as deterring cyber threats.

In 2023, the SECP took further steps by issuing a master circular that compiles all statutory and regulatory requirements, along with instructions issued via circulars and directives, to the insurance sector from 2005 to the end of 2021. This comprehensive approach ensures that insurance companies have clear guidance and directives to enhance their cybersecurity posture and mitigate potential risks. By proactively addressing cybersecurity concerns, the insurance industry in Pakistan aims to safeguard sensitive information, protect customer data, and bolster trust and confidence in digital insurance services.

SWOT Analysis

STRENGTHS

- Strong position in market with a paid-up-capital of Rs. 3.5 Billion
- IFS Rating of "AA++" by PACRA and "B" by AM Best, UK
- Holds the position of one of the largest insurance company of Pakistan for decades
- The only general insurer that has overseas operations and Strong geographical presence within Pakistan
- Strong and Reliable reinsurance partners
- Diversified business and product portfolio
- Dedicated management to ensure outstanding customer service



OPPORTUNITIES

- New opportunities and economic reforms with CEPC and other Infrastructural Projects
- Employing the digital technology infrastructure
- Exploring new overseas emerging markets
- Growth potential of the UAE market



WEAKNESSES

- Low insurance penetration in the country
- Natural disasters due to environmental changes may impact adversely
- Lack of awareness in Pakistan market about insurance products
- Due to religious beliefs customers avoid insurance products; hence, Takaful products



THREATS

- Political and economic uncertainty
- Prevailing tense geopolitical situation of the region
- Frequent changes in regulatory environment
- Impact of the pandemic on the growth prospects of the insurance industry
- Cut-throat competition in the industry



Value Chain Framework

EXTERNAL

UPSTREAM
- Re-insurer / Re-takaful
- Re-insurance brokers / Re-takaful brokers
- Insurance brokers

DOWNSTREAM
- Sales
- Aggregators
- Retailers Distribution Network
- Consumer / Policyholder / Corporate Client

SUSTAINABLE LONG TERM VALUE

INTERNAL

PRIMARY ACTIVITIES

Marketing, Sales, and distribution:
- Extensive branch network in Pakistan & UAE
- Pioneer in establishing retail sales network
- Experienced and competent sales force
- Marketing, PR & Corporate Communication and Advertising,
- Performance Marketing for Online Sales Generation using Social Media & Alliances with Online Sales Aggregators
- Robust relationship with Insurance Brokers

Underwriting:
- Focus on Enterprise Risk Management steps to underwrite risks
- Diversified Product Portfolio for Insurance & Takaful
- Adequate risk evaluation techniques before underwriting
- Conduct timely training to risk professionals to practice new risk management techniques

Claims Management:
- Use of SECP Proficient surveyor's network
- Appointment of Surveyor's as per risk merit
- Dedicated centralized Claim management department
- Hands on information of Claims Process
- Smooth process for Claim Payments

Assets & Investment Management:
- Invest in Long-term quality fixed assets
- Evaluate investment opportunities for placement of funds in diversified instruments for sustainable growth
- Portfolios are built to mitigate market and interest rate risks

Customer Experience & Service Quality:
- Dedicated 24/7 Call Center for Claims & Complaints
- 9001:2015 ISO Certified Company
- Focus on use of digital technology to ensure excellence in customer experience
- Department for Compliant Management
- Customer Satisfaction Surveys

SUPPORT ACTIVITIES

Governance & Risk Management:
- Implementation of Enterprise Risk Management framework
- Maintaining SECP regulatory compliance
- Compliance with Codes of Corporate Governance
- Adequate Re-insurance/ Re-takaful arrangements
- Actuarial services to support operations
- Strong internal control

Technological Advancement:
- Focus on digitalization
- Implementation of Enterprise Resource Management Specialized for Insurance
- Implementation of Takaful Specialized ERP
- Implementation of Business Intelligence System
- State of the art Information System Processes to meet highest security standards
- Online Portals for Motor, Travel and Health Insurance/ Takaful

Finance and Reporting:
- Financial reporting in compliance with applicable IFRS and provisions of and directives issued under the Companies Act,2017, the Insurance Ordinance, 2000 and the rules & regulations formulated thereunder
- Integrated ERP System for MIS reporting and decision making
- Finance as a business partner
- Investors' Relations Management

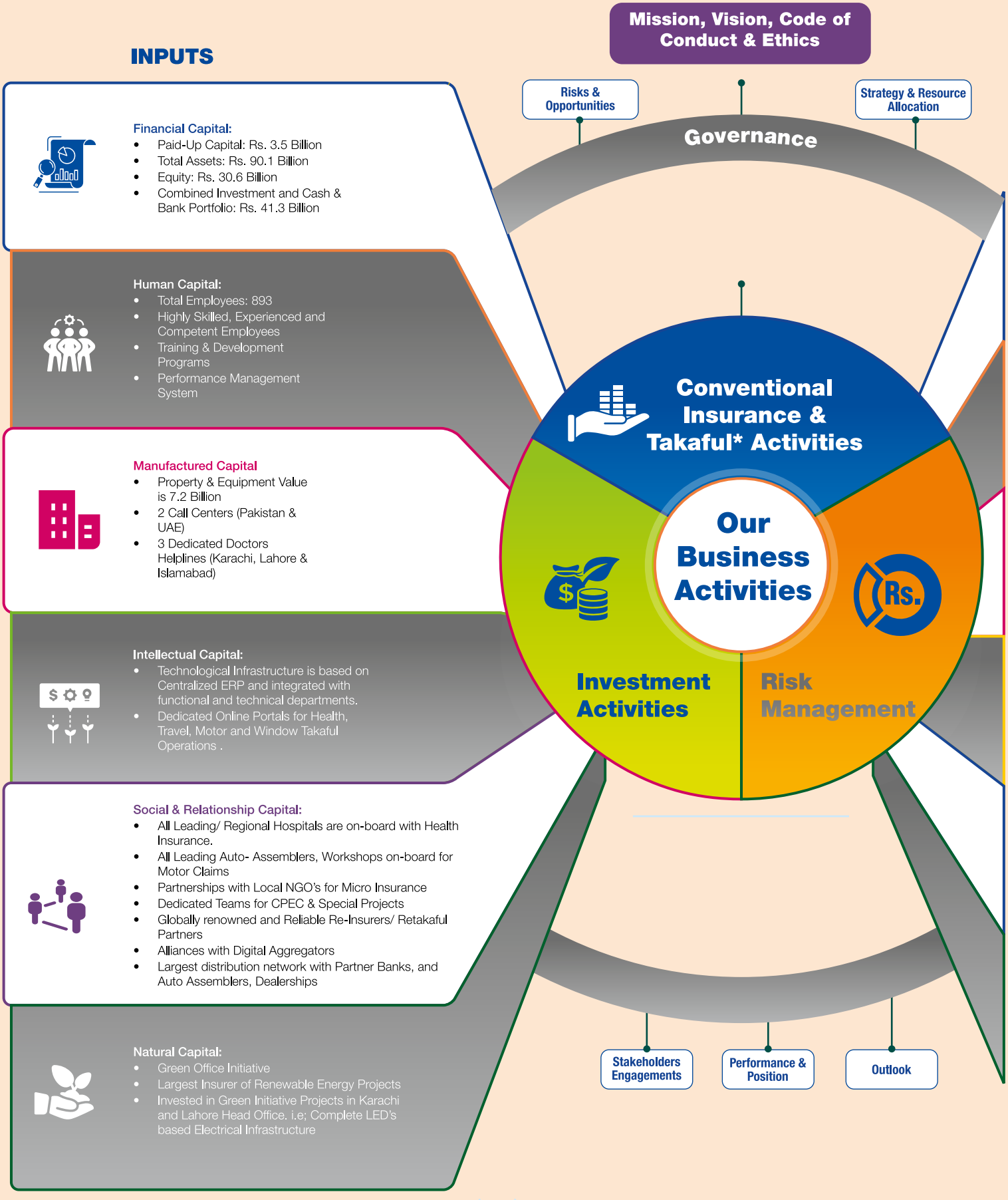
Human capital management:
- Transparent and fair recruitment process
- Focus on Training & Development Programs
- Fair system for appraisal management and rewards
- Activities for employee engagement and motivation
- Collaborative and self-motivated environment



THE STRENGTH WITHIN

OUR LEADING BUSINESS MODEL

Business Model & Value Creation



OUTPUTS	OUTCOMES
Financial Capital: • Earnings Per Share (EPS): Rs. 6.46 • ROE: 12.8% • Current Ratio: 1.5 times • Liquid Assets/ Total Assets: 55.4%	• Gross Written Premium & Contribution: Rs.44.3 Billion • Claims Paid: Rs. 25.5 Billion • Total Investments: Rs. 36 Billion • Profit after tax: Rs. 2.3 Billion
Human Capital: • Female staff Ratio 22% • Male staff Ratio 78% • No. of Training Conducted: 15 • Employee Engagement Programs: 5	• More focus on customer centricity, Service excellence and customer engagement • Increase innovation & Competitiveness • Increase Employees Satisfaction
Manufactured Capital: • 3 Minutes Average Call Resolution Duration • 24000+ Customers received Value Added Services • 900+ Retail Distribution Network	• Digital sales increase in retail segment and multi channel distribution • Strengthening actuarial capabilities & Market Expansion through analytics for existing and new product developments • Strong in house team based service architecture
Intellectual Capital • 98% Policies issued through Electronically. • Travel insurance product integrated with leading bank app. • 24000+ Customers received Value Added Services	• Credit Ratings: Pakistan Credit Rating Agency (PACRA) has given Highest Rating 'AA++' and UK Based Rating Agency AM Best given 'B' • Improving Governance Culture • Increase Focus on Digitalization
Social & Relationship Capital: • Edge for Presence in all remote locations of Pakistan • Wellness Programs & Medical Camps • Increase in Crop & Livestock Portfolio • Better relationship with Brokerage Houses, International Re-Insurer/ Re-Takaul Partners	• Contribution to National Exchequer: Rs. 932 Million • Increased Wellness Programs
Natural Capital: • Plantation increased in Karachi and Lahore Offices • Efficient use of Electricity & Water • Reduction in Energy Cost • Paperless environment initiatives	• WWF Certification • Green Initiatives • Improved Energy Mix

Legislative and Regulatory Environment

The Government of Pakistan and the regulatory authority, namely, Securities and Exchange Commission of Pakistan (SECP) have made various enactments, rules and regulations to regulate the Insurance Sector in the country. These enactments and the rules and regulations made thereunder aim to provide guidelines for the sector relating to various aspects of the insurance business including, but not limited to, minimum capital requirement for insurers, day to day insurance operations, know your customers (KYC), data maintenance and protection, anti-money laundering and counter financing of terrorism, accounting of transactions, presentation of financial statements, handling of complaints and grievances and so on. The policies of the Government of Pakistan tend to achieve transparency and promote adoption of best practices in all aspects of the insurance business.

Political Environment and other countries that may affect our ability to implement our strategy

Political stability in any country plays a vital role in promoting the environment that helps the businesses to grow. Since Pakistan came into being, the political environment has remained somewhat uncertain and unstable. This instability is also reflected in the uneven and irregular growth trends of the country. The current political crisis has negatively impacted the overall economy and is expected to influence performance of the Company as well. Regional and global geo-political environments also affect the political and economic conditions of the country and thus affect the ability of the Company to implement its strategies.

Adamjee Insurance continuously monitors the changes in the political environment both at national and regional levels and re-aligns its strategies to the changing environment.

Effect of Seasonality on Business in Terms of Sales

Seasonality includes those changes that happen every year around the same time and impact the sales in a similar way every year. Most of the businesses in Pakistan begin their fiscal year in July and some in January so overall renewals are high and sales are at their peak during these periods. Motor insurance sales are affected in the month of Ramadan as lot of people plan to buy a new car before the occasion of EID.

For agriculture insurance when farmers start farming, at the start and end of Rabi and Kharif seasons, they need funds to start the processes and similarly at the end of the season they need funds for storage and transportation, hence, premiums of agriculture insurance increase during these times.

Travel insurance sales increase during holiday seasons.

Significant changes from prior years

There were no significant changes in this section from the prior years.



OUR STRATEGIC STRONGHOLD

STRATEGY AND RESOURCE ALLOCATION

Strategy and Resource Allocation

Strategic Objectives:-

Short, medium, and long-term objectives to meet the Company's vision and mission statement are as follow:

Short term	• Utilize technology to enhance our productivity, reduce operational cost, ensuring risk mitigation while being fully compliant with laws and regulations. • Focus on improving technical profits • To further increase our market reach through product innovations to meet the changing needs of the customers
Medium term	• Continuous technological advancement to maintain our strong market position and increase shareholders wealth • Adding value to our stakeholders' relationship • Focus on developing retail-based products and increase market share of Window Takaful Operations
Long term	• To lead the insurance industry by providing outstanding customer service and maximizing the long-term value for shareholders • Expanding our geographical presence in UAE

Strategies in place to achieve our strategic objectives:

Being one of the leading insurance companies, we have a massive responsibility towards our customers, and we strive to meet the changing needs of our customers by utilizing our digital infrastructure and capabilities to provide them seamless experience. We make sure that we evaluate the risk factors efficiently and come up with innovative solutions to mitigate risk. We have highly trained and dedicated employees who continuously work towards delivering the best value to our customers.

We believe there is always a room for improvement and we keep looking for areas to improve. We practice the highest standards of corporate governance and abide by all the laws and regulations of the countries that we operate in. We will continue to build healthy relationships with all our stakeholders.

We believe in setting a high benchmark in the insurance industry and maintaining our position as a market leader. We remain focused on achieving long term sustainable growth and maximizing value for our shareholders. We will continue to make positive contributions to our community and strengthen our presence.

Strategic Objectives	Strategies to achieve objectives	KPI	Future relevance of KPI
Utilize technology to enhance productivity, reduce operational cost and ensure risk mitigation while being fully compliant with laws and regulations	• Introduction of digitalization in insurance industry • Automation of policies and procedures • Automation of all operational and support processes	Reduction in Operational cost	This is an ongoing process and will remain relevant in future
Focus on improving technical profits	• Explore untapped market section to increase business pool • Further strengthen underwriting process • Improve reinsurance & retakaful treaties • Streamlining of operational cost • Consolidation of processes to bring in operational efficiencies	Increase in Profitability from core business	This is an ongoing process and will remain relevant in future
To increase our market reach through product innovation to meet the changing needs of the customers	• Innovative and alternate product • Products for students • Development of rural market products for farmers • Cross product selling of Health & Motor • Micro Insurance in collaboration with leading NGO's	Increase in Revenue and outreach	This is an ongoing process and will remain relevant in future
Continuous technological advancement to maintain our strong market position	• Upgradation of technological tools to achieve competitive advantage • Use of artificial intelligences and Robotic process automation	Sustainable growth	This is an ongoing process and will remain relevant in future
Focus on developing retail-based products and increasing market share of Window Takaful Operations	• Strengthen relationships with our business partners • Open new branches for Window Takaful Operations • Fulfil takaful needs of customers and provide Shariah Compliant Products to Islamic Banks	Enhance outreach and Improve Quality of services	This is an ongoing process and will remain relevant in future
Add value to our stakeholders' relationship	• Provide support for rural development through partnering with NGOs for micro-insurance • To ensure customer satisfaction in all customer dealings • Continue financial support to the community in various areas	Corporate social responsibility	This is an ongoing process and will remain relevant in future
To lead the insurance industry by providing outstanding customer service and maximizing the long-term value for the shareholders	• Strengthen leadership position by bringing all round positivity • Anticipate the market dynamics and meet changing customers' needs • Expand techno-commercial teams working with local and international brokers	Sustainable Growth	This is an ongoing process and will remain relevant in future
Increase our geographical presence and market share in UAE	• Introduction of motor insurance portal in UAE with new marketing strategy • Utilize AICL's closely working relations with brokers, online aggregators, and sales distributors to expand • Expand digital presence in all seven emirates followed by physical presence • Diversification in non-motor lines of business	Market Penetration in UAE	This is an ongoing process and will remain relevant in future

Our Key Resources & Capabilities and Resource Allocation

Organizational resources are the assets available with an organization for utilization in production of goods and provision of services. Effective and efficient utilization of these resources is pivotal towards achievement of strategic objectives as resource allocation and strategy execution are interdependent. Strategy is dependent on resources, whereas resources leave influence on the strategy. Apart from other factors, the success of AICL at where it stands today is the result of in-depth and well thought out resource allocation planning, careful implementation and monitoring.

Financial Resources

Financial resources also termed as 'Financial Capital' include pool of funds that is available to an organization for use in the provision of services. Financial Capital is obtained through financing either equity or grants, or generated through operations or investments.

Major factors affecting availability, quality and affordability of financial capital include:

- Political environment
- General economic conditions
- Fiscal & Monetary policy

Financial Capital of the Company is utilized effectively and efficiently under the guidelines developed by the Board of Directors. Below is a brief synopsis of the major financial resources and their management:

a. Cash and Liquidity Management

Maintaining adequate liquidity to meet the claims liability and investing surplus funds to generate income is the primary objective of the cash and liquidity management function which is handled by the 'Treasury Department' of the Company. Treasury Department is equipped with competent professionals with relevant experience of multiple years and operates under the supervision of the Chief Financial Officer.

During the year, the Company has paid Rs. 25,499 million (2022: Rs. 20,481 million) on account of claims to the insured & takaful participants and Rs. 1,037 million (2022: Rs. 1,046 million) as dividends to the shareholders.

b. Investments Management

Investment function is responsible for handling all investments of the Company. The function as per requirements of the Code of Corporate Governance is segregated into Front, Middle and Back Office to ensure adequate internal controls. Further, the investment function is equipped with professionals with experience of multiple years and is headed by Investment Committee of the Board. Decisions regarding investments are taken by the Investment Committee.

Investment position and its performance is also reviewed by the Board on quarterly basis.

Human Capital

Human capital also termed as 'Human Resource' is extremely important in myriad areas ranging from strategic planning to company image, customer satisfaction to legal compliance and so on. Hence, the importance of Human Capital for achieving organization's strategic objectives cannot be over emphasized.

Major factors affecting availability, quality and affordability of human capital include:

- Market competition to attract and retain adequately experienced and skilled human resource
- Continuous professional development through trainings to enhance skill set of human resource, especially to meet the requirements of digitalization and manage the remote / hybrid working environment
- Flexible culture offering adequate opportunities for growth

The Company has a team of around 893 competent

employees with adequate experience, skills and qualifications to manage the day-to-day operations. Various trainings are conducted from time to time to enhance skills of the staff. Further, management takes keen interest in planning the succession for all key positions.

Ethics, Human Resource and Remuneration Committee of the Board oversees this function.

Manufactured Capital

Manufactured capital refers to manufactured physical objects that are available to an organization for use in the provision of services.

Major factors to consider for availability, quality and affordability of manufactured capital include:

- Potential delays in provision of required equipment from service providers
- Comprehensive 'Business Continuity Plan' to ensure availability of required property and equipment in the events of unexpected disruptions

The physical assets of the Company are broadly classified into:

- Land
- Buildings
- Furniture & fixtures
- Motor Vehicles
- Machinery & equipment
- Computer equipment

All of the physical assets of the Company are efficiently utilized for the purpose of business and adequately covered against potential threats through insurance coverage, managing access to the Company premises via biometric / proximity card identification, monitoring entry and exit points through surveillance cameras and security guards. Physical assets are managed through Fixed Assets Register with each asset assigned an identification tag. Further, these assets are subject to both planned and surprise physical verification as well which is conducted from time-to-time basis.

Intellectual Capital

Intellectual Capital refers to organizational knowledge-based intangibles, including 'Intellectual Property' such as patents, copyrights, software, rights and licenses and 'Organizational Capital' such as knowledge, systems, procedures and protocols.

Major factors challenging the availability, quality and affordability of intellectual capital include:

- Continuous enhancement / upgradation of information technology infrastructure to achieve operational efficiencies and meet the requirements of digitalization
- Increasing competition to attract and retain adequately experienced and skilled human resource

Over the years, the Company has made huge investment in its information technology infrastructure and through its experience of operations spread over 60 years has also refined, standardized and documented its operating procedures. The procedures are flexible and adaptive to absorb innovations necessary to respond to changes initiated by external factors. The library of the said procedures is effectively and efficiently utilized to introduce new and alternate products, expand customer base, and resultantly increase profits.

Social and Relationship Capital

Social and Relationship Capital includes shared norms, common values and behavior, key stakeholder relationships, intangible association with organization's brand and reputation and organization's social license to operate.

Major factors to consider for availability, quality and affordability of social and relationship capital include:

- Identifying and fulfilling the growing needs of various stakeholders

- Provision of working environment that ensures protection of the staff's health and safety

- Promoting and monitoring the culture of strict adherence to the laws, regulations, and ethical standards to maintain and enhance positive public image of the Company

Social and relationship capital is one of the key assets that an organization has. It is the image and reputation of the organization that all stakeholders carry with them and plays an important role in achievement of strategic objectives and future growth. The Company realizes the due importance of social and relationship capital and assigns customer satisfaction as top priority in all customer dealings. The Company has maintained healthy relationship with customers, agents, surveyors, reinsurers, reinsurer brokers, vendors, banks and all other stakeholders.

Natural Capital

Natural Capital refers to all renewable and non-renewable environmental resources and processes that provide services that support the past, current or future prosperity of an organization and includes air, water, land, minerals, forests, etc. Natural capital creates the ecosystems for human beings to survive. It is of utmost importance that an organization efficiently manages natural capital to avoid any harm to the ecosystems in the long term.

Major factors to consider for natural capital include:

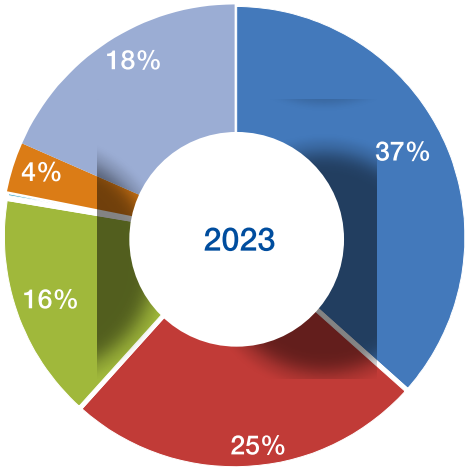
- To protect environment by reducing carbon footprints

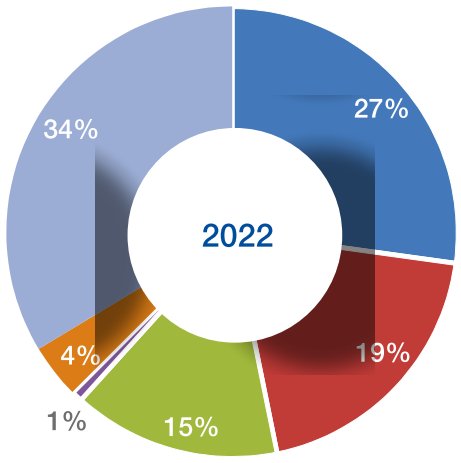
- To promote culture whereby natural resources are efficiently utilized

The Company continues to contribute to the sustainable environment by gradually moving towards paperless operations, installing energy conservative technologies, encouraging plantation across all its premises, and encouraging efficient use of water to reduce water wastage. The Company will continue to work towards promoting green office environment.

Statement of Value Addition and its Distribution

	2023		2022	
WEALTH GENERATED	(Rupees In '000')	%	(Rupees In '000')	%
Gross premium earned	38,481,110		29,800,654	
Investment and all other income	5,475,683		3,638,218	
	43,956,793		33,438,872	
Management and other expenses	(37,378,566)		(27,891,855)	
	6,578,227	**100.00**	**5,547,017**	**100.00**
WEALTH DISTRIBUTED				
To employees	2,407,084	36.59	2,080,084	37.50
To government	1,650,237	25.09	562,195	10.14
	4,057,321	**61.68**	**2,642,279**	**47.63**
To share holders				
Cash dividend	1,050,000	15.96	1,050,000	18.93
To providers of financial capital as finance cost	4,674	0.07	35,384	0.64
To society as donation	26,800	0.41	32,400	0.58
Retained in business				
Depreciation and amortization	227,402	3.46	251,941	4.54
Retained profit / (Loss)	1,212,030	18.42	1,535,013	27.67
	1,439,432	**21.88**	**1,786,954**	**32.21**
	6,578,227	**100.00**	**5,547,017**	**100.00**





- To employees
- To Government
- Cash Dividend
- Finance cost
- Donations
- Depreciation / amortization
- Retained Profit

- To employees
- To Government
- Cash Dividend
- Finance cost
- Donations
- Depreciation / amortization
- Retained Profit

Factors Affecting Strategy and Resource Allocation

Factors	Effect on Company's Strategy & Resource Allocation	Company's Response
Technological Changes	Technology is rapidly changing. To push digital transformation initiatives forward and satisfy the demands of modern consumers, insurers today have become early adopters of the latest technologies. Globally, digital-first insurers and tech giants are entering the insurance space and are one of the forces pushing the industry as a whole towards an innovative mindset. Furthermore, digital transformation is no longer seen as aspirational, but something that is essential to drive the industry forward.	Adamjee Insurance has always been and shall remain to be at the forefront when it comes to enhancing and upgrading its processes to encourage innovation. Continuity in the adoption of the latest and advanced digital technologies has redefined the widened parameters of Adamjee Insurance's customer journey, customer experience, simplifying operations and facilitating sustainable long-term growth.
Societal Changes	We have analyzed the few of the impacts of societal changes as follows. • Change in Consumer Behavior • Growing social inequalities demand greater business involvement on inclusive growth • The digital revolution is a game changer for wealth distribution across geographies and among economic actors • The environmental (and above all climatic) situation is exerting exponential pressure on business	As a responsible corporate, we have a significant role to play in delivering a positive societal impact for our employees and people across our value chain. Enhancing livelihoods, respecting human rights, and looking after our people adds value to the society and is a pragmatic and commercial approach that secures the long-term sustainability of our business. Our initiatives to overcome challenges of societal issues have been addressed in Corporate Social Responsibility section.
Environmental Changes	During the past few decades, the awareness regarding environmental problems has increased which results in increased environmental costs to meet the requirements of environmental, health & safety laws and regulations resulting in squeezing profits but at the same time contributing towards improving global climate, improved brand image and compliance with sustainability goals.	Being part of the services industry, the insurance sector typically has a very low environmental impact or footprint. Operations are limited to using conventional sources of energy for office / workplace lighting purposes and the sector is even looking at means to optimize consumption of electricity. However, the one area where the industry has a substantive impact is in building climate resilience in the agricultural sector. Through providing crop insurance services, not only does the sector support the farm and agriculture communities to make the transition to a low-carbon one, but also protects crops against damage in the event of any adverse weather-related events.

Our Commitment to Addressing Integrity and Ethical Issues

We are committed to achieving our business objectives in a transparent, open, and accountable manner, and sustaining a culture of integrity in everything we do:

- Compliance to the policies, procedures and standards are mandatory for all our employees, and regular training and awareness sessions are conducted to ensure that the policies are clearly understood and acted upon.
- Placement of mechanism for integrity risk assessments on an ongoing basis.
- Reviewing and ensuring the performance management systems are in alignment with the organization's ethical goals.

Initiatives for Promoting and Enabling Innovation

Adamjee insurance has embedded innovation in its strategic objectives and encourages the innovation throughout the organization. The Company has developed a centralized structure for innovation and has formed a Insurtech and Innovation Group. The Insurtech and Innovation Group is working under the supervision of the Management Committee and comprises of members from various functions. The objective of the Group is not only to develop Insurtech products but also develop brand new products, processes, and new ideas, or to approach existing products, processes, and ideas in new ways.

Further, new ways of thinking in order to design better solutions, services and solve the current problems is also encouraged and deliberated at the forum of our Insurtech and Innovation Group.

Strategy to Manage Liquidity and Repayment of Debts

Liquidity refers to the ability of an organization to fulfil its short-term liabilities when they become due. Managing liquidity is important as even the profitable organizations may find it difficult to run their operations smoothly in absence of adequate funds or liquid assets.

The key element of the Company's liquidity management strategy is to maintain sufficient liquid assets to meet its claims and other liabilities. Liquidity requirements are kept into consideration while making investment decisions. Bank balance maintained with high rated scheduled banks amounts to Rs. 5,253 million (2022: 5,277 million). Further, liquid assets ratio is 0.9 times (2022: 0.9 times) as at 31 December 2023.

The Company had no debt liability to repay during the year 2023. However, it was required and had successfully made repayments of loans amounting to Rs. 926.76 million in year 2022.

Liquidity position is closely monitored on routine basis under the supervision of the Chief Financial Officer.

Significant plans and decisions

Significant plans that are in-line with our mission & vision include the following:

- Expansion & Growth in our existing Portfolio
- Focus on retail-based product market including Health, Motor, Travel & Agricultural products
- Expansion of Window Takaful Operations in Pakistan
- Develop non-motor lines of business in UAE
- Product development with the help of digital technologies

Significant decisions regarding restructuring

There were no significant changes in this section during the year.

Significant changes from prior years

There were no significant changes in objectives and strategies during the year.



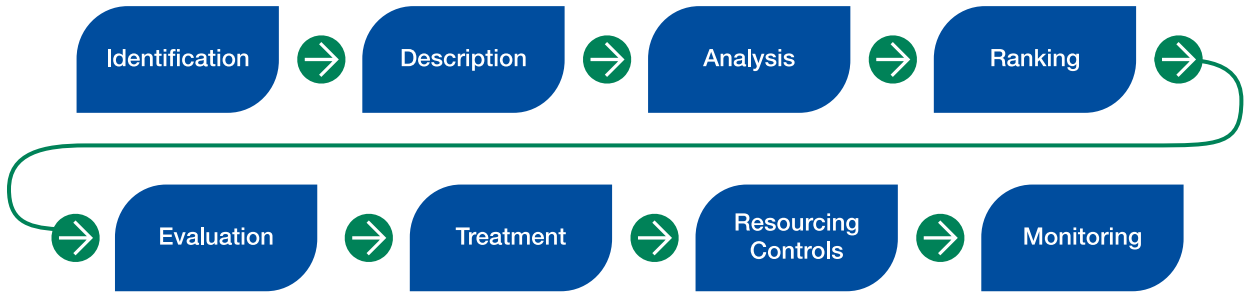
CAPITALIZING ON EVERY SITUATION

RISKS AND OPPORTUNITIES



Enterprise Risk Management (ERM) Framework

At Adamjee Insurance Company Limited (AICL), the Enterprise Risk Management (ERM) process is broken down into eight steps, which is depicted below:



Identification:

- By collaborating with a variety of departments, all the possible risks affecting the Company are identified, and to build an understanding about them, an in-depth knowledge about them is gathered.
- One of the primary sources of risk identification continues to be thorough interviews and discussions. Brainstorming sessions are conducted internally among the relevant stakeholders to identify the risks and opportunities affecting AICL. Questionnaires are also shared with the departments to get additional insights.
- Some risks and opportunities are identified once audits or inspections are carried out, both internal and external.
- Incident investigations and scenario analysis are also carried out which also help in recording specific risks and opportunities that are relevant to AICL.

Description:

- Risks are described in detail at this stage, and the exact source of the risk is established.

Analysis:

- Impact of the risk is estimated qualitatively, and its impact on AICL.
- Impact and probability of the risks are rated at this step, which assists in making a judgment about the risk rating, which can either be Critical, High, Moderate or Low.
- A credible worst-case scenario is built and its impact on financial statements is checked based on its likelihood of occurrence. This helps in quantifying the risk.
- At this stage, immediate stakeholders are also identified. For example, in Capital Adequacy Risk, the immediate stakeholder would be Finance Department.

Ranking:

- Based on the Risk Analysis, the Risk is rated keeping in view its impact and probability of occurrence.
- Risk ranking is done based on its rating, which can be either Critical, High, Medium, or Low.

Evaluation:

At this stage, Risk is evaluated in terms of:

- Risk appetite of the Company, as per Board's guidance
- Tolerance level of the Risk, as per Board's guidance

Treatment:

- Risk treatment stance can either be to avoid the risk completely or reduce it.

- Residual risks are also established at this stage.

Resourcing Controls:

- Clear risk strategies are documented regarding each risk.
- Existing controls are also reviewed and a potential action for improvement is noted.

Monitoring:

- Risk is continuously monitored based on its recorded Impact, Probability and Risk Rating.
- It is ensured that the Risk Controls are always in place.
- Any fluctuations in observations regarding the Risk are reported to the stakeholders and the concerned authority.

Commitment of the Board in the ERM Process

The Board of Directors of AICL is fully committed and takes full responsibility for establishment and oversight of effective risk management systems and controls. These controls are implemented keeping in view the level of risk tolerance of the company. The following measures have been taken by the Board:

Approve the ERM framework which should assist the management to establish and maintain effective systems and controls to manage business risks. A comprehensive ERM framework ensures that all risks are identified, measured, monitored, and controlled on an on-going basis at all levels.

Establish a risk management committee in pursuit of robust risk assessment of the principle risks facing the company at management level which should comprise of one Board Member and cross functional business executives who review and monitor the key risks and their overall exposure. This includes risk categories that pertain directly, or indirectly to existing operations and profitability to foreseeable operations and profitability of the Company. This committee then has the responsibility to ensure that the risk management program is implemented as planned

The Board has also delegated the responsibility of managing ERM framework to the CEO and the senior management who have the responsibility to identify, assess, manage, and report the risk events in a timely manner. The functional heads on the other hand have the responsibility to develop list of risks being faced by their respective units, both that are current and anticipated, along with the risk profile and action plans to mitigate those risks.

On a periodic basis, the key risk updates are shared with the Board and how they are being addressed by the management.

The Board also reviews and approves the Risk Tolerance and Appetite on annual basis. If there are sudden material changes in the circumstances, this activity is done on quarterly basis instead.

Key Risks

Following are the key risks that affect AICL, their consequences, their risk rating, and how the company has a control over them. The probability and risk rating of each risk offers insight over the likelihood and magnitude, whereas control offers insight over the steps that AICL has taken to avoid or reduce the specific risk.

Risk No.	Business Activity	Risk Name	Internal or External	Risk Description	Consequences	Impact	Probability	Risk Rating	Control
1	Financial	Regulatory Risk i.e., unable to implement IFRS17	Internal	In case AICL is not able to meet regulatory deadlines, it might cause problems as AICL might be penalized by regulatory authorities in both UAE and Pakistan.	The company may face: 1. Fines from the regulator in both UAE and in Pakistan. 2. Any other consequences that the regulator might find appropriate.	Significant	Unlikely	High	AICL has: 1. Established a dedicated working group for regulatory submissions. 2. Dedicated enough resources at this stage to meet regulatory deadlines and monthly internal targets. 3. Increased engagement with Appointed Actuary. 4. Financial impact assessments of IFRS 17 deliverables are carried out on a regular basis to increase awareness about the regulatory requirements.
2	Financial	Credit Risk	External	The company is exposed to credit risk against the following counterparts: 1. Reinsurance / coinsurance counterparties. 2. Assets held with banks. 3. Derivatives. 4. Insurance debtors (Policyholders, brokers, and development officers). 5. Receivables from employees. 6. Receivables from other insurance companies.	If any counterparty fails to meet its obligations in accordance with agreed terms, it will cause a financial loss to the company, which will affect: 1. Capital requirements. 2. Credit rating. 3. Liquidity position.	Significant	Moderate	High	AICL aims to transact with financially sound and reputable parties having high credit worthiness to avoid potential of loss.
3	Financial	Reserve Risk	Both	There is volatility associated with actual runoff of claims. There is volatility in frequency as well as severity. Note that this includes all reserves established by claims department as well.	AICL will face unanticipated losses in certain quarters due to inadequate reserves, in case the actual IBNR is higher than expected IBNR.	Major	Moderate	High	Reserves are calculated with built in margins, especially for long tail claims, to ensure inadequacy is never experienced.
4	Strategic	Capital Adequacy / Solvency Margin Risk	External	This risk may arise due to: 1. Credit Risk in case key debtors' default. 2. Market risk in case there is a significant decline in investment value. 3. Inadequate claim reserves. 4. Poor underwriting. 5. Inappropriate reinsurance arrangements 6. Changes in solvency regulations.	This would result in: 1. An inability to meet minimum capital requirements, which will affect company's trade license renewal 2. Company's credit rating.	Significant	Moderate	High	AICL aims to maintain strong capital adequacy ratio or solvency margin which is above the regulatory requirement. Moreover, regular assessments of capital needs are made.
5	Strategic	Sovereign Risk	External	AICL will be exposed to sovereign risk in case the following events happen: 1. Worsening of foreign exchange balance of payments position. 2. Default by government of Pakistan in servicing of debts. 3. Unstable country credit rating by international rating agencies.	The company will face the following issues: 1. Inability to maintain credit rating required by UAE insurance law, which should impact the overseas operations. 2. Relationships with international reinsurance companies will deteriorate, resulting in high reinsurance cost or no reinsurance arrangements.	Major	Moderate	High	AICL aims to improve its foothold in the Middle East markets along with Pakistan. Hence, the company will: 1. Regularly carry out sovereign risk assessments and the impact on operations. 2. Monitor economic indicators such as foreign reserves, discount rate and exchange rate. 3. Invest in assets that are not severely affected by country's default. 4. Keep the revenue mix diversified.

Risk No.	Business Activity	Risk Name	Internal or External	Risk Description	Consequences	Impact	Probability	Risk Rating	Control
6	Strategic	Political Risk	External	Company may fail to achieve its business objectives due to the following events: 1. Political instability. 2. Riots, terrorism, or wars. 3. Inadequate supplies of basic facilities in the country. 4. Deteriorating law and order situation. 5. Frequent power and gas outages.	Due to political instability in the country: 1. The company may fail to meet the business targets. 2. Service to customers will be affected. 3. Cost of doing business will increase.	Major	Moderate	High	AICL aims to achieve optimal level of service performance to its customers. Hence, the company will: 1. Regularly carry out political risk assessments and the impact on operations. 2. Monitor economic indicators such as foreign reserves, discount rate and exchange rate. 3. Keep the revenue mix diversified. 4. Issue instructions to underwriters to exercise prudent judgment before accepting risks, in case of deteriorating law and order situation. 5. Maintain adequate catastrophic cover from reinsurer.
7	Financial	Liquidity Risk	External	AICL is exposed to liquidity risk if any of the following events occur: 1. Financial obligation falls due earlier than anticipated. 2. Credit default by significant counterparty.	Company's inability to pay off its contractual obligations in a timely manner may result in: 1. Disputes with clients and litigations. 2. Delays in salaries to employees. 3. Delays in payment to government authorities. 4. Adverse impact on solvency and rating.	Significant	Unlikely	High	AICL aims to maintain adequate liquidity to be able to meet liabilities when they fall due. Hence, it is preferred to avoid this risk. There are automated management information systems in place that help in managing this risk adequately.
8	Operational	Processing of fake or fraudulent claims	Internal	Company may be exposed to risk of financial loss on processing of fake or false claims due to: 1. Ineffective claim authentication process. 2. Collusion of surveyors and employees. 3. Undocumented claims payment process.	This may result in financial loss to the company. There is a possibility of fines and penalties by the regulator as well.	Moderate	Moderate	High	AICL has a strong control over claim payments as per approved claims authorization matrix. The protocols have been defined in the internal claim manual. Moreover, claims are not processed without necessary documentation.
9	Operational	Credit Rating Risk	External	AICL faces a risk of not maintaining the credit rating. This will happen if AICL does not manage capital adequacy ratio, credit risk, market risk and liquidity risk appropriately.	Due to a deterioration in credit rating, AICL will face: 1. Reputation risk. 2. Loss of customer confidence. 3. Loss of market share. 4. Risk of low reinsurance arrangements.	Significant	Moderate	High	AICL aims to maintain a strong IFS rating and financial strength. Company will manage operational and financial aspects to keep its rating strong and steady. Company strength is benchmarked against rating agency criteria from time to time, and any concerns that are highlighted are raised immediately. Moreover, the management reviews financial strength quarterly, and how it impacts IFS rating.

Risk No.	Business Activity	Risk Name	Internal or External	Risk Description	Consequences	Impact	Probability	Risk Rating	Control
10	Strategic and Financial	Currency and Inflation Risk	External	Currency devaluation is already taking place which leads to high inflation. Continuous decrease in PKR value might result in increase in claim costs for AICL which will affect profitability. Additionally, a devalued currency will also lead to more volatility of foreign branch's profit and loss results.	Due to decrease in PKR value: 1. Claim costs will increase, especially for Motor and Health lines of businesses. 2. Unearned premium reserve (UPR) runoff will become expensive if inflation is higher than the inflation assumption used at the time of pricing and underwriting. 3. A devalued currency will also lead to more volatility of foreign branch's profit and loss results.	Moderate	Moderate	High	1. AICL aims to minimize this risk through active modelling and scenario analyses which should help in strengthening the underwriting side. 2. Underwriting function is being equipped to reflect expected currency devaluation in inflation assumptions at pricing points. 3. Foreign exchange rates are observed and monitored on a regular basis. 4. A higher control is established on the claim processing side because decline in PKR value affects car and parts values and health claim costs.
11	Underwriting Risk	Insufficient underwriting or inadequate pricing	Internal	This is where risks are not assessed properly, and unwanted or undesired risks are added to the portfolio resulting in losses which were not initially anticipated at the time the business was accepted. Moreover, insufficient pricing of unusual risks could result in unanticipated loss ratios.	Unanticipated claims will adversely impact the profitability of the company. Inadequate pricing will result in company not receiving adequate compensation for the risks it has signed up for.	Significant	Moderate	High	Performance of each business portfolio is being monitored on a regular basis. Unwanted or undesired results are taken note of, and discussed between departments for the most appropriate corrective measure that is required to make the correction.
12	Strategic and Financial	Climate Change Risk	External	AICL faces the risk of higher claim costs resulting from rains and floods because of climate change. This might also result in disruption in operations at some branches.	Due to change in climate: 1. Claim costs will increase if property is damaged because of severe rains and floods. 2. Operations might be disrupted in some areas.	Significant	Moderate	High	1. AICL aims to minimize this risk by maintaining adequate catastrophic cover from reinsurer. 2. Underwriting function is being equipped to reflect expected adverse climate change effects at pricing points. 3. AICL aims avoid operations disruption through technology, by offering online solutions to customers, and by empowering the human resource to work remotely when required.

Key Opportunities

Following are the key opportunities that are available to AICL. The probability and impact rating of each opportunity offers insight over the likelihood and magnitude, whereas strategy offers insight over the steps that AICL has taken to create value from the specific opportunity.

Opportunity	Internal or External	Description	Consequence	Strategy	Probability	Impact
Data	Internal	Data has become the most important thing in the modern world. It is not only important to gather all the data from target market, but it is also important to store it properly so that it can be used for the company's benefits.	AICL can make sure that all relevant data is gathered from the target market, such as policyholders. Once all data is gathered, it can be ensured that all data is stored properly, and can be extracted through relevant usable reports, where it shows key insights.	AICL can use new technology related to predictive analytics and data science to ensure that the stored data gives useful predictions and shows trends that might help AICL in decision making.	High	High
Reinsurance Needs	Both	With the years of data that is available with AICL, the company can predict how much reinsurance coverage is required.	By following adequate methodologies of assessing reinsurance requirements, the company can ensure that appropriate reinsurance is purchased, so that there is minimum risk of over reinsurance or under reinsurance.	With the help of automated software such as MetaRisk, AICL can predict with a certain level of confidence how much reinsurance is required, and what kind of reinsurance arrangements would be optimal.	High	High
Skilled Human Resources	Both	The success of service industry mostly depends on customer satisfaction to some extent. With skilled human resources, AICL can ensure that customer facilitation is kept a priority.	With skilled human resources, AICL will be able to make sure that customers get complete guidance, from insurance policy selection to claim handling.	AICL can either hire new skilled resources who are experts in this service industry or carry out internal professional trainings to train the existing staff.	High	High
Automating Manual Processes	Internal	Most of the companies are highlighting manual processes that consume time and energy and finding ways to automate them.	By eliminating slow and tedious processes, AICL will be able to find overall efficiency and will be able to meet its obligations adequately. This will also save time of employees, who will then have more quality time to invest in the organization. Automation should also improve overall customer experience.	From time to time, AICL can do audits of different processes such as internal administration process of employee expense reimbursement, or process of policy cancellations. Time should be devoted to how the processes can be made quicker. If required, technology can be acquired.	High	Moderate
Changing Customer Needs	External	Considering how the market dynamics are changing, there is an opportunity to observe how the customer needs are changing and cater to them. For example, COVID-19 motivated people to buy health insurance, whereas some people discontinued their insurances due to slow economy.	AICL can observe how the customer demands are changing and try to fill in the gaps by launching new products. Moreover, the company can also investigate and offer discounts on existing products in case there are margins, and in case that is what the mass population requires as per changing economic environment.	Several stakeholders in the company, such as Actuarial, Marketing and Underwriting can collaborate and see if discounts are viable and invest time in Research and Development of new insurance products.	High	High
Emerging Retail Segment	Both	The company has noted that there is a growth potential especially in the retail segment in lines such as motor, health, personal lines, travel, etc.	Due to the emerging retail segment, AICL will have to ensure that this segment is captured to improve the revenue streams of the company.	AICL has built a strategy to sell to the retail segment. One such strategy is to set up call centers to acquire the retail customers directly. Further strategies need to be built to develop retail focused products and market them adequately to the potential customers.	High	Moderate

Revamping and Innovating Enterprise Risk Management (ERM)

The Company is currently in the process of revamping and innovating ERM. A parallel structure is being implemented, whilst the previous structure is still operational.

Following are some of the highlights of the revamped ERM structure:

- The primary risk categories and secondary risk categories have been redefined and are now based on the recommendations of the Institute and Faculty of Actuaries.
- Some new fields have been added to the risk register, and they are as follows:
  - Credible worst-case scenario (CWCS)
  - Likelihood of CWCS over one year
  - Severity of CWCS in terms of impact on Profit & Loss statement
  - Expected Loss of CWCS
  - Risk category decision, which is a categorization into “Key Risk”, “Monitor with Key Risk Indication”, and “No Action Required”
  - Key risk indicator description and thresholds
- Going forward, in the revamped ERM structure, key risk indicator values will be measured against the key risk indicator thresholds on quarterly basis.
- Capital models have been set up using a world renowned subscription based model for major lines of businesses, which should provide Profit & Loss distributions.

Adequacy of Capital Structure

Share Capital and Reserves	2023	2022	2021
		Rupees in thousand	
Authorized Share Capital	3,750,000	3,750,000	3,750,000
Issued, Subscribed and Paid-Up Capital	3,500,000	3,500,000	3,500,000
Reserves	7,963,751	3,527,175	5,486,879
Unappropriated Profit	19,156,318	17,891,764	16,402,885
Total Equity	**30,620,069**	**24,918,939**	**25,389,764**
Cash and Bank – Conventional Business	5,252,776	5,276,694	2,174,053
Cash and Bank – WTO Operator’s Fund	76,860	164,215	264,235

The table above shows highlights regarding adequacy of capital structure of AICL. Moreover, the Company has maintained healthy cashflows in the last 3 years, and there have been no instances of default in payments.

There is absolutely no inadequacy in the capital structure.



OUR PILLARS OF STRENGTH

CORPORATE GOVERNANCE

Directors' Report

to the Members on Unconsolidated Financial Statements

On behalf of the Board of Directors, we are pleased to present the 63rd Annual Report of your Company together with the audited unconsolidated financial statements for the year ended 31 December 2023.

ECONOMIC OVERVIEW

The fiscal year 2023 witnessed significant pressures and challenges in the form of political unrest, higher financing requirements with strict conditions for availability of global financing and rising inflation owing to higher energy and food prices. All these challenges negatively impacted the economic environment and necessitated remedial measures to stabilize the economy. Consequently, the Government of Pakistan took strict measures regarding import rationalization and the State Bank of Pakistan (SBP) continually increased the policy rate to curb the aggregate demand and stabilize the economy. As a result, the Policy rate was jacked up to 22% in June 2023 which was 16% in December 2022.

Concerning Pakistan Stock Exchange (PSX), the KSE-100 Index mostly remained under pressure during 2023. However, a strong recovery was witnessed in the index in last quarter of 2023, closing at 62,451 in the year 2023 as compared to 40,420 in the year 2022.

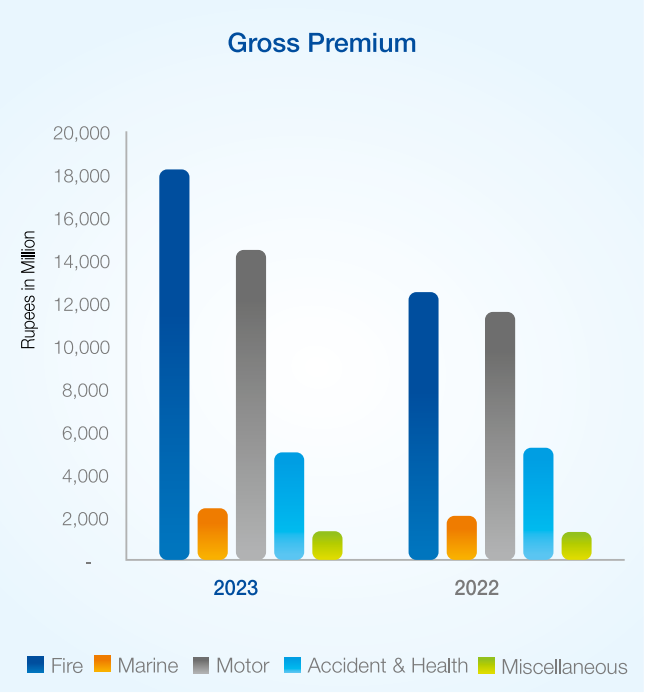
Standard & Poor's assigned Pakistan with long-term credit rating 'CCC+' with stable outlook.

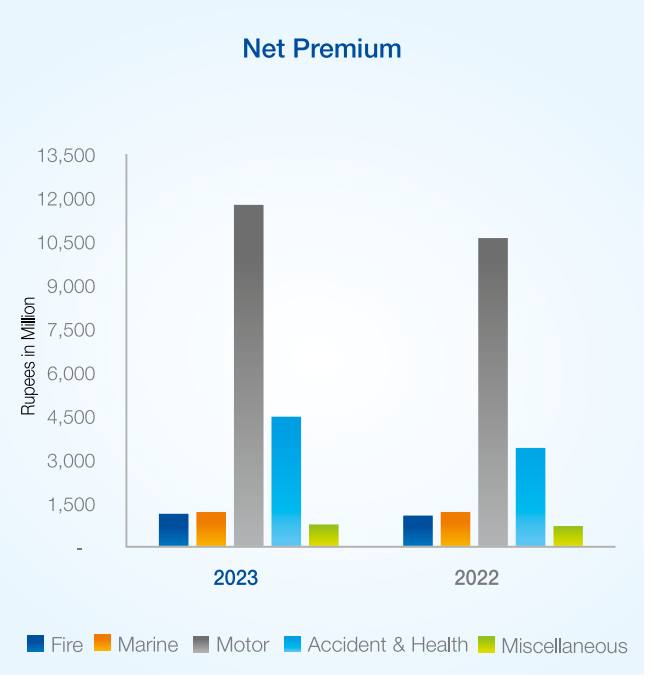
COMPANY PERFORMANCE REVIEW

Despite the challenging environment, the Company performed well in 2023 as we closed the year delivering sound financial results with a premium growth of 27% in conventional business over the preceding year. We continued to follow the strategy of sustainable growth by focusing on further strengthening the risk and compliance management.

In 2023, the gross premium increased to Rs. 41,463 million (excluding Rs. 2,866 million contributions generated through Window Takaful Operations) as compared to Rs. 32,677 million in 2022 (excluding Rs. 2,514 million contributions generated through Window Takaful Operations). The net insurance premium revenue was 47% (Rs. 19,319 million) of total gross premium underwritten as compared to the net insurance premium revenue of 52% (Rs. 16,980 million) in 2022.

The net claims ratio increased to 70% as compared to last year's ratio of 66% per annum primarily due to increase in loss ratio of UAE Operations.





Consequently, the underwriting results reported a loss of Rs. 1,365 million in 2023 as against loss of Rs. 209 million in 2022.

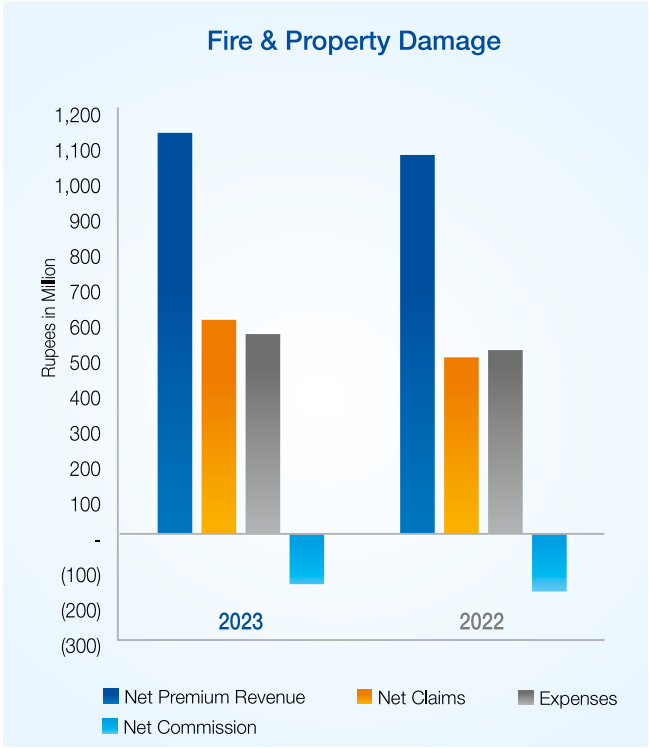
The return-on-investment portfolio increased to 11% in 2023 as compared to 8% in 2022.

Profit before tax amounted to Rs. 3,912 million in the year 2023 recording an increase of 24% against the preceding year's profit of Rs. 3,147 million. While the Profit after tax witnessed a decline of 12% to Rs. 2,262 million as against profits of Rs. 2,585 million in the preceding year.

PORTFOLIO ANALYSIS

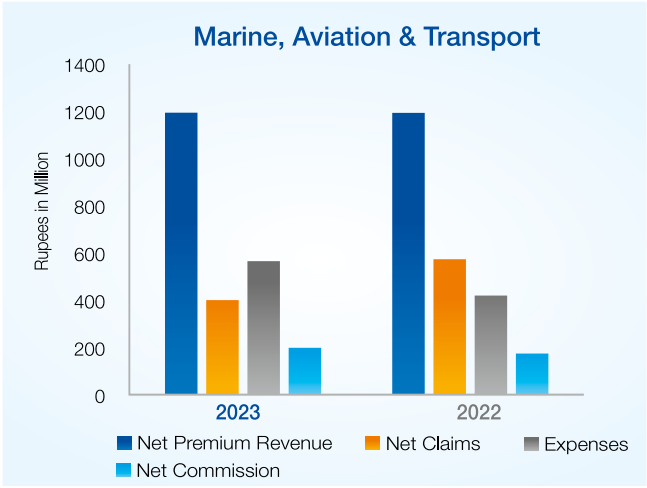
Fire & Property Damage

Fire and property class of business constituted 44% of the total portfolio. During the year, the Company has underwritten a gross premium of Rs. 18,222 million (2022: Rs. 12,496 million). Net claims to net premium ratio increased to 53% in 2023 as compared to 47% in 2022. As a result, fire and property class posted underwriting profit of Rs. 106 million in 2023 as compared to Rs. 216 million in 2022.



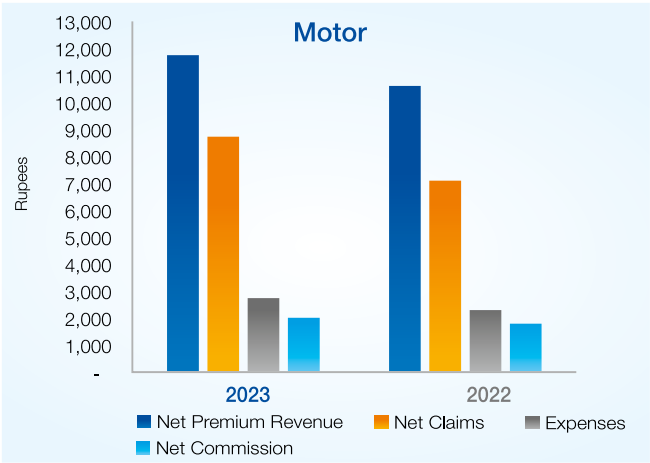
Marine, Aviation & Transport

Marine, Aviation & Transport class of business constituted 6% of the total portfolio. During the year, the Company has underwritten a gross premium of Rs. 2,415 million (2022: Rs. 2,062 million). Net claims to net premium ratio decreased to 34% in 2023 as compared to 48% in 2022. As a result, this portfolio showed underwriting profit of Rs. 26 million in 2023 as compared to Rs. 22 million in 2022.



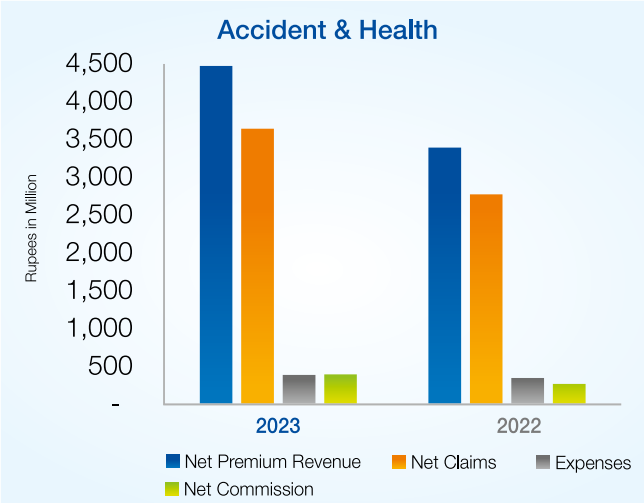
Motor

Motor class of business constituted 35% of the total portfolio. During the year, the Company has underwritten a gross premium of Rs. 14,463 million (2022: Rs. 11,571 million). Net claims to net premium ratio increased to 74% in 2023 as compared to 67% in 2022. As a result, Motor class reported a loss of Rs. 1,728 million in 2023 as compared to profit of Rs. 579 million in 2022.



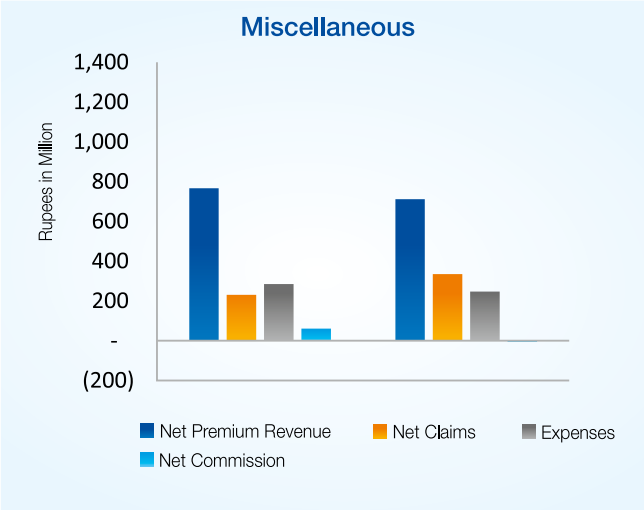
Accident & Health

The Accident & Health class of business constituted 12% of the total portfolio. During the year, the Company has underwritten a gross premium of Rs. 5,023 million (2022: Rs. 5,240 million). Net claims to net premium ratio decreased to 81% in 2023 as compared to 82% in 2022. As a result, this portfolio showed underwriting profit of Rs. 40 million (2022: loss of Rs. 6 million).



Miscellaneous

The miscellaneous class of business constituted 3% of the total portfolio. During the year, the Company has underwritten a gross premium of Rs. 1,341 million (2022: Rs. 1,308 million). Net claims to net premium ratio decreased to 30% in 2023 as compared to 47% in 2022. As a result, miscellaneous portfolio showed underwriting profit of Rs. 190 million in 2023 as compared to Rs. 136 million in 2022.



INVESTMENT INCOME

Investment income of the Company witnessed an increase of 83% mainly due to increase in dividend income.

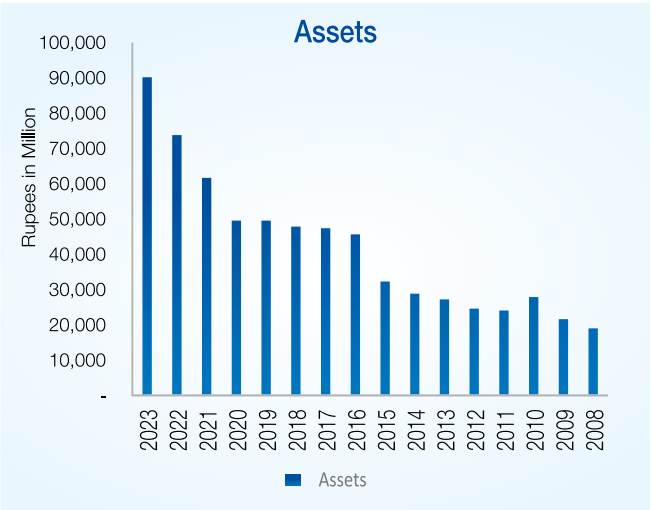
Dividend income increased by 89% in 2023. As a result, the overall income from investments amounted to Rs. 3,903 million in 2023 as against Rs. 2,128 million in 2022.

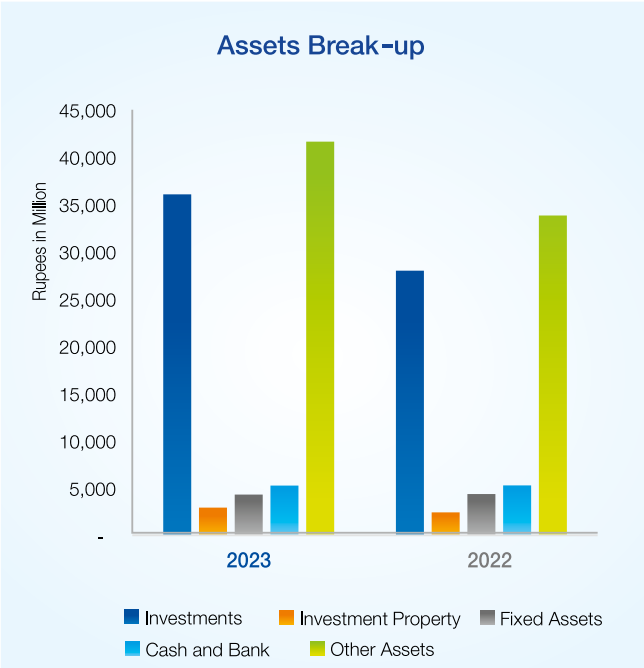
The break-up of investment income is as under:

	2023	2022
	(Rupees in million)	
Dividend income	3,348	1,773
Return on fixed income securities	272	85
Income from term deposits	348	130
(Loss) / Gain on sale of 'available-for-sale' investments (net of impairment)	(65)	140
Net investment income	3,903	2,128

COMPANY'S ASSETS

Total assets of the Company as on 31 December 2023 amounted to Rs. 90,128 million as against Rs. 73,766 million in 2022. Total investments increased by 29% at Rs. 36,039 million as compared to Rs. 27,890 million in 2022 (including Rs. 900 million as advance against issue of shares). The management's strategy is to optimize utilization of funds over a long-term investment horizon to maximize investment returns.





WINDOW TAKAFUL OPERATIONS

The Company's Window Takaful Operations – Operator's Fund closed the year with an increase of 14% in gross contribution written at Rs. 2,866 million as compared to Rs. 2,514 million in 2022 and has made a profit after tax of Rs. 295 million as compared to profit of Rs. 220 million in 2022.

OUTSIDE PAKISTAN OPERATIONS – UNITED ARAB EMIRATES & EXPORT PROCESSING ZONE

The Company has three fully functional branches located in Dubai, Sharjah and Abu Dhabi and one branch in Export Processing Zone (EPZ). The UAE branches are regulated under the relevant UAE laws applicable to the local insurance companies.

Outside Pakistan operations witnessed a growth of 27% in written gross premium (2022: 63%). However, net claims to net premium ratio increased to 82% in 2023 as compared to 74% in 2022. As a result, Outside Pakistan operations reported a loss before tax amounting to Rs. 1,349 million in 2023 as compared to loss of Rs. 743 million in 2022.

PROSPECTS FOR 2024

Amid the current political and economic environment, the prospects for the upcoming year 2024 are presenting mixed trends. Resumption of the IMF program is essential for the economy and to obtain financial support from friendly countries.

Insurance Industry in Pakistan observed several peaks and dips in recent years. However, it successfully managed to keep pace with the development of the economy and other sectors. Amid the current macro-economic and political environment, we foresee distressed growth trajectory of Insurance Sector during the year 2024.

DIRECTORS

Total number of directors was 8 during the year 2023 and comprises as under:

1. Total Number of Directors:

I.	Male	7
ii.	Female	1

2. Composition of Board:

i.	**Independent director**	**2**
-	Khawaja Jalal Uddin	
-	Mohammad Arif Hameed	
ii.	**Non-Executive directors - Male**	**4**
-	Ibrahim Shamsi	
-	Imran Maqbool	
-	Shaikh Muhammad Jawed	
-	Umer Mansha	
iii.	**Non-Executive director - Female**	**1**
-	Sadia Younas Mansha	
iv.	**Executive director**	**1**
-	Muhammad Ali Zeb	

DIRECTORS' REMUNERATION

The Board of Directors has approved the remuneration of the members of the Board (Non-Executive Directors including independent directors) for attending meetings of the Board. The meeting fee of Rs. 25,000/- per meeting is paid to directors. Travel expenses by air from the city of residence to the city of the meeting are paid with hotel accommodation, if availed.

The aggregate amount of remuneration is mentioned at Note 37 of the Unconsolidated Financial Statements.

BOARD MEETINGS & ATTENDANCE

During year 2023, six meetings of the Board of Directors were held and attended by the Directors as under:

Directors	Meeting Attended
Umer Mansha	6
Ibrahim Shamsi	5
Imran Maqbool	6
Khawaja Jala Uddin	6
Mohammad Arif Hameed	4
Sadia Younas Mansha	3
Shaikh Muhammad Jawed	6
Muhammad Ali Zeb – CEO	6

BOARD COMMITTEES & ITS MEMBERS

The Board has formed the following committees:

AUDIT COMMITTEE

Muhammad Arif Hameed	Independent Director	Chairman
Ibrahim Shamsi	Non-Executive Director	Member
Shaikh Muhammad Jawed	Non-Executive Director	Member
Umer Mansha	Non-Executive Director	Member

ETHICS, HUMAN RESOURCES & REMUNERATION COMMITTEE

Khawaja Jalal Uddin	Independent Director	Chairman
Ibrahim Shamsi	Non-Executive Director	Member
Umer Mansha	Non-Executive Director	Member
Muhammad Ali Zeb	MD & CEO	Member

INVESTMENT COMMITTEE

Shaikh Muhammad Jawed	Non-Executive Director	Chairman
Imran Maqbool	Non-Executive Director	Member
Umer Mansha	Non-Executive Director	Member
Muhammad Ali Zeb	MD & CEO	Member
Muhammad Asim Nagi	Chief Financial Officer	Member

STATEMENT OF COMPLIANCE WITH CODE(S) OF CORPORATE GOVERNANCE

Statement of compliance with code(s) of corporate governance is separately provided in Annual Report at page 103.

RISK MITIGATION

Risk Mitigation is a proactive review and plan for the organization's current and potential risks. One of the vital functions in risk mitigation at Adamjee Insurance is the Physical Risk Management of fixed assets being offered for insurance, whether Industrial, Infra-structure, Commercial or Private Dwellings. Risk Management involves assessment of the various sections, processes and departments and it analysis the perils to which these fixed assets are exposed to. Adamjee Insurance carries out risk surveys which give our underwriters an insight about pre-defined categories of risks and those risk which cross certain financial thresholds, sometimes even before issuing an insurance quotation and/or an insurance policy. This is the reason why we have a dedicated team of well qualified and experienced risk surveyors who carry out the largest number of risk-surveys every year in the industry. The underwriters equipped with maximum information about the risk are then in a better position to accept or reject the risk with more conviction and confidence.

Once the risk is accepted for underwriting, a right price and appropriate terms are provided for the benefit of our valued customers. The recommendations made by the risk surveyors help the customers in improving their processes and operations, thus mitigating the risk exposures significantly.

The Company pays particular attention to the underwriting controls. Each class of insurance is headed

by qualified and experienced underwriters, who manage and control the underwriting in their respective class of business. The utmost aim in any underwriting process is to protect the bottom-line of the Company. This is achieved by accurately estimating the exposures and the probability of future losses and thereby developing appropriate terms and conditions for each proposed risk for insurance and also deciding carefully on the retention of each risk.

Underwriting involves a number of technical controlling protocols. These protocols include Risk Categorization Grid, defined underwriting authorities, Check Lists for underwriters, guidelines by class of business, rate monitoring mechanism, underwriting peer reviews and practice for seeking guidance on large and intricate risks from Risk Exposure Group (REG). This Group is represented by Executive Director Technical, Executive Director Commercial, Head of Claims and Compliance and Executive Director Re-Insurance. The Risk Categorization Grid defines Very High Risks, High Risks, Medium Risks and Low Risks Categories.

The Company has a very effective Reinsurance Treaty Programme in place which along with Facultative Risk Wise arrangements provides a bespoke protection to the Company against different types of risks. Both Reinsurance and Coinsurance arrangements are effectively used as risk mitigating tools against all types of risk exposures and to augment Company's risk appetite.

GOVERNMENT OF PAKISTAN POLICIES AND THEIR IMPACT

The Government of Pakistan and the regulatory authority, namely, Securities and Exchange Commission of Pakistan (SECP) have made various enactments, rules and regulations to regulate the Insurance Sector in the country. These enactments and the rules and regulations made thereunder aim to provide guidelines for the sector relating to various aspects of the insurance business including, but not limited to, minimum capital requirement for insurers, day to day insurance operations, know your customers (KYC), data maintenance and protection, anti-money laundering and counter financing of terrorism, accounting of transactions, presentation of financial statements, handling of complaints and grievances and so on. The policies of the Government of Pakistan tend to achieve transparency and promote adoption of best practices in all aspects of the insurance business.

PATTERN OF SHAREHOLDING

The pattern of shareholding is annexed in the Annual Report at page 421. The format of reporting, Form 20, has been slightly amended to comply with the reporting requirements under the Code of Corporate Governance for Insurers, 2016.

For the category of 'Executive', the Board of Directors has set the threshold for the year 2023. In addition to CEO, CFO, Head of Internal Audit and Company Secretary, officers in the cadre of Executive Director and above are included in the category of 'Executives'. The threshold is reviewed by the Board annually.

EARNINGS PER SHARE

During the year under review, earnings per share were Rs. 6.46/- (2022: Rs. 7.39/-). Detailed working has been reported in Note 36 to the Unconsolidated Financial Statements in this regard.

INTERNAL FINANCIAL CONTROLS AND ITS ADEQUACY

The Board has adopted policies and procedures for ensuring orderly and efficient conduct of its business including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures. The system provides, though not absolute, but reasonable assurance that adequate control mechanisms have been established within the operational businesses.

The Company's internal control system is commensurate with its size, scale, and complexities of its operations. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control system and suggests improvements to strengthen the same. It also reviews the quarterly Internal Audit Reports. Internal financial controls deployed within the Company have been found satisfactory throughout the year.

CSR activities

The CSR initiatives taken during the year 2023 have been separately mentioned in the annual report at page 172.

Impact of Company's Business on Environment

The impact of the Company's business on environment is actually next to nothing, since Adamjee does not have any manufacturing and/or energy-resource based business set-up. With around 893 employees, we feel that we have a responsibility for environmental protection and have involved ourselves in areas that we can influence in a positive manner. We are focusing on reducing the use of paper and gradually moving towards a paperless environment. We are sensitizing our staff to behave in an environmentally friendly manner to save on electricity/power consumption and water usage.

HUMAN RESOURCE

At Adamjee Insurance, we believe that Human Capital is our core asset. We nurture the seeds of growth and flourish because of our people, who keep adding value through utmost efforts. Our aim is to provide growth opportunities and bring a performance-based culture where rewards are linked for the encouragement of our employees. That is why, our people are more engaged, feel secure and resultantly employees' satisfaction indicators, i.e. productivity, engagement index and turnover for year 2023 is inspiring in the company.

ISO 9001:2015 CERTIFICATION

Adamjee Insurance has always strived to enhance customer satisfaction through continually improving in its quality management system practices, processes and standards. By the new version of ISO 9001:2015, Adamjee has once again assured customers that it will continue to fulfill their insurance, regulatory and quality requirements, adding even more value to its customer services. This upgraded standard is conferred by Lloyd's Register Quality Assurance.

The certification has a continuation of our adherence to internationally established standards for quality system.

At AICL, we are fully aware of how beneficial this standard (ISO 9001:2015) is for us which includes but not limited to well organized operating environment, better working conditions, increased job satisfaction and improved customer satisfaction.

IFS Ratings

During the year, The Pakistan Credit Rating Agency Limited (PACRA) has maintained the Insurer Financial Strength (IFS) rating of the Company as "AA++" (Double A plus plus). This rating denotes a very strong capacity to meet policyholders' contract obligations. Risk factors are considered modest and the impact of any adverse business and economic factors is expected to be very limited.

AM Best has affirmed the financial strength rating of the Company to "B (fair)" with negative outlook which denotes a strong risk-adjusted capitalization maintained by the Company.

SUBSIDIARY COMPANY

The Company has annexed its consolidated financial statements along with its separate financial statements. Adamjee Life Assurance Company Limited (ALACL) is a subsidiary company of Adamjee Insurance Company Limited having 90% stake in the paid-up capital of ALACL. A brief description of ALACL is given below for the historical record.

ALACL was incorporated in Pakistan under the Repealed Companies Ordinance, 1984 on 4 August 2008 as a public unlisted company and commenced operations from 24 April 2009. ALACL till Feb 2020 was a subsidiary of AICL and an associate of IVM Intersurer B.V. (IVM), having 74.28% and 25.72% holdings, respectively in the capital of ALACL.

In February 2020, the Company acquired the remaining stake of 25.72% in ALACL from IVM, which made it a wholly owned subsidiary of the Company.

During the year 2021, 156,450,600 right shares at value of Rs. 10/- per share were offered by ALACL. These shares were subscribed by the Company. The paid-up capital of ALACL after issue of right shares was raised to Rs. 2,500 million.

10% stake in ALACL equivalent to 25 million shares was offered by the Company through book building. 75% shares, i.e. 18,750,000 shares were offered to

successful bidders and 25% shares i.e. 6,250,000 shares to retail investors. During the first quarter 2022 ALACL was listed on Pakistan Stock Exchange.

A maiden interim dividend of 10% was declared by Board of Directors of ALACL with approving 30th June 2023 Financial Statements.

EVENTS AFTER BALANCE SHEET DATE

There are no significant events that took place between the date of financial statements and date of this report.

RECOMMENDATION FOR DIVIDEND

An interim dividend @ 15% (Rupee 1.5 per share) (2022: @ 15% [Rupee 1.5 per share]) was paid during the year. The Board recommended final cash dividend @ 15% (Rupees 1.5 per share) (2022: @15% [Rupees 1.5 per share]).

STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Corporate laws, rules and regulations framed there under spell out the overall functions of the Board of Directors of the Company. The Board is fully aware of its corporate responsibilities as envisaged under the Companies Act, 2017, the Code of Corporate Governance for Insurers, 2016 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Codes) and is pleased to give the following statements:

The financial statements, prepared by the Company, present fairly its state of affairs, the results of its operation, cash flows and changes in equity.

The Company has maintained proper books of accounts as required under the Companies Act, 2017.

The Company has followed consistently appropriate accounting policies in preparation of the financial statements. Changes, wherever made, have been disclosed, and accounting estimates made are on the basis of prudent and reasonable judgment.

Financial Statements have been prepared by the Company in accordance with the International Financial Reporting Standards as applicable in Pakistan. The departure therefrom (if any), is disclosed adequately and explained.

The system of internal control is sound and is being implemented and monitored. However, such a system is designed to manage rather than eliminate the risk of failure to achieve objectives and provide reasonable, but not absolute assurance against material misstatements or loss.

The fundamentals of the Company are strong and there are no doubts about its ability to continue as a going concern.

Key operating and financial data for the last six years is included in this annual report in summarized form.

There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at 31 December 2023, except those disclosed in the financial statements.

The value of investments including accrued income of provident and gratuity funds on the basis of un-audited accounts as on 31 December 2023, is as follows:

	(Rupees in '000)
Provident Fund	**1,313,257**
Gratuity Fund	**421,263**

AUDITORS

The present auditors, namely, Yousuf Adil, Chartered Accountants have completed five years term.

The Board of Directors on suggestion of the Audit Committee recommended the appointment of M/s KPMG Taseer Hadi & Company Chartered Accountants as statutory auditors for the next term.

ACKNOWLEDGEMENT

The Company would like to thank its shareholders for the confidence they have shown in us. We express our sincere thanks to our customers, employees, strategic partners, vendors and suppliers.

We also appreciate the continuing support and guidance provided by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan during the year.

We also appreciate the continuing support and guidance provided by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan during the year.

For and on behalf of the Board



Shaikh Muhammad Jawed
Director



Muhammad Ali Zeb
Managing Director &
Chief Executive Officer

Lahore: March 26, 2024

بیلنس شیٹ کی تاریخ کے بعد کے واقعات:

مالی گوشواروں کی تاریخ اور اس رپورٹ کی تاریخ کے درمیان کوئی قابلِ ذکر واقعات رونما نہیں ہوئے۔

ڈیویڈنڈ کیلئے سفارش:

ایک عبوری منافع منقسمہ 15% (1.5 روپے فی شیئر) کی شرح سے (2021: @ 15%)] 1.5 روپیہ فی شیئر[) سال کے دوران ادا کیا گیا۔ بورڈ نے حتمی نقد منافع 15%(1.5روپے فی شیئر) کی شرح سے (2022 @ 1.5%)] 1.5 روپیہ فی شیئر) کی سفارش کی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کا گوشوارہ:

کارپوریٹ قوانین، قواعد وضوابط جو وہاں بنائے گئے ہیں، کمپنی کے بورڈ آف ڈائریکٹرز کے مجموعی امور کو بیان کرتے ہیں۔ بورڈ اپنی کارپوریٹ ذمّے داریوں سے پوری طرح واقف ہے جیسا کہ کمپنیز ایکٹ، 2017ئ، کوڈ آف کارپوریٹ گورننس برائے بیمہ کنندگان، 2016ء اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019ء (کوڈز) کے تحت احاطہ کیے گئے ہیں ہے اور درج ذیل گوشواروں کی فراہمی پر اظہارِ مسرت کرتے ہیں:

- کمپنی کی طرف سے تیار کردہ مالیاتی گوشوارے، اس کی حالت، اس کے آپریشن کے نتائج، نقد بہاؤ اور ایکویٹی میں تبدیلیوں کو کافی حد تک پیش کرتے ہیں۔
- کمپنی نے کمپنیز ایکٹ 2017ء کے تحت اکاؤنٹس کی مناسب کتابوں کو برقرار رکھا ہے۔
- کمپنی نے مالی بیانات کی تیاری میں مسلسل مناسب اکاؤنٹنگ پالیسیز پر عمل کیا ہے۔ جہاں کہیں بھی تبدیلیاں کی گئی ہیں، ان کا انکشاف کیا گیا ہے، اور حساب کتاب کے تخمینے دانشمندانہ اور معقول فیصلے کی بنیاد پر کیے گئے ہیں۔
- پاکستان میں لاگو ہونے والے بین الاقوامی مالیاتی رپورٹنگ معیارات کے مطابق کمپنی کی طرف سے مالیاتی بیانات تیار کیے گئے ہیں۔ ان سے انحراف (اگر کوئی ہے)، مناسب طور پر ظاہر اور وضاحت کی گئی ہے۔

اندرونی کنٹرول کا نظام درست ہے اور اس پر عمل درآمد اور نگرانی کی جارہی ہے۔ تاہم، اس طرح کے نظام کو مقاصد کے حصول میں ناکامی کے خطرے کو ختم کرنے اور معقول فراہم کرنے کے بجائے انتظام کرنے کیلئے ڈیزائن کیا گیا ہے، لیکن مادی غلط بیانیوں یا نقصان کے خلاف قطعی یقین دہانی نہیں۔

- کمپنی کی مبادیات مضبوط ہیں اور اس کے جاری رہنے کی صلاحیت کے بارے میں کوئی شک نہیں ہے۔
- اس سالانہ رپورٹ میں گزشتہ چھ سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا خلاصے کی شکل میں شامل کیا گیا ہے۔
- ٹیکسز، ڈیوٹی، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگیاں نہیں ہیں جو کہ 31 دسمبر 2023ء تک بقایا ہیں، سوائے ان مالیاتی گوشواروں کے جن کا انکشاف کیا گیا ہے۔

31 دسمبر 2023ء کو غیر آڈٹ شدہ کھاتوں کی بنیاد پر پرووِیڈنٹ اور گریجویٹی فنڈز کی جمع شدہ آمدنی سمیت سرمایہ کاری کی قیمت درج ذیل ہے:

(روپے '000 میں)

پرووِیڈنٹ فنڈ	1,313,257
گریجویٹی فنڈ	421,263

آڈٹرز:

موجودہ آڈٹرز، یعنی میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس نے 5 سال کی مدّت پوری کرلی ہے۔

بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی تجویز پر کے پی ایم جی تاثیر ہادی چارٹرڈ اکاؤنٹنٹس کو اگلی مدّت کیلئے قانونی آڈٹرز کے طور پر تعینات کرنے کی سفارش کی ہے۔

اعتراف:

کمپنی اپنے شیئر ہولڈرز کے ہم پر اظہارِ اعتماد کیلئے ان کا شکریہ ادا کرنا چاہے گی ہم اپنے کسٹمرز، ملازمین، اسٹریٹجک شراکت داروں، وینڈرز اور سپلائرز کا تہہِ دل سے شکریہ ادا کرتے ہیں۔

ہم سال بھر کے دوران سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی طرف سے فراہم کردہ مسلسل تعاون اور رہنمائی کو بھی سراہتے ہیں۔

بورڈ کیلئے اور اس کی جانب سے

شیخ محمد جاوید
ڈائریکٹر

محمد علی زیب
مینجنگ ڈائریکٹر اور چیف ایگزیکٹیو آفیسر

لاہور: 26 مارچ 2024ء

مینوفیکچرنگ اور / یا توانائی کے وسائل پر مبنی کاروبار کا سیٹ اپ نہیں ہے۔ تقریباً893 ملازمین کے ساتھ، ہم محسوس کرتے ہیں کہ ماحولیاتی تحفظ بھی ہماری ذمّے داری ہے اور ہم نے خود کو ایسے شعبوں میں شامل کیا ہے جن پر ہم مثبت انداز میں اثر انداز ہو سکتے ہیں۔ ہم کاغذ کے استعمال کو کم کرنے اور بتدریج بغیر کاغذ کے ماحول کی طرف بڑھنے پر توجہ دے رہے ہیں۔ ہم بجلی / بجلی کے استعمال اور پانی کے استعمال کو بچانے کیلئے اپنے عملے کو ماحول دوست انداز میں برتاؤ کرنے کیلئے حسّاس بنا رہے ہیں۔

انسانی وسائل

آدمجی انشورنس میں، ہم سمجھتے ہیں کہ انسانی سرمایہ ہمارا بنیادی اثاثہ ہے۔ ہم اپنے لوگوں کی وجہ سے ترقّی اور پھلنے پھولنے کے بیجوں کی پرورش کرتے ہیں، جو پوری کوششوں کے ذریعے قدر میں اضافہ کرتے رہتے ہیں۔ ہمارا مقصد ترقّی کے مواقع فراہم کرنا اور کارکردگی پر مبنی ثقافت لانا ہے جہاں ہمارے ملازمین کی حوصلہ افزائی کیلئے انعامات منسلک ہوں۔ اسی لیے، ہمارے لوگ زیادہ مصروف ہیں، محفوظ محسوس کرتے ہیں اور اس کے نتیجے میں ملازمین کے اطمینان کے اشارے، یعنی پیداواری صلاحیت، مصروفیت کا اشاریہ اور سال 2023ء کیلئے کمپنی کا ٹرن اوور بھی متاثر کن ہے۔

ISO 9001:2015 سرٹیفکیشن

آدمجی انشورنس نے ہمیشہ اپنے کوالٹی مینجمنٹ سسٹم کے طریقوں، عمل اور معیارات میں مسلسل بہتری کے ذریعے صارفین کی اطمینان کو بڑھانے کی کوشش کی ہے۔ ISO 9001:2015 کے نئے ورژن کے ذریعے، آدمجی نے ایک بار پھر صارفین کو یقین دلایا ہے کہ وہ ان کی انشورنس، ریگولیٹری اور معیار کے تقاضوں کو پورا کرتا رہے گا، اور اس کی کسٹمر سروسز میں مزید قدر کا اضافہ ہوگا۔ یہ اپ گریڈ شدہ معیار Lloyd's Register Quality Assurance کے ذریعے دیا گیا ہے۔

سرٹیفکیشن میں معیار کے نظام کیلئے بین الاقوامی سطح پر قائم کردہ معیارات پر ہماری پابندی کا تسلسل ہے۔

AICL میں، ہم اس بات سے پوری طرح واقف ہیں کہ یہ معیار (ISO 9001:2015) ہمارے لیے کتنا فائدہ مند ہے جس میں بہتر منظم آپریٹنگ ماحول، بہتر کام کے حالات، ملازمت کی اطمینان میں اضافہ اور صارفین کی اطمینان میں اضافہ شامل ہے لیکن یہ سب کچھ اسی تک محدود نہیں۔

IFS کی درجہ بندیاں:

سال کے دوران، پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے کمپنی کی بیمہ کنندہ مالیاتی استحکام (IFS) کی درجہ بندی کو "AA++" (ڈبل اے پلس پلس) کے طور پر برقرار رکھا ہے۔ یہ درجہ بندی پالیسی ہولڈرز کے معاہدے کی ذمّے داریوں کو پورا کرنے کی بہت مضبوط صلاحیت کی نشاندہی کرتی ہے۔ خطرے کے عوامل کو معمولی سمجھا جاتا ہے اور کسی بھی منفی کاروبار اور اقتصادی عوامل کے اثرات بہت محدود ہونے کی توقع کی جاتی ہے۔

اے ایم بیسٹ نے منفی آؤٹ لک کے ساتھ کمپنی کے مالیاتی استحکام کی درجہ بندی کو "B (ٹھیک)" قرار دینے کی توثیق کی ہے جو کہ کمپنی کی طرف سے برقرار رکھے گئے ایک مضبوط رِسک ایڈجسٹ کیپٹلائزیشن کی نشاندہی کرتا ہے۔

ذیلی کمپنی

کمپنی نے اپنے الگ الگ مالیاتی گوشواروں کے ساتھ ملحقہ مالیاتی گوشواروں کو جوڑ دیا ہے۔ آدمجی لائف اشورنس کمپنی لمیٹڈ (ALACL) آدمجی انشورنس کمپنی لمیٹڈ (AICL) کی ایک ذیلی کمپنی ہے جس کے ALACL کے ادا شدہ سرمائے میں 90% حصص ہیں۔ ALACL کی ایک مختصر تفصیل ذیل میں دی گئی ہے:

ALACL کو پاکستان میں منسوخ شدہ کمپنیز آرڈیننس 1984ء کے تحت 4 اگست 2008ء کو ایک پبلک اَن لسٹڈ کمپنی کے طور پر شامل کیا گیا تھا اور اس نے 24 اپریل 2009ء سے کام شروع کیا تھا۔ ALACL فروری 2020ء تک AICL کا ذیلی ادارہ تھا اور IVM Intersurer B.V. (IVM) کی ایک ایسوسی ایٹ ہے جس کی ALACL کے سرمائے میں بالترتیب 74.28% اور 25.72% شیئر ہولڈنگ تھی۔

فروری 2020ء میں، کمپنی نے IVM سے ALACL میں 25.72% کا بقیہ حصّہ حاصل کر لیا ہے،

جس نے اسے کمپنی کا مکمل ملکیتی ذیلی ادارہ بنا دیا ہے۔

سال 2021ء کے دوران، ALACL کی طرف سے 10/- فی شیئر کے حساب سے 156,450,600 رائٹ شیئرز کی پیشکش کی گئی۔ یہ حصص کمپنی کی طرف سے سبسکرائب کیے گئے تھے۔ رائٹ شیئرز کے اجرا کے بعد ALACL کا ادا شدہ سرمایہ بڑھا کر 2500 ملین روپے کر دیا گیا۔

بُک بلڈنگ کے ذریعے ALACL میں 25 ملین شیئرز کے مساوی 10% حصص فروخت کرنے کیلئے انتظامات کئے گئے۔ 75% حصص یعنی 18,750,000 شیئرز کامیاب بولی دہندگان کو اور 25% شیئرز یعنی 6,250,000 حصص خوردہ سرمایہ کاروں کو پیش کیے گئے۔ 2022ء کی پہلی سہ ماہی کے دوران ALACL کو پاکستان اسٹاک ایکسچینج پر درج کیا گیا۔

ALACL کے بورڈ آف ڈائریکٹرز کی طرف سے 30 جون 2023ء کے مالیاتی گوشواروں کی منظوری کے ساتھ 10% کے پہلے عبوری منافع کا اعلان کیا گیا ہے۔

ایک بار جب انڈر رائٹنگ کیلئے خطرہ قبول کر لیا جاتا ہے، تو ہمارے قابلِ قدر صارفین کے فائدے کیلئے ایک صحیح قیمت اور مناسب شرائط فراہم کی جاتی ہیں۔ رِسک سرویئرز کی طرف سے دی گئی سفارشات صارفین کو ان کے عمل اور آپریشنز کو بہتر بنانے میں مدد کرتی ہیں، اس طرح خطرے کے سامنے کو نمایاں طور پر کم کیا جاتا ہے۔

کمپنی انڈر رائٹنگ کنٹرولز پر خاص توجہ دیتی ہے۔ بیمہ کی ہر کلاس کی سربراہی اہل اور تجربہ کار انڈر رائٹرز کرتے ہیں، جو اپنے متعلقہ طبقے کے کاروبار میں انڈر رائٹنگ کا انتظام اور کنٹرول کرتے ہیں۔ کسی بھی انڈر رائٹنگ کے عمل کا سب سے بڑا مقصد کمپنی کے نچلے حصّے کی حفاظت کرنا ہے۔ یہ ایکسپوژرز اور مستقبل میں ہونے والے نقصانات کے امکان کا درست اندازہ لگا کر اور اس طرح انشورنس کیلئے ہر مجوزہ خطرے کیلئے مناسب شرائط و ضوابط تیار کر کے اور ہر خطرے کو برقرار رکھنے کے بارے میں احتیاط سے فیصلہ کر کے حاصل کیا جاتا ہے۔

انڈر رائٹنگ میں متعدد تکنیکی کنٹرولنگ پروٹوکول شامل ہیں۔ ان پروٹوکولز میں رِسک کیٹگرائزیشن گرڈ، متعین انڈر رائٹنگ اتھارٹیز، انڈر رائٹرز کیلئے چیک لسٹ، کاروبار کے طبقے کے لحاظ سے رہنما خطوط، شرح کی نگرانی کا طریقہ کار، انڈر رائٹنگ پیئر ریویو اور رِسک ایکسپوژر گروپ (REG) سے بڑے اور پیچیدہ خطرات پر رہنمائی حاصل کرنے کی مشق شامل ہیں۔ اس گروپ کی نمائندگی ایگزیکٹو ڈائریکٹر ٹیکنیکل، ایگزیکٹو ڈائریکٹر کمرشل، ہیڈ آف کلیمز اینڈ کمپلائنس اور ایگزیکٹو ڈائریکٹر ری انشورنس کرتے ہیں۔ خطرے کی درجہ بندی کا گرڈ بہت زیادہ خطرات، زیادہ خطرات، درمیانے خطرات اور کم خطرات کے زمرے کی وضاحت کرتا ہے۔

کمپنی کے پاس ایک بہت ہی موثر ری انشورنس ٹریٹی پروگرام ہے جو فیکلٹیٹیو رِسک وائز انتظامات کے ساتھ ساتھ کمپنی کو مختلف قسم کے خطرات سے پہلے سے تحفظ فراہم کرتا ہے۔ از سرِ نو بیمہ اور مشترکہ بیمہ دونوں انتظامات کو موثر طریقے سے ہر قسم کے رِسک ایکسپوژرز کے خلاف رِسک کم کرنے والے ٹولز کے طور پر اور کمپنی کی خطرے کی بھوک کو بڑھانے کیلئے استعمال کیا جاتا ہے۔

حکومتِ پاکستان کی پالیسیز اور ان کے اثرات:

حکومتِ پاکستان اور ریگولیٹری اتھارٹی، یعنی سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے ملک میں انشورنس سیکٹر کو ریگولیٹ کرنے کیلئے مختلف قانون سازی کے عمل، قواعد و ضوابط بنائے ہیں۔ قانون سازی کے عمل اور اس کے تحت بنائے گئے قواعد و ضوابط کا مقصد بیمہ کاروبار کے مختلف پہلوؤں سے متعلق شعبے کیلئے رہنما خطوط فراہم کرنا ہے، بشمول بیمہ کنندگان کیلئے کم از کم سرمائے کی ضرورت، روزانہ کی بیمہ کی کارروائیاں، اپنے صارفین کو جاننا (KYC) ڈیٹا کی دیکھ بھال اور تحفظ، انسداد منی لانڈرنگ اور دہشت گردی کی مالی معاونت کا انسداد، لین دین کا حساب کتاب، مالیاتی بیانات کی پیشکش، شکایات اور شکایات کا ازالہ وغیرہ۔ حکومتِ پاکستان کی پالیسیز شفافیت کو حاصل کرنے اور انشورنس کاروبار کے تمام پہلوؤں میں بہترین طریقوں کو اپنانے کو فروغ دیتی ہیں۔

شیئر ہولڈنگ کا پیٹرن

شیئر ہولڈنگ کا پیٹرن صفحہ 421 پر سالانہ رپورٹ میں منسلک ہے۔ رپورٹنگ کے فارمیٹ، فارم 20، کوڈ آف کارپوریٹ گورننس برائے بیمہ کنندگان 2016ء کے تحت رپورٹنگ کی ضروریات کی تعمیل کرنے کیلئے قدرے ترمیم کی گئی ہے۔

'ایگزیکٹیو' کی کیٹگری کیلئے بورڈ آف ڈائریکٹرز نے سال 2023ء کیلئے حد مقرر کی ہے۔ سی ای او، سی ایف او، ہیڈ آف انٹرنل آڈٹ اور کمپنی سیکریٹری کے علاوہ ایگزیکٹو ڈائریکٹر اور اس سے اوپر کے کیڈر کے افسران بھی اس زمرے میں شامل ہیں۔ 'ایگزیکٹو' کا۔ بورڈ ہر سال حد کا جائزہ لیتا ہے۔

فی شیئر کمائی

زیرِ نظر سال کے دوران فی حصص آمدنی (2022ء میں 7.39 روپے) -/6.46 روپے رہی۔ نوٹ 36 میں اس سلسلے میں غیر مجتمع مالیاتی بیانات پر تفصیلی کام کی اطلاع دی گئی ہے۔

اندرونی مالیاتی کنٹرول اور اس کی موزونیت

بورڈ نے اپنے کاروبار کے منظم اور موثر طرزِ عمل کو یقینی بنانے کیلئے پالیسیز اور طریقہ کار اپنایا ہے جس میں کمپنی کی پالیسیز کی پابندی، اس کے اثاثوں کی حفاظت، دھوکہ دہی اور غلطیوں کی روک تھام اور ان کا پتہ لگانا، اکاؤنٹنگ ریکارڈ کی درستگی اور مکمل ہونا اور قابلِ اعتماد مالیاتی انکشافات کی بروقت تیاری شامل ہے۔ یہ نظام، اگرچہ مطلق نہیں، لیکن معقول یقین دہانی فراہم کرتا ہے کہ آپریشنل کاروباروں کے اندر مناسب کنٹرول میکانزم قائم کیے گئے ہیں۔

کمپنی کا اندرونی کنٹرول سسٹم اس کے سائز، پیمانے، اور اس کے آپریشنز کی پیچیدگیوں کے مطابق ہے۔ بورڈ آف ڈائریکٹرز کی آڈٹ کمیٹی اندرونی کنٹرول کے نظام کی موزونیت اور تاثیر کا فعال طور پر جائزہ لیتی ہے اور اسے مضبوط کرنے کیلئے بہتری کی تجویز پیش کرتی ہے۔ یہ سہ ماہی اندرونی آڈٹ رپورٹس کا بھی جائزہ لیتا ہے۔ کمپنی کے اندر تعینات اندرونی مالیاتی کنٹرول سال بھر میں تسلی بخش پائے گئے ہیں۔

CSR سرگرمیاں

سال 2023ء کے دوران اٹھائے گئے CSR اقدامات کا صفحہ 172 پر سالانہ رپورٹ میں الگ سے ذکر کیا گیا ہے۔

کمپنی کے کاروبار کا ماحولیات پر اثر

ماحولیات پر کمپنی کے کاروبار کا اثر درحقیقت کچھ بھی نہیں ہے، کیونکہ آدمجی کے پاس کوئی

ڈائریکٹرز کا معاوضہ:

بورڈ آف ڈائریکٹرز نے بورڈ کے اجلاسوں میں شرکت کیلئے بورڈ کے اراکین (نان ایگزیکٹو ڈائریکٹرز بشمول آزاد ڈائریکٹرز) کے معاوضے کی منظوری دے دی ہے۔ میٹنگ فیس روپے 25,000/- فی میٹنگ ڈائریکٹرز کو ادا کی جاتی ہے۔ رہائش کے شہر سے میٹنگ کے شہر تک ہوائی سفر کے اخراجات ہوٹل کی رہائش کے ساتھ ادا کیے جاتے ہیں، اگر فائدہ اٹھایا جائے۔

معاوضے کی مجموعی رقم کا ذکر غیر جامع مالیاتی گوشواروں کے نوٹ 37 میں کیا گیا ہے۔

بورڈ میٹنگز اور حاضری:

سال 2023ء کے دوران، بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے اور ان میں ڈائریکٹرز نے حسبِ ذیل شرکت کی:

ڈائریکٹرز	شرکت کردہ اجلاس
عمر منشا	6
ابراہیم شمسی	5
عمران مقبول	6
خواجہ جلال الدّین	6
محمد عارف حمید	4
سعدیہ یونس منشا	3
شیخ محمد جاوید	6
محمد علی زیب–سی ای او	6

بورڈ کمیٹیز اور اس کے ممبرز:

بورڈ نے درج ذیل کمیٹیز تشکیل دی ہیں:

آڈٹ کمیٹی

محمد عارف حمید	آزاد ڈائریکٹر	چیئرمین
ابراہیم شمسی	نان ایگزیکٹو ڈائریکٹر	رکن
شیخ محمد جاوید	نان ایگزیکٹو ڈائریکٹر	رکن
عمر منشا	نان ایگزیکٹو ڈائریکٹر	رکن

اخلاقیات، انسانی وسائل اور معاوضہ کمیٹی

خواجہ جلال الدّین	آزاد ڈائریکٹر	چیئرمین
ابراہیم شمسی	نان ایگزیکٹو ڈائریکٹر	رکن
عمر منشا	نان ایگزیکٹو ڈائریکٹر	رکن
محمد علی زیب	ایم ڈی اور سی ای او	رکن

سرمایہ کاری کمیٹی

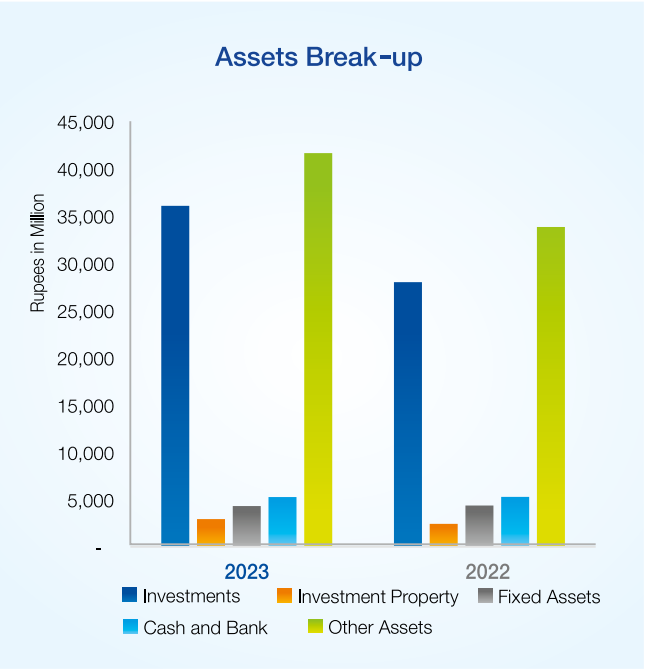
شیخ محمد جاوید	نان ایگزیکٹو ڈائریکٹر	چیئرمین
عمران مقبول	نان ایگزیکٹو ڈائریکٹر	رکن
عمر منشا	نان ایگزیکٹو ڈائریکٹر	رکن
محمد علی زیب	ایم ڈی اور سی ای او	رکن
محمد عاصم ناگی	چیف فنانشل آفیسر	رکن

کارپوریٹ گورننس کے کوڈز کے ساتھ تعمیل کا گوشوارہ

کارپوریٹ گورننس کے ضابطوں کی تعمیل کا گوشوارہ صفحہ 103 پر سالانہ رپورٹ میں الگ سے فراہم کیا گیا ہے۔

خطرات کی تخفیف:

خطرات کی تخفیف، ادارے کے موجودہ اور ممکنہ خطرات کیلئے ایک فعال جائزہ اور منصوبہ ہے۔ آدمجی انشورنس میں خطرے کو کم کرنے میں ایک اہم کام بیمہ کیلئے پیش کیے جانے والے فکسڈ اثاثوں کا فزیکل رِسک مینجمنٹ ہے، چاہے صنعتی، انفرااسٹرکچر، کمرشل ہو یا پرائیویٹ ڈویلنگ۔ رِسک مینجمنٹ میں مختلف حصّوں، عمل اور محکموں کا جائزہ شامل ہوتا ہے اور یہ ان خطرات کا تجزیہ کرتا ہے جن سے یہ مقررہ اثاثے سامنے آتے ہیں۔ آدمجی انشورنس رِسک سروے کرتا ہے جو ہمارے انڈررائٹرز کو خطرات کے پہلے سے طے شدہ زمروں اور ان خطرات کے بارے میں بصیرت فراہم کرتا ہے جو بعض مالیاتی حدوں کو عبور کرتے ہیں، بعض اوقات انشورنس کوٹیشن اور / یا انشورنس پالیسی جاری کرنے سے پہلے بھی۔ یہی وجہ ہے کہ ہمارے پاس قابل اور تجربہ کار رِسک سرویئرز کی ایک سرشار ٹیم ہے جو صنعت میں ہر سال سب سے زیادہ رِسک سروے کرتی ہے۔ خطرے کے بارے میں زیادہ سے زیادہ معلومات سے لیس انڈررائٹرز اس کے بعد زیادہ یقین اور اعتماد کے ساتھ خطرے کو قبول یا مسترد کرنے کیلئے بہتر پوزیشن میں ہوتے ہیں۔



ونڈو تکافل آپریشنز:

کمپنی کے ونڈو تکافل آپریشنز - آپریٹرز فنڈ نے اس سال مجموعی تحریری شراکت میں 14 فی صد اضافے کے ساتھ سال 2022ء میں 2,514 ملین روپے کے مقابلے میں 2,866 ملین روپے جبکہ سال 2022ء میں 220 ملین کے منافع کے مقابلے میں 295 ملین روپے کا بعد از ٹیکس منافع ریکارڈ کیا گیا۔

پاکستان کے باہر آپریشنز - متحدہ عرب امارات اور ایکسپورٹ پروسیسنگ زون

کمپنی کی تین مکمل طور پر فعال شاخیں ہیں جو دبئی، شارجہ اور ابو ظہبی میں واقع ہیں اور ایک برانچ ایکسپورٹ پروسیسنگ زون (EPZ) میں ہے۔ متحدہ عرب امارات کی شاخیں مقامی انشورنس کمپنیز پر لاگو متحدہ عرب امارات کے متعلقہ قوانین کے تحت ریگولیٹ ہوتی ہیں۔

پاکستان سے باہر آپریشنز میں تحریری مجموعی پریمیم (2022ء میں 63 فی صد) میں 27 فی صد بہتری دیکھنے میں آئی۔ بہر حال خالص دعوی کیا گیا اور خالص پریمیم کی شرح میں 2023ء میں 82 فی صد اضافہ دیکھنے میں جو کہ 2022ء میں 74 فی صد رہا تھا۔ نتیجتاً بیرونِ پاکستان آپریشنز میں 2023ء میں ٹیکس سے قبل 743 ملین روپے 1,349 رہا جبکہ 2022ء میں 743 ملین روپے کا خسارہ دیکھا گیا تھا۔

۲۰۲۴ء کے امکانات:

موجودہ سیاسی و معاشی صورتحال میں آئندہ سال 2024ء ملے جلے رجحانات کا سامنا کرنا پڑ سکتا ہے۔ آئی ایم ایف پروگرام کا دوبارہ آغاز معیشت کیلئے اور دوست ممالک سے مالی تعاون حاصل کرنے کیلئے ضروری ہے۔

پاکستان میں انشورنس انڈسٹری نے حالیہ برسوں میں کئی اتار چڑھاؤ کا سامنا کیا۔ تاہم، یہ کامیابی سے معیشت اور صنعت کے دیگر شعبوں کی ترقّی کے ساتھ رفتار برقرار رکھنے میں کامیاب رہا۔ موجودہ میکرو اکنامک اور سیاسی ماحول میں، ہم سال 2024ء کے دوران انشورنس سیکٹر کی پریشان کن نمو کی پیش گوئی کرتے ہیں۔

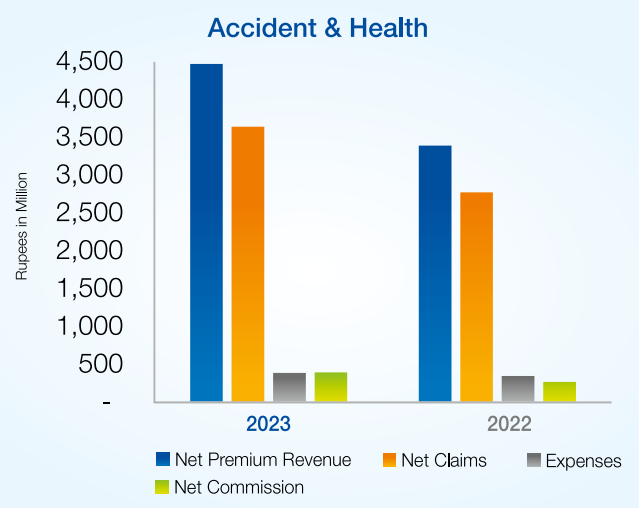
ڈائریکٹرز

سال 2023ء کے دوران ڈائریکٹرز کی کل تعداد 8 تھی اور درج ذیل پر مشتمل ہے:

1	ڈائریکٹرز کی کل تعداد:	
	i. مرد	7
	ii. خاتون	1
2	بورڈ کی تشکیل:	
	i آزاد ڈائریکٹر	2
	- خواجہ جلال الدّین	
	- محمد عارف حمید	
	ii غیر ایگزیکٹیو ڈائریکٹرز - مرد	4
	- ابراہیم شمسی	
	- عمران مقبول	
	- شیخ محمد جاوید	
	- عمر منشا	
	iii غیر ایگزیکٹیو ڈائریکٹر - خاتون	1
	- سعدیہ یونس منشا	
	iv ایگزیکٹیو ڈائریکٹر	1
	- محمد علی زیب	

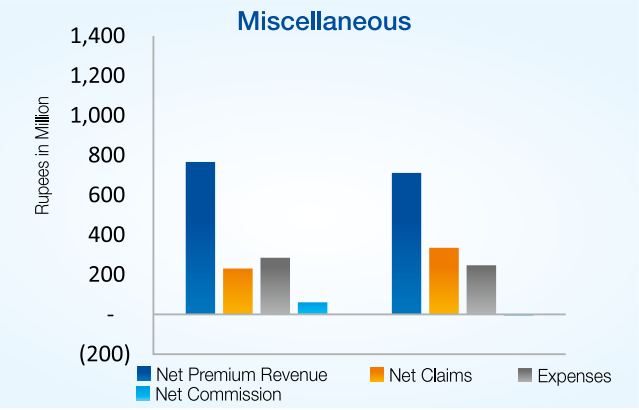
حادثہ اور صحت:

ایکسیڈنٹ اینڈ ہیلتھ کلاس کل بزنس پورٹفولیو کا 12 فی صد ہے۔ سال کے دوران، کمپنی نے 2022ء میں 5,240 ملین روپے کے مقابلے میں 5,023 ملین روپے کا مجموعی پریمیم درج کیا ہے۔ خالص دعووں کے خالص پریمیم کا تناسب 2022 میں 82 فی صد کے مقابلے میں کم ہو کر 81 فی صد رہا۔ نتیجے کے طور پر اس پورٹفولیو نے 2022 میں 6 ملین روپے کے خسارے کے مقابلے میں 40 ملین روپے کا انڈر رائٹنگ منافع ظاہر کیا ہے۔



متفرق:

کاروبار کی متفرق کلاس کل پورٹفولیو کے 3% کی تشکیل کرتا ہے۔ سال کے دوران کمپنی نے 2022ء میں 1,308 ملین روپے کے مقابلے میں 1,341 ملین روپے کا مجموعی پریمیم ظاہر کیا ہے۔ خالص دعووں کے خالص پریمیم کا تناسب 2022 میں 47 فی صد کے مقابلے میں کم ہو کر 30 فی صد رہا۔ نتیجے کے طور پر متفرّق پورٹفولیو نے 2022 میں 136 ملین روپے کے مقابلے میں 2023ء میں 190 ملین روپے کا انڈر رائٹنگ منافع ظاہر کیا ہے۔



سرمایہ کاری کی آمدنی:

کمپنی کی سرمایہ کاری سے آمدن نے 83 فی صد کے اضافے کا مشاہدہ کیا جس کی بڑی وجہ ڈیویڈنڈ انکم (منافع منقسمہ آمدن) میں اضافہ ہے۔

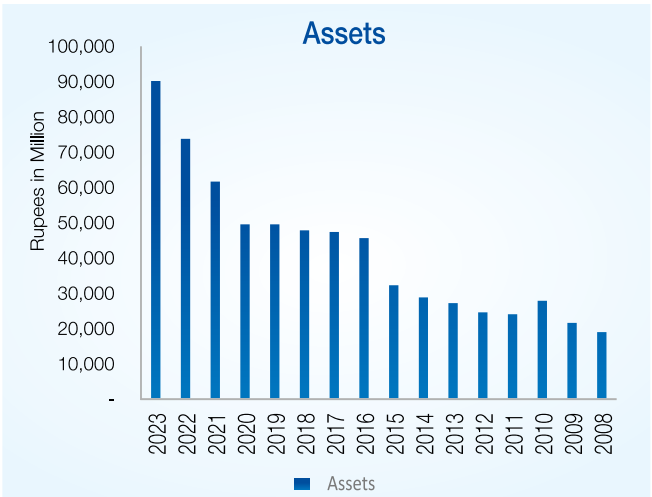
2023ء میں ڈیویڈنڈ آمدن میں 89 فی صد اضافہ ہوا۔ نتیجتاً، سرمایہ کاری سے مجموعی آمدن 3,903 ملین روپے ہو گئی جو کہ سال 2022ء میں 2,128 ملین روپے تھی۔

سرمایہ کاری کی آمدنی کی تقسیم درج ذیل ہے:

	2023	2022
	(روپے ملین میں)	
ڈیویڈنڈ آمدنی	3,348	1,773
فکسڈ انکم سکیورٹیز پر منافع	272	85
ٹرم ڈپازٹس سے آمدنی	348	130
'دستیاب برائے فروخت' سرمایہ کاری کی فروخت پر فائدہ / نقصان (خالص نقصان)	(65)	140
خالص سرمایہ کاری آمدنی	3,903	2,128

کمپنی کے اثاثے:

31 دسمبر 2023ء تک کمپنی کے کل اثاثے 90,128 ملین روپے جبکہ گزشتہ برس یعنی 2022 میں 73,766 ملین روپے تھے۔ کل سرمایہ کاری 29 فیصد بڑھ کر 36,039 ملین روپے ہو گئی جو کہ سال 2022 میں 27,890 ملین روپے (بشمول 900 ملین روپے بطور ایڈوانس حصص کے اجرا پر) تھی۔ انتظامیہ کی حکمتِ عملی سرمایہ کاری کے منافع کو زیادہ سے زیادہ کرنے کیلئے طویل مدّتی سرمایہ کاری کے افق پر فنڈز کے استعمال کو بہتر بنانا ہے۔



نتیجتاً، سال 2023ء میں انڈر رائٹنگ (ضمانتوں) کے نتائج 1,365 ملین روپے کے ظاہر کیے گئے جو کہ سال 2022ء میں 209 ملین روپے کے خسارے کے مقابلے میں رپورٹ کیے گئے۔

انویسٹمنٹ پورٹ فولیو پر منافع 2023ء میں 11 فیصد تک بڑھا جو 2022ء میں 8 فی صد تھا۔

منافع قبل از ٹیکس 24% فی صد اضافے کے ساتھ 2023ء میں 3,912 ملین روپے رہا جبکہ گزشتہ برس یہی منافع 3,147 ملین روپے تھا۔ جب کہ منافع بعد از ٹیکس پچھلے سال کے مقابلے میں 12% فی صد کمی کے ساتھ 2,262 ملین روپے ہو گیا جو کہ گزشتہ برس 2,585 رہا تھا۔

پورٹفولیو تجزیہ

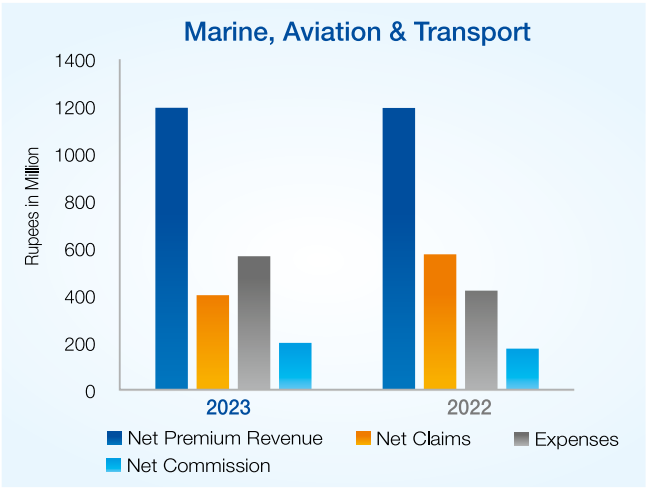
آگ اور جائیداد

کلاس آگ اور جائیداد کل کاروباری پورٹفولیو کا 44 فی صد ہے۔ سال کے دوران، کمپنی نے 18,222 ملین روپے کا مجموعی پریمیم درج کیا جو کہ 2020ء میں 12,496 ملین روپے رہا تھا۔ خالص دعووں کا خالص پریمیم کا تناسب اس سال پچھلے سال 47 فی صد سے بڑھ کر 53 فی صد ہو گیا۔ نتیجتاً فائر اینڈ پراپرٹی کلاس نے 2022ء کے 216 ملین روپے کے مقابلے میں 2023ء میں 106 ملین روپے کا انڈر رائٹنگ منافع حاصل کیا۔



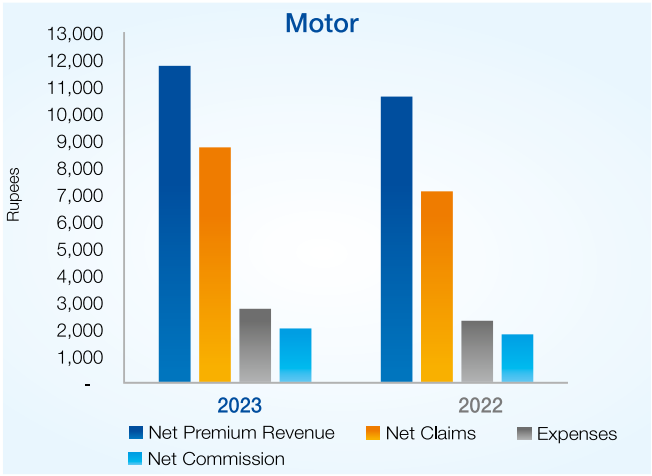
میرین، ایوی ایشن اور ٹرانسپورٹ:

میرین، ایوی ایشن اور ٹرانسپورٹ کل پورٹفولیو کا 6 فیصد ہے۔ کمپنی نے موجودہ سال کے دوران 2022ء کے 2,062 ملین روپے کے مقابلے میں 2,415 ملین روپے کا مجموعی پریمیم ظاہر کیا ہے۔ خالص دعووں کا تناسب 2023ء میں 34% تک کم ہو گیا جو 2022ء میں 48% تھا۔ نتیجتاً اس پورٹفولیو نے 2023ء میں 26 ملین روپے کا انڈر رائٹنگ منافع ظاہر کیا جو کہ 2022ء میں 22 ملین روپے تھا۔



موٹر:

کاروبار کی موٹر کلاس کل پورٹفولیو کا 35 فی صد ہے۔ سال کے دوران، کمپنی نے 2022ء میں 11,571 ملین روپے کے مقابلے میں 14,463 ملین روپے کا مجموعی پریمیم ظاہر کیا ہے۔ 2022 میں 67% کے مقابلے میں 2023ء کے خالص پریمیم کے خالص دعووں کا تناسب 74% رہا۔ نتیجے کے طور پر موٹر کلاس میں 2023ء میں 1,728 ملین روپے کا خسارہ دیکھنے میں آیا جبکہ 2022ء میں یہ 579 ملین روپے کا منافع تھا۔



ڈائریکٹر کی رپورٹ

غیر اشتمال شدہ حسابات پر ممبران کو ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی طرف سے، ہمیں 31 دسمبر 2023ء کو ختم شدہ سال کیلئے آڈٹ شدہ غیر جامع مالیاتی گوشواروں کے ہمراہ آپ کی کمپنی کی 63 ویں سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

معاشی جائزہ:

مالی سال 2023ء میں سیاسی بے چینی، عالمی قرضوں کی دستیابی کیلئے سخت شرائط کے ساتھ قرضوں کی فراہمی کیلئے بلند تر تقاضوں اور توانائی اور غذائی اجناس کی قیمتوں میں بڑھتے ہوئے افراطِ زر کی وجہ سے اچھے خاص دباؤ اور چیلنجز کا مشاہدہ کیا گیا۔ ان تمام چیلنجز نے معاشی ماحول کو بری طرح متاثر کیا اور معیشت کو استحکام دینے کیلئے انا لے کے طور پر ضروری اقدامات کیے گئے۔ نتیجتاً، حکومتِ پاکستان نے درآمدات کو معقول بنانے کے حوالے سے سخت اقدامات کیے اور اسٹیٹ بینک آف پاکستان (ایس بی پی) شرحِ پالیسی کو لگاتار بڑھاتا رہا ہے تاکہ مجموعی طلب پر قابو پایا جائے اور معیشت کو مضبوط کیا جائے۔ اس کے نتیجے کے طور پر، شرحِ پالیسی کو جون 2023ء میں 22 فی صد تک لے جایا گیا جو کہ دسمبر 2022ء میں 16 فی صد تھی۔

پاکستان اسٹاک ایکسچینج (پی ایس ایکس) سے متعلق، کے ایس ای 100 انڈیکس سال 2023ء کے دوران زیادہ تر زیرِ دباؤ ہی رہا ہے۔ تاہم، سال 2023ء کی آخری سہ ماہی میں انڈیکس نے مستحکم بحالی ظاہر کی، سال 2022ء کے 40,420 کے مقابلے میں اس سال 2023ء میں یہ 62,451 پوائنٹس پر بند ہوا۔

اسٹینڈرڈ اینڈ پوورز نے پائیدار توقع کے ساتھ پاکستان کی طویل المدّتی کریڈٹ درجہ بندی کی تنزلی کرتے ہوئے اسے 'سی سی سی پلس' (CCC+) قرار دیا ہے۔

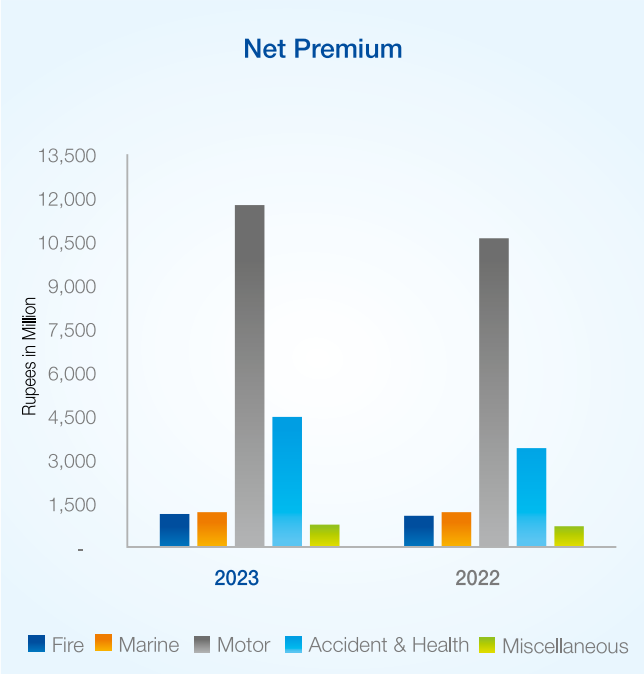
کمپنی کی کارکردگی کا جائزہ:

مشکل حالات اور غیر یقینی صورتحال کے باوجود، سال 2023ء کیلئے کمپنی کی کارکردگی متاثر کن رہی کیونکہ ہم نے پچھلے سال کی نسبت روایتی کاروبار میں 27 فی صد کے اقساط کے اضافے کے ساتھ اچھے مالی نتائج فراہم کیے۔ ہم نے خطرات اور کمپلائنس مینجمنٹ کو مزید مستحکم کرنے پر متوجہ ہوتے ہوئے پائیدار نمو کی حکمتِ عملی کے تسلسل کی پیروی جاری رکھی۔

سال 2023ء میں، مجموعی پریمیم سال 2022ء میں 32,677 ملین روپے (علاوہ شدہ ونڈو تکافل آپریشنز کے 2,866 ملین روپے) کے مقابلے میں بڑھ کر 41,463 ملین روپے ہو گئے (جس میں ونڈو تکافل آپریشنز کے ذریعے پیدا کردہ 2,514 ملین روپے شامل نہیں)۔ کل انشورنس پریمیم منافع مجموعی انڈر رٹن پریمیم کا 47 فی صد (19,319 ملین روپے) رہا، جبکہ 2022ء میں کل انشورنس پریمیم ریونیو 52 فی صد یعنی 16,980 ملین روپے تھا۔

نیٹ کلیمز ریشو، یو اے ای آپریشنز کے نقصان کے ریشو میں اضافے کی بنیادی وجہ سے پچھلے سال کے 66 فی صد سالانہ ریشو (تناسب) کے مقابلے میں 70 فی صد تک بڑھ گیا۔





Statement of Compliance with Listed Companies

(Code of Corporate Governance) Regulations, 2019, and Code of Corporate Governance for Insurers, 2016

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

The Insurer has applied the principles contained in the Codes in the following manner:

1. The Insurer encourages representation of independent non-executive directors and directors representing minority interests on its Board of directors (the Board). At present, the Board includes 8 directors:

    I. 7 Male
    II. 1 Female

Category	Names
Independent Directors	Khawaja Jalal Uddin Mohammad Arif Hameed
Executive Director	Muhammad Ali Zeb
Non-Executive Directors (Male)	Ibrahim Shamsi Imran Maqbool Shaikh Muhammad Jawed Umer Mansha
Non-Executive Director (Female)	Sadia Younas Mansha

All independent directors meet the criteria of independence as laid down under the Codes.

The independent directors are appointed in terms of Section 166 (3) of the Companies Act, 2017 (the "Act") through the process of election prescribed under Section 159 of the Act.
The Board has fixed the number of directors to be elected as seven (7) which included two (2) as independent directors which were duly elected by the shareholders in their extraordinary general meeting held on 27 May 2022. Following the election of directors, the Board of Directors appointed a chief executive who is a deemed director in terms of Section 188 of the Act.
The fraction has not been rounded up to one as the Board believes and understands that two (2) independent directors are sufficient and have requisite competencies, skills, knowledge, and experience to fulfill their obligations as per requirements of the applicable law and regulations.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this, Company.

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

4. No casual vacancies occurred on the Board during the year 2023.

5. The Company has prepared a statement of ethics and business practices and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

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

7. All the 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, and the key officers, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose 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 days before the meeting. The minutes of the meetings were appropriately recorded and circulated.

9. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.

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

11. The Board arranged one Orientation course(s)/training program after election of directors in May 2022 for its directors to apprise them of their duties and responsibilities. Up to the year 2022, directors have complied with the Regulation of Directors Training Program.

12. There was no change of Chief Financial Officer and Company Secretary during the year. The appointment of Head of Internal Audit has been approved by the Board, including their remuneration and terms and conditions of employment, and complied with the relevant requirements of the Regulations.

13. 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.

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

15. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.

16. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016.

17. The Board has formed the following Management Committees:

Underwriting Committee:

Name of the Member	Category
Umer Mansha	Chairman
Muhammad Ali Zeb	MD & CEO
Asif Jabbar	Head of Underwriting

Claim Settlement Committee:

Name of the Member	Category
Muhammad Ali Zeb	Chairman
Muhammad Asim Nagi	Chief Financial Officer
Syed Ameer Hassan Naqvi	Head of Claims

Risk Management & Compliance Committee:

Name of the Member	Category
Muhammad Ali Zeb	Chairman
Muhammad Asim Nagi	Chief Financial Officer
Asif Jabbar	Head of Risk Management
Syed Ameer Hassan Naqvi	Head of Compliance /Claims
Tameez ul Haque	Company Secretary
Hafiz Muhammad Usman Zahid	Compliance Officer

Reinsurance & Coinsurance Committee:

Name of the Member	Category
Muhammad Ali Zeb	Chairman
Muhammad Salim Iqbal	Head of Reinsurance
Asif Jabbar	Head of Underwriting
Adnan Ahmad Chaudhry	Head of Commercial

18. The Board has formed the following Board Committees:

Ethics, Human Resources and Remuneration Committee:

Name of the Member	Category
Khawaja Jalaluddin	Chairman - Independent Director
Ibrahim Shamsi	Member - Non-Executive Director
Muhammad Ali Zeb	Member - Executive Director
Umer Mansha	Member - Non-Executive Director

Investment Committee:

Name of the Member	Category
Shaikh Muhammad Jawed	Chairman - Non-Executive Director
Imran Maqbool	Member - Non-Executive Director
Umer Mansha	Member - Non-Executive Director
Muhammad Ali Zeb	Member - Executive Director
Muhammad Asim Nagi	Member - Chief Financial Officer

19. The Board has formed an Audit Committee. It comprises of four members, of whom one is an independent director and 3 are non-executive directors. The chairman of the Committee is an independent / non-executive director. The composition of the Audit Committee is as follows:

Audit Committee:

Name of the Member	Category
Muhammad Arif Hameed	Chairman - Independent Director
Ibrahim Shamsi	Member - Non-Executive Director
Shaikh Muhammad Jawed	Member - Non-Executive Director
Umer Mansha	Member - Non-Executive Director

20. The terms of references of the Committees have been formed, documented, and advised to the Committees for compliance.

21. The frequency of meetings of the committees were as per following;

    a) Audit Committee: quarterly meetings;
    b) Ethics, Human Resource and Remuneration Committee: Twice a year;
    c) Investment Committee: quarterly meetings
    d) Management Committees: quarterly meetings

22. The Board has outsourced the internal audit function to A.F. Ferguson & Co., Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they (or their representatives) are involved in the internal audit function on a full-time basis.

23. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as required under the Code of Corporate Governance for Insurers, 2016. The Appointed Actuary of the Company also meets the conditions as laid down in the said Code. Moreover, the persons heading the underwriting, claims, 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 (Ordinance No XXXIX of 2000);

Name	Designation
Muhammad Ali Zeb	Chief Executive Officer
Muhammad Asim Nagi	Chief Financial Officer
Hafiz Usman Zahid	Compliance Officer
Shahraiz Hussain	Actuary
Tameez ul Haque	Company Secretary
Imran Ali	Head of Internal Audit
Asif Jabbar	Head of Underwriting
Syed Ameer Hassan Naqvi	Head of Claims & Compliance
Muhammad Saleem Iqbal	Head of Reinsurance
Asif Jabbar	Head of Risk Management
Syed Ameer Hassan Naqvi	Head of Grievance Department
Asif Bashir	Head of Takaful

24. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of Section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan, that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company; .

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

26. The Board ensures that the appointed actuary complies with the requirements set out for him in the Code of Corporate Governance for Insurers, 2016.

27. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code of Corporate Governance for Insurers, 2016.

28. The Board ensures that the risk management system of the Company is in place as per the requirement of the Code of Corporate Governance for Insurers, 2016.

29. The Company has set up a risk management function / department, which carries out its task as covered under the Code of Corporate Governance for Insurers, 2016.

30. The Board ensures that as part of the risk management system, the Company gets itself rated by the credit rating agency which is being used by its risk management function / department and the respective Committee as a risk monitoring tool. The Insurer Financial Strength Rating assigned by PACRA AA++ in March 2023. AM Best has assigned Long Term Insurer Credit Rating as "bb (Fair) and Financial Strength Rating as "B(fair)" in August 2023.

31. The Board has set up a grievance function, which fully complies with the requirements of the Code of Corporate Governance for Insurers, 2016.

32. We confirm that all other material principles contained in the Code of Corporate Governance for Insurers, 2016 and all the requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 have been complied with.

33. Explanation for non-compliance with requirements, other than 3, 6, 7, 8 27, 32, 33 and 36 are below:

S. No	Non Mandatory Requirement	Regulation No.	Explanation
1	Nomination Committee	29 (1)	Currently, the Board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource & Remuneration Committee.

By Order of the Board



Umer Mansha
Chairman

Date: March 26, 2024

Independent Auditors' Review Report

TO THE MEMBERS OF ADAMJEE INSURANCE COMPANY LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016 AND LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (both herein referred to as 'the Regulations') prepared by the Board of Directors (the Board) of Adamjee Insurance Company Limited for the year ended December 31, 2023 in accordance with the requirements of regulation 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and provision LXXVI of Code of Corporate Governance for Insurers, 2016.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2023.

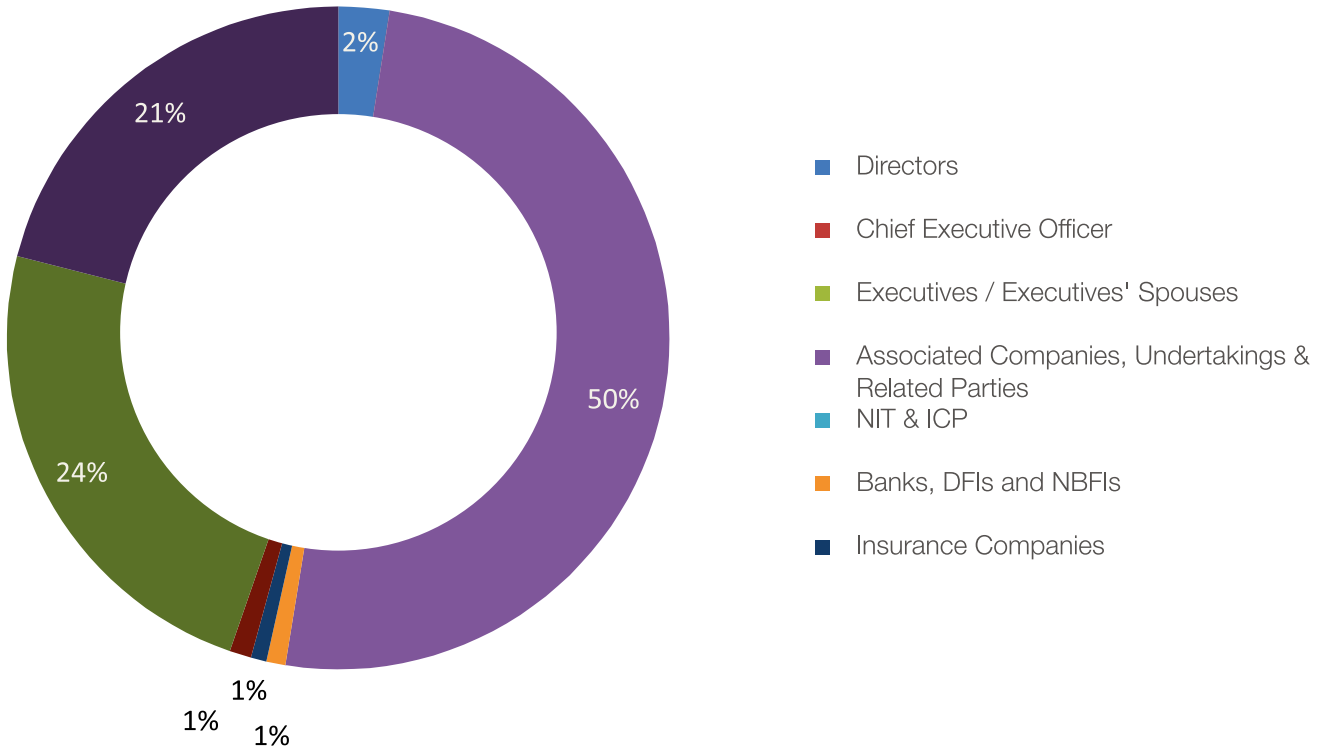
Chartered Accountants

Place: Lahore
Date: April 4, 2024
UDIN: CR202310088T38smgYl5

Ownership / Shareholding Structure

Ownership Structure

The Company has a diversified ownership structure as detailed below:



Categories Of Shareholders	Number of Shares	Stake %
Directors	8,680,705	2.48
Chief Executive Officer	7,073	0.00
Executives / Executives' Spouses	104	-
Associated Companies, Undertakings & Related Parties	175,260,226	50.07
NIT & ICP	-	-
Banks, DFIs and NBFIs	3,211,445	0.92
Insurance Companies	2,727,434	0.78
Modaraba and Mutual Funds	3,687,345	1.05
General Public	82,812,305	23.66
Others	73,613,363	21.03
	350,000,000	100.00

Operating Structure

The Board of Directors has delegated authority to the Chief Executive Officer (CEO) to manage the day-to-day operations of the Company. Board Meetings are held every quarter to review the performance of the Company. The CEO presents details of the important events held during the period. The Board of Directors has constituted Board Committees which lay down guidelines for the functioning and operations of various departments. Departments are headed by learned and experienced professionals who run the operations through committed and skilled managers and staff.

Standing Operating Procedures have been formulated, documented and explained to all concerned and are available as ready reckoners. Responsibilities of each individual, may he/she be an executive, midline manager or a lower staff have been defined and displayed at the sight of his/her duty.

Important, crucial and sensitive issues are resolved during the meetings of Head of Departments/ Team Leaders with the CEO and / or during the Management Committee meetings. Issues staying unresolved especially those relating to Underwriting, Re-insurance, Claim Settlement and Risk Management are put before the relevant Committee for review and decisions.

To effectively manage the employees and improve their emotions, teamwork, build trusting relationships and increase employee retention, AICL's core values "Humility - Empathy, Self-esteem & Respect in all relationships" and "Fun at workplace - Work-life balance" are enforced.

Relationship with Group Companies & its Nature

Adamjee Life Assurance Company Limited (ALACL) is a subsidiary of Adamjee Insurance Company Limited (AICL) with AICL having 89.99% holding in ALACL. Common directorship of Directors among other companies is the main basis of relationship. Such companies are categorized as related parties / associated companies, of AICL. Complete list of such companies has been provided in Note 38.1 of unconsolidated financial statements.

Independent directors and justification for their independence

The Listed Companies (Code of Corporate Governance) Regulations, 2019 in Regulation 6 makes it mandatory that each Listed Company shall have at least two or one third members of the Board, whichever is higher, as independent directors.

The Companies Act, 2017 in Section 166 directs that an independent director to be appointed shall be selected from a data bank maintained by Pakistan Institute of Corporate Governance - an institute notified by the Commission.

In compliance of the above Regulations (CCG) and the Act, the below two directors were selected:

- Mr. Khawaja Jalaluddin
- Mr. Mohammad Arif Hameed

Statement on how board operates

Under the Companies Act, 2017 and Memorandum & Articles of Association of the Company, the control of the Company's affairs vests with the Board. In order to facilitate them to operate, Chief Executive Officer (CEO) is appointed by the Board executing a Power of Attorney in CEO's favor to delegate authority and empower him to run the Company's operations. CEO operates within the parameters of the delegated authority. Delegated authority is subject to review by the Board. The Board meets at regular intervals to keep an eye on operations and performance of the Company.

Decisions taken by the Board

The following are the important decisions which are taken by board of directors.

- To issue shares
- To borrow moneys
- To invest the funds
- To appoint or change Chief Executive of the Company & determine his remuneration.
- To fill the casual vacancy on the Board.

- To approve Financial Statements, quarterly, half yearly and yearly.
- To recommend final dividend and to declare interim dividend.
- To ensure that Rules and Regulations governing the Company are complied with properly.
- To approve business plan including budget.

Decisions taken by Management

All day-to-day operations are handled by the management team under the supervision of the CEO with a focus on the business plan and guidelines given by the Board. Management team performs duties within the powers delegated to them.

The management team sometimes comes across situation where they need guidance of superior authority the CEO refers these matters to the Chairman of the Board who either suggests the way to resolve or refers the matter to Board of Directors

Performance evaluation of the Chairman, Board members, Board Committees and CEO

The Board of Directors constituted a committee comprising of two non-executive directors, Ibrahim Shamsi and Shaikh Muhammad Jawed, to evaluate performance of the chairman, board members, board committees and CEO. The Committee conducted a meeting which was coordinated by the Company Secretary. The performance of the chairman, board members, board committee and CEO was evaluated and during meeting various points were explained by the Secretary. The Committee submitted report on evaluation to all the directors.

Board's performance evaluation by external consultant

Performance of the Board during the year was evaluated by the committee of directors formed for this purpose. However, the Company did not avail the services of external consultant during the last three years to evaluate performance of the Board.

Formal orientation Courses for the Directors

The Board was constituted after the election of directors in May 2022. For the elected directors, an orientation session was held in October 2022. A consultant on corporate laws, after board meeting, briefed the directors about their duties, responsibilities and about other matters.

Directors Training Program

Upto the year 2022, directors have complied with the Regulation of Directors Training Program.

External oversight of functions

In order to enhance the credibility of systems, following functions and/or information is validated/reviewed by the external specialists:

- **External Audit**

  Yousuf Adil Chartered Accountants, being statutory auditors of the Company, perform audit of unconsolidated financial statements, consolidated financial statements and financial statements of window takaful operations along with related information system. They express their opinion on these financial statements and also provide a Management Letter wherein control deficiencies, if any, identified during their course of audit are highlighted and responded to by the management.

  The firm has completed five years tenure, and they shall be changed as required under Listed Companies (Code of Corporate Governance) Regulations 2019. On the suggestion of Audit Committee the Board of Directors has recommended M/s KPMG Taseer Hadi & Company Chartered Accountants as statutory auditors for next term.

- **Internal Audit**

  The Company has outsourced its Internal Audit Function to A. F. Ferguson & Co., Chartered Accountants (A member firm of the PwC network). They perform internal audit of various functions and departments of the Company on regular basis and submit their findings to Head of Internal Audit. Head of Internal Audit communicates these findings to the Audit Committee along with the management responses thereto.

- **Compliance with the Codes of Corporate Governance**

  Yousuf Adil Chartered Accountants, the statutory auditors of the Company, perform review, on annual basis, of the Company's Statements of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Code of Corporate Governance for Insurers, 2016.

- **Compliance with Shariah Principles**

  With respect to the Window Takaful Operations of the Company, the external auditors Yousuf Adil Chartered Accountants examine the 'Statement of Compliance with Shariah Principles' and express their opinion as to whether the statement presents fairly the status of compliance of Takaful Operations with the Takaful Rules, 2012.

- **ISO 9001:2015 Certification**

  Adamjee Insurance being ISO 9001:2015 certified has established procedure for quality assurance. An independent firm 'Lloyd's Register Quality Assurance' conducts audit of these procedures twice a year to ensure compliance with applicable standards.

Policy for Related Party transactions

The Company has formulated policy for related party transactions in accordance with the requirements of the Companies Act, 2017, Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 and Listed Companies (Code of Corporate Governance) Regulations, 2019. The policy has been duly approved by the Board of Directors.

The Company has related party relationships with its associates, subsidiary company, directors, employee retirement benefit plans, provident fund, key management personnel and other parties. Transactions are entered into with such related parties in ordinary course of business on arm's length basis for the issuance of policies to and disbursements of claims incurred by them, payments of rentals for the use of premises rented to / from them, payment & receipt of dividends and others.

These transactions have been reported and approved by the Board of Directors of the Company as recommended by the Audit Committee of the Board.

List of related parties along with summary of all transactions with them have been disclosed in annexed financial statements. Please refer to note no. 8, 9, 11, 12, 13, 14, 16, 18, 30, 37 and 38 in unconsolidated financial statements.

Policy for actual and perceived conflict of interest

The Company is committed to the highest standards of corporate governance. In order to avoid, manage and monitor actual as well as perceived conflict of interest, the Chairman intimates in writing to all directors at the beginning of their term about their duties and making it obligatory for them to avoid or disclose any conflict of interest, whenever arises, in performing their professional duties for the Company.

Any director of the Company who is in any way interested in any contract or arrangement to be entered into by the Company is required to disclose the nature of his interest. Such director neither takes part in board meeting in which such contract or transaction is approved by the Board nor votes on such item.

Further, if the majority of the directors are interested in any contract, arrangement or transaction, the approval is acquired from shareholders by way of passing special resolution, as required under the Companies Act, 2017. However, this requirement is not applicable if the transaction is in the ordinary course of business on an arm's length basis.

During the year, there were no such transactions / contracts / arrangements with related parties in which any of the directors had any direct interest or which were outside the normal course of the Company's business.

The Company Secretary maintains a Register containing details of contracts in which directors have interest.

Governance of Risk and Internal Controls

Audit Committee of the Board has also been vested with the mandate of Risk Management. The Board oversees the governance of risk and internal control through its Audit Committee. More detailed insight has been provided in the Directors' Report, Audit Committee's Report and Risk and Opportunities section of the report.

Board's policy on diversity

Adamjee Insurance has a firm belief that diversity is an important factor in contributing to the company's success as people with unique characteristics in terms of gender, knowledge, expertise and skill set add value and help the organization achieve its goal. At Adamjee, inclusiveness is always promoted in the organization's culture. Diversity and inclusion are the foundation for the Company's code of conduct and culture where every member of board and employee comes from diverse backgrounds, at an individual level which includes capability, experiences, knowledge and at a social level which includes race, ethnicity, culture, religion and others. The Company believes that a diverse workforce plays a very significant role in enhancing efficiency at all levels of the organization.

Directors' Remuneration

The Board of Directors has approved the remuneration of the members of the Board (Non-Executive Directors including independent directors) for attending meeting of the Board. The meeting fee of Rs. 25,000/- per meeting is paid to directors. Travel expense by air from city of residence to the city of the meeting are paid along with hotel accommodation, if availed.

Policy regarding fee earned by Executive Director against his services as non- executive director in other companies

Muhammad Ali Zeb – Managing Director & Chief Executive Officer of the Company serves at the board of following companies:

- Adamjee Life Assurance Company Limited (Subsidiary of Adamjee Insurance Company Limited)
- MCB Bank Limited
- Nishat Sutas Dairy Limited
- Pakgen Power Ltd

Meeting fee earned by Muhammad Ali Zeb for serving on the Board of the above-mentioned companies is retained by him because he does not serve on the board as nominee of AICL.

Policy for security clearance of foreign directors

The Company's Board of Directors consists of eight members and none of them is a foreign director. Hence, security clearance is not required. In case any foreign director is elected or appointed on the Board, the Company will obtain security clearance, at the time of appointment of such director, from Ministry of Interior Affairs – Government of Pakistan.

Board meeting outside Pakistan

During the year 2023, all the board meetings were convened in Pakistan at Registered Office and also by using video-link facility.

Human Resource Management Policies including succession plan

Human Resource (HR) plays a pivotal role in smooth running of the routine operations of an organization and in achieving its goals. Therefore, the Company recognizes the importance of efficient and effective management of HR. The Company's talent-acquisition policies stems from unbiased criteria to hire individuals from any backgrounds provided they match the qualification and experience requirements. The Company also arranges various trainings, both, in-house and external, for the development of required skills among the employees. Other skill development techniques i.e. job rotation, cross-functional transfers, assigning additional responsibilities etc. are also used to enhance knowledge and skill set of employees.

Succession planning is a process for identifying and developing new leaders, who can replace old leaders

when they move on. Succession planning increases the availability of experienced and capable employees who are prepared to assume these roles as they become available. The Company has an effective and efficient 'Succession Plan' for its employees. Being an equal opportunity employer, the Company is committed to creating a work environment that promotes employee safety, growth and goal attainment.

Social and environmental responsibility policy

Adamjee Insurance's social responsibility program addresses the key concerns in society related to health and education. The Company also reassures its responsibility towards its chief stakeholders in terms of overall sustainability through compliance, ethics and corporate citizenship. AICL has undertaken an array of initiatives, including improved communication and extensive training, to cultivate these aspects of its operations.

AICL has always strived to develop capabilities that are at par with the international players in the global insurance industry and this gives AICL an edge in the market. AICL ensures that initiatives are taken to include internal awareness campaigns, specific trainings in detailed regulatory areas and focused efforts on sensitive areas such as conflict of interest.

With environmental regulations becoming increasingly strict and of utmost importance, environmental consciousness has become one of the key concepts in AICL's policy and awareness sessions on environmental issues are conducted consistently. AICL's advanced digital infrastructure allows it to work towards promoting paperless operations. Online services and electronic documentation help in reducing paper consumption which creates a very positive impact on the environment. In addition, AICL has also been awarded Certification of Green Office by WWF – 'To Reduce Carbon Footprint' which is a program that helps an organization cut down costs, reduce waste and create more environmental awareness. AICL has taken steps to reduce carbon footprint by reducing business travel and shifting to digital methods such as video conferencing.

Moreover, for energy conservation, AICL has installed LED technology in all of its offices and replaced conventional air conditioners with DC inverters. AICL also works towards reducing dry waste with proper system in place where the waste can be reused as raw material for other industries.

AICL aims to continue with its initiatives for environmental conservation in years to come and make sure that it adopts the global best practices.

Legitimate needs & interests of and communication with stakeholders

The needs and interests of stakeholders along with policy for communication and engagement with stakeholders has been described in detail in 'Stakeholder Relationship and Engagement' section of the report.

Investors' relationship and grievance policy

The Company assigns the grievances from investors as well as from policyholders their due importance and strives hard to resolve them as soon as possible. Handling the grievances to the satisfaction of the parties involved and in such a way that it turns out to be a win-win situation for stakeholders is important for the public image and as a learning for better service delivery in future.

The Company has provided on its website all necessary details regarding logging of complaints.

Below is the detail, also available on the Company's website, of designated person for handling investors' as well as policyholders' complaints and grievances:

Hafiz Muhammad Usman Zahid

Head of Regulatory Compliance

ADAMJEE HOUSE 80/A, Block E-1, Main Boulevard, Gulberg-III, Lahore - 54000

Phone: 111-242-111 (Ext. 8056)

Email: info@adamjeeinsurance.com

Whistle blowing policy

The Company is committed to the highest possible standards of ethical, moral and legal business conduct. In keeping with this commitment, the Company has developed a 'Whistle Blowing Policy' detailing therein procedures to be followed for filing complaints under the policy and manners as to how these complaints are to be handled.

The objective of the whistle blowing policy is to provide an open communication channel to our employees and external parties such as shareholders, vendors, customer etc. to raise concerns, expose irregularities, help uncover financial malpractices, prevent fraud & forgeries, eliminate personal harassments, improper conduct or wrongdoing and to address the concerns or attend to grievances of those associated, without any fear of retaliation or adverse consequences.

During the year 2023, no such instance was reported to the Audit Committee.

Policy for safety records of the company

The Company maintains records as per the requirements of the applicable laws and assigns due importance to the safety and availability of records stored in physical as well as digital form. Physical files and documents of the Company are placed in designated cabinets and racks in record rooms ensuring that these are protected from physical and environmental damages. Backups of records in digital forms are taken on regular basis and are stored on both onsite and offsite locations. Offsite backup tapes are maintained in secure and fire-resistant storage locations. Samples from these backup tapes are restored on periodic basis to ensure the health of backup tapes.

Business continuity plan (BCP)

Businesses today face an unprecedented number of exposures with the potential to interrupt business activities. The frequency and severity of these exposures also seem to be increasing. Business continuity is a "holistic management process" that identifies potential threats to an organization and the impacts to business operations, those threats, if realized, might cause. It is the provision of a framework for building organizational resilience with the capability of an effective response that safeguards the interests of its key stakeholders, reputation, brand and value-creating activities.

The Company has developed a comprehensive 'Business Continuity & Disaster Recovery Plan'. Salient characteristics of the plan includes:

- Identification of key business services essential for the Company's operations
- Identification and prioritization of the key activities and resources and policies and measures adopted for safeguarding of these activities and resources including but not limited to backing up of data
- Identification and evaluation of all sorts of possible threats that can interrupt business activities and can last over different time spans ranging from hour(s) to day(s) or even month(s)
- Impact analysis that these threats could have on the business of the Company
- Recovery strategies to be followed, if any of such threats is materialized, to recover from disastrous situation with clear identification of roles of each member of disaster recovery team

The primary objective the Company's BCP is to continue and manage business operations under certain circumstances by the introduction of appropriate resilience strategies, recovery objectives, business continuity, operational risk management considerations and crisis management to resume operations before unacceptable levels of impact arise.

The most recent example BCP came in action was during Covid-19 lockdowns in 2020, when the Company's BCP was triggered and executed successfully.

Salient features of TOR and attendance in meetings of the Board Committees

The board of directors of the Company has formed three board committees:

Audit Committee

Below are the salient features of the terms of reference of the Audit Committee:

- Determination of appropriate measures to safeguard the Company's assets
- Review of annual and interim financial statements of the Company, prior to their approval by the Board, focusing on:
  - major judgmental areas
  - significant adjustments resulting from the audit, if any
  - going concern assumption
  - any changes in accounting policies and practices
  - compliance with applicable accounting standards
  - compliance with these Regulations and other statutory and regulatory requirements and
  - all related party transactions
- Review of preliminary announcements of results prior to external communication and publication
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary)
- Review of management letter issued by external auditors and management's response thereto
- Ensuring coordination between the internal and external auditors of the Company
- Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company
- Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto
- Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of revenues and claims, receipts and payments, assets and liabilities and the reporting structure are adequate and effective
- Review of the Company's statement on internal control systems prior to endorsement by the Board and internal audit reports
- Instituting special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with the Chief Executive Officer and to consider remittance of any matter to the external auditors or to any other external body
- Determination of compliance with relevant statutory requirements
- Monitoring compliance with these Regulations and identification of significant violations thereof
- Review of arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures
- Recommend to the Board the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the Company by the external auditors in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the Regulations. The Board shall give due consideration to the recommendations of the Audit Committee and where it acts otherwise it shall record the reasons thereof
- Consideration of any other issue or matter as may be assigned by the Board

Five meetings of the audit committee were convened during the year and below is the attendance of the members of the committee:

Name of members	Status	Meetings Attended
Muhammad Arif Hameed	Chairman (Independent director)	4
Ibrahim Shamsi	Member (non-executive director)	5
Shaikh Muhammad Jawed	Member (non-executive director)	5
Umer Mansha	Member (non-executive director)	5

Report of the Audit Committee

The Board Audit Committee ("the Committee") comprises of four members, three of which are non-executive directors and one independent director who is the chairman of the Committee.

Following are the members of the Committee:

Name of members	Status	Role
Muhammad Arif Hameed	Independent Director	Chairman
Ibrahim Shamsi	Non-Executive Director	Member
Shaikh Muhammad Jawed	Non-Executive Director	Member
Umer Mansha	Non-Executive Director	Member

All the members of the Committee have relevant knowledge and experience of finance and accounting matters and most of them also fulfil the definition of being 'financially literate'. Further, the Board is satisfied that the members of the Committee are competent and possess the necessary skills and experience required to fulfil their responsibilities.

The Committee convened five meetings during the year.

Role of the Committee towards financial statements

The Committee is fully aware of its role in discharging its responsibilities for the significant issues in relation to the financial statements. Following are some of the key aspects the Committee considers in this regard:

- The Committee reviews the annual and interim financial statements of the Company before these financial statements are recommended by the Committee to the Board for approval. This review by the Committee ensures the overall integrity of financial statements and focuses on:
    - Areas involving significant management judgements and assessing whether the judgements used by the management are appropriate.
    - Significant adjustments resulting from the audit, if any.
    - Validity of the Company's ability to operate as going concern.
    - Compliance with applicable accounting standards along with any significant changes in accounting policies and practices.
    - All related party transactions.
    - Adequacy of disclosures
    - Proper and accurate accounting records have been maintained by the Company.

During this review, the Committee also obtains assurance from Head of Internal Audit that financial statements are prepared in accordance with all applicable regulatory requirements, present true and fair view of the state of the Company's affair and are free from material misstatements.

- The Committee reviews preliminary announcements of results before those are made public.

- The Committee reviews the management letter issued by external auditors and the management's response to the observations highlighted by external auditors.

Committee's approach towards risk management and internal controls

The Committee oversees the Company's Enterprise Risk Management (ERM) function and Internal Control Framework. Risk management committee reports to the Audit Committee on quarterly basis regarding potential existing and emerging risks being faced by the Company along with monitoring mechanism in place to address the identified risks. These risks are analyzed with reference to their:

- Proper identification and categorization
- Consequences
- Impact on the Company's operations
- Probability of occurrence, and
- Controls in place to manage or mitigate the risks

The Committee also updates the Board of Directors of these risks, monitoring mechanism and controls in place.

Role of Internal Audit to risk management and internal control

The internal audit is entrusted with the responsibility to assess the risk management process for its appropriateness and internal controls for their adequacy and effectiveness. The Company has an in-house Head of Internal Audit with unrestricted access to the Committee, while the internal audit activities are outsourced to one of the big four firms namely, A. F. Ferguson & Co. (A member firm of PwC network). The Internal Audit Team conducts audit of different functions and departments of the Company and submits its finding on quarterly basis. Both Head of Internal Audit and Internal Audit Team have unrestricted access to management, staff, information systems and data files to ensure transparency and effectiveness of their audit processes.

Head of Internal Audit communicates the risks and deficiencies identified by the internal audit team to the Committee along with management's response thereto.

The Committee, based on the findings of the internal audit function, assesses the adequacy and effectiveness of the internal controls.

External Audit Process

The Committee has assessed the effectiveness of external audit process by evaluation of the technical expertise, relevant experience, independence, adherence to timelines and satisfactory rating assigned by the Institute of Chartered Accountants of Pakistan to the audit firm.

Current auditors namely, Yousuf Adil Chartered Accountants, have completed their term of five years as statutory auditors of the Company. The Committee has recommended to the Board that M/s KPMG Taseer Hadi & Company Chartered Accountants be appointed as statutory auditors of the Company for the year ending December 31, 2024.

The Company does not obtain non-audit services i.e. tax consultancy from the statutory auditors.

The Committee has evaluated the Annual Report of the Company and is satisfied that the annual report of the Company is fair, balanced, and understandable and also that it provides necessary information for shareholders to assess the Company's position and performance, business model and strategy.

Review of Receivables

To ensure that the Company continues to maintain sufficient liquidity to meet its policyholder and other liabilities and is able to recover its receivables, the Committee continued exercising strict monitoring of the receivables and liquidity position of the Company in current year as well. The Committee convened meetings with Chief Financial Officer (CFO) on quarterly basis where CFO appraised the Committee regarding status of receivable balances, satisfactory pace of recovery of these receivable balances and liquidity position of the Company.

The Committee is satisfied with the liquidity position of the Company.

IFRS 17 related matters

The Insurance businesses are subject to face major changes in reporting environment as IFRS 17 'Insurance Contracts', a new accounting and reporting standard, is globally applicable from January 01, 2023. However, in Pakistan IFRS 17 has not yet been adopted by the Securities & Exchange Commission of Pakistan. This new standard is set to bring major structural changes to the financial statements of the Company. The Committee, during meetings convened with CFO using video-link facility, evaluated the Company's level of preparedness to adopt and implement IFRS-17 'Insurance Contracts'. CFO appraised the Committee regarding measures being taken by the Company, in both Pakistan and UAE, for smooth implementation of IFRS-17.

Salient measures explained by CFO to the Audit Committee are as below:

In context of Pakistan Operations:

CFO explained the committee that Securities and Exchange Commission of Pakistan (SECP) provided a phased approach for mandatory adoption of IFRS 17. The approach has four phases as below:

Phase	Deliverable	AICL's Progress	Timeline
1	Gap analysis	Completed	September 30, 2021
2	Financial Impact Assessment 1	Completed	June 30, 2022
	Financial Impact Assessment 2	Completed	September 30, 2022
	Financial Impact Assessment 3	Completed	December 30, 2022
3	System Design and Methodology	In progress	September 30, 2024
4	Parallel Run and Implementation	Instructions awaited from SECP	

In context of UAE Operations:

CFO explained to the Committee that the Company has made a complete transition to reporting as per the IFRS 17 standard in the year 2023. AICL is currently doing parallel reporting both under IFRS 4 and IFRS 17 which started from January 1, 2023 in UAE. Detailed reconciliations are completed between the two accounting standards.

The Committee concluded that the measures being taken by the management for smooth implementation of IFRS-17 are satisfactory.

Whistle Blowing mechanism

As part of its review of the whistle blowing mechanism and instances reported, the Committee noted that no whistle blowing instance was reported to the Committee during the year 2023.

Performance of the Audit Committee

The Board of Directors of the Company reviews the performance of the audit Committee on periodic basis. During the year, the Board constituted a committee comprising of two non-executive directors to evaluate performance of audit as well as other board committees. This evaluation of performance, in context of audit committee, considers various factors including quality of the audit committee's report as well as various recommendations forwarded by the audit committee to the Board.



Muhammad Arif Hameed
Chairman Audit Committee
Adamjee Insurance Company Limited
Lahore

Ethics, Human Resources and Remuneration Committee

Below are the salient features of the terms of reference of the Committee:

- Recommendation to the Board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management). The definition of senior management will be determined by the Board which shall normally include the first layer of management below the Chief Executive Officer level.
- Recommending human resource management policies to the Board.
- Recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) of chief operating officer, chief financial officer, company secretary and head of internal audit.
- Consideration and approval on recommendations of the Chief Executive Officer on such matters for key management positions who report directly to the Chief Executive Officer.

Two meetings of the Committee were convened during the year with below attendance:

Name of members	Status	Meeting Attended
Khawaja Jalal Uddin	Chairman (Independent director)	2
Ibrahim Shamsi	Member (non-executive director)	2
Umer Mansha	Member (non-executive director)	2
Muhammad Ali Zeb	Managing Director & Chief Executive Officer	2

Investment Committee

Below are the salient characteristics of the role and responsibilities of the Investment Committee:

- Formulate investment policy of the Company for Board's approval and ensure implementation of the policy
- Define and monitor allowable exposure to various asset classes i.e. listed equities, unlisted equities, government securities, term finance certificates, mutual funds, real estate etc.
- Define and monitor allowable exposure in single entity and in related parties
- Define, in investment policy, minimum rating requirement for rated instruments and other criterion for non-rated instruments
- Define ineligible asset classes and securities
- Ensure compliance with respect to issues relating to liquidity, exposure limits, stop loss limits including securities trading, management of all investment risks, management of assets and liabilities, scope of internal and external audit of investments and investment statistics and all other internal controls of investment operations
- Monitor solvency position of the Company to ensure that requirement relating to minimum solvency as laid down in Insurance Ordinance, 2000 and rules and regulations made thereunder is met at all times.
- To assist the Board in reviewing the investment policy and its implementation at least once a year
- Ensure adequate controls are implemented in investment functions and responsibilities are duly segregated into front, mid and back office
- Review and approve investment and divestment proposals
- Analyze performance of different sectors, impact of government policies on these sectors and decide line of action
- Ensure that all proposed investment transactions comply with the investment policy and regulatory guidelines
- Review the overall investment portfolio of the Company with the objective of assessing adequacy of return being generated by the portfolio

Four meetings of the Investment Committee were convened during the year and below is the attendance of the members of the committee:

Name of members	Status	Meetings Attended
Shaikh Muhammad Jawed	Chairman (non-executive director)	4
Umer Mansha	Member (non-executive director)	4
Imran Maqbool	Member (non-executive director)	4
Muhammad Ali Zeb	Managing Director & Chief Executive Officer	4
Muhammad Asim Nagi	Chief Financial Officer	4

Use of external search consultancy in appointment of independent directors

The Board of the Company was reconstituted in May 2022 after election of directors. The Company used the database of 'Pakistan Institute of Corporate Governance' (PICG), an institute notified by the Commission, to appoint independent directors.

Chairman's significant commitments

Chairman's significant commitments refer to his engagement in other entities. Umer Mansha, Chairman of the Board of Directors of the Company, has the following significant commitments:

Company	Designation
Nishat Mills Limited	Chief Executive Officer
Adamjee Life Assurance Company Limited	Director
MCB Bank Limited	Director
Nishat Hotels & Properties Limited	Director
Nishat Developers (Pvt.) Limited	Director
Nishat Dairy (Pvt.) Limited	Director
Nishat (Raiwind) Hotels and Properties (Pvt.) Limited	Director
Nishat Agriculture Farming (Pvt.) Limited	Director
Hyundai Nishat Motor (Pvt.) Limited	Director
Nishat Agrotech Farms (Pvt.) Limited	Director
Nishat Sutas Dairy Limited	Director
National Textile Foundation	Director

Umer Mansha is also serving at MCB Bank Limited as the Chairman of the Board's Business Strategy & Development Committee, Information Technology Committee, Committee on Physical Planning & Contingency Arrangements, Compliance Review & Monitoring Committee and Write-off & Waiver Committee and is also a member of Audit Committee and Risk Management & Portfolio Review Committee.

Governance Practice exceeding legal requirements

Adamjee Insurance assigns paramount importance to compliance of all applicable laws, rules and regulations and strives hard to exceed minimum legal requirements in its governance and operating structure as well as provide information to stakeholders above and beyond regulatory requirements to ensure transparency. Some of the Company's governance practices which exceed the minimum legal requirements include:

- The Company has only one executive director (Managing Director & Chief Executive Officer) on the Board whereas Listed Companies (Code of Corporate Governance) Regulations, 2019 allows two executive directors (one third of

total members of the board as executive directors).

- Provision of additional information in the annual report of the Company, not required by any laws.
- As per the Insurance Ordinance, 2000 and the Insurance Rules, 2017 non-life insurance companies are required to base the determination of the liabilities for unexpired risk and incurred but not reported claims on the advice of actuary for Accident and Health business only. The Company in exceeding the minimum requirement bases the determination of these liabilities for all lines of business in Pakistan on the advice of external actuary.
- The Company has established an in-house Actuarial Services Department as against the requirement of the Insurance Ordinance, 2000 for life insurers only to appoint an actuary.
- The Company has voluntarily adopted the best corporate reporting practices / guidelines prescribed by the joint committee of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost & Management Accountants of Pakistan (ICMAP).

Anti-Money Laundering and Countering Financing Terrorism Policy

Anti-Money Laundering and Counter Financing Terrorism (AML/ CFT) form the base lines steps for the economies of this modern world, especially among the players of financial sector. Money Laundering (ML) and Terrorism Financing (FT) have harmful and injurious implications for a country's economic stability and good governance. Pakistan was grey-listed in June 2018 by Financial Action Task Force (FATF) because of its alleged ties with Islamist militant groups and its weak policies on anti-money laundering and combating the financing of terrorism (AML-CFT) regulations. Despite its best and concerted ongoing efforts necessary to ensure transparent and legal economic activity, it still continues with the same status of a non-cooperative nation running grey economy. Grey-listed nations suffer severe economic consequences such as: reduced foreign direct investments; imports and exports restrictions; sanctions on remittances, and limited access to international financial institutions.

Throughout the past decade, the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP) have been issuing various guidelines, circulars, and recently revised the most wanted and FATF centric regulations on AML / CFT 2020 for proper and vigorous enforcement, providing sufficient clarifications in improving domestic and international compliance.

Despite the fact that the risk level for ML / FT is not even rated as medium in the general insurance industry, Adamjee Insurance Company Limited (AICL) remained committed to fulfilling its obligations under above said directives and formulated a comprehensive policy and procedure approved by the Board of Directors of the Company. AICL's AML / CFT policy aims at safeguarding the interests of all stakeholders by combining modern techniques on the subject. This necessitated not only the Company's interest in its ongoing efforts for aligning its AML/ CFT steps with technological development in its operations/ procedures and equipping related tools with the most recent possible learning. At AICL, we are fully aware of the fact that the AML / CFT steps, once introduced will do well for some time, but will prove not sufficient to deal with the rapidly evolving aspects of new ML / TF risks. To face such arising eventualities and contingencies, the Board is committed to setting examples by leading from the front.

Access to Reports and Enquiries

Financial Reports

Annual Report 2023 and Quarterly reports may be downloaded from the Company's website: www.adamjeeinsurance.com or printed copies can be obtained by writing a request to the Company Secretary.

Shareholders' Enquiries

Shareholder's enquiries about their shares, dividends and share certificate can be directed to Company Secretary or Share Registrar at the following address.

Company Secretary
9th Floor, Adamjee House,
I.I. Chundrigar Road, Karachi.
CDC Share Registrar Services Limited
CDC House, 99-B, Block B, S.M.C.H.S,
Sharah-e-Faisal, Karachi.

Stock Exchange Listing

Adamjee Insurance Company Limited shares are listed on Pakistan Stock Exchange. The symbol code of the Company is AICL.

Chief Executive Officer's Review

CEO presentation video explaining the business overview, performance, strategy and outlook is available at the Company's website :
https://www.adamjeeinsurance.com/investor-relation#performance-review

STATEMENT ON FULL COMPLIANCE OF FINANCIAL ACCOUNTING AND REPORTING STANDARDS AS APPLICABLE IN PAKISTAN

Management recognizes the responsibility of preparation and presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, the Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019.

Accordingly, the Company's 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 Standards Board 'IASB' as are notified under the Companies Act, 2017; and

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

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

The annexed 2023 financial statements are duly audited by the statutory auditors of AICL in accordance with the International Standards of Auditing as applicable in Pakistan. Statutory auditors has issued an unqualified opinion and confirmed that the financial statements are prepared in conformity with the accounting and reporting standards as applicable in Pakistan.

The Board of Directors has reviewed and approved the annexed unconsolidated, consolidated and WTO financial statements. On behalf of the Board of Directors, the financial statements are signed by the Chairman, and two nominated Directors along with the Chief Executive Officer and the Chief Financial Officer.

Statement Under Section 46(6) of the Insurance Ordinance, 2000

The incharge of the Management of the business was Muhammad Ali Zeb, Managing Director & Chief Executive Officer and the report on the affairs of business during the year 2023 signed by Muhammad Ali Zeb, Shaikh Muhammad Jawed and approved by the Board of Directors is part of the Annual Report 2023 under the title of "Directors' Report to Members" and

a. In our opinion the annual statutory accounts of Adamjee Insurance Company Limited set out in the forms attached to the statement have been drawn up in accordance with the Insurance Ordinance, 2000 (Ordinance) and any rules made thereunder,

b. Adamjee Insurance Company Limited has at all times in the year complied with the provisions of the Ordinance and the rules made thereunder relating to paid-up capital, solvency and re-insurance arrangements; and

c. as at the date of the statement, the Adamjee Insurance Company Limited continues to be in compliance with the provisions of the Ordinance and the rules made thereunder relating to paid-up capital, solvency and re-insurance arrangements.

Umer Mansha Chairman	**Shaikh Muhammad Jawed** Director	**Muhammad Arif Hameed** Director	**Muhammad Asim Nagi** Chief Financial Officer	**Muhammad Ali Zeb** Managing Director & Chief Executive Officer



IT GOVERNANCE AND CYBERSECURITY

Enterprise Information Technology and Cybersecurity Governance

The Company's IT governance is the alignment of leadership, organizational structures, and processes to actualize and sustain the organizational objectives using information technology. Over the past few years, the Company has worked diligently to establish effective IT governance. This has helped in prioritizing and optimizing the IT investments decision-making process.

IT governance includes all the key stakeholders in the organization starting with the executive management and the Board of Directors. It also includes staff, customers, investors, and the regulator.

IT Governance Policy

Information governance is an accountability and decision-making framework put in place to ensure that the creation, storage, use, disclosure, archiving and destruction of information is handled in accordance with legal requirements and to maximize operational efficiency. It includes the processes, roles, policies and standards that ensure the compliant and effective use of information in enabling an organization to achieve its goals.

AICL IT governance policy is intended to set out the high-level principles of information governance across the organization and to highlight key information and related policies to employees.

The primary goals of IT Governance are to focus on:

- Stakeholder value of business investments in IT
- Financial transparency
- Customer-oriented service culture
- Agile responses to a changing business environment
- Optimization of service delivery costs
- Operational and staff productivity
- Compliance with internal policies
- Product and business innovation culture

Cybersecurity Policy

Insurance sector and cyber security in Pakistan has become highly competitive. To lead in this evolving market, insurance companies need to secure their information technology environment with strong security governance, latest technologies, security processes and mindset. This need has enabled AICL to be a market leader in security and protection of its policy holder's data with its secure architecture, skilled resources and stringent processes.

The Securities and Exchange Commission of Pakistan (SECP) Guidelines on Cybersecurity Framework for Insurance Sector, 2020 became effective from 1st July 2020. AICL, always a step ahead, started adopting this framework prior to its official promulgation. The main objective was to protect the policy holder data and Company infrastructure from any unwarranted threats. Following steps have been taken to comply with the Cybersecurity guidelines issued by the SECP:

- A Cybersecurity Strategy has been developed in light of SECP's guidelines. It is based on our core guiding principles aligned with the Company's vision.
- A Cybersecurity Framework offers a blueprint for meeting all the regulatory requirements as well as putting in place the best possible defense against cyber-attacks. AICL has opted NIST (National Institute of Standards and Technology) as the Cybersecurity Framework (CSF) which is the best in its class.
- AICL has appointed a Virtual Chief Information

Security Officer (vCISO) to develop and manages the implementation of its Cybersecurity program.

- ISO/IEC 27001 is being utilized for drafting Information Security Policies and Procedures.

- IT Risk Assessment is being carried out to ensure all vulnerabilities and shortfalls are addressed and managed properly. Assimilation of the assessment with Enterprise Risk Management of the organization is in progress.

- Vulnerability assessment and penetration testing (VAPT) is performed by a third party in order to identify and fill the gaps and to strengthen the security posture of the Company.

- AICL is in the process of implementing Security Information and Event Management (SIEM) solution to strengthen the security monitoring.

- AICL has developed and rolled out a comprehensive Cybersecurity Awareness Program for all the employees. This awareness has enabled the employees to think from security perspective before taking any action in their day-to-day work. The Cybersecurity Awareness trainings contain specialized content to highlight and address the importance of Information/Data Security, Privacy and Social Engineering. This training programs are also helping in enabling our employees to act as a human firewall in combating with any malicious attempt.

The idea is to incorporate Cybersecurity protocols in Adamjee Insurance's core so that it is easier to combat with any security threats or incidents in a more structured and efficient way.

Board's Role and responsibility in IT Governance and Cybersecurity

The Board of Directors plays an important role in the governance process. They are not only responsible for overseeing management but also play an important role as a strategic advisor on the services that the IT function provides to the organization and all its stakeholders.

The Board approves the internal control, risk management and corporate governance policies. The Board establishes the risk-taking level and risk bearing capacity of the organization and re-evaluates them on a regular basis as part of the strategy and goal setting of the Organization.

Board members understand that cyber-attacks are likely, and they exercise their oversight role to ensure that executives and managers have made proper and appropriate preparations to respond and recover in case of any breach.

All the matters related to cybersecurity are being monitored by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) on periodic basis. In case of any potential cyber thread, an instant update is shared by CISO.

The Board is also apprised of the current posture of cybersecurity in the Board meetings.

Early Warning System

The Company has 24/7 operational Security Operation Center (SOC) which acts as a front line of defense as well as early warning system. The SOC is integrated with all the critical applications and devices. Besides, the Network Operations Center (NOC) is established to monitor the network level traffic.

Independent Security Assessment

As part of the Company's cybersecurity policies and procedures, a third-party is engaged every year for a detailed independent security assessment of the technology environment.

Resilient Contingency and Disaster Recovery

The Disaster Recovery Plan (DRP) of the Company is based on the best practices of IT Governance. It provides a comprehensive set of baseline controls comprising best practices for IS Disaster Recovery Plan.

The main purpose of the DRP is to provide guidelines in the event of an emergency; the plan helps in ensuring that vital technical and organizational conditions are effectively restored within the stipulated timeframe.

The main objectives are as follows:

- The impact of prolonged interruption of computing facilities.
- The adverse impact of lost data.
- The time to recover from a critical server failure.
- The number of decisions that must be made following a disaster.
- The AICL dependence on the participation of any specific person or group of people in the recovery process.
- The need to develop, test and improve new procedures, programs, or systems during recovery.

Advancement in digital transformation

In order to advance in digital transformation to leverage 4.0 Industrial revolution to improve transparency, reporting and governance, the Company has implemented / is working on the following;

- Single platform for all digital needs of the organization
- AI based OCR solutions for data input efficiency
- Data verification through Robotic Process Automation (RPA)
- Automation of 'Endorsements' through Robotic Process Automation (RPA)
- Artificial Intelligence based vehicle survey and damage assessment solutions are under process of implementation.

Employees Education and Training on Cybersecurity

Since humans are the weakest link in the security chain so the Company has designed a security awareness program for all the employees which is run by CISO on regular basis. Attending the security awareness sessions is mandatory for all employees. Security Awareness Training helps employees understand the importance of cybersecurity and teaches them how to identify potential threats and respond appropriately.

Board disclosure on Company's use of Enterprise Resource Planning (ERP) software

Over the years, the Company has made huge

investment in its information technology infrastructure and through its experience of operations spread over 60 years continues to upgrade the Enterprise Resource Planning systems (ERP) to fulfil information needs, achieve operational efficiencies and meet the requirements of the digitalization as well as changing needs of the stakeholders.

Integration of Core Business Processes & Modules

The use of our core enterprise solutions and their integration is as below:

- PREMIA as core business application for conventional business which includes all core modules required to support insurance operations
- GTS (by Centegy Technologies) as a core business application for takaful business which includes all core modules required to support takaful operations
- Harmony (by Sofcom) as a core HR operations application
- IBM Cognos BI as business intelligence solution and for consolidation of data from all the business applications in order to have single source of information
- Portals – Call Center, Dealerships, Surveyors, Tracker Companies, Workshops, Part Supplier, Banks, and back office operations
- Mobility Solutions

Management support in the effective implementation and continuous updation

Management of the Company recognizes the importance of continuous updation and effective implementation of all technological solutions in order to cater for the changing information needs of the stakeholders as well as achieve operational efficiencies. All the technology initiatives and implemented applications/services are being monitored by Information Technology Steering Committee (ITSC) who is responsible to ensure right solutions to be selected with right teams to implement and within the specified time.

User trainings of ERP software

User trainings are arranged both periodically and on need basis, especially for newly recruited staff, to ensure that users are well versed with the Company's ERP software and related risks and control environment. Further, the Company also has set up an information system related Helpdesk to resolve the complaints of the users.

Management of risks or control risk factors on ERP projects

AICL ensures a customized approach to managing risks throughout the life cycle of implementation and operation of ERP projects. A six-step risk management framework of the Project Management Body of Knowledge (PMBoK) is followed, in which the steps are risk management planning, risk identification, qualitative risk analysis, quantitative risk analysis, risk response planning, and risk monitoring and control.

Company's assessment of system security, access to sensitive data and segregation of duties

In order to ensure system security, segregation of duties and monitor access to sensitive data, the Company's has controls:

- Strong passwords are enabled with a secure method to change the password

- Passwords are encrypted and mandatorily required to be changed periodically
- Users do not have access to underlying database
- Role based user IDs are assigned
- Audit logs are enabled to monitor the activities
- Users' authorization matrix has been implemented and is reviewed periodically

Further, a third-party is engaged every year for a detailed independent security assessment of the technology environment.

Key Capabilities of the Company's Information Technology Infrastructure:

Key capabilities of the Company's information technology infrastructure include the following:

- Tier-3 Compliant Data Center
- Cloud based collaboration solution of Microsoft Office 365
- IBM Cognos Business Intelligence – for better insights
- Oracle based end-to-end core business applications
- Cisco based infrastructure
- IBM, HP & Sangfor Storages
- Security Incident & Event Management Solution for better control on cybersecurity
- Endpoint Detection & Response (EDR) to detect and mitigate cyber threads on endpoints devices
- Cisco Identity Services Engine (ISE) to simplify identity management across diverse devices and applications



A FORCE TO BE RECKONED WITH

PERFORMANCE AND POSITION

Performance Evaluation Against Targets / Budgets

The Company prepares Annual Business Plan including Annual Budget for the coming year. The Annual Budget is reviewed and approved by the Board and performance of the Company against budgeted targets is monitored by the Board on quarterly basis.

The objective of Annual Budget is to use it as a control tool to periodically gauge the operational performance of the Company against the annual targets. The Budget objectives are communicated to the relevant managers at the start of the year which also acts as a yard stick for evaluating the performance of different functions and departments on periodic basis and make corrective decisions and actions, if required. Annual Budget is also broken down into monthly budget to compare the actual results with budgeted figures to identify monthly variances together with their reasons which are subject to rigorous review and follow up in subsequent monthly performance reviews. The process enables the management to ensure all the functions and departments are aligned towards achieving the overall Company objectives.

BUSINESS GROWTH

The Company has shown strong growth in gross premium written both from last year and from the Budget as well. This is due to double digit growth shown by all classes of business during the year. The Company has managed to achieve this strong growth despite tough competitive business environment faced.

INVESTMENT INCOME

Current year witnessed increase in investment income of 83% from the corresponding period. This is mainly due to the higher amount of dividend income derived from the equity portfolio of the Company which amounts to increase of 89% from the dividend income of the last year. This is attributed to Company's efficient portfolio management of its equity stakes in a volatile stock market. Income from debt securities of PIBs and T-Bills also witnessed increase of 223% from last year as the Company increased its investment in debt securities to capitalise on the higher policy rates retained by the State bank of Pakistan during the year.

OPERATIONAL PROFITABILITY

The underwriting results of the Company suffered decline during the current year mainly due to higher net loss ratio of 70% during current year as compared to 66% net loss ratio in the last year. This was primarily attributable to higher than expected losses suffered in UAE operations. This was supported by the Investment income which showed significant increase from last year mainly due to increase in dividend income and returns on debt securities. Window takaful operations also remained profitable contributing to the overall profitability of the Company. Takaful operations showed strong growth of 50% in terms of overall profit which resulted in increase in profitability of the Company during the current year. Other income also increased from last year as return on savings accounts increased due to higher policy rate which was retained by the State bank of Pakistan throughout the year.

Six Years Financial Performance (2018 - 2023)

		2023	2022	2021	2020	2019	2018
Balance Sheet							
Paid Up Capital	**Rs. Mln**	3,500	3,500	3,500	3,500	3,500	3,500
Reserves	"	7,964	3,527	5,487	4,487	4,555	3,784
Equity	"	30,620	24,919	25,390	22,235	21,380	19,663
Investments (Book Value)	"	27,969	25,535	25,966	22,589	21,781	21,006
Investments (Market Value)	"	36,039	26,991	31,069	26,596	25,888	24,114
Investment Property	"	2,914	2,427	1,632	787	402	-
Fixed Assets	"	4,308	4,356	4,339	4,171	4,301	3,593
Cash & Bank Deposits	"	5,253	5,277	2,174	1,312	1,177	2,211
Other Assets	"	41,614	34,716	22,426	16,654	17,770	17,926
Total Assets	"	90,128	73,766	61,641	49,520	49,538	47,845
Total Liabilities	"	59,477	48,847	36,251	27,285	28,158	28,182
Operating Data - Conventional							
Gross Premium	"	41,463	32,677	23,320	18,279	22,507	20,387
Net Premium	"	19,319	16,980	12,552	13,295	15,434	13,806
Net Claims	"	13,606	11,285	7,204	7,987	9,877	8,386
Net Commission	"	2,531	2,072	1,523	1,833	1,507	1,280
Underwriting Result	"	(1,365)	(209)	672	376	654	816
Financial Charges	"	5	35	50	15	8	-
Total Expenses	"	4,761	4,087	3,212	3,161	3,100	3,438
Investment Income	"	3,903	2,128	2,469	1,093	1,372	1,285
Profit Before Tax	"	3,912	3,147	4,405	1,910	2,533	2,174
Profit After Tax	"	2,262	2,585	3,136	1,876	1,813	1,239
- Window Takaful Operations							
Gross contribution written	"	2,866	2,514	1,465	1,526	1,213	1,102
Net contribution revenue	"	1,632	1,152	654	745	617	669
Net takaful claims - reported / settled	"	(1,767)	1,281	610	692	531	402
Underwriting Result - PTF	"	(111)	(102)	39	46	72	(8)
Surplus / (Deficit) - PTF	"	38	(7)	78	92	110	7
Wakala fee	"	831	641	431	409	324	253
Profit before taxation	"	508	339	139	164	108	79
Profit after taxation	"	295	220	99	116	77	53
Cash Flow Summary							
Operating activities	"	(2,981)	627	1,402	648	(93)	1,892
Investing activities	"	4,010	4,450	(259)	280	3	(1,274)
Financing activities	"	(1,053)	(2,058)	(282)	(793)	(944)	(685)
Share Information							
No. of Shares (Million)		350	350	350	350	350	350
Net Assets per share / Break-Up Value Per Share (Rs.)		87.49	71.20	72.54	63.53	61.09	56.18
Share Price at Year End (Rs.)		34.17	28.17	40.00	39.32	42.09	42.02
Highest Share Price During Year (Rs.)		37.39	38.34	47.22	47.45	47.70	60.25
Lowest Share Price During Year (Rs.)		22.05	20.66	32.66	24.10	26.00	38.10
KSE 100 Index		62,451	40,420	44,596	43,755	40,735	37,067
Market Price To Break-Up Value - P/B Ratio (Times)		0.39	0.40	0.55	0.62	0.69	0.75
Face Value (per share)		10.00	10.00	10.00	10.00	10.00	10.00
Market Capitalization - Amount in Million		11,960	9,860	14,000	13,762	14,732	14,707
Distribution							
Dividend Per Share (Rs.)		3.00	3.00	2.75	2.75	2.50	2.00
Total Dividend - Amount in Million		1,050.00	1050.00	962.50	962.50	875.00	700.00
Cash Dividend %		30.00	30.00	27.50	27.50	25.00	20.00
Bonus Shares %		-	-	-	-	-	-
Total Dividend %		30.00	30.00	27.50	27.50	25.00	20.00

Six Years Financial Performance (2018 - 2023)

Horizontal Analysis - Balance Sheet and Income Statement

	2023	2022	2021	2020	2019	2018	2023	2022	2021	2020	2019	2018
	Rupees in million						% increase /(decrease) over preceding year					
Balance sheet												
Assets												
Cash and Bank Deposits	**5,253**	5,277	2,174	1,312	1,177	2,211	**(0.45)**	142.73	65.70	11.5	(46.8)	(3.0)
Loans to Employees	**60**	65	52	45	49	45	**(7.69)**	25.00	15.56	(9.1)	10.0	4.7
Investments	**36,039**	26,991	31,069	26,596	25,888	24,114	**33.52**	(13.13)	16.82	2.7	7.4	1.5
Deferred Taxation	**-**	-	-	-	-	-	**-**	-	-	-	-	-
Current Assets-others	**40,108**	33,601	21,651	16,020	17,295	17,499	**19.37**	55.19	35.15	(7.4)	(1.2)	(5.1)
Fixed Assets	**4,308**	4,356	4,339	4,171	4,301	3,594	**(1.10)**	0.39	4.03	(3.0)	19.7	36.6
Investment Property	**2,914**	2,427	1,632	787	402	-	**20.07**	48.71	107.37	95.8	100.0	-
Total assets of Window Takaful	**1,446**	1,049	724	589	426	382	**37.85**	44.89	22.92	38.2	11.6	58.5
Total Assets	**90,128**	73,766	61,641	49,520	49,538	47,845	**22.18**	19.67	24.48	(0.0)	3.5	1.0
Total Equity	**30,620**	24,919	25,390	22,235	21,380	19,663	**22.88**	(1.86)	14.19	4.0	8.7	(3.4)
Surplus on revaluation of fixed assets	**31**	-										
Underwriting Provisions	**46,247**	36,089	23,937	19,380	20,848	20,784	**28.15**	50.77	23.52	(7.0)	0.3	0.7
Deferred Taxation	**3,693**	806	2,031	1,375	1,330	944	**358.19**	(60.32)	47.67	3.4	40.9	(39.8)
Deferred Liabilities	**176**	201	270	212	225	199	**(12.44)**	(25.56)	27.36	(5.8)	13.1	29.2
Borrowings	**-**	-	927	166	-	-	**-**	(100.00)	457.20	100.0	-	-
Creditors and Accruals	**3,407**	3,197	2,446	1,806	1,719	2,206	**6.57**	30.70	35.42	5.1	(22.1)	17.1
Other Liabilities	**5,469**	8,169	6,361	4,103	3,840	3,819	**(33.05)**	28.42	55.04	6.8	0.5	44.8
Total liabilities of Window Takaful	**486**	385	279	243	196	230	**26.23**	37.99	14.91	24.0	(14.8)	63.1
Total Equity and Liabilities	**90,129**	73,766	61,641	49,520	49,538	47,845	**22.18**	19.67	24.48	(0.0)	3.5	1.0
Profit and Loss Account												
Revenue account												
Net Premium Revenue	**19,319**	16,980	12,552	13,295	15,434	13,806	**13.78**	35.27	(5.58)	(13.9)	11.8	19.7
Net claims	**13,606**	11,285	7,204	7,987	9,877	8,386	**20.57**	56.65	(9.80)	(19.1)	17.8	12.8
Underwriting Expenses	**4,548**	3,833	3,153	3,099	3,397	3,324	**18.65**	21.55	1.76	(8.8)	2.2	29.0
Net Commission	**2,531**	2,072	1,523	1,833	1,507	1,280	**22.15**	36.06	(16.92)	21.6	17.8	17.4
Unexpired risk reserve	**-**	-	-	-	-	-	**-**	-	-	-	-	(100.0)
Underwriting Result	**(1,366)**	(210)	672	376	654	816	**550.48**	(131.24)	78.97	(42.5)	(19.9)	46.5
Investment Income	**3,903**	2,128	2,469	1,093	1,372	1,285	**83.41**	(13.83)	126.03	(20.4)	6.8	(14.0)
Rental Income	**182**	162	131	113	30	7	**12.35**	23.28	16.59	275.2	329.1	(22.2)
Other income	**545**	223	138	231	64	95	**144.39**	61.56	(40.13)	260.6	(32.7)	(1.0)
Change in fair value of investment property	**358**	794	961	-	12	-	**(54.91)**	(17.39)	100.00	(100.0)	100.0	-
Other / General And Administration Expenses	**133**	106	59	62	59	73	**25.47**	80.15	(5.60)	5.7	(19.2)	65.9
Exchange Gain / (Loss)	**-**	-	3	12	5	6	**-**	(100.00)	(77.63)	167.3	(23.1)	20.0
Finance Charges	**5**	35	50	15	8	-	**(85.71)**	(30.15)	233.07	80.1	100.0	-
Workers' welfare fund charge / (reversal)	**80**	148	-	-	(356)	41	**100.00**	100.00	-	100.0	(967.7)	(34.9)
Profit before tax from Window Takaful	**508**	339	139	164	108	79	**49.85**	143.42	(14.96)	52.1	36.3	17.9
Profit Before Tax	**3,912**	3,147	4,405	1,910	2,533	2,174	**24.31**	(28.56)	130.63	(24.6)	16.5	2.5
Provision for taxation	**1,650**	562	1,269	35	720	935	**193.59**	(55.71)	3,559.17	(95.2)	(23.0)	3.9
Profit after Tax	**2,262**	2,585	3,136	1,875	1,813	1,239	**(12.50)**	(17.58)	67.23	3.4	46.3	1.5

Six Years Financial Performance (2018 - 2023)

Vertical Analysis - Balance Sheet and Income Statement

	2023		2022		2021		2020		2019		2018	
	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%
Balance sheet												
Assets												
Cash and Bank Deposits	**5,253**	**5.8**	5,277	7.2	2,174	3.5	1,312	2.6	1,177	2.4	2,211	4.6
Loans to Employees	**60**	**0.1**	65	0.1	52	0.1	45	0.1	49	0.1	45	0.1
Investments	**36,039**	**40.0**	26,991	36.6	31,069	50.4	26,596	53.7	25,888	52.3	24,114	50.4
Deferred Taxation	**-**	**-**	-	-	-	-	-	-	-	-	-	-
Current Assets-others	**40,108**	**44.5**	33,601	45.6	21,651	35.1	16,020	32.4	17,295	34.9	17,499	36.6
Fixed Assets	**4,308**	**4.8**	4,356	5.9	4,339	7.0	4,171	8.4	4,301	8.7	3,594	7.5
Investment Property	**2,914**	**3.2**	2,427	3.3	1,632	2.6	787	1.6	402	0.8	-	-
Total assets of Window Takaful	**1,446**	**1.6**	1,049	1.4	724	1.2	589	1.2	426	0.9	382	0.8
Total Assets	**90,128**	**100.0**	73,766	100.0	61,641	100	49,520	100.0	49,538	100.0	47,845	100.0
Total Equity	**30,620**	**34.0**	24,919	33.8	25,390	41.2	22,235	44.9	21,380	43.2	19,663	41.1
Underwriting Provisions	**46,247**	**51.3**	36,089	48.9	23,937	38.8	19,380	39.1	20,848	42.1	20,784	43.4
Deferred Taxation	**3,693**	**4.1**	806	1.1	2,031	3.3	1,375	2.8	1,330	2.7	944	2.0
Deferred Liabilities	**176**	**0.2**	201	0.3	270	0.4	212	0.4	225	0.5	199	0.4
Borrowings	**-**	**-**	-	-	927	1.5	166	0.3	-	-	-	-
Creditors and Accruals	**3,407**	**3.8**	3,197	4.3	2,446	4.0	1,806	3.6	1,719	3.5	2,206	4.6
Other Liabilities	**5,469**	**6.1**	8,169	11.1	6,361	10.3	4,103	8.3	3,840	7.8	3,819	8.0
Total liabilities of Window Takaful	**486**	**0.5**	385	0.5	279	0.5	243	0.5	196	0.4	230	0.5
Total Equity and Liabilities	**90,129**	**100.0**	73,766	100.0	61,641	100	49,520	100.0	49,538	100.0	47,845	100.0
Profit and Loss Account												
Revenue account												
Net Premium Revenue	**19,319**	**100.0**	16,980	100.0	12,552	100.0	13,295	100.0	15,434	100.0	13,806	100.0
Net Claims	**13,606**	**70.4**	11,285	66.5	7,204	57.4	7,987	60.1	9,877	64.0	8,386	60.7
Underwriting Expenses	**4,548**	**23.5**	3,833	22.6	3,153	25.1	3,099	23.3	3,397	22.0	3,324	24.1
Net Commission	**2,531**	**13.1**	2,072	12.2	1,523	12.1	1,833	13.8	1,507	9.8	1,280	9.3
Unexpired risk reserve	**-**	**-**	-	-	-	-	-	-	-	-	-	-
Underwriting Result	**(1,366)**	**(7.1)**	(210)	(1.2)	672	5.4	376	2.8	654	4.2	816	5.9
Investment Income	**3,903**	**20.2**	2,128	12.5	2,469	19.7	1,093	8.2	1,372	8.9	1,285	9.3
Rental Income	**182**	**0.9**	162	1.0	131	1.0	113	0.8	30	0.2	7	0.1
Other income	**545**	**2.8**	223	1.3	138	1.1	231	1.7	64	0.4	95	0.7
Change in fair value of investment property	**358**	**1.9**	794	4.7	961	7.7	-	-	12	0.1	-	-
General And Administration Expenses	**133**	**0.7**	106	0.6	59	0.5	62	0.5	59	0.4	73	0.5
Exchange Gain / (Loss)	**-**	**-**	-	-	3	0.0	12	0.1	5	0.0	6	0.0
Finance Charges	**5**	**0.0**	35	0.2	50	0.4	15	0.1	8	0.1	-	-
Workers' welfare fund charge / (reversal)	**80**	**0.4**	148	0.9	-	-	-	-	(356)	(2.3)	41	0.3
Profit before tax from Window Takaful	**508**	**2.6**	339	2.0	139	1.1	164	1.2	108	0.7	79	0.6
Profit Before Tax	**3,912**	**20.2**	3,147	18.5	4,405	35.1	1,910	14.4	2,533	16.4	2,174	15.7
Provision for Taxation	**1,650**	**8.5**	562	3.3	1,269	10.1	35	0.3	720	4.7	935	6.8
Profit After Tax	**2,262**	**11.7**	2,585	15.2	3,136	25.0	1,875	14.1	1,813	11.7	1,239	9.0

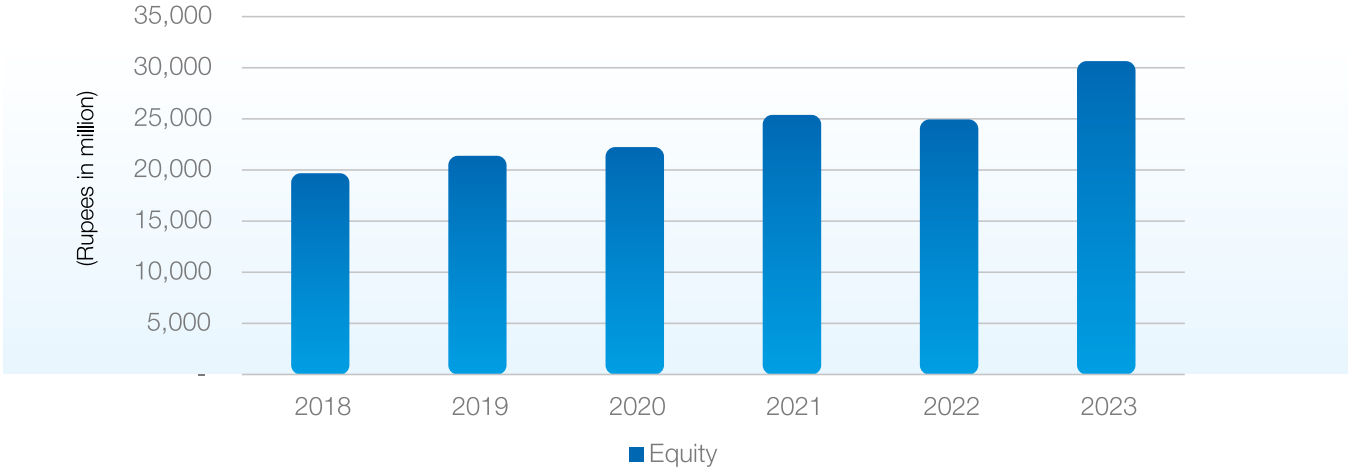
Six Years Financial Performance (2018 - 2023)

Financial Ratios

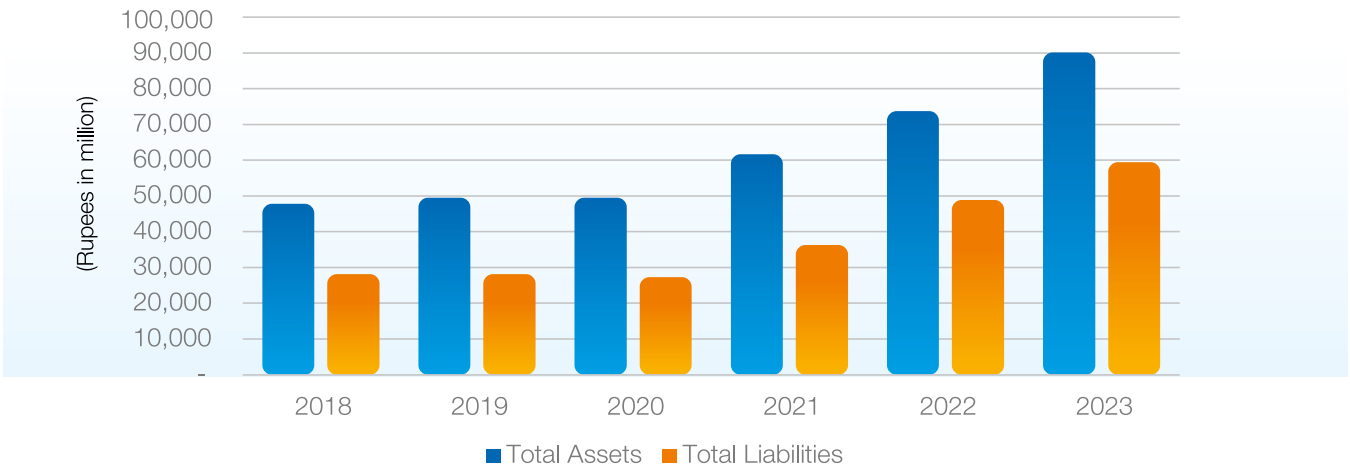
	2023	2022	2021	2020	2019	2018
Profitability Ratios						
Underwriting Result / Gross Premium (%)	(3.3)	(0.6)	2.9	2.1	2.9	4.0
Underwriting Result / Net Premium (%)	(7.1)	(1.2)	5.4	2.8	4.2	5.9
Combined Ratio (%)	107.1	101.2	94.6	97.2	95.8	94.1
Total Expenses / Gross Premium (%)	11.5	12.5	13.8	17.3	13.8	16.9
Total Expenses / Net Premium (%)	24.6	24.1	25.6	23.8	20.1	24.9
Management Expenses / Net Premium (%)	23.5	22.6	25.1	23.3	22.0	24.1
Other Expenses / Net Premium (%)	0.7	0.6	0.5	0.5	0.4	0.5
Net Claims / Net Premium (%) - Claim Ratio	70.4	66.5	57.4	60.1	64.0	60.7
Net Commission / Net Premium (%)	13.1	12.2	12.1	13.8	9.8	9.3
Investment Income / Net Premium (%)	20.2	12.5	19.7	8.2	8.9	9.3
Overall Profitability						
Profit Before Tax / Gross Premium (%)	9.4	9.6	18.9	10.4	11.3	10.7
Profit After Tax / Gross Premium (%)	5.5	7.9	13.4	10.3	8.1	6.1
Profit Before Tax / Net Premium (%)	20.2	18.5	35.1	14.4	16.4	15.7
Profit After Tax / Net Premium (%)	11.7	15.2	25.0	14.1	11.7	9.0
Profit Before Tax / Total Income (%)	15.8	15.3	26.9	12.8	14.9	14.4
Profit After Tax / Total Income (%)	9.1	12.5	19.1	12.6	10.6	8.2
Return To Shareholders						
Return On Equity - PBT (%)	12.8	12.6	17.3	8.6	11.8	11.1
Return On Equity - PAT (%)	7.4	10.4	12.4	8.4	8.5	6.3
Return On Total Assets (%)	2.5	3.5	5.1	3.8	3.7	2.6
Earnings Per Share (Rs.)	6.46	7.39	8.96	5.36	5.18	3.54
Dividend Yield (%)	8.8	10.6	6.9	7.0	5.9	4.8
Dividend Payout (%)	46.44	40.60	30.69	51.3	48.3	56.5
Dividend Cover (Times)	2.2	2.5	3.3	1.9	2.1	1.8
Earnings Growth (%)	(12.6)	(17.5)	67.2	3.5	46.3	1.4
P/E Ratio (Times)	5.3	3.8	4.5	7.3	8.1	11.9
Performance/ Liquidity						
Current Ratio (Times)	1.5	1.4	1.6	1.7	1.7	1.6
Liquid Ratio (Times)	0.9	0.9	1.2	1.3	1.2	1.1
Cash / Current Liabilities (%)	9.6	11.4	7.2	6.0	4.8	8.2
Total Assets Turnover (Times)	0.2	0.2	0.2	0.3	0.3	0.3
Fixed Assets Turnover (Times)	4.5	3.9	2.9	3.2	3.6	3.8
Liquid Assets / Total Assets (%)	55.4	56.2	66.2	66.5	66.7	48.5
Earning Assets / Total Assets (%)	46.2	42.1	54.9	57.7	55.3	50.4
Equity / Total Assets - Shareholders' Funds ratio (%)	34.0	33.8	41.2	44.9	43.2	41.1
Debt to Equity - Book Value (%)	-	-	-	0.34	-	-
Paid Up Capital / Total Assets (%)	3.9	4.7	5.7	7.1	7.1	7.3
Return On Capital Employed (%)	12.8	12.8	17.5	8.6	11.9	11.1

Six Years Financial Performance (2018 - 2023)

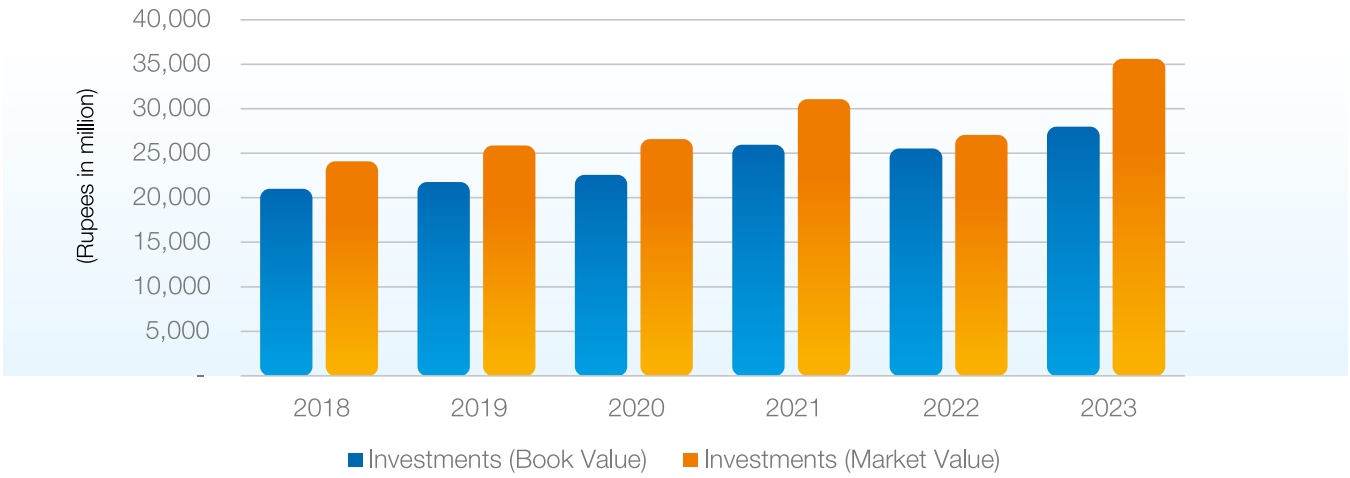
Equity



Total Assets & Liabilities

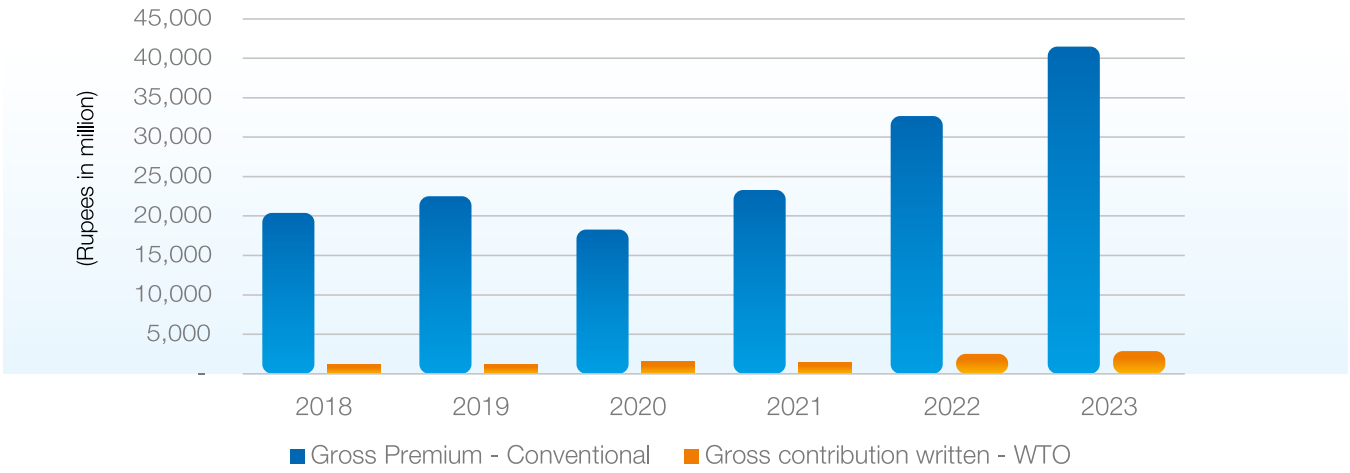


Investments

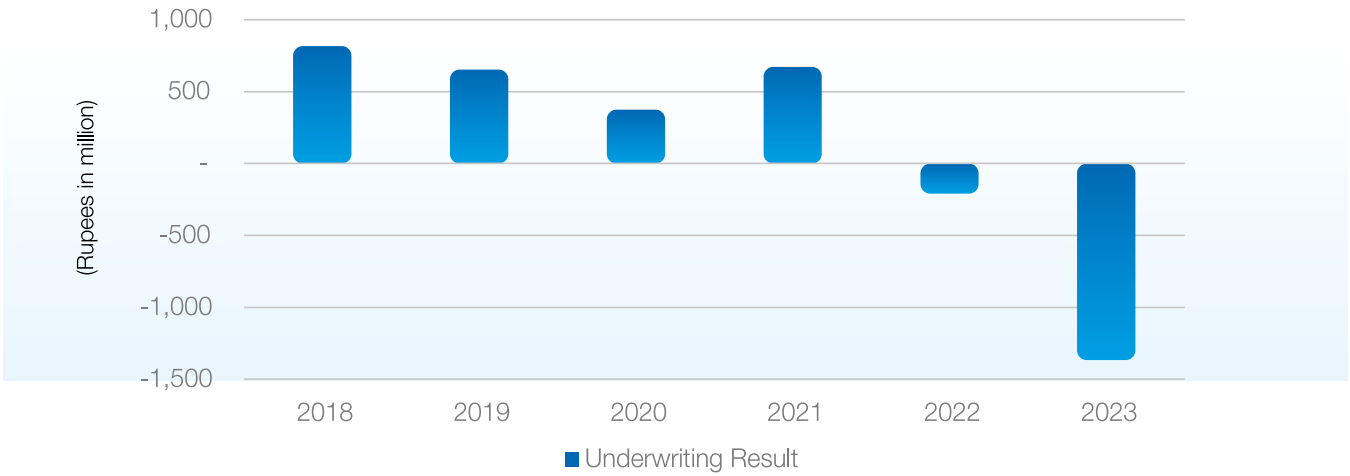


Six Years Financial Performance (2018 - 2023)

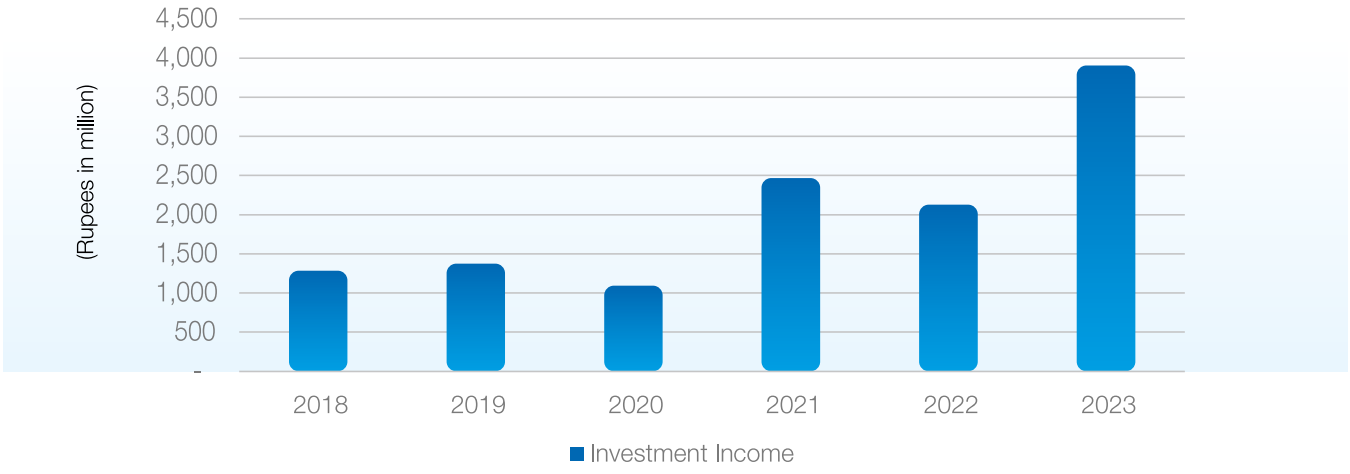
Gross Premium



Underwriting Results

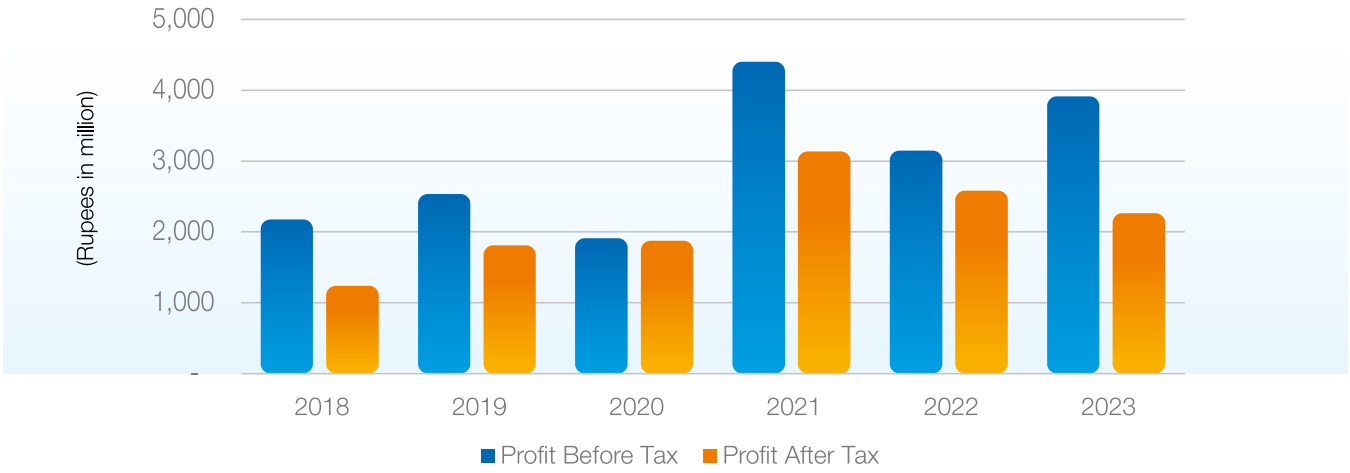


Investment Income



Six Years Financial Performance (2018 - 2023)

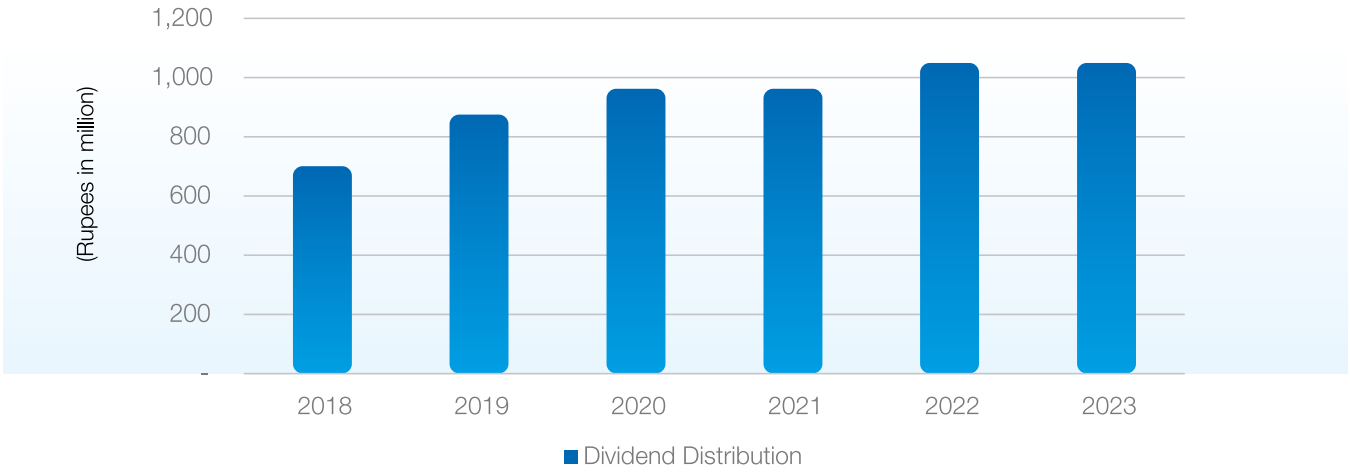
Profit



Earnings Per Share (Rs.)

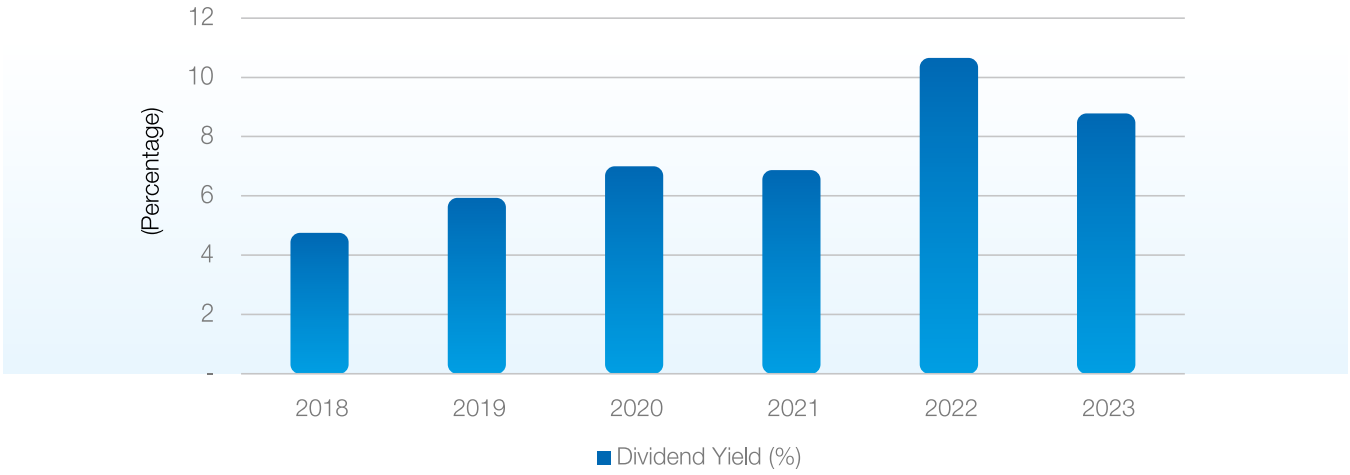


Dividend Distribution

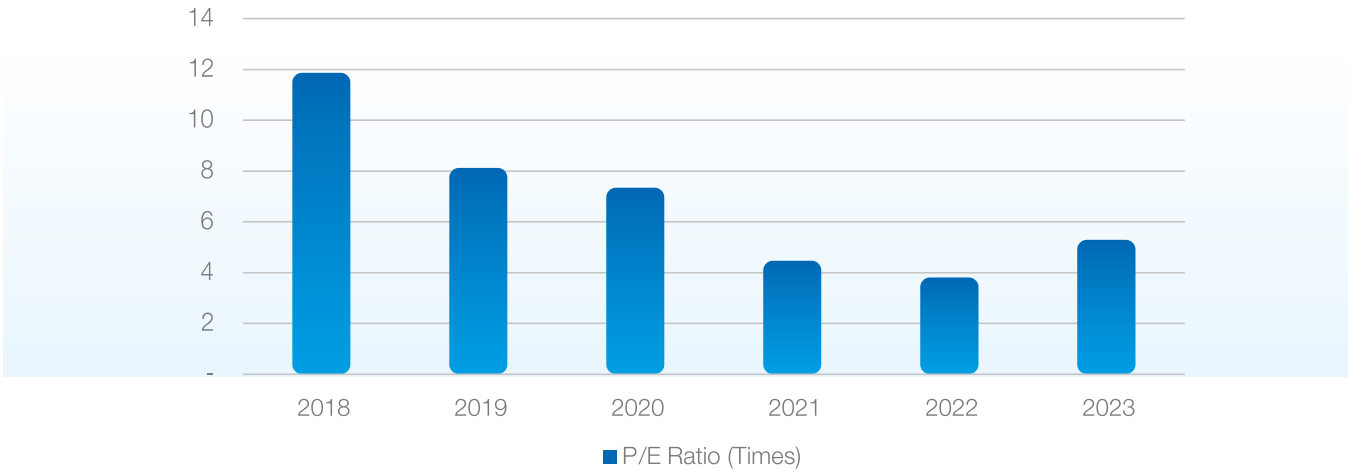


Six Years Financial Performance (2018 - 2023)

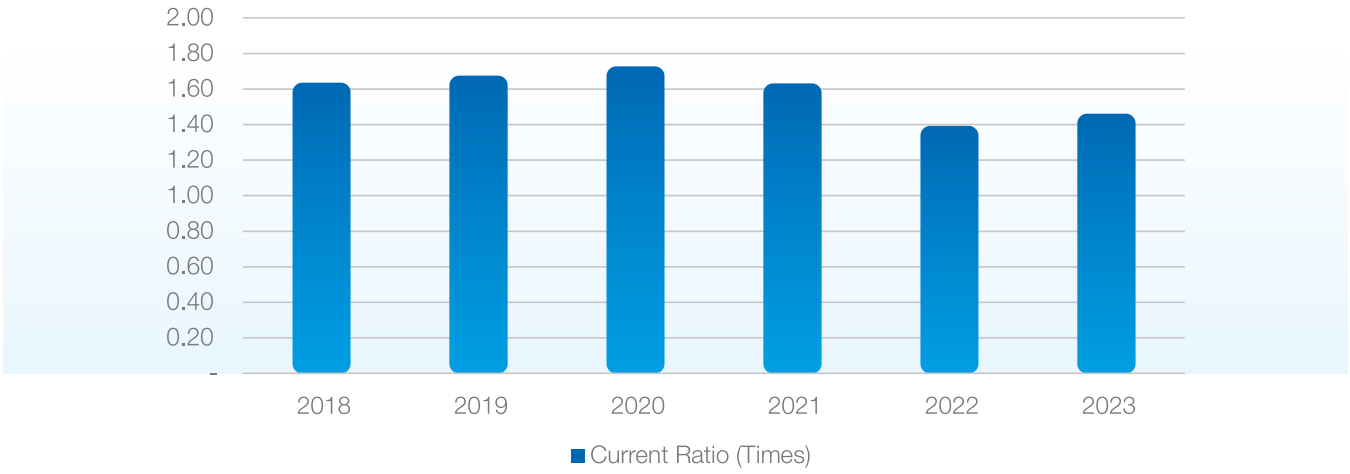
Dividend Yield (%)



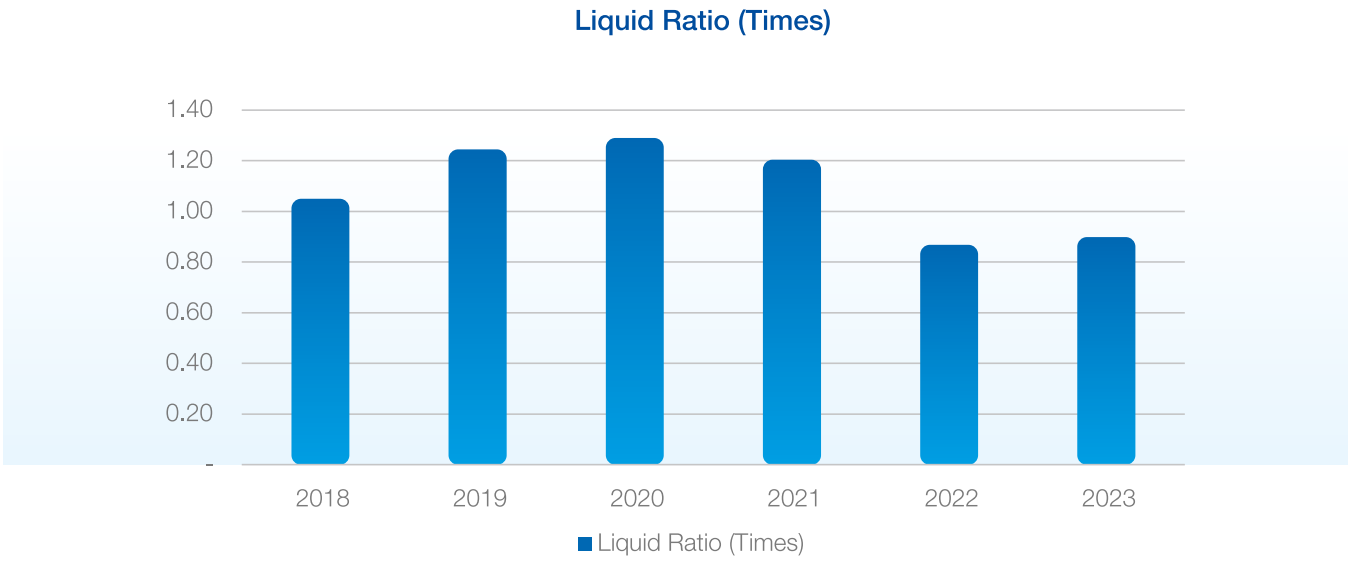
P/E Ratio (Times)

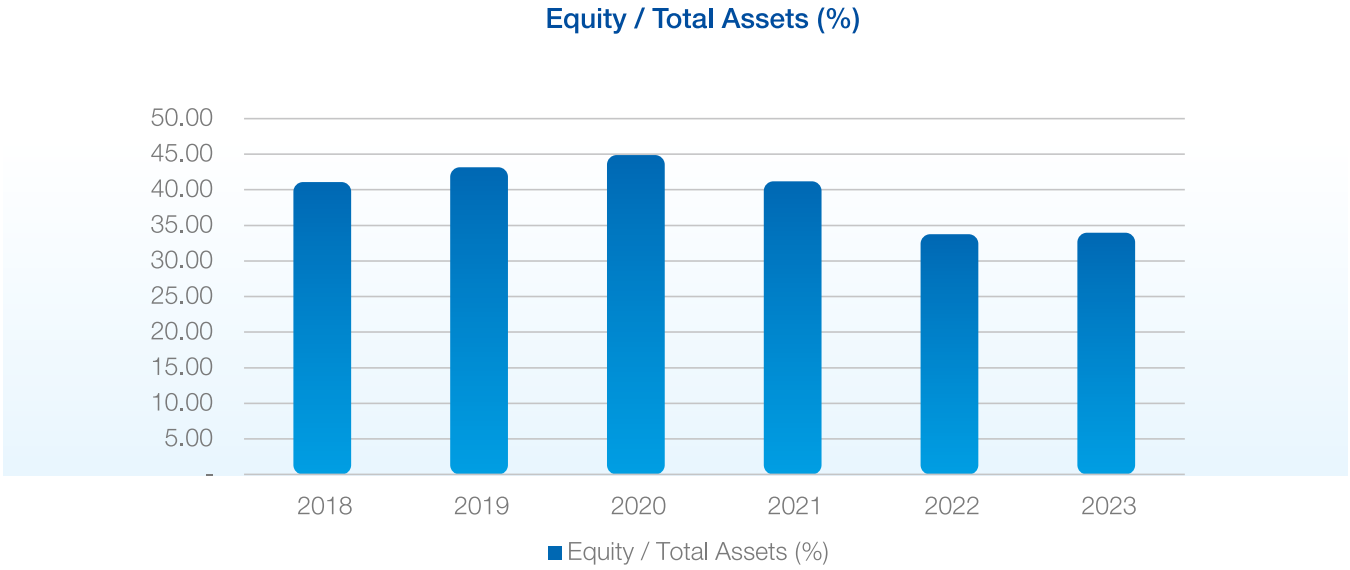


Current Ratio (Times)



Six Years Financial Performance (2018 - 2023)





Comments on Horizontal and Vertical Analysis

Profit & Loss Account

The business performance of the company over the years 2018 to 2023, with a particular focus on the impact of the Covid-19 pandemic and subsequent recovery, overall, the company's ability to bounce back from the impact of the Covid-19 pandemic and continue its growth trend in 2023 demonstrates resilience and effective management strategies. The significant increase in gross written premium across all segments indicates successful execution of growth initiatives

During the years 2018 to 2019, the company experienced healthy growth in its business operations. In 2020, the company faced a moderate slump in business due to the devastating effects of the Covid-19 pandemic. This is consistent with the broader economic slowdown experienced by many industries worldwide during the pandemic. The company's position improved again in 2021, indicating a recovery from the slump experienced in 2020. This suggests that the company was able to adapt to the challenges posed by the pandemic and resume its growth trajectory. In 2023, the company continued with its growth trend, indicating sustained recovery and expansion efforts. This suggests that the company successfully navigated through the uncertainties caused by the pandemic and regained momentum in its business operations.

The gross written premium of the company's conventional business witnessed a significant 27% increase from the previous year. This indicates robust growth in the company's core business operations. Both inside and outside Pakistan operations showed strong growth in gross written premium, with a 27% increase each year-on-year. This suggests that the company's growth was not only limited to its domestic market but also extended to its international operations."

"Net claims expense increased by 21% during the year. This significant increase suggests higher than anticipated losses incurred by the company, particularly in its UAE operations. As a result, the claim ratio increased to 70.4% in the current year, compared to 66% in the previous year.

Management and underwriting expenses increased by 19% in the current year compared to 2022.

One-third of this increase came from adverse exchange rate fluctuations. Overall, the increase in both net claims expenses and management/underwriting expenses highlights challenges faced by the company during the current year. The higher-than-expected losses in UAE operations and adverse exchange rate fluctuations have contributed to increased expenses and a higher claim ratio."

The Underwriting result of the Company declined by 552% in the current year. The sustained underwriting losses in the UAE operations have contributed significantly to this decline, despite the decline in underwriting results, the investment income of the company increased by 83% during the year.

On the other hand, The Window Takaful Operations (WTO) of the Company, showed growth in the gross contribution which increased to Rs. 2.86 billion in 2023 as against Rs. 2.5 billion in 2022. WTO operator's fund contributed Rs. 508 million towards the profit before tax to the overall profits of the Company.

Profit after tax for the year 2023 has decreased by 12% amounting to Rs. 2,262 million as against Rs. 2,585 million in 2022 resulting in Earning per Share (EPS) of Rs. 6.46 in current year as against Rs. 7.39 in last year.

Balance Sheet

The Company has strong capital base of Paid-up Capital of Rs. 3,500 million.

The overall asset base of the Company increased by 22% (Rs. 16,362 million) reaching at Rs. 90,128 million as compared to Rs. 73,766 million in 2022.

Investments are the second largest asset which constitute approximately 40% of the total assets of the Company. The Company's Investments have registered an increase of 34% i.e. from Rs. 26,991 million to Rs. 36,039 million at the end of the year.

Cash and Bank balance of the Company showed a minor decline of 0.45% approximately amounting to Rs. 5,253 million in current year as against Rs. 5,277 million in 2022.

Equity & Reserves increased by over 22% year on year, reaching Rs. 30,620 million at current year end as against Rs. 24,919 million in 2022. This is mainly attributable to fair value gains of Rs. 3,803 million against available for sale investments.

Underwriting liabilities increased by 28% year on year, reaching to Rs. 46,247 million at current year end as against Rs. 36,089 million in 2022.

Net Assets of the Company's 'Window Takaful Operations - Operator's Fund' increased significantly from Rs. 664 million to Rs. 960 million registering a growth of 44% year on year.

Comments on Ratios

Profitability Ratios

Underwriting results deteriorated from -1.2% of net premium last year to -7.1% in the current year. Investment income as a percentage of net premium increased significantly from 12.5% last year to 20.2% in the current year. Profit after tax ratio decreased from 15.2% last year to 11.7% in the current year. This suggests that the company's overall profitability has declined. Despite the increase in investment income, the increase in insurance claims and acquisition expenses by Rs. 2,780 million from the last year has significantly impacted profitability. Higher expenses lead to lower profitability ratios as seen in the decline of underwriting results and profit after tax ratio.

Return to Shareholders Ratios

The rise in net insurance claims expenses has impacted year-on-year profits, leading to a decline in return to shareholders/investors' ratios. Increased expenses directly reduce the profitability metrics such as ROE and ROA by reducing net income. 'Return on equity' decreased to 7.4% in current year as against 10.4% in last year. While 'Return on total assets' decreased to 2.5% in current year as against 3.5% in last year.

The company distributed Rs. 3 per share as dividend during the year. This comprised of Rs. 1.5 per share as a final dividend related to the year 2022 and Rs. 1.5 per share as an interim dividend related to the year 2023. The total dividend distribution amounted to Rs. 1,050 million.

This indicates that the company is committed to returning value to its shareholders through dividends. By distributing dividends, the company is utilizing its profits to reward its shareholders.

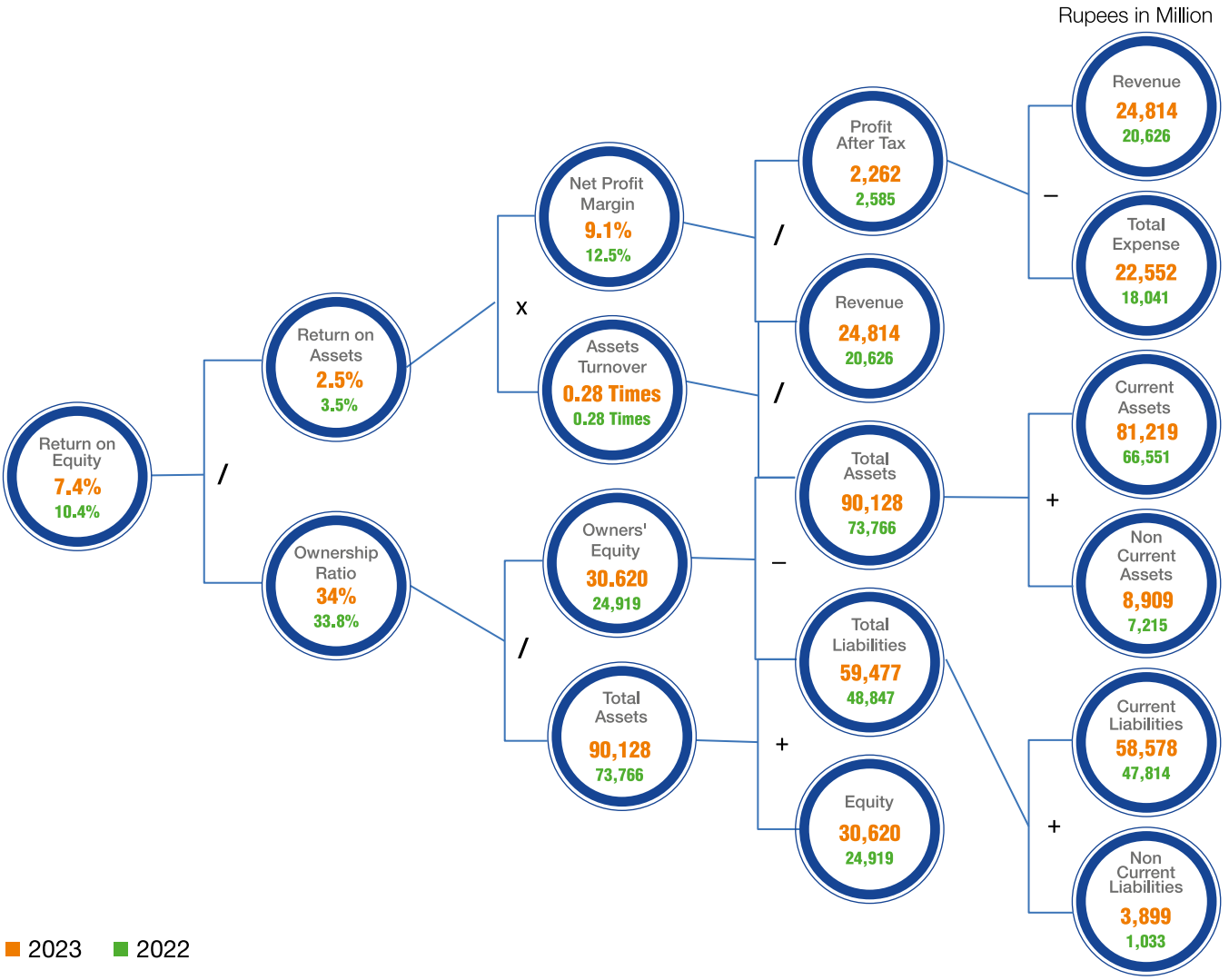
Liquidity Ratios

Overall, the liquidity ratios of the company remain stable, reflecting effective working capital and cash flow management. While the current liabilities ratio decreased slightly, it is still within acceptable levels. The increase in the proportion of earning assets to total assets suggests improved income-generating potential.

The Company was able to achieve current ratio at 1.5 times while cash and bank balance to current liabilities ratio decreased to 9.6% in current year as against 11.4% last year.

The proportion of 'Earning assets' to 'Total assets' has increased to 46.2% as against 42.1% while the proportion of 'Liquid assets' to 'Total assets', also witnessed a decline to 55.4% in current year as against 56.2% last year.

DuPont Analysis

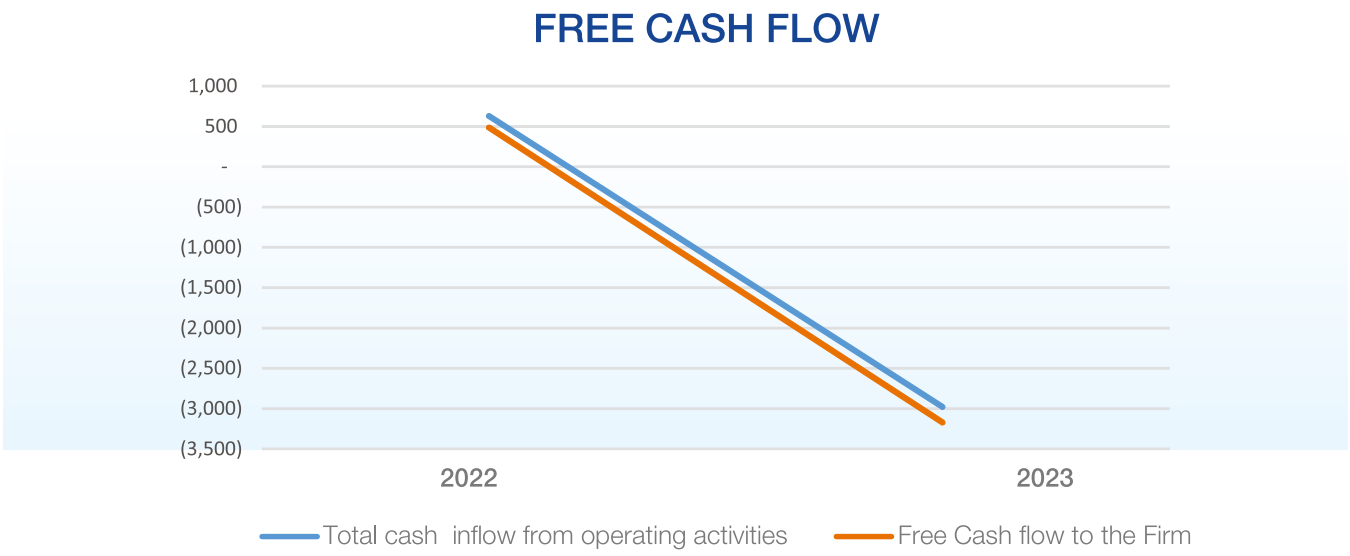


Analysis

- The Company has shown decrease in profits as compared to last year. Total expenses have increased by 25% against a corresponding increase in revenue of 20% resulting in lower profitability as compared to the previous year.
- The Net Profit Margin has decreased by 3.4% from last year. Overall, the combined effect of increased claims expenses and income tax has led to a decrease in the net profit margin compared to the previous year.
- Return on assets and return on equity have decreased from last year by 1% and 3% respectively. This decline is likely due to reduced profit margins, as mentioned.
- Ownership ratio has decreased from last year mainly due to the substantial increase in total assets.

Free Cashflows to the Company

	2023	2022
	Rupees in Million	
Net cash flows generated from Underwriting activities	**(2,062)**	1,222
Net cash flows generated from Other operating activities	**(919)**	(595)
Total cash inflow from operating activities	**(2,981)**	627
Less: Capital Expenditures	**(191)**	(143)
Free Cash flow to the Company	**(3,172)**	**484**



Comments on Free Cash Flow:

The increase in claims paid during the year has likely contributed to the decline in operating cash flows from Rs. 627 million in 2022 to Rs. (2,981) million in 2023 which is mainly due to the large increase in claims paid and reinsurance cessions paid during the year.

Six Years' Summary of Cashflow Statements

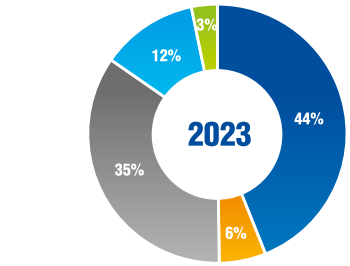
	2023	2022	2021	2020	2019	2018
	Rupees in Million					
Cashflow Summary						
Cash (outflow) / inflow from operating activities	**(2,981)**	627	1,402	648	(93)	1,892
Cash inflow / (outflow) from investing activities	**4,010**	4,450	(259)	280	3	(1,275)
Cash outflow from financing activities	**(1,053)**	(2,058)	(282)	(793)	(944)	(685)
Net cash (outflow) / inflow from all activities	**(24)**	3,019	862	135	(1,034)	(68)
Cash and cash equivalent at beginning of the year	**5,277**	2,258	1,312	1,177	2,211	2,279
Cash and cash equivalent at end of the year	**5,253**	**5,277**	**2,174**	**1,312**	**1,177**	**2,211**

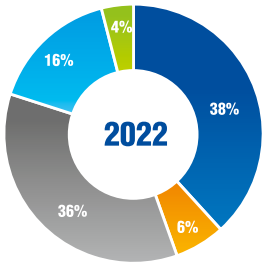
Analysis

Over the past six years, the company has consistently demonstrated effective liquidity management, ensuring that it has adequate cash and highly liquid assets to meet its short-term financial obligations. This consistency indicates the company's commitment to maintaining a strong financial position and its ability to adapt to changing market conditions and business needs mainly involving claims, reinsurance cessions and commission payments in addition to maintaining cash reserves for CAPEX, additional investments and dividend payout requirements as they arise.

Graphical Presentation of Financial Statements

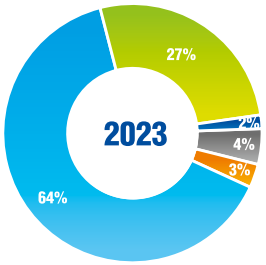
Gross Premium

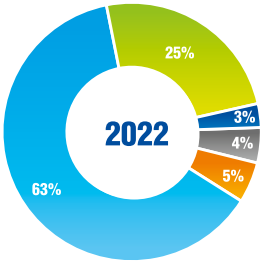




Fire and property damage
Marine, aviation and transport
Motor
Accident & Health
Miscellaneous

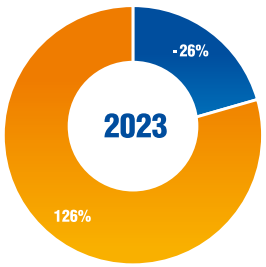
Net Claims

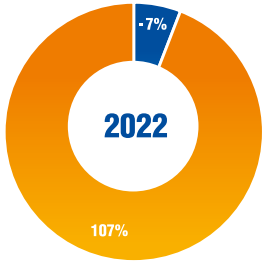




Fire and property damage
Marine, aviation and transport
Motor
Accident & Health
Miscellaneous

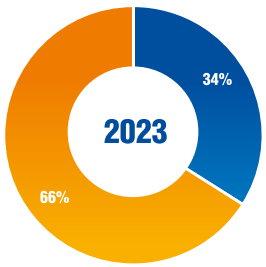
Analysis of Income

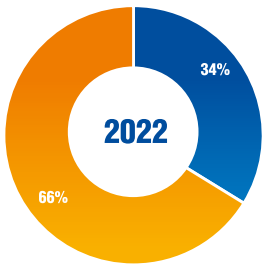




Underwriting profit
Other income

Total Equity and Liabilities

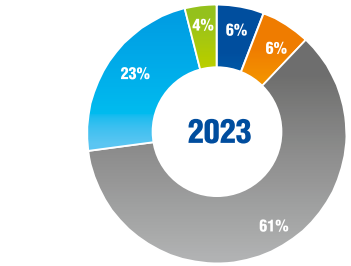


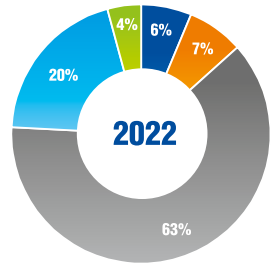


Equity
Liabilities

Graphical Presentation of Financial Statements

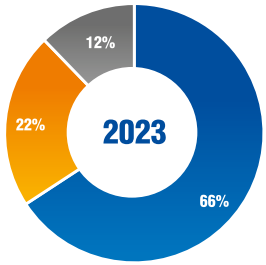
Net Premium Revenue

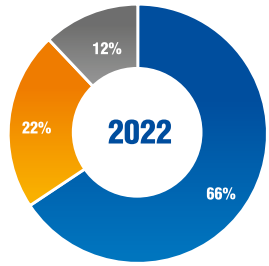




Fire and property damage
Marine, aviation and transport
Motor
Accident & Health
Miscellaneous

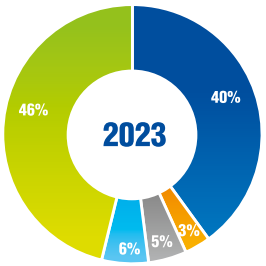
Combined Expenses

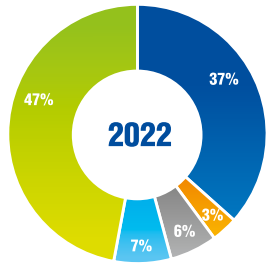




Net claims
Expenses
Net commission

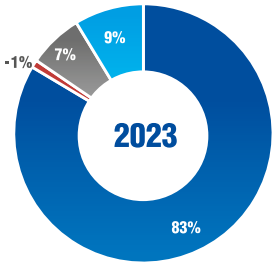
Total Assets

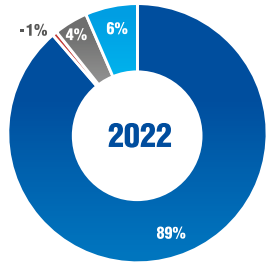




Investments
Investment Property
Fixed assets
Cash and bank deposits
Other Assets

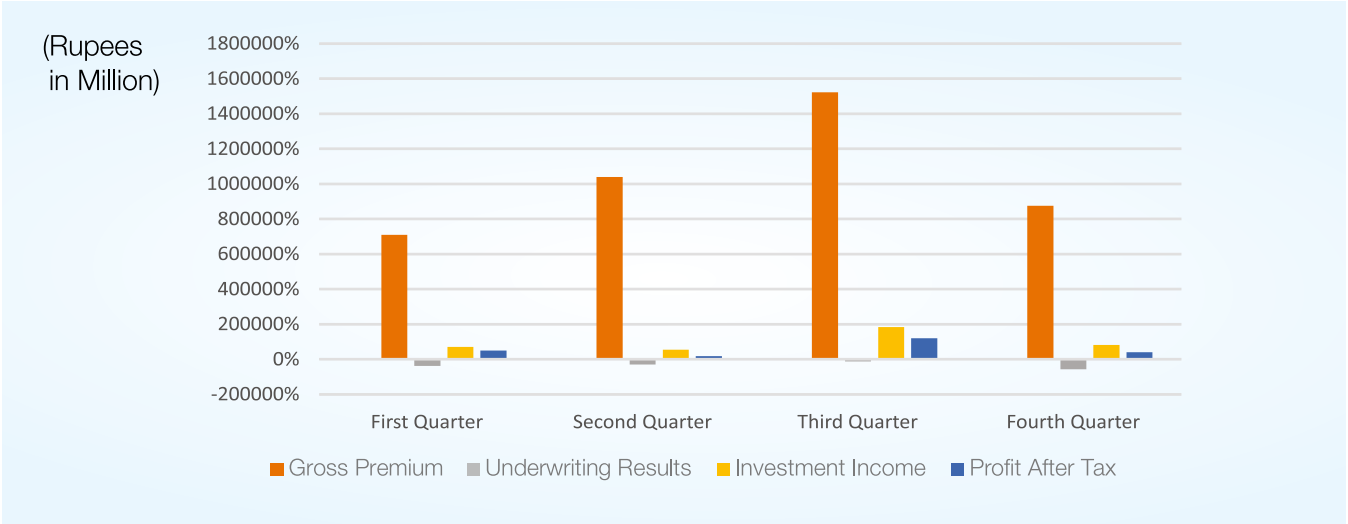
Investment Income





Dividend Income
Capital Gains
Income from Govt. Securities
Income from Term Deposits

Quarterly Performance Analysis 2023



Gross Premium

The third quarter proved to be a major contributor of gross premium written of the current year by contributing 37% of the total Gross premium written during the year. The gross premium written at entity level increased by 27% from last year due to 27% and 27% increase in gross premium written for Inside and Outside Pakistan based operations, respectively. This is a testament of strong recovery and continued business growth as per previous year trends .

Underwriting results

Overall performance in terms of underwriting results remained in loss of Rs. 1,365 million for the year due to increase in claims booked. The underwriting results at entity level have decreased by 552% from last year mainly due to 21% increase in net claims expense resulting in 'Claim ratio' to increase to 70.4% in current year as against 66% in last year.

Investment Income

"The increase in investment income is primarily driven by dividend income and income from debt securities. The investment income has surged by 83% compared to the previous year. This increase is attributed to:

Substantial Growth in Dividend Income, dividend income has soared by 89%, making a significant contribution to the overall increase in investment income during the third quarter and, significant Rise in Income from Debt Securities, income from debt securities has experienced a remarkable increase of 223%. This surge is mainly due to a substantial increase in investment in debt securities by Rs. 1,392 million throughout the year.

In conclusion, both dividend income and income from debt securities have played crucial roles in driving the substantial increase in investment income."

Profitability Analysis

The company demonstrated profitability in all four quarters of the year. While profitability was maintained across all quarters, the results peaked in the first and last quarters. Each quarter contributed to the overall profitability 22%, 8%, 53% and 17%, respectively. The cumulative contribution from all four quarters resulted in a total profit of Rs. 2,262 million for the year. The company attributes its profitability to the efforts of management, which focused on regular performance reviews and implementing necessary actions and measures to achieve profitability objectives for the shareholders.

Methods and Assumptions in Compiling Indicators

The Company takes into account both internal and external performance measuring tools and sector specific KPIs in opting for indicators that objectively evaluate Company's performance against standard benchmarks.

Financial

Operating Performance

For evaluating the Company's operating performance, the management analyses for each line of business and its subsidiary classes the premium growth trends, loss ratio, commission ratio, combined ratio, operating profitability ratio and net margin ratio across the sector to gauge its own standing and identify the possible areas of improvement.

Investor KPIs

To analyze the Company's performance with regards to return to shareholders, the indicators mainly used involve return on equity, P/E ratio, price to book value, dividend yield, return on assets and earnings growth.

Liquidity Strength

Company's liquidity strength is measured by KPIs such as current ratio, quick ratio, liquid ratio, assets turnover and equity to total assets ratio.

Non-Financial

Underwriting

The management realizes the importance of customer satisfaction and measures its performance by client reviews, client retention rate and client turnover ratio.

Claims

The Company closely monitors the claim turn around time to ensure claims are timely processed once they are intimated to the Company. These turn around times are set for each class of business.

Human Resource

The Company is keen to engage and develop Human Resource that adds value to the Company and to ensure the overall corporate objectives are achieved. The Company periodically evaluates employee turnover and employee satisfaction for each department whilst investing in employee training and development drills to facilitate job rotation, job enrichment and succession planning.

Change in Indicators and Performance Measures

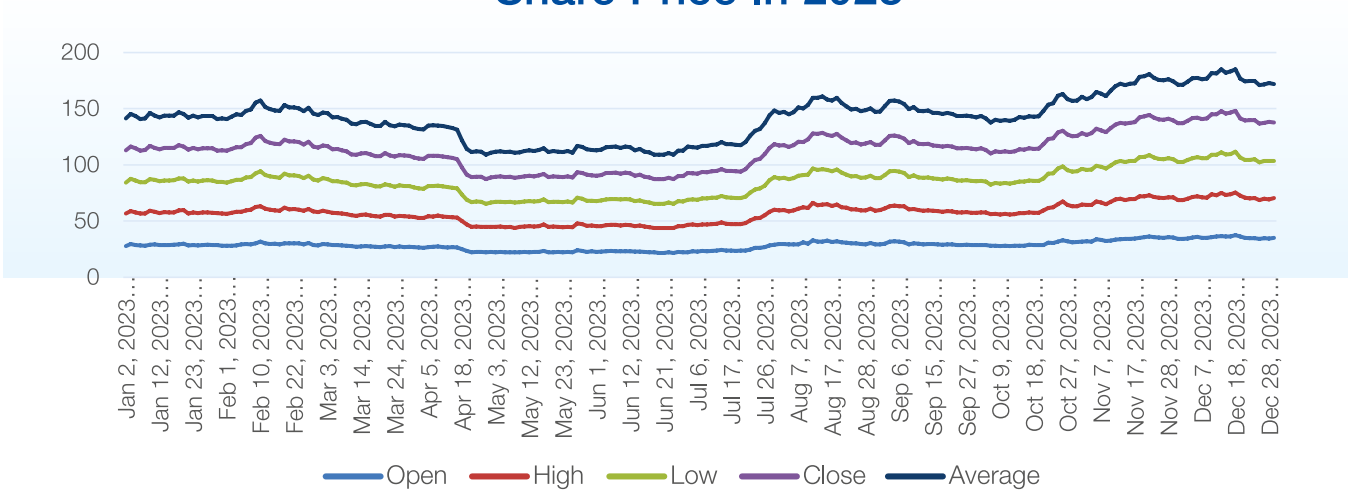
The performance measures are subject to periodic reviews and are regularly updated to help management scale the competitive environment. Revised KPIs are agreed with functional managers to ensure management / employees have their buy-in.

Market Statistics of AICL Share

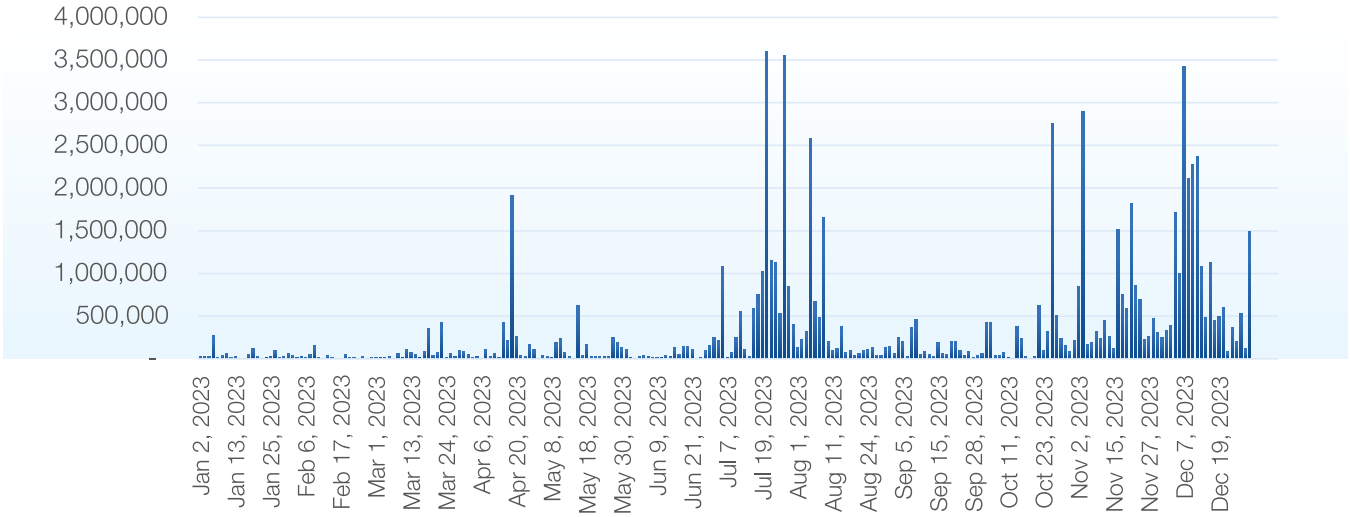
AICL's share price along with daily trading volume from Pakistan Stock Exchange (PSX) on key dates during the year 2023 are given below:

	High	Low	Closing	Daliy trading Volume
		Rupees		No of Shares
December 29, 2023	35.44	33.00	34.17	1,490,000
September 28, 2023	28.70	28.50	28.58	17,000
June 27, 2023	23.10	22.00	22.63	150,500
March 31, 2023	26.80	26.25	26.46	90,000

Share Price In 2023



Trading Volume in 2023



Share price sensitivity analysis

The Company's share price is affected by various internal and external factors as below:

a. Operating performance of the Company

b. Performance of entities in which Company has invested (impacts investment income of the Company)

c. Announcement of dividends

d. Political stability

e. Law & Order situation

f. General economic conditions

g. Changes in regulatory environment

h. Stock market sentiment

Sensitivity analysis of change in market capitalization

Market capitalization is the aggregate value of a company based on its share price and total number of outstanding shares. It simply refers to how much a company is worth as determined by its share price.

Below is market capitalization of AICL along with sensitivity analysis with change in market share price:

Share price on year end, 2023 (PSX)	Rs. 34.17
Market capitalization on year end, 2023	Rs. 11,960 million

10% change in share price would have the following impact on the market capitalization of AICL:

10% increase	Rs. 1,196 million
10% decr.ease	Rs. (1,196) million

Sensitivity to Foreign Currency Fluctuations

The Operations of the Company within Pakistan, at present are not materially exposed to fluctuations in foreign currency exchange rates as all transactions are carried out within Pakistan and financial statements are prepared in Pak Rupees (PKR). The amount of assets, liabilities, revenues and expenditures are also not sensitive to the fluctuation in exchange rates of foreign currencies. Exchange difference on the translation of the branches at United Arab Emirates (UAE) and Export Processing Zone (EPZ) are however considered in “exchange translation reserve”, because these branches operate in foreign currencies, i.e. United Arab Emirates Dirham (AED) and US Dollar, respectively.

The assets and liabilities of foreign branches are translated into Pak Rupees at exchange rates prevailing at the reporting date. The results of the foreign branches are translated into Pak Rupees at the average rate of exchange for the year.

Translation gains and losses arising on the translation of the Company's net investments in foreign branches are taken to the capital reserves 'Exchange Translation Reserve'.

Major Capital Expenditures:

During the year, the Company has incurred Rs. 191 million (2022: Rs. 143 million) on capital items relating to both tangible and intangible infrastructure. Major portion of this expenditure was incurred on the the items of office buildings, motor vechicles, machinery and equipment and IT related projects. Most of these expenditures were incurred based on the requirement for the new construction or long term maintenances in addition to new IT initiatives for which costs were capitalised during the year.

The Company has planned capital expenditure for the year 2024. This expenditure would primarily be relating to IT related projects and routine replacements of tangible capital nature items.

Fair Value and Forced Sale Value of Property and Equipment

Owned Property assets, including land and buildings are stated at Cost less accumulated depreciation and accumulated impairment losses, if any. The Company had adopted the Cost model under IAS 16 - 'Property, plant and equipment' as its accounting model to account for property and equipment. The carrying amount of land and buildings class of assets as per Note 5.1 amounts to Rs. 3,079 million. The fair value estimated of these land and building assets amounts to Rs. 4,652 million approximately. The management assesses that the forced sale value of the land and building would be approximately 80% of the fair value.

Significant immovable properties

The Company possesses several properties in Pakistan including properties in Export processing zone and United Arab Emirates. The location and area of significant immovable properties is as follows:

Particulars	Address	Area
		(Sq. ft)
Adamjee House Building - Lahore	80A, E-1, Main Boulevard, Gulberg III, Lahore.	164,818
Adamjee House Building - Karachi	Adamjee House, I I Chundrigar road, Karachi.	128,515
Dubai Office	Unit 301,302 and 303, 3rd floor, One bay business building, Dubai.	7,202

Summary of significant transactions and events during the year

The Company, during its conduct of business, has transacted some significant transactions that had significant effect on the company's financial position and performance during the year.

During the year, the Company generated large amount of investment income of Rs. 3,903 million (2022: Rs. 2,128 million) which is due to the demonstration of managing high yielding equity portfolios of the Company which yielded large amounts of dividend. The Company also seized opportunity of deriving considerable amount of returns on its debt investment portfolio as it increased its investment in debt securities and received higher returns as the policy rate was retained at higher levels by the State bank of Pakistan during the year. The investment income showed 83% increase from last year which is amongst the highest percentage increases in recent years. Dividend income and income from debt securities showed remarkable increase of 89% and 223% respectively.

The Company has recognised gain on fair value measurement of its Investment property amounting to Rs. 358 million (2022: Rs. 794 million) during the year which has helped in achieving the profitability objectives of the Company.

Loans, advances or investments made in foreign companies or undertakings

The Company operates foreign operations in United Arab Emirates consisting of 3 Branches in the cities of Abu Dhabi, Dubai and Sharjah. The foreign branches provide services through Fire and property damage, Marine, aviation and transport, Motor, Accident & Health and Miscellaneous classes of business with motor class being the dominant class of business. Though the revenues of foreign operations of the Company grew, the operations suffered significant losses during the year to which management of the Company is paying due attention by taking corrective actions.

Human resource accounting policy

"The Human Resource Accounting (HRA) philosophy of the Company recognizes its employees as an 'Organizational Resource'. The Company invests in its human assets by incurring costs to recruit, select, hire, train and develop its Human Resources.

The Company acknowledges its employees as greatest asset being part of the financial service sector. The Company believes the ability to attract and retain quality Human Resources is the key driver of future success and innovation. Especially in fast-changing business environment with increased dependence on strong IT based platforms and distribution channels, the Company remains fully aware of retaining best quality of professionals with sound understanding of the insurance sector. The Company also regularly engages employees in training and development workshops and activities enabling them to keep employees abreast of the latest developments in their respective fields.

With increased growth and presence in the multi-cultural business environment both locally and in United Arab Emirates, the Company also aims at developing personality traits of the employees which helps employees a long way in customer dealing and satisfaction in addition to improving internal inter-personal and inter-departmental communication flows.

The staff turnover ratio has increased to 17.92% compared with 12.88% of the last year.

Investment in Human Resource development has resulted in increased productivity of the employees as Gross premium written per employee for the current year is Rs. 46.43 million (2022: Rs. 35.36 million) showing an increase of 31% from the last year.

Management assessment of Tax

The company holds provision for taxation in accordance with the applicable financial reporting framework. Contingencies with respect to the direct or indirect taxation have been disclosed in the Note 25 to the financial statements. Based on the comparison of tax provision recognized in the financial statements for last three years with the tax assessments, the management assesses that the provision of taxation maintained was sufficient.

Solvency Margin

The solvency requirements are set by the regulator to ensure that the insurers have adequate capital and ability to pay off financial obligations as they arise. The solvency requirement is a formula-based figure calibrated in a way so as to ensure that all the quantifiable risks are taken into account including underwriting risk, market risk, credit risk, operational and counterparty risks. In addition to meeting solvency requirements, the regulator also prescribes the minimum capital requirement which sets the threshold which is mandatory for the insurers to carry out general insurance business.

Minimum Capital Requirement (MCR)

The Company regularly reviews its minimum capital requirement and as of reporting date, the Company's paid-up capital is Rs. 3,500 million which is well in excess of the minimum capital requirement limit of Rs. 500 million as prescribed by the Securities and Exchange Commission of Pakistan (SECP) for the purpose.

Minimum Solvency Requirement (MSR)

The Company is subject to maintaining minimum solvency as per the applicable criteria laid down by the Insurance Ordinance, 2000 and the Insurance Rules, 2017. The Company makes assessment of its net admissible assets against the minimum solvency requirement enabling the Company to have net admissible assets well in excess of the minimum solvency requirement (MSR) at all reporting period ends. As of 31 December 2023, the Company has excess net admissible assets over minimum requirement by Rs. 2,459 million (2022: Rs. 2,393 million) as per the applicable criteria laid down by the Insurance Ordinance, 2000 and the Insurance Rules, 2017. Solvency margin is the excess of an insurer's net admissible assets over its minimum solvency requirement (MSR) set by regulator. This results in 48% (2022: 56%) excess solvency margin over the solvency requirement. The net admissible assets are 1.48 times (2022: 1.56 times) of the minimum solvency requirement (MSR). These excess net admissible assets are a testament of the Company's financial strength determined by its strong ability to pay out both existing and potential financial liabilities at the reporting date.

Solvency Ratio

In addition to statutory minimum solvency requirement, the Company also regularly reviews its Solvency Ratio based on conventional measurement criteria to ensure Company's cashflows are adequate to pay-off its total liabilities. This results in solvency ratio of 4.19% (2022: 5.81%) of the Company for the periods presented in the financial statements. If analyzed, the numerator constitutes the entity's current cash flow, while the denominator comprises the entity's total liabilities as of the reporting date. Keeping in view the solvency ratios, it can be concluded that the Company is expected to have adequate liquid reserves to pay off the total liabilities when they fall due. The solvency ratio is being measured using the formula below:

- Solvency Ratio = (Net Income + Depreciation & Amortization) / All Liabilities (Short-term + Long-term Liabilities)

Review of assets quality

The quality of the Company's assets is determined by analyzing the credit worthiness of the counterparties with which the Company enters into transactions while carrying on business. The Company regularly monitors the credit exposures it has undertaken and periodically assesses the quality of its recoverables. The Company ensures adequate provisioning of the recoverables based on the applicable framework. The Company strives to address concentration of credit risk by maintaining adequate diversity with respect to distribution of its recoverables between entities of sound financial standings, covering various industrial sectors. The Company operates in-house Credit Control function which ensures timely collections of due balances in line with the credit limits allowed to the counterparties.

A significant part of the Company's recoverables lies with the reinsurance partners, the panel of which is periodically selected and reviewed taking into account their current financial strength ratings. Apart from mandatory local cessions that the Company has to enter into, the Company engages reputable foreign reinsurers having past claim payment history and ability to pay large claims. As of the reporting date, the 82% (2022: 78%) of amounts due from other insurers on gross basis are recoverable from other insurers which are rated A or Above (including PRCL) with reference to their available external credit ratings.

The Company also assesses the credit quality of the banking institutions with which its funds are placed. The Company has aimed at maintaining its liquid deposits with the financial institutions of sound financial strength based on the relative likelihood of their defaults. The Company assesses the relative financial strength of these financial institutions through available external credit ratings issued by reputable rating agencies. As of the reporting date, the 99.79% (2022 : 99.80%) of the bank deposits are placed with banking institutions which are rated A1 or higher on basis of short term rating.

Financial Events during the year

Financial Results	Announcement Date	Dividend Declared/Proposed
First Quarter Ended 31 March 2023	28 April 2023	Nil
Half Year Ended 30 June 2023	29 August 2023	@ 15% (Rs. 1.50 per share)
Third Quarter Ended 30 September 2023	26 October 2023	Nil
Year Ended 31 December 2023	26 March 2024	@ 15% (Rs. 1.50 per share)

Investor Relations Events	Month/Year
Corporate briefing session held on	28 December 2023
63rd Annual General Meeting Scheduled on	26 April 2024

Disclosure of outstanding premium/ unearned premium

During the year, the Company witnessed double digit increase in unearned premium reserve in line with the 27% increase in gross premium written whereas outstanding premium decreased from last year which is attributed to Company's improved capability to recover due receivables. The Company focuses on maintaining adequate debtors' turnover ratio based on credit period given to customers as the policy is underwritten and sold to the customer. The Company regularly reviews its credit policy and accordingly adjusts the credit given to the customers. Unearned premium reserve is also closely monitored and assessed by the Management of the Company to ensure that the unearned premium reserve is adequate to cover the unexpired risks and insurance liabilities of the Company which might become payable as part of the discharge of insurance contractual commitments.

Claims under different categories of policies

The Company is exposed to different claim liabilities due to policies written under different classes of business which mainly include fire, marine, motor, health and miscellaneous lines of business. Miscellaneous insurance contracts provide variety of coverage including cover against burglary, loss of cash in safe, cash in transit, cash on counter, fidelity guarantee, personal accident, workmen compensation, travel and crop, mobilization and performance bond, etc. The Company also enters into reinsurance contract arrangements with reputable reinsurance companies to ensure that it receives adequate recoveries against claim liabilities as they arise, and it stays capable of paying large claims as they occur. During the year, the Company witnessed 27% increase in its outstanding claims including IBNR which is mainly due to increase in exposure in different lines of business, which is a result of increase in gross premium written. However, the Company has adequate reinsurance recoveries against these claims which would help it pay off its claim liabilities.

Insurance Sector Specific Ratios

The ratios and the related commentary has been detailed in the relevant sections of the Report. However, certain insurance specific ratios are being listed here.

Ratio	FY 2023	FY 2022
Claim ratio	70%	66%
Solvency ratio	48%	56%
Premium growth ratio	27%	40%
Claim settlement ratio	85%	82%
Combined ratio	107%	101%
Persistency ratio (renewable business)	74%	63%
Reinsurance premium ceded on gross premium (%)	50%	45%
Reinsurance claim recovery percentage	50%	56%
Retention ratio	50%	57%
External liability ratio*	-	-

*The Company does not have any long term debts on the reporting dates mentioned in the table above.


2023
2019
2020
2021
2022

OUTLOOK



Forward Looking Statement

In this statement Adamjee Insurance sets out its financial outlook based on known trends, future expectations of external environment and factors with the potential to impact the Company as well as Insurance Industry, and uncertainties that can cause the actual performance to significantly differ from the projections. This statement is based on assumptions of the Company's management and being one of the largest general insurance companies of Pakistan, the Company possesses the required experience and skills to develop business plans based on current and past trends and current expectations of the future events. However, various factors can still cause the actual performance to significantly differ from the future projections as it is not possible to predict the future with absolute accuracy.

The Company's expectations, beliefs and projections are expressed in good faith and are believed to have a reasonable basis, but there can be no assurance that these expectations, beliefs or projections will hold in future or be achieved or accomplished. Hence, undue reliance on this statement is not advised.

Outlook of External Environment

External environment in which the Company operates has the ability to significantly affect the Company's strategy, performance and capital. The Company's expectations regarding the outlook of external environment are as below:

- The political stability and law & order situation of a country has always been a major factor in deciding the growth of any industry. Political situation of Pakistan is expected to become stable while Law & Order situation has been satisfactory and is expected to remain so.

- The Company envisages the economic outlook of the Country, especially amidst the inflationary pressures, trade & current account deficit, contractionary measures by SBP and prevailing internal & regional geopolitical developments, to remain uncertain.

- There is ever growing awareness about health, protection, work-life balance and gender equality at the workplace. Further, the Covid-19 pandemic has urged humanity to more closely look at the matters of health and general wellbeing. The Company expects that there would not be significant changes in social environment.

- Innovative digital solutions are taking over the insurance market and have a positive impact on the profitability as well. Customers today look for convenience, hence, technological advancements have become a key factor in retaining and increasing the customer base. The Company foresees that technological advancement will have significant effect on its performance and adoption of advance technologies will provide it competitive advantage in the industry.

- Climate change and resultant issues being faced by humanity such as global warming and extreme weather conditions pose significant risk to the insurance business as they affect the severity and likelihood the insurance claims. Further, Pakistan also witnessed one of the most catastrophic floods of its history in the recent past. The Company foresees that climate change can pose significant risk in coming years.

- Legal and regulatory environment is expected to become stricter to achieve the transparency and address concerns of international bodies.

The Board and management of the Company closely monitor the external environment along with its probable impact on the Company's performance and regularly review the need to update its strategies and control mechanism to minimize and/or mitigate the adverse impact, if any, posed by the factors of external environment.

Adamjee Insurance's Outlook

Adamjee Insurance's strategy for 2024 is to continue achieving sustainable growth by focusing on further strengthening the risk and compliance management as well as utilization of the digital technologies supported by an appropriate infrastructure to increase its market share and achieve competitive advantage in insurance industry. By adopting the latest and advanced digital technologies such as Artificial Intelligence (AI) and Chatbots, the Company is committed to redefine customer experience by providing a superior interface with convenience. Further, the Company is diversifying its business portfolio in UAE market as well.

The Company's investment policy is focused on maximizing investment returns and increase shareholders' wealth.

The Company is also focusing to expand market share of its Window Takaful Operations.

To achieve the objective of providing the customers with unparalleled service, the Company will continue to invest towards empowering employees through performance-based rewards, employee trainings and engagement activities.

Quantitative Projections for 2024

Quantitative projections for 2024 along with associated risks that might cause hindrance in achieving these projections are as below:

Targets	Associated Risk
Growth trends in Premiums to continue, however, growth trajectory to remain on lower side from previous years	Political situation of the country, contractionary measures by the Government, inflation and cut-throat competition in market to retain existing and acquire new business can pose challenges to achieve growth target
Claim ratio to remain at around last 5 years' average	Risk management to evaluate high risk businesses whilst following the Company's underwriting philosophy
Operational expenses percentage growth to remain moderate	Inflation and adverse fluctuations in exchange rate may pose risk in meeting the operational cost target
Improvement in investment income	Stock market volatility would be the key associated risk to achieve the target
Stable dividend payout	Regulatory restrictions can cause deviation

With the latest digital infrastructure, improved customer services and better stakeholder relations, the Company is committed to achieve quantitative targets for 2023.

Key Projects to Support Future Performance of Company

- One Digital Plateform - Phase 2 Field Apps
- Quoptation Management System
- E-Learning Platform

Uncertainties that could impact the strategies and projected performance

In addition to various other factors and matters, the following are important factors that, in the view of the Company, could cause actual results to differ materially from those discussed in the forward-looking statements:

- Instability in Political environment, deterioration in Law & Order situation and regional geopolitical environment
- Changes in laws, regulations or judicial interpretations to which the Company is subject to, including those involving taxes, safety, employment, climate change etc.
- The Company's ability to estimate accurately the timing of resources required to meet the targets.
- Changes in economic conditions, including inflationary pressures and global, national or regional recessions along with their effect on the demand and customers' ability to pay for the Company's products and services.
- The creditworthiness or performance of the Company's key suppliers, customers and counterparties.
- The impact of information technology disruptions, cybersecurity or data security breaches.
- Frequency, severity and development of the insurance claims.
- Unexpected volatility in stock market.

Performance against Forward Looking Statement of 2023 disclosed in 2022

The Company disclosed following quantitative projections for 2023 in its Annual Report 2022:

Targets set for 2022	Performance in 2022
Growth trends in Premiums to continue, however, growth trajectory to remain on lower side from previous years	Both the Conventional Business as well as Window Takaful Operations achieved significant growth in premiums and contribution. Conventional business achieved 40% growth in premiums and Window Takaful Operations achieved 72% growth in gross contribution.
Claim ratio to remain at around last 5 years' average	There are significant uncertainties involved in determining the frequency, severity and development of the claims. Still management set this aggressive target for 2022. However, the net claim ratio was 66% in 2022 which is higher than the last three years' average.
Operational expenses percentage growth to remain moderate	There has been significant pressure on operational expenses during the year 2022 due to unexpectedly high inflation. Hence, this target was not met.
Improvement in Investment income is expected to be achieved	Owing to volatility in stock market and distribution of dividends in 2021 by banking companies, that were put on hold in 2020 as per instructions of the State Bank of Pakistan, investment income of the Company declined by 14% in 2022. However, return on overall investment portfolio remained at 8% (2021: 8%).
Stable dividend payout	During the year 2022, the Company has paid Rs. 1,050 million (2021: Rs. 962.5 million) as dividend to the shareholders.

Status of Projects Disclosed in Annual Report 2022

Project Details	Status
Launch of Adamjee Digital Web- based CRM System	Completed
Brokers Enterprise CRM System	In Process
Direct Integration of Insurance Aggregators with B2C Module	In Process - Merged in One Platform Project
AI Based Risk Survey	In Process - Merged in One Platform Project
Launch of Loyalty Programme for Retention of Customers	In Process - Merged in One Platform Project
Fraud Control System	In Process - Merged in One Platform Project
Integration of Payment Gateways and Alliances Partners	In Process - Merged in One Platform Project
E-KYC Application updating with respect to Retail based Customers	In Process - Merged in One Platform Project
Data Analysis and Decision Making	On Going Project
Motor Insurance App for UAE	Completed
New Website Launch for UAE	Completed
One Digital Platform for all Retail Based Products	Phase 1 - Completed
E-KYC Automation	Completed
Design Thinking Studio – In House Product Experience Lab	Deferred for Year 2025

Sources of information and assumptions used for projections

The Company has utilized its internal systems and databank as well as external public sources to obtain information relating to general economic indicators, known trends and industry specific data and processed the information by utilizing the expertise of in-house team and tools to prepare the projections regarding operational and financial projections.

The Company has not obtained the services of an external consultant for the purpose of projections disclosed in this statement.

Response to the critical challenges and uncertainties

The Company is well placed to respond to the critical challenges and uncertainties that could stem from the risks which if materialized, could have significant impact on the Company's strategies, performance and can cause the actual performance to significantly differ from projections.

A detailed analysis of such risks along with the Company's response thereto is provided in 'Risk and Opportunities Section' of this report. Further, the Company's Business Continuity Plan and Cybersecurity Policy are also relevant to addressing the uncertainties.



GROWING STRONGER TOGETHER

STAKEHOLDERS RELATIONASHIP AND ENGAGEMENT



Stakeholder Relationship and Engagement

Identification of stakeholders

The importance of stakeholders' identification cannot be over emphasized. If an organization is able to clearly identify its stakeholders, it would be in a better position to manage and engage them. The Company has identified its stakeholders by identifying individuals as well as group of individuals, both internal and external, who are likely to be affected by the Company and who has the potential to influence the Company.

Stakeholder engagement policy

The Company engages wide range of stakeholders for the purpose of its business and believes in maintaining effective, transparent and frequent interaction with them to share financial performance of the Company, significant changes in regulatory environment, future outlook and implications of the general economic conditions on the operations of the Company. The Company's policy aims to achieve the following objectives:

- Identification, prioritization and understanding of all stakeholders
- Maintain healthy and sustained relationship with the stakeholders
- Provide access to non-confidential and relevant information to stakeholders to enhance public image of the Company
- Provision of platform to the stakeholders through which they can share their feedback and complaints and resolving their complaints as early as possible

Stakeholders' engagement process & frequency

Healthy and sustained relationship with the stakeholder is important for any organization to perform well in short term and achieve its strategic objectives in the long term. The table below highlights the various types of stakeholders who are generally engaged with the Company along with their expectations, role in achieving strategic objectives of the Company and frequency of their engagements:

Stakeholder	What matters to them	Reasons to engage them	Engagement method	Effect on Company's performance & value	Frequency of engagement
Shareholders, Investors / Lenders and Analysts	♦ Availability of transparent information on timely basis ♦ Efficient management ♦ Clear business objectives and strategies ♦ Enhance business value and positive image of the Company	They are the providers of capital and expect sustainable return on their investment and perform independent analysis of the Company's financial position and performance.	Quarterly, half yearly and annual reports. Board meetings, Annual General Meeting, Extraordinary General Meetings, Corporate Briefing Session, press releases and regular investor calls.	Shareholders provide the required capital and through Board of Directors guide the policies. Lenders and Analysts perform an independent analysis of performance and highlights shortcomings and suggestions, if any.	Quarterly, half yearly and annually. As and when required.
Customers	♦ Customized solutions ♦ Customer satisfaction and protection ♦ Convenience ♦ Innovative products to fulfil their emerging needs ♦ Simple and smooth processes ♦ Efficient claim processing	Customers are the center of our attention as they are the buyers of our policies through which the Company generates its revenue.	Connecting with our customers using physical channels i.e. meetings, direct relationship through our branches as well as digital channels i.e. website, social media, call center etc.	Customer satisfaction results in business growth and enhances business value.	Continuous as well as on the specific requirements.

Stakeholder	What matters to them	Reasons to engage them	Engagement method	Effect on Company's performance & value	Frequency of engagement
Employees	♦ Career growth ♦ Continuous professional development through trainings ♦ Work life balance ♦ Recognition of their efforts ♦ Flexible culture ♦ Performance based rewards	Employees are one of the most important pillars on which the Company stands and help us to achieve our overall objectives.	Employee engagement modes include team building sessions, meetings with management, appraisals, employee recreational events, newsletters, website and social media.	Skilled, and motivated employee can significantly contribute towards the achievement of goals and objectives.	Daily, annually, quarterly, continuous availability
Regulator & Govt. Bodies	♦ Statutory and legal Compliance ♦ Development of the insurance sector ♦ Transparent information and disclosures ♦ Timely reporting ♦ Guidance	They develop laws and policies to regulate the business environment ensuring transparency in business operations and securing the interest of public at large.	Submission of regulatory information required under the applicable laws and responding to the specific queries requiring certain information	Transparency in operations along with statutory and legal compliance can enhance public image.	Specific timelines and whenever required
Media	♦ Fair advertisement ♦ Providing true information	Ability to create brand awareness and influence public perception towards specific products or services.	Marketing campaigns, interaction through social media and press releases	Media can impact the performance by creating brand awareness and positive public image.	As and when required
Supplier & Service Providers	♦ Business opportunity ♦ Fair dealing ♦ Sustained business relationship	Suppliers and service providers including insurance agents, reinsurers & reinsurance broker are our business partners and provide us with goods and services necessary to achieve our goals and strategic objectives.	Interaction is maintained through direct relationship, meetings, provision of information, Company's website and social media.	Can impact the performance of the Company by providing basic inputs at lower / competitive costs on timely basis.	On regular basis

Stakeholder	What matters to them	Reasons to engage them	Engagement method	Effect on Company's performance & value	Frequency of engagement
Society	♦ Create employment and provide equal opportunity to all members of society ♦ Ethical standards ♦ Protection of environment ♦ Corporate social responsibility	Society, as a whole, is an important stakeholder as it provides the necessary inputs as well as conducive environment to the Company to conduct its business.	Connecting with the society by providing employment opportunities, observing ethical standards, reducing carbon footprints, contributing towards health and education for betterment of the society.	Society impacts the performance in various ways ranging from availability of skilled human resource to conducive business environment to conduct business.	Continuous

Steps to encourage shareholders to attend the general meetings

General meeting of an organization provides a platform to decide the important matters as well as solicit the viewpoints of shareholders, especially minority shareholders, regarding performance of the organization. It is, therefore, the Company takes immense interest in encouraging all shareholders, especially minority shareholders to participate in the general meetings of the Company. Below are the steps taken by the Company for this purpose:

To ensure they know:

Notice of the general meetings specifying time and place of the meeting is forwarded to each shareholder and published in Urdu as well as English newspapers at least 21 days before the date of meeting. Further, the notice of general meetings is also made available on the Company's website.

To ensure they attend:

All shareholders are entitled to attend, speak and vote at the meetings of the Company and are entitled to appoint proxy to attend the meeting on their behalf. Annual Report of the Company is provided to all shareholders before Annual General Meeting (AGM) so that they can review performance of the Company. Further, a detailed briefing on Company's performance is provided in AGM and all shareholders, including minority shareholders, are encouraged to raise their queries and provide suggestions relating to performance of the Company.

To facilitate participation:

The general meetings of the Company are being conducted both physically and virtually through video link facility which enables and increases participation of shareholders from all over the country and globe. During the year two general meetings of the Company were convened (one Annual General Meeting and one Extra Ordinary General Meeting), in both general meetings, the facility to participate virtually through video link was also provided.

Investors' Relations section on the Company's website

As one of the leading insurance company, AICL is committed to providing the best service to its investors / shareholders and creating long term value for them. We ensure consistent and transparent reporting. The Company strives to provide the investors/shareholders with accurate financial information and this information is disseminated through various channels such as Annual and Quarterly reports, press releases, and the Company's website. The information on the website is always kept up to date. The website contains section for investors which covers all the areas that an investor might be interested in. Furthermore, a complaint form is also available on the website and the Company's

management ensures efficient handling of any grievance or query.

Issues raised in last AGM, decisions taken and their implementation status

The Company takes keen interest in soliciting viewpoints of the shareholders regarding its performance. However, at the last Annual General Meeting (AGM) held on 28 April 2023, no significant issues were raised, and all agenda items were unanimously adopted by the shareholders.

Corporate and Analyst briefing sessions

The Company has conducted its annual 'Corporate Briefing Session' on 28 December 2023. This briefing session was conducted through online medium to encourage participation by maximum shareholders and analysts. The session was attended by senior management and various shareholders and analysts. The management presented a detailed analysis of the Company's performance and answered the queries raised by the attendants.

The Company also interacts with local as well as international credit rating agencies for the purpose of securing IFS ratings. Local credit rating agency 'PACRA' has assigned the Company with 'AA++' rating while one of the most renowned international agency AM Best (UK) assigned the Company with IFS rating of 'B'.

Highlights about redressal of Investors' Complaints

The Company assigns the grievances / complaints from investors their due importance and strives hard to resolve them as soon as possible. Handling the complaints to the satisfaction of the parties involved and in such a way that it turns out to be a win-win situation for stakeholders is important for the public image and as a learning for better service delivery in future

Investors mainly complain about non receipt of dividend which is resolved at the earliest.

STEADYING THE WORLD AROUND US

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY



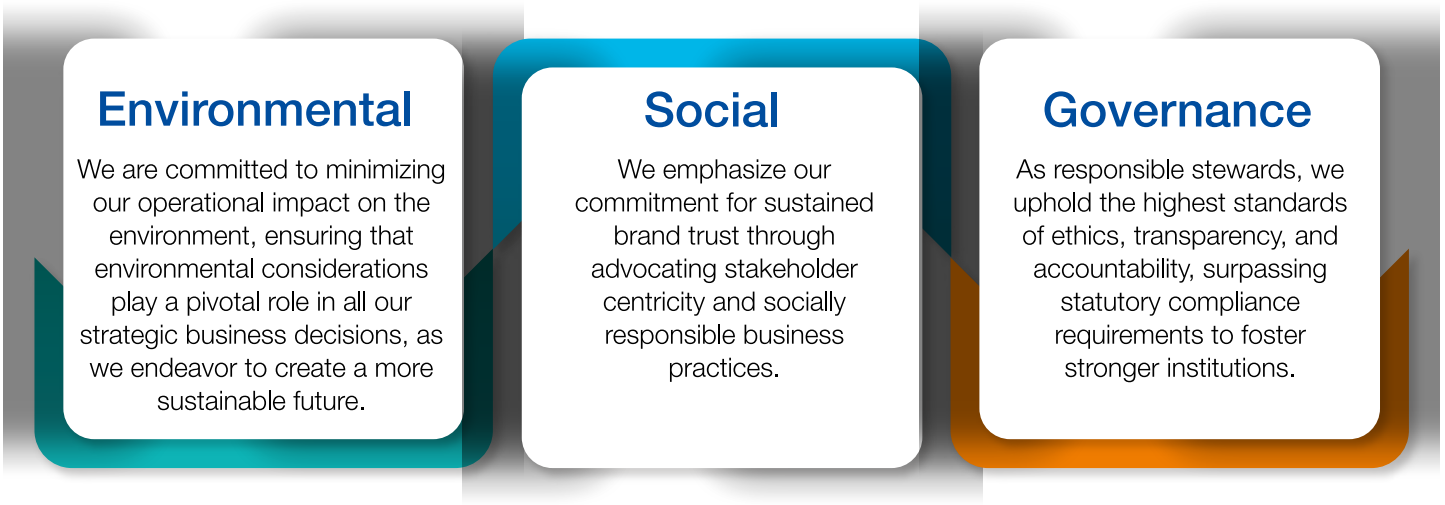


Sustainability Statement:

At Adamjee Insurance, we are dedicated to making a positive impact on the environment and society. Sustainability lies at the heart of our mission, and our recent actions underscore this commitment. We've carefully analyzed emerging challenges and integrated Environmental, Social, and Governance (ESG) strategies into our operations. Our focus on making conscientious and efficient choices is evident in how we incorporate sustainability principles, which directly benefit the planet, people, and society. Through these endeavors, we aim to generate lasting value for all stakeholders, staying true to our dedication.

Board Statement:

As a responsible institution, we prioritize climate action by reducing our operational footprint through increased use of renewable energy. We offer value-added services to support businesses transitioning to sustainability. Our investment strategy combines reliable returns with ESG considerations. We're also developing underwriting guidelines to systematically include ESG factors. Our people-centric culture, with a focus on diversity, equity, and inclusion, fosters growth and resilience among our employees.



Chairman's Overview on Sustainability

Please refer to Chairman's Review on Page No. 36 for his vision and views on sustainability and the steps taken by the Company.

Environment, Social, Governance and Our Contribution



Environmental

The insurance industry generally has less influence on the environment because it operates within the services sector. Operations are limited to using traditional energy sources for office and workplace illumination, and the industry is even looking at ways to optimise electricity consumption. Building climate resilience in the agriculture sector, however, is the one area where the industry has a significant impact. By offering crop insurance services, the industry not only helps the farming and agribusiness sectors move to a low-carbon economy but also safeguards crops from harm in the event of unfavourable weather-related catastrophes. The insurance sector can also be very beneficial in Pakistan, given the size and scope of its agricultural sector.

Social

As a responsible corporation, we have an important role to play in delivering a positive societal impact on our employees and people across our supply chain. Enhancing livelihoods, respecting human rights and looking after our people add value to the society and is a pragmatic and commercial approach that secures the long-term sustainability of our business. Though attrition is a key challenge we have to deal with in the near-term, there are a lot of things we have done internally and hiring freshers is just one area. We have created robust initiatives, such as role rotations, career development, and career movement opportunities. We intend to hire a good balance of freshers, as well as lateral hires from the market. Further, to solidify our social bonds, we have kept pay structures intact while also supporting our people in every way possible to tide over the crisis. Besides, productivity was a major focus area for the year, and through providing meaningful work and employment opportunities, we have contributed to consequential job creation in the country.

Governance

We have always believed that good corporate governance is key to our sustainable, long-term growth. We are committed to achieving our business objectives in a transparent, open and accountable manner and sustaining a culture of integrity in everything we do. Our actions and behaviour impact all areas of our business, which is why corporate governance is such an important facet for us. The Company's ESG agenda is supported by a robust governance framework consisting of policies, procedures, principles and standards aligned with best practices and customised to meet domestic requirements. Our leadership team holds apex responsibility for the delivery of the Company's ESG agenda, while the implementation is driven by a cross-functional working group that works with all relevant departments and functions to accomplish specific targets. Furthermore, our organisational culture, relations with internal and external stakeholders, and overall corporate behaviour are founded on several key internal instruments outlined in our charter and code of conduct. Compliance with these policies, procedures and standards is mandatory for all our employees. In addition, regular training and awareness sessions are conducted to ensure that the policies are clearly understood and actioned upon.

Sustainability & Corporate Social Responsibility

For Adamjee Insurance, sustainable insurance entails more than just financial success. For us, profitable insurance actually entails reconciling social and environmental issues with financial returns. A key aspect of the present-day value-driven strategy is the idea of "sustainable insurance

The ultimate objective of our "3P" framework is to communicate our dedication to sustainability and inspire us to continually integrate elements of holistic and inclusive growth into our operations. In addition, we are working on a plan that will provide us specific goals, benchmarks, and key performance indicators as we advance on our sustainability path towards achieving universal insurance.

Our Approach towards Sustainability

The world is transforming at an unprecedented pace. At Adamjee Insurance, we believe we can have a positive impact in our role as insurer, investor and employer in society. We have the knowledge, skills and capabilities and spirit to make a difference.



Being a responsible and sustainable organization is the foundation of our business. We're swiftly reducing our carbon footprint, helping our customers adopt more sustainable behaviors, supporting employee wellbeing, and helping communities become more resilient to natural hazards and extreme weather.

We see sustainability as part of the value we bring to our customers, communities, employees, agents, distributors, and shareholders. We are dedicated to creating a better world for all our stakeholders. We are proud to reveal our 'Sustainability & Corporate Social Responsibility 2022 Strategy', where you will find our disclosures in the insurance industry frameworks. Our focus on sustainability enables us to fulfill our purpose with a roadmap and clear priorities guiding us in our journey.

The company has always been an active patron of women, youth empowerment & development. We have always been very proactive organization towards fulfilling our responsibilities in the society.

At Adamjee Insurance, we earnestly believe that it's the responsibility of the privileged to help the society to get a better life. As reflection to that belief, we actively take part in social causes that involve culture, heritage, women empowerment, and youth development etc.

Some of the notable and regular CSR activities of Adamjee Insurance Company Limited are as follows:

Sustainability at Adamjee Insurance

Our policy revolves around taking an array of initiatives, including contributing to the society and an environment in all our practices, conduct business activities in line with our organizational values, promoting a culture of inclusion and diversity, extensive training, and employee engagement activities.

The Company CSR is primarily focused on achieving compliance, upholding ethical standards, actively participating in corporate citizenship, and maintaining overall sustainability. The Company has undertaken an array of initiatives, including improved communication and extensive training, to cultivate these aspects of its operations.

The Company recognizes its responsibility in reducing the impact of Covid-19 on its employees, customers, and society at large. All the directed SOPs were implemented efficiently and effectively, and all social distancing measures were taken very seriously when the offices started operations after lockdown. We ensure that employees and customers can operate in a safe environment. The Company was well equipped with the digital infrastructure which enabled it to serve its customers efficiently during difficult hard time.

Our Responsibility towards Sustainability

Strengthening Our Workforce

At Adamjee Insurance, we work hard to ensure our employees are thriving, and feel like they belong to the organization. Our purpose guides our commitment. We have built a purpose driven and inclusive culture that energizes employees to make a difference. We navigated the pandemic with fluidity and adaptability as things shifted throughout the year, yet stood firm on our commitment to do what's right for our people. We reaffirm our pledge to continue building inclusive workplaces and communities and began several new diversity, equity, and inclusion programs.

Empowering Our Communities

The Company has focused on supporting community for years through employee volunteerism and donations and long-term grassroots partnerships. In 2020, despite the pandemic, the company contributed towards improving local communities through supporting health sector of the country.

Protecting Our Environment

The Company has a longstanding commitment to environmental stewardship, which aligns with our purpose as a company. We are proud to be the insurance company to achieve carbon neutrality; to fulfil climate action agenda with International 2030 Environmental Goals that cover the scope of the Company and all its strengths, aiming to reduce the environmental impact of our operations and supply chain, while leveraging our products and services to help protect our communities and drive innovative solutions.

Creating Value as an Investor

The Company is committed towards a concrete contribution and impact in the communities where we work and live. That includes where and how we invest through our institutional investment management; How we deliver risk-adjusted returns for our investors by building tailored portfolio solutions that encompass environmental, social, and governance aspect. Remaining committed to fostering a culture of investing in, and working with, companies whose practices are consistent with our ideas.

Providing Confidence to Our Customers

We've been in the business of making and keeping promises for more than 62 years and that continued in 2020 &2021 in response to the COVID-19 pandemic. We evolved existing products to better serve customers during the COVID-19 pandemic, including expanding coverage, easing claims processes, and extending the grace period for premium payments. We helped customers to protect future with smart products and targeted services in Pakistan and United Arab Emirates. We developed solutions, incubated new technologies, and forged new partnerships that generated value locally and globally. We continued to invest in data analytics to enhance our customers' digital experiences and in thought leadership that translated customer insights into useful trends and expertise that can benefit everyone.

Managing Sustainably

At Adamjee Insurance, we are proud to have a culture where every employee takes responsibility for their actions, adopts an ownership mindset, and feels comfortable speaking up. Despite the unprecedented challenges presented by the COVID-19 pandemic, our commitment to operating ethically and responsibly did not waiver. We adapted, evolved, and embraced flexibility and fluidity as the majority of our workforce went virtual and new ways of working were established.

Health, Safety and Environment

Health, Safety and Environmental (HSE) responsibilities constitute an essential part of Adamjee Insurance's operations. These are the core of the Company's activities. Adamjee Insurance's management and employees share the belief that good HSE contributes positively and productively to business development and success. It is this belief that encourages Adamjee Insurance to increase team efforts and strive for better HSE for employees, customers and neighbours. The Company also hopes to safeguard people's health and minimize the environmental impact of their jobs. AICL's HSE policy observes all existing laws, regulations and amendments.



Measures for Occupational Health Awareness

We oversee the Health, Safety & Environment (HSE) domain and work to create a culture of safety that leads both inside and outside the workplace to healthy and innovative service delivery. To raise awareness and create targeted mitigation measures based on the preemptive knowledge rule, our HSE team is actively engaged in an annual training programme, simulation exercises, incident tracking, and branch inspections. We offer multiple awareness programs, Premises Emergency Procedures, Dust and Rainstorm Precautions, Ramadan Advice, Heat Wave Advisory, Housekeeping at Work, No Smoking, Inclement Weather Precautions, Eco-friendly Environment, Dengue Fever, SMOG, and Communicable Disease Precautions.

Fire Extinguishers Systems

Installing fire extinguishers in key places is one of the adequate control measures implemented to reduce fire hazards to protect the Company's assets and personnel. Currently, Fire extinguishers are installed in both Karachi and Lahore buildings, as well as in all our nationwide branches. In the case of Emergency Response and Preparation, the Company's HSE team ensures that safety precautions are integrated into office culture and way of life by educating and communicating with personnel about potential setbacks. As part of the emergency preparedness programme, the staff receive training in fire extinguishing, emergency evacuation, and health and safety awareness communication



Activities During the Year

International Women's Day - Being an equal opportunity employer, Adamjee Insurance is an avid supporter of women empowerment and strictly rejects discrimination against race, religion and colour. The company reiterated its resolve on International Women's Day.







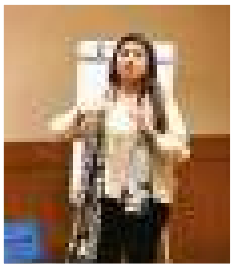








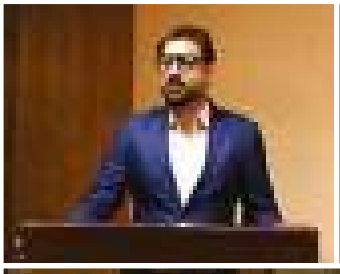


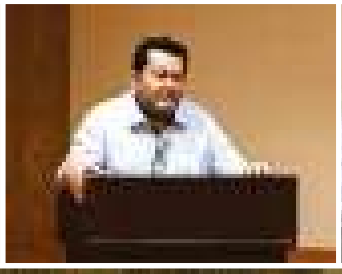


















Activities During the Year

Independence Day Celebration



Insurance Awareness Week



Activities During the Year

Health Insurance Awareness



International Days



WORLD HEALTH DAY



NATIONAL FARMER DAY



ENVIRONMENT DAY



NO TOBACCO DAY



EARTH DAY

Activities During the Year

Employee Engagement and Well-being Our dynamic and responsive team is the cornerstone of our thriving organization. We support our employees in reaching their full potential by promoting their health and happiness. Commemorations like Independence Day, Pakistan Day, and other festive events, including cake-cutting ceremonies, uphold the vibrancy of our workplace. Our staff enjoy numerous chances to participate in sports like cricket, badminton, and table tennis.



Activities During the Year



Corporate Social Responsibility (Voluntary) Guidelines 2013 by SECP

The objective of Corporate Social Responsibility (CSR) Guidelines is to promote the development of a framework for CSR initiatives, and it encourages to strive and work in cooperation with stakeholders for implementing a transparent and socially responsible strategy.

The company is reviewing the Corporate Social Responsibility (Voluntary) Guidelines, 2013 issued by SECP to perform the gap analysis in our existing CSR Commitments and initiatives required under these guidelines. The dedicated team is assigned with the responsibility to prepare a roadmap for adoption of the guidelines issued by SECP.

As per our current understanding these guidelines contain the following major CSR initiatives.

- Community investment (skill development, livelihood, health, education, infrastructure, social enterprise development, safe drinking water, poverty alleviation, youth development and environment conservation)
- Governance (human rights, transparency, anti-corruption, business practices, stakeholder relations, responsible marketing)
- Product responsibility
- Work life balance
- Safety (risk management, disaster management)
- Climate Change

Certifications Acquired for Best Sustainability and CSR Practices

Adamjee insurance has been awarded various certifications for its robust approach towards environmental sustainability and social responsibility. These include:

- Certification of Green Office by WWF – 'To Reduce Ecological Footprint'
- Environment, Health, Safety & Security Award 2016
- Corporate Social Responsibility Award 2013 to 2015.
- Environmental and Quality Standard Award 2015

Green Initiatives

Adamjee Insurance is in step with the world towards a greener future. We have taken a host of inspiring green initiatives to pave the way for an environment-loving culture at our offices.



Plantation in Offices

A plantation activity is organised with the arrival of each season having employees grow plants and trees in pots and flower beds at their offices.



Paperless-Operations

The corporate world is turning to paperless environment. It has learnt that minimising the use of paper can help conserve the environment, prevent deforestation and maintain the supply of fresh oxygen.

Adamjee Insurance, in line with this conservation drive, is fast-transforming its paper work into a high-tech and innovative digital operation. Various digital programs have been installed to conduct communication with customers and employees.



Use Natural Lights

Adamjee Insurance promotes an energy-saving behaviour at work and employees make sure there are no appliances working when not required. Artificial lights have been reduced while the use of sunlight is maximised in the day time. All lights during the lunch break are switched off.



Green Awareness Campaigns

Adamjee Insurance organised a unique plantation activity in which employees were given plants to plant at their homes. This initiative was aimed at encouraging a culture of tree plantation and environment conservation and was welcomed by families of the employees.



Virtual Trainings

Adamjee Insurance operates a digital working environment that offers employees the opportunity to access virtual training and online books. The company regularly conducts virtual training sessions to improve employees' skill sets enabling them to achieve their professional aims.



Reduction in Business Travel

To reduce its carbon footprint and energy conservation initiatives, the company has minimised its travelling. Most operations requiring in-person interaction have been digitalized using online communication mediums.



Waste Minimization

Economizing on the use of water is also a part of our environmental conservation initiatives. We are encouraging team members to take special care in saving water and prevent its wastage. To prevent the build-up of waste, cleanliness is regularly checked and paper, plastic, metal and wet garbage are segregated from trash to ease disposal and recycling.

BY THE NUMBERS

UNCONSOLIDATED FINANCIAL STATEMENTS





INDEPENDENT AUDITOR'S REPORT
To the Members of Adamjee Insurance Company Limited
Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Adamjee Insurance Company Limited (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2023, and the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, and the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2023 and of the profit, the other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matter(s):

Sr No.	Key audit matter(s)	How the matter was addressed in our audit
1.	**Revenue Recognition** (Refer notes 3.13 and 26 of the annexed unconsolidated financial statements)	
	The Company's total revenue amounts to Rs. 19,319 million which is generated from premium on insurance policies representing a significant element of the financial statements of the Company. Premium income is one of the key performance indicators of the Company. Because of the significance of the premium as key performance indicator and that it was considered as an area of significant audit risk as part of our audit process, we considered this area as a key audit matter.	Our audit procedures in respect of this matter included the following: • Obtained an understanding of and evaluated the design and implementation of key controls over the process of capturing, processing and recording of premiums; • Checked the premiums recorded on sample basis from the underlying policies issued to insurance contract holders;

Sr No.	Key audit matter(s)	How the matter was addressed in our audit
		• Checked the policies on sample basis where premium was recorded close to year end and subsequent to year end to evaluate that revenue from premiums was recognised in the appropriate accounting period; and • Recalculated the unearned portion of premium revenue to ensure that appropriate amount has been recorded as revenue for the current period.
2.	**Valuation of Claims Liabilities including Provision for Incurred but Not Reported(IBNR) Claims Reserves** (Refer notes 3.18 and 27 of the annexed unconsolidated financial statements)	
	As at December 31, 2023, claims liabilities represent 44.37% (Rs. 26,395 million including Rs. 634 million IBNR reserves) of its total liabilities. Valuation of claim liabilities involves significant management judgment regarding uncertainty in the estimation of claims. Claims liabilities are recognized on intimation of the insured event based on management judgment and estimate. Provision for IBNR is calculated by the Company as required under Circular No. 9 of 2016 issued by the Securities and Exchange Commission of Pakistan based on the advice of actuary. The actuarial valuation process also involves significant judgment and the use of actuarial assumptions. Because of the significance of the impact of these judgments / estimations and assumptions used in determination of claims liabilities and calculation of provision for IBNR, we considered this area as a key audit matter.	Our audit procedures in respect of this matter included the following: • Obtained the understanding of and evaluated the design and implementation of key controls over the process of capturing, determination and recording of claims liabilities; • Assessed the appropriateness of the Company's accounting policy for recording of claims in line with requirements of laws, accounting and reporting standards as applicable in Pakistan; • Evaluated the completeness, accuracy and reliability of the claims paid and claims outstanding data provided to us; • Involved an independent actuarial expert to assist us in evaluation of general principles, actuarial assumptions and methods used for actuarial valuations by the actuary of the Company for calculation of provision for IBNR; and • Assessed competence, capability and objectivity of the actuary used by the management for calculation of provision for IBNR.

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 company's annual report, but does not include the unconsolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

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

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

b) the unconsolidated statement of financial position, the unconsolidated statement of profit and loss account, the unconsolidated 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 Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account;

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

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Rana M. Usman Khan.



Chartered Accountants

Place: Lahore
Date: April 04, 2024
UDIN: AR202310088Eweq7yjhv

Unconsolidated Statement of Financial Position

As at 31 December 2023

	Note	2023	2022
		---------- Rupees in thousand ----------	
ASSETS			
Property and equipment	5	4,191,853	4,223,888
Intangible assets	6	115,974	131,814
Investment property	7	2,914,435	2,427,337
Investment in subsidiary	8	2,396,166	2,396,166
Investments			
Equity securities	9	24,865,243	17,651,665
Debt securities	10	1,774,347	382,288
Term deposits	11	7,003,102	6,560,433
Advance against issue of shares	12	-	900,000
Loans and other receivables	13	1,124,695	840,880
Insurance / reinsurance receivables	14	7,555,082	8,526,017
Reinsurance recoveries against outstanding claims		20,601,648	14,873,098
Salvage recoveries accrued		300,921	360,380
Deferred commission expense / acquisition cost	28	2,133,671	1,489,080
Prepayments	15	8,452,203	6,676,739
Cash and bank	16	5,252,776	5,276,694
		88,682,116	72,716,479
Total assets of Window Takaful Operations - Operator's Fund	17	1,445,636	1,049,420
Total Assets		90,127,752	73,765,899
EQUITY AND LIABILITIES			
Capital and reserves attributable to the Company's equity holders			
Ordinary share capital	18	3,500,000	3,500,000
Reserves	19	7,963,751	3,527,175
Unappropriated profit		19,156,318	17,891,764
Total Equity		30,620,069	24,918,939
Surplus on revaluation of fixed assets		30,754	-
LIABILITIES			
Underwriting provisions			
Outstanding claims including IBNR	27	26,395,403	20,726,702
Unearned premium reserves	26	19,343,851	14,996,454
Unearned reinsurance commission	28	507,332	365,610
Retirement benefit obligations	20	175,627	201,407
Deferred taxation	21	3,692,563	805,888
Premium received in advance		785,284	640,259
Insurance / reinsurance payables	22	3,952,563	6,959,398
Other creditors and accruals	23	3,406,567	3,196,575
Deposits and other liabilities	24	500,849	541,199
Taxation - provision less payments		230,426	28,495
		58,990,465	48,461,987
Total liabilities of Window Takaful Operations - Operator's Fund	17	486,464	384,973
Total Equity and Liabilities		90,127,752	73,765,899
Contingencies and commitments	25		

The annexed notes 1 to 49 form an integral part of these unconsolidated financial statements.

Umer Mansha Chairman	**Shaikh Muhammad Jawed** Director	**Muhammad Arif Hameed** Director	**Muhammad Asim Nagi** Chief Financial Officer	**Muhammad Ali Zeb** Managing Director & Chief Executive Officer

Unconsolidated Statement of Profit and Loss Account

For the year ended 31 December 2023

	Note	2023	2022
		---------- Rupees in thousand ----------	
Net insurance premium	26	19,319,089	16,980,105
Net insurance claims	27	(13,606,120)	(11,284,674)
Net commission and other acquisition costs	28	(2,530,569)	(2,072,014)
Insurance claims and acquisition expenses		(16,136,689)	(13,356,688)
Management expenses	29	(4,547,706)	(3,832,873)
Underwriting results		(1,365,306)	(209,456)
Investment income	30	3,902,919	2,127,600
Rental income	31	182,048	162,205
Other income	32	544,579	222,868
Fair value adjustment to investment property	7	358,100	794,372
Other expenses	33	(133,307)	(105,553)
Workers' Welfare Fund charge	23.1	(79,842)	(148,021)
Results of operating activities		3,409,191	2,844,015
Finance cost	34	(4,674)	(35,384)
Profit from Window Takaful Operations - Operator's fund	17	507,750	338,577
Profit before taxation		3,912,267	3,147,208
Income tax expense	35	(1,650,237)	(562,195)
Profit for the year		2,262,030	2,585,013
		---------- Rupees ----------	
Earnings per share - basic and diluted	36	6.46	7.39

The annexed notes 1 to 49 form an integral part of these unconsolidated financial statements.

Umer Mansha	Shaikh Muhammad Jawed	Muhammad Arif Hameed	Muhammad Asim Nagi	Muhammad Ali Zeb
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Unconsolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	2023	2022
	---------- Rupees in thousand ----------	
Profit for the year	**2,262,030**	2,585,013
Items that will not be subsequently reclassified to profit and loss account		
- Re-measurement of retirement benefit obligations	**52,524**	(46,134)
- Surplus on revaluation of fixed assets - net of tax	**30,754**	-
Items that may be subsequently reclassified to profit and loss account		
- Unrealized gain / (loss) on 'available-for-sale' investments - net of tax	**3,804,129**	(2,898,538)
- Reclassification adjustment relating to 'available for sale' investments disposed of in the year - net of tax	**(528)**	307,241
- Unrealized loss 'available for sale' investment from Window Takaful Operations - net of tax	**-**	(968)
- Net effect of translation of foreign branches	**632,975**	632,561
Other comprehensive income / (loss) for the year	**4,519,854**	(2,005,838)
Total comprehensive income for the year	**6,781,884**	579,175

The annexed notes 1 to 49 form an integral part of these unconsolidated financial statements.

Umer Mansha	**Shaikh Muhammad Jawed**	**Muhammad Arif Hameed**	**Muhammad Asim Nagi**	**Muhammad Ali Zeb**
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Unconsolidated Statement of Cash Flow

For the year ended 31 December 2023

	2023	2022
	---------- Rupees in thousand ----------	
Cash flows from operating activities		
Underwriting activities		
Insurance premium received	**43,648,567**	31,536,236
Reinsurance premium paid	**(23,726,119)**	(12,854,274)
Claims paid	**(23,719,945)**	(19,356,834)
Surrenders paid	**(577,649)**	(211,447)
Reinsurance and other recoveries received	**9,041,279**	8,385,963
Commission paid	**(3,921,780)**	(3,131,277)
Commission received	**1,150,207**	1,002,523
Other underwriting payments	**(3,956,653)**	(4,149,369)
Net cash (outflows) / inflows from underwriting activities	**(2,062,093)**	1,221,521
Other operating activities		
Income tax paid	**(931,863)**	(508,657)
Finance cost paid on lease liability	**(4,674)**	(6,057)
Other operating payments	**(88,670)**	(110,339)
Loans advanced	**(73,507)**	(74,405)
Loans repayments received	**81,435**	62,927
Other operating receipts	**98,279**	41,831
Net cash outflows from other operating activities	**(919,000)**	(594,700)
Total cash (outflows) / inflows from operating activities	**(2,981,093)**	626,821
Cash flows from investing activities		
Profit received on bank deposits	**569,672**	291,681
Income received from Pakistan Investment Bonds	**-**	9,000
Income from Treasury Bills	**161,325**	62,280
Dividends received	**3,347,994**	1,772,941
Rentals received	**189,621**	156,924
Payments made for investments	**(11,634,529)**	(14,528,270)
Proceeds from disposal of investments	**11,532,352**	16,798,661
Fixed capital expenditure - operating assets	**(157,381)**	(95,038)
Fixed capital expenditure - intangible assets	**(33,635)**	(47,914)
Proceeds from disposal of operating assets	**34,669**	29,296
Total cash inflows from investing activities	**4,010,088**	4,449,561
Cash flows from financing activities		
Payments against lease liability	**(15,884)**	(38,912)
Dividends paid	**(1,037,029)**	(1,046,086)
Loan repaid	**-**	(929,255)
Markup against loan paid	**-**	(43,487)
Net cash outflows from financing activities	**(1,052,913)**	(2,057,740)
Net cash (outflows) / inflows from all activities	**(23,918)**	3,018,642
Cash and cash equivalent at beginning of the year	**5,276,694**	2,258,052
Cash and cash equivalent at end of the year	**5,252,776**	5,276,694

Unconsolidated Statement of Cash Flow

For the year ended 31 December 2023

	2023	2022
	---------- Rupees in thousand ----------	
Reconciliation to statement of profit or loss account		
Operating cash flows	**(2,981,093)**	626,821
Depreciation	**(190,594)**	(218,659)
Provision for retirement benefit obligations	**(59,486)**	(47,898)
Finance cost on borrowing	**-**	(29,327)
Provision for doubtful balances against insurance / reinsurance receivables	**-**	(50,145)
Other income - bank and term deposits	**770,276**	291,265
Gain on disposal of operating assets	**23,778**	13,651
Rental income	**183,155**	163,010
Fair value adjustment to investment property	**358,100**	794,372
Increase in assets other than cash	**7,213,359**	12,154,763
Increase in liabilities	**(2,007,873)**	(9,393,631)
Loss on disposal of investments	**(38,456)**	(11,957)
Amortization	**(36,808)**	(33,282)
Increase decrease in unearned premium	**(4,347,397)**	(3,986,165)
(Decrease) / Increase in loans	**(7,928)**	11,478
Income tax paid	**931,863**	508,657
Increase in tax liabilities	**(1,650,237)**	(562,195)
(Provision) / reversal for impairment of 'available-for-sale' investments	**(26,931)**	151,982
Dividend income	**3,347,994**	1,772,941
Income from Treasury Bills	**199,604**	78,073
Income from Pakistan Investment Bonds	**72,954**	6,353
Amortization of deferred grant	**-**	6,329
Profit from Window Takaful Operations - Operator's fund	**507,750**	338,577
Profit for the year	**2,262,030**	2,585,013
Cash and bank for the purposes of the cash flow statement consists of:		
Cash and cash equivalents	**23,822**	17,666
Current and saving accounts	**5,228,954**	5,259,028
Total cash and cash equivalents	**5,252,776**	5,276,694

The annexed notes 1 to 49 form an integral part of these unconsolidated financial statements.

Umer Mansha Chairman	**Shaikh Muhammad Jawed** Director	**Muhammad Arif Hameed** Director	**Muhammad Asim Nagi** Chief Financial Officer	**Muhammad Ali Zeb** Managing Director & Chief Executive Officer

Unconsolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Attributable to equity holders of the Company								
	Share capital	Capital reserves					Revenue reserves		
	Issued, subscribed and paid up	Reserve for exceptional losses	Investment fluctuation reserve	Exchange translation reserve	Fair value reserve	Surplus on revaluation of fixed assets	General reserve	Unappropriated Profit	Total
	Rupees in thousand								
Balance as at January 01, 2022	3,500,000	22,859	3,764	899,883	3,623,873	-	936,500	16,402,885	**25,389,764**
Profit for the year	-	-	-	-	-	-	-	2,585,013	**2,585,013**
Other comprehensive income / (loss)	-	-	-	632,561	(2,592,265)	-	-	(46,134)	**(2,005,838)**
Total comprehensive income / (loss) for the year ended December 31, 2022	-	-	-	632,561	(2,592,265)	-	-	2,538,879	**579,175**
Transactions with owners of the Company									
Final cash dividend at Rs. 1.5 per share - December 31, 2021	-	-	-	-	-	-	-	(525,000)	**(525,000)**
Interim cash dividend at Rs. 1.5 per share - June 30, 2022	-	-	-	-	-	-	-	(525,000)	**(525,000)**
	-	-	-	-	-	-	-	(1,050,000)	**(1,050,000)**
Balance as at December 31, 2022	3,500,000	22,859	3,764	1,532,444	1,031,608	-	936,500	17,891,764	**24,918,939**
Profit for the year	-	-	-	-	-	-	-	2,262,030	**2,262,030**
Other comprehensive income	-	-	-	632,975	3,803,601	30,754	-	52,524	**4,519,854**
Total comprehensive income for the year ended December 31, 2023	-	-	-	632,975	3,803,601	30,754	-	2,314,554	**6,781,884**
Transactions with owners of the Company									
Final cash dividend at Rs. 1.5 per share - December 31, 2022	-	-	-	-	-	-	-	(525,000)	**(525,000)**
Interim cash dividend at Rs. 1.5 per share - June 30, 2023	-	-	-	-	-	-	-	(525,000)	**(525,000)**
	-	-	-	-	-	-	-	(1,050,000)	**(1,050,000)**
Balance as at December 31, 2023	3,500,000	22,859	3,764	2,165,419	4,835,209	30,754	936,500	19,156,318	**30,650,823**

The annexed notes 1 to 49 form an integral part of these unconsolidated financial statements.

Umer Mansha Chairman	**Shaikh Muhammad Jawed** Director	**Muhammad Arif Hameed** Director	**Muhammad Asim Nagi** Chief Financial Officer	**Muhammad Ali Zeb** Managing Director & Chief Executive Officer

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2023

1 Legal status and nature of business

Adamjee Insurance Company Limited ('the Company') is a public limited Company incorporated in Pakistan on September 28, 1960 under the repealed Companies Act, 1913 (now the Companies Act, 2017). The Company is listed on Pakistan Stock Exchange limited and is principally engaged in the general insurance business. The registered office of the Company is situated at Adamjee House Building, 80/A Block E-1, Main Boulevard Gulberg-III, Lahore. The Company operates 115 (2022: 115) branches in addition to 20 (2022: 20) specialized agriculture field offices within Pakistan.

The Company also operates 3 (2022: 3) branches in the United Arab Emirates (UAE) and 1 (2022: 1) branch in the Export Processing Zone, Karachi (EPZ).

The Company was granted authorization on December 23, 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations in respect of general takaful products by the Securities and Exchange Commission of Pakistan (SECP) and commenced Window Takaful Operations on January 01, 2016. The Company's Window Takaful Operations operates 7 (2022: 5) branches in Pakistan.

2 Basis of preparation and statement of compliance

2.1 These unconsolidated 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 Standards Board 'IASB' as are notified under the Companies Act, 2017; and

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

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

These financial statements represent separate unconsolidated financial statements of the Company, prepared in accordance with the format of financial statements prescribed under the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017. The consolidated financial statements of the group are issued separately.

As per the requirements of the Takaful Rules, 2012 and SECP Circular No. 25 of 2015 dated July 09, 2015, the assets, liabilities and profit and loss account of the Operator's Fund of the Window Takaful Operations of the Company have been presented as a single line item in the statement of financial position and profit and loss account of the Company respectively. A separate set of financial statements of the Window Takaful Operations has been annexed to these unconsolidated financial statements as per the requirements of the Takaful Rules, 2012.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under historical cost convention except for certain foreign currency translation adjustments, certain financial instruments carried at fair value, investment property carried at fair value and retirement benefit obligations under employees benefits carried at present value. All transactions reflected in these financial statements are on accrual basis except for those reflected in cash flow statement.

2.3 Functional and presentation currency

Items included in the unconsolidated financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. All the financial information presented in Rupees has been rounded off to the nearest thousand rupees, except otherwise stated.

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

The following standards, amendments and interpretations are effective for the year ended December 31, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

Standards or Interpretations

Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies

Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates

Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.

Amendments to IAS 12 ' Income taxes' - International Tax Reform — Pillar Two Model Rules

2.5 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

Standards or Interpretations	Effective from annual period beginning on or after:
Amendments to IFRS 16 ' Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with Convents along with Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards

The SECP vide SRO 1715 (I) / 2023 dated November 21, 2023 has directed the companies engaged in insurance/takaful and re-insurance/re-takaful to follow IFRS 17 from January 01, 2026.

IFRS 9 - Financial Instruments

IFRS 9 'Financial Instruments' has become applicable, however as an insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for

entities whose activities are predominantly connected with insurance. Additional disclosures, as required by the IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given below:

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

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

(b) All other financial assets

	As at December 31, 2023				
	Fail the SPPI test		Pass the SPPI test		
Financial assets	Fair value	Change in unrealized gain / (loss) during the period	Carrying Value	Cost less Impairment	Change in unrealized gain / (loss) during the period
	Rupees in thousand				
Cash and Bank*	2,984,609	-	2,268,167	-	-
Investment in subsidiary	5,615,956	-	-	-	-
Investments in equity securities - available-for-sale	24,865,243	6,386,859	-	-	-
Investment in debt securities - held to maturity	-	-	1,774,347	-	-
Term deposits*	-	-	7,003,102	-	-
Loans and other receivables*	741,367	-	2,370	-	-
Total	**34,207,175**	**6,386,859**	**11,047,986**	**-**	**-**

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

3 Material accounting policy information

The material accounting policies adopted in preparation of these financial statements are set out below. Accounting policies relating to Window Takaful Operations are disclosed in separate financial statements of Window Takaful Operations which have been annexed to these financial statements. These accounting policies have been consistently applied to all the years presented.

During the year, the Company adopted Disclosure of Accounting Policies (Amendments to IAS 1) from January 01, 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves.

3.1 Property and equipment

Owned operating assets, other than freehold land which is not depreciated are stated at cost, signifying historical cost, less accumulated depreciation and any provision for accumulated impairment. Freehold land and capital work-in-progress are carried at cost less accumulated impairment losses, if any. Depreciation is charged to profit and loss account applying reducing balance method depending upon the nature of the asset, at the rates specified for calculation of depreciation after taking into account residual value, if any. The useful lives, residual values and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. All other repairs and maintenance costs are charged to profit and loss account as and when incurred.

Depreciation on additions is charged from the month the assets are available for use while on disposals, no depreciation is charged in the month in which the assets are disposed off.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the assets disposed off. These are taken to profit and loss account.

3.2 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss. All expenditure including borrowing costs connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating assets as and when these are available for use.

3.3 Intangible assets

These are stated at cost less accumulated amortization and provision for accumulated impairment, if any.

Amortization is calculated from the month the assets are available for use using the straight-line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortization methods are reviewed, and adjusted if appropriate, at each reporting date.

Software development costs are only capitalized to the extent that future economic benefits are expected to be derived by the Company.

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

3.4 Investment property

Investment property is measured at purchase cost on initial recognition including directly attributable to the acquisition of the investment property and subsequently at fair value with any change therein recognized in profit and loss account. Subsequent costs are included in the carrying amount of the investment property, only when it is probable that the future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. Other repair and maintenance costs are charged to profit and loss account as and when incurred.

3.5 Insurance contracts

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policy holders) by agreeing to compensate the policy holders on the occurrence of a specified uncertain future event i.e. insured event that adversely affects the policy holders.

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

Insurance contracts issued by the Company are generally classified in five basic categories i.e. Fire & property, Marine, aviation & transport, Motor, Accident & health and Miscellaneous, and are issued to multiple types of clients with businesses in engineering, automobiles, cement, power, textiles, paper, agriculture, services and trading sectors etc. and individuals as well. The tenure of these insurance contracts depends upon terms of the policies written and vary accordingly.

- Fire and property insurance contracts generally cover the assets of the policy holders against damages by fire, earthquake, riots and strike, explosion, atmospheric disturbance, flood, electric fluctuation and impact, burglary, loss of profit followed by the incident of fire, contractor's all risk, erection all risk, machinery breakdown and boiler damage, etc.

according to the terms and conditions of the policy.

- Marine, aviation and transport insurance contracts generally provide cover against damages by cargo risk and damages occurring during transit between the points of origin and final destination including loss of or damage to carrying vessel etc. according to the terms and conditions of the policy.

- Motor insurance contracts provide indemnity for accidental damage to or total loss of insured vehicle including loss of or damage to third party and other comprehensive car coverage etc. according to terms and conditions of the policy.

- Accident and health insurance contracts mainly compensate hospitalization and out patient medical coverage to the insured according to term and conditions of the policy.

- Miscellaneous insurance contracts provide variety of coverage including cover against burglary, loss of cash in safe, cash in transit and cash on counter, fidelity guarantee, personal accident, workmen compensation, travel and crop, mobilization and performance bond etc. according to terms and conditions of the policy.

In addition to direct insurance, the Company also participates in risks under co-insurance contracts from other companies and also accepts risks through re-insurance inward by way of facultative acceptance on case to case basis provided such risks are within the underwriting policies of the Company. The nature of the risks undertaken under such arrangement are consistent with the risks in each class of business as stated above in direct and other lead insurance contracts.

3.6 Deferred commission expense / acquisition cost

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

Other acquisition costs are charged to profit and loss account at the time the policies are accepted.

3.7 Unearned premium

The unearned premium represents the portion of premium written relating to the unexpired period of insurance coverage at the reporting date. It is recognized as a liability. Such liability is calculated as a ratio of the unexpired period of the policy and the total policy period, both measured to the nearest day except:

- for marine cargo, as a ratio of the unexpired shipment period to the total expected shipment period, both measured to the nearest day.

- for crop business, as a ratio of the unexpired crop period to the total expected crop period, both measured to the nearest day.

Policy for recognition of premium revenue is disclosed in detail in note 3.13 to these financial statements. Unearned premium reserve calculated by the Company is also confirmed by an independent actuary.

3.8 Premium deficiency

In order to comply with the requirements of section 34(2)(d) of the Insurance Ordinance, 2000, a premium deficiency reserve is maintained for each class of business, where the unearned premium liability for any class of business is not adequate to meet the expected future liability, after re-insurance, for claims and other expenses, including reinsurance expense, commissions, and other underwriting expenses, expected to be incurred after the reporting date in respect of the policies in force at the reporting date, in that class of business.

For this purpose, premium deficiency reserve is determined by independent actuaries. The actuary determines the prospective loss ratios for each class of business and applies factors of unearned and earned premiums and uses assumptions appropriate to arrive at the expected claims settlement cost which when compared with unearned premium reserve (UPR) shows whether UPR is adequate to cover the unexpired risks. If these ratios are adverse, premium deficiency is determined.

Based on actuary's advice the management creates a reserve for the same in these unconsolidated financial statements. The movement in the premium deficiency reserve on net basis is recorded as an expense / income in profit and loss account for the year.

3.9 Reinsurance contracts held

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Reinsurance contracts includes treaty reinsurance, whereby certain agreed proportion of risks are shared with the participating companies, hence higher underwriting capacity with larger spread becomes available. Depending upon the nature and / or size of the risk at times reinsurance of excess of capacity is also placed on case to case basis under facultative reinsurance arrangement. The Company also accepts facultative reinsurance from other local insurance companies provided the risk meets the underwriting requirements of the Company.

Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted reinsurance business being reinsured.

The risks undertaken by the Company under these contracts for each class of business are stated in note 3.5 to the financial statements.

Reinsurance liabilities represent the balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the provision for outstanding claims or settled claims associated with the reinsurance policies and are in accordance with the related reinsurance contract.

Reinsurance assets or liabilities are derecognized when the contractual rights or obligations are extinguished or expired. Furthermore, reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contract are not off set against income or expenses from related insurance assets.

The Company assesses its reinsurance assets for impairment on reporting date. If there is an objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes the impairment loss in the profit and loss account.

The portion of reinsurance premium not recognized as an expense is shown as a prepayment.

Prepayment (i.e. premium ceded to reinsurers) is recognized as follows:

- for reinsurance contracts operating on a proportional basis, a liability to the reinsurer is recognized on attachment of the underlying policies reinsured, while an asset is recognized for the unexpired period of reinsurance coverage at the reporting date as prepaid reinsurance premium ceded and the same is expensed over the period of underlying policies.

Commission income from reinsurers is recognized at the time of issuance of the underlying insurance policy by the Company. This income is deferred and brought to profit and loss account as commission income in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit commission and no claim bonus (if any), which the Company may be entitled to under the terms of reinsurance, is recognized on accrual basis.

3.10 Receivables and payables related to insurance contracts

Insurance / reinsurance receivable and payable including premium due but unpaid, relating to insurance contracts are recognized when due and carried at cost less provision for impairment (if any) . The cost is the fair value of the consideration to be received / paid in the future for services rendered / received. These amounts also include due to and from other insurance companies and brokers.

Premium received in advance is recognized as liability till the time of issuance of insurance contract there against.

An assessment is made at each reporting date to determine whether there is an objective evidence from external as well as internal sources of information that a financial asset or group of assets may be impaired i.e. recoverable amount at the reporting date is less than the earning amount of the asset. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized, in the profit and loss account, for the difference between the recoverable amount and the carrying amount. Provisions for impairment are reviewed at each reporting date and adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense, in the profit and loss account.

3.11 Segment reporting

A business segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Rules, 2017. The reported operating segments are also consistent with the internal reporting provided to Board of Directors which is responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

3.12 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. It comprises cash in hand, policy stamps and bank balances.

3.13 Revenue recognition

3.13.1 Premiums

Premiums including administrative surcharge under an insurance contract are recognized as written from date of issuance to the date of attachment of risk to the policy / cover note. Where premium for a policy is payable in instalments, full premium for the duration of the policy is recognized as written, where the first such instalment has been duly received by the Company, at the inception of the policy and related asset is recognized as premium receivable.

Revenue from premiums is determined after taking into account the unearned portion of premiums. The unearned portion of premium income is recognized as a liability as explained in note 3.7.

Reinsurance premium is recognized as expense after taking into account the proportion of prepaid reinsurance premium which is recognized as a proportion of the gross reinsurance premium of each policy, determined as the ratio of the unexpired period of the policy and the total period, both measured to the nearest day. The prepaid portion of premium is recognized as a prepayment as explained in note 3.7.

3.13.2 Commission Income

Commission income from other insurers / reinsurers is deferred and recognized as liability and recognized in the profit and loss account as commission income in accordance with the pattern of recognition of the reinsurance premiums.

3.13.3 Investment income

Following are recognized as investment income:

- Income from held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments. The difference between the redemption value and the purchase price of the held to maturity investments is amortized and taken to the profit and loss account over the term of the investment.

- Dividend income is recognized when the Company's right to receive the dividend is established.

- Gain / loss on sale of available-for-sale investments is recognized in profit and loss account in the year of sale.

- Return on bank deposits is recognized on a time proportion basis taking into account the effective yield.

3.14 Investment in Subsidiary

Investment in subsidiary is measured at cost less any identified impairment loss in the Company's separate financial statements. Cost represents the fair value of the consideration given, including any transaction costs paid, by the Company at the time of purchase of such equity instruments. In case of an increase in the investment in a subsidiary the accumulated cost represents the carrying value of the investment.

At each statement of financial position date, the Company reviews the carrying amounts of the investments in subsidiary to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognised as expense in the statement of profit and loss. Investment in subsidiary that suffered an impairment, is reviewed for possible reversal of impairment at each reporting date. Impairment losses recognised in the statement of profit and loss are reversed through the statement of profit and loss.

The carrying amount of an investment carried at cost is derecognised when it is sold or otherwise disposed of. The difference between the fair value of any consideration received on disposal and the carrying amount of the investment is recorded in the statement of profit and loss as a gain or loss on disposal.

3.15 Investments

Investments are recognized and classified as follows:

- Held to maturity

- Available-for-sale

The classification depends on the purpose for which the financial assets were acquired. The Company does not have any 'investment at fair value through profit or loss' at the statement of financial position date.

3.15.1 Held to maturity

Investments with fixed determinable payments and fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as held to maturity.

Subsequently, these are measured at amortized cost less provision for impairment, if any.

Any premium paid or discount availed on government securities and term finance certificates is deferred and amortized over the period to maturity of investment using the effective yield.

3.15.2 Available-for-sale

Investments which are not eligible to be classified as 'fair value through profit or loss' or 'held to maturity' are classified as 'available-for-sale'. These investments are intended to be held for an indefinite period of time which may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates.

These are initially measured at cost and subsequently re-measured at fair value at each reporting date. The unrealized gains and losses arising from changes in fair values are directly recognized in equity in the year in which these arise. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the profit and loss account as gains and losses from investment securities. The Company assesses at each statement of financial position date whether there is an objective evidence that the financial asset is impaired. If any such evidence exists for an 'available for sale' asset, the accumulated loss is removed from equity and recognized in the profit and loss account.

Quoted

Subsequent to initial recognition, these investments are re-measured at fair value. Gains or losses on investments on re-measurement of these investments are recognized in statement of comprehensive income.

Unquoted

Fair value of unquoted investments is determined on the basis of appropriate valuation techniques as allowed by IAS 39 'Financial Instruments: Recognition and Measurement'. Where fair value cannot be measured reliably, these are carried at cost. The valuation of unquoted investments as at December 31, 2023 has been carried out by independent valuer for determination of fair value of these investments.

3.15.3 Fair / market value measurements

For investments in Mutual funds, fair / market value is determined by reference to rates quoted by Mutual Fund Association of Pakistan (MUFAP). For investments in quoted marketable securities, other than Term Finance Certificates, fair / market value is determined by reference to Pakistan Stock Exchange quoted market price at the close of business on reporting date. The fair market value of Term Finance Certificates is as per the rates issued.

3.15.4 Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognized at the trade date. Trade date is the date on which the Company commits to purchase or sell the investment.

3.16 Off setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position when the Company has a legally enforceable right to set-off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.17 Provisions

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

3.18 Provision for outstanding claims including IBNR

The Company recognizes liability in respect of all claims incurred up to 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 the insurance contract. The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR), expected claims settlement costs, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

SECP through its circular 9 of 2016 dated March 09, 2016 issued 'SEC guidelines for estimation of incurred but not reported (IBNR) claims reserve 2016' for non-life insurance Companies and required to comply with all provisions of these guidelines with effect from July 01, 2016.

The Guidelines require that estimation for provision for claims incurred but not reported (IBNR) for each class of business, by using prescribed Method 'Chain Ladder Method' and other alternate method as allowed under the provisions of the Guidelines. The Chain Ladder Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level to derive an IBNR estimate.

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 as explained in preceding paragraph that may include a margin for adverse deviation as required / allowed by the circular 9 of 2016. The methods used, and the estimates made, are reviewed regularly.

3.19 Taxation

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

Current

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

Deferred

Deferred taxation is accounted for using the statement of financial position liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the unconsolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to statement of comprehensive income in which case it is included in statement of comprehensive income.

3.20 Retirement benefit obligations

The main feature of the scheme operated by the Company for its employees are as follows:

3.20.1 Defined contribution plan

The Company operates an approved contributory provident fund scheme for all its eligible employees. Equal monthly contributions to the fund are made by the Company and the employees at the rate of 8.33% of basic salary. Contributions made by the company are recognized as expense. The Company has no further payment obligations once the contributions have been paid. Obligation for contributions to defined contribution plan is recognized as an expense in the profit and loss account as and when incurred.

3.20.2 Defined benefit plans

The Company operates the following defined benefit plans:

(a) an approved funded gratuity scheme for all its permanent employees in Pakistan. Annual contributions are made to this scheme on the basis of actuarial recommendations. The Company recognizes expense in accordance with

IAS 19 'Employee Benefits'. The contributions have been made to gratuity fund in accordance with the actuary's recommendations based on the actuarial valuation of these funds as at December 31, 2023.

(b) unfunded gratuity scheme covering the employees in the UAE branches as per the requirements of the applicable regulations. Provision is made in these unconsolidated financial statements on the basis of the actuarial valuation carried out by an independent actuary using the projected unit credit method. The latest valuation has been carried at December 31, 2023.

Past-service costs are recognized immediately in profit and loss account, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit and loss account.

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

3.20.3 Employees' compensated absences

The Company accounts for these benefits in the period in which the absences are earned.

The Company provides annually for the expected cost of accumulating compensated absences on the basis of actuarial valuation. Regular employees of the Company are entitled to 30 days earned leaves in a calendar year and they can accumulate the unutilised privilege leaves upto 60 days (2022: 60). The most recent valuation is carried out as at December 31, 2023 using the LIFO method. The liabilities are presented as a current employees benefit obligations in the statement of financial position.

3.21 Impairment of assets

Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Non financial assets

The carrying amounts of Company's non-financial assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

3.22 Dividend distribution

Dividend distribution to the Company's shareholders and other appropriations are recognized in the Company's financial statements in the period in which these are approved. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.

3.23 Management expenses

Expenses of management both direct and indirect are allocated on the basis of activity in each class of business. Expenses not allocable to the underwriting business are charged as other expenses.

3.24 Leases

As a lessee, the Company recognizes right of use asset and lease liability at the lease commencement date.

Right of use assets

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date, plus any initial direct cost incurred and less any lease incentives received.

The right of use assets are subsequently depreciated using the straight-line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for the certain remeasurement of the lease liability.

Lease liability

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

Lease payments included in the measurement of the lease liability comprise of the following:

- fixed payments , including in-substance fixed payments;
- variable lease payments that depend on an index, or a rate, initially measured using the index or rate as at commencement date;
- amount expected to be payable under a residual guarantee; and
- the exercise under purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change Company's estimate of the amount

expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in Profit and loss account if the carrying amount of the right of use asset has been reduced to zero.

3.25 Foreign currencies

Transactions in foreign currencies (other than the result of foreign branches) are accounted for in Pak Rupees at the rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date. Exchange differences are taken to the profit and loss account.

The assets and liabilities of foreign branches are translated to Pak Rupees at exchange rates prevailing at the reporting date. The results of the foreign branches are translated to Pak Rupees at the average rate of exchange for the year. Translation gains and losses are included in the profit and loss account, except those arising on the translation of the Company net investments in foreign branches, which are taken to the capital reserves (exchange translation reserve).

3.26 Financial instruments

Financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the de-recognition of the financial assets and liabilities is included in the profit and loss account.

Financial instruments carried in the statement of financial position include cash and bank, loans, investments, premiums due but unpaid, amount due from other insurers / reinsurers, premium and claim reserves retained by cedants, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, provision for outstanding claims, amounts due to other insurers / reinsurers, accrued expenses, other creditors and accruals, liabilities against asset subject to finance lease and unclaimed dividends. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.27 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated if there is any potential dilutive effect on the Company's reported net profits.

3.28 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit and loss over the period of the borrowings using the effective interest rate. Finance costs are accounted for on accrual basis and are reported under accrued markup to the extent of the amount remaining unpaid.

3.29 Government grant

Government grants are transfers of resources to the Company by a government entity in return for compliance with certain past or future conditions related to the Company's operating activities - e.g. a government subsidy. The definition of 'government' refers to governments, government agencies and similar bodies, whether local, national or international.

The Company recognises government grants when it is reasonably probable that grants will be received and the Company will be able to comply with conditions associated with grants.

Government grants are recognized at fair value, as a deferred income, when there is reasonable assurance that the grants

will be received and the Company will be able to comply with the conditions associated with the grants.

Grants that compensate the Company for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

Loan at subsidized rate under SBP refinancing scheme for payment of wages and salaries is initially measured at the fair value i.e. the present value of the expected future cash flows discounted at a market-related interest rate. The difference between the amount received and the fair value is recognized as a government grant.

4 Critical accounting estimates and judgments

4.1 Use of estimates and judgments

The preparation of these unconsolidated financial statements in conformity with approved accounting standards requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The areas involving a higher degree of judgment and complexity, or areas where assumptions and estimates are significant to these financial statements or judgment was exercised in application of accounting policies, are as follows:

		Note
-	Premium deficiency	3.8
-	Provision for doubtful insurance / reinsurance receivables	3.10
-	Provision for outstanding claim including claims incurred but not reported (IBNR)	3.18
-	Retirement benefit obligation	3.20
-	Valuation of unquoted investments	3.15.2
-	Provision for taxation including the amount relating to tax contingency	3.19
-	Impairment of assets - Financials / Non financial assets	3.21
-	Useful lives, pattern of economic benefits and impairments - Property and Equipment	3.1
-	Segment Reporting	3.11

	Note	2023	2022
		Rupees in thousand	
5 Property and equipment			
Operating assets	5.1	4,142,868	4,161,207
Capital work in progress	5.2	13,803	-
Right of use asset	5.3	35,182	62,681
		4,191,853	4,223,888

5.1 Operating assets - owned

2023

	Cost						Accumulated Depreciation						Net Book value	
	As at Jan 01	Additions / transfers	Exchange differences and other adjustment	Disposals	Transfer to investment property	As at Dec 31	As at Jan 01	Charge for the year	Exchange differences and other adjustment	On disposals	Transfer to investment property	As at Dec 31	As at Dec 31	Rate
	(Rupees in thousands)													%
Land	878,694	-	-	-	-	878,694	-	-	-	-	-	-	878,694	-
Buildings*	2,714,358	53,303	140,567	-	(180,761)	2,727,467	506,855	48,289	49,549	-	(77,832)	526,861	2,200,606	3.0%
Furniture and fixtures	438,071	4,950	33,264	(425)	-	475,860	219,925	27,281	20,694	(268)	-	267,632	208,228	15.0%
Motor vehicles	759,541	38,542	16,926	(39,701)	-	775,308	430,218	31,478	9,166	(29,070)	-	441,792	333,516	15.0%
Machinery and equipment	750,902	5,037	8,162	(237)	-	763,864	306,342	46,694	6,165	(134)	-	359,067	404,797	15.0%
Computer equipment	395,164	51,623	10,006	-	-	456,793	312,183	18,713	8,870	-	-	339,766	117,027	30.0%
Total	5,936,730	153,455	208,925	(40,363)	(180,761)	6,077,986	1,775,523	172,455	94,444	(29,472)	(77,832)	1,935,118	4,142,868	

2022

	Cost						Accumulated Depreciation						Net Book value	
	As at Jan 01	Additions / transfers	Exchange differences and other adjustments	Disposals	Transfer from investment property	As at Dec 31	As at Jan 01	Charge for the year	Exchange differences and other adjustments	On disposals	Transfer to investment property	As at Dec 31	As at Dec 31	Rate
	(Rupees in thousands)													%
Land	878,694	-	-	-	-	878,694	-	-	-	-	-	-	878,694	-
Buildings*	2,538,083	26,463	152,832	-	(3,020)	2,714,358	408,743	46,347	54,318	-	(2,553)	506,855	2,207,503	3.0%
Furniture and fixtures	397,202	5,179	35,690	-	-	438,071	172,308	28,180	19,437	-	-	219,925	218,146	15.0%
Motor vehicles	750,073	42,692	14,476	(47,700)	-	759,541	424,449	31,070	7,895	(33,196)	-	430,218	329,323	15.0%
Machinery and equipment	756,876	5,942	(7,750)	(4,166)	-	750,902	254,586	53,896	885	(3,025)	-	306,342	444,560	15.0%
Computer equipment	356,145	26,539	12,480	-	-	395,164	284,757	19,290	8,136	-	-	312,183	82,981	30.0%
Total	5,677,073	106,815	207,728	(51,866)	(3,020)	5,936,730	1,544,843	178,783	90,671	(36,221)	(2,553)	1,775,523	4,161,207	

The company owns 3 buildings and resulting area of land and 7 corporate offices in Pakistan and 1 corporate office in UAE.

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

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Relationship	Particulars of purchaser
	---------- Rupees in thousand ----------						
Motor vehicles							
HONDA CITI AKE-170	885	818	67	986	Auction	Independent third party	Munir Ahmad
HONDA CIVIC AUK-825	1,328	1,128	200	1,050	Auction	Independent third party	IGI Insurance Company Limited
TOYOTA COROLLA XLI AUL-804	1,357	1,098	259	1,324	Auction	Independent third party	Munir Ahmed
HONDA CITI AWH-846	2,090	1,806	284	2,072	Auction	Independent third party	Adeel Hameed
SUZUKI CULTUS AXQ-969	950	761	189	877	Auction	Independent third party	Kalimullah
SUZUKI CULTUS AVZ-539	1,419	1,113	306	828	Auction	Independent third party	Saleem Uddin Qureshi
SUZUKI CULTUS AYW-265	990	749	241	770	Auction	Independent third party	Shahid Najam
SUZUKI CULTUS AZW-417	1,050	800	250	958	Auction	Independent third party	Muhammad Bukhtiar Yasin
SUZUKI CULTUS AZW-749	1,050	782	268	918	Auction	Independent third party	Adil Mehmood
TOYOTA COROLLA GLI BAN-728	1,708	1,300	408	1,520	Auction	Independent third party	Sakhawat Hussain
TOYOTA COROLLA GLI BBN-418	2,757	2,033	724	1,861	Auction	Independent third party	Shariq Ahmed Qazi
HONDA CIVIC VTI LEE-14-5993	2,069	1,475	594	1,900	Auction	Independent third party	Sardar Ali Masood Raza
HONDA CITI LEE-14-5987	2,238	1,781	457	2,301	Auction	Independent third party	Adeel Hameed
HONDA CITI BU-090	1,592	1,135	457	1,669	Auction	Independent third party	Adil Mehmood
SUZUKI CULTUS BBT-967	1,054	754	300	1,005	Auction	Independent third party	Muhammad Akram
SUZUKI CULTUS BBV-667	1,075	758	317	863	Auction	Independent third party	Syed Intasab Hassan
SUZUKI CULTUS LEE-14-7349	1,039	733	306	960	Auction	Independent third party	Syed Sohail Ahmed
HONDA CIVIC BDT-296	2,255	1,469	786	2,156	Auction	Independent third party	Abrar Bashir
HONDA CIVIC EJ-926	3,637	2,584	1,053	2,300	Auction	Independent third party	Azam Niaz
SUZUKI CULTUS BGQ-429	1,099	617	482	1,201	Auction	Independent third party	Syed Intesab Hassan
HONDA CITI ARX-192	1,319	1,168	151	1,256	Auction	Independent third party	Abrar Bashir
SUZUKI CULTUS BGJ-589	1,094	680	414	1,175	Auction	Independent third party	Muhammad Imran Khan
HONDA CITI LE-16-4754	2,510	1,705	805	2,275	Auction	Independent third party	Sarfraz Ali
SUZUKI WAGONR VXR BRK-926	1,605	473	1,132	1,132	Transfer	Window Operations	Adamjee Insurance Company Limited - Window Operations
HONDA CITI ASF-269	1,209	1,058	151	950	Settlement	Independent third party	IGI Insurance Company Limited
Items having book value below Rs. 50,000	322	292	30	176			
	39,701	**29,070**	**10,631**	**34,483**			
Machinery and equipment							
Items having book value below Rs. 50,000	237	134	103	106			
	237	**134**	**103**	**106**			
Furniture & Fixture							
Items having book value below Rs. 50,000	425	268	157	80			
	425	**268**	**157**	**80**			
Grand Total	**40,363**	**29,472**	**10,891**	**34,669**			
Grand Total (2022)	51,866	36,221	15,645	29,296			

	Note	2023	2022
		---------- Rupees in thousand ----------	
5.2 Capital work in progress			
Advance against Property and equipment		**13,803**	-
5.3 Right of use asset			
As at January 01		**62,681**	89,729
Additions during the year		**23,152**	3,709
Depreciation charge during the year		**(18,139)**	(39,876)
Exchange differences and other adjustments		**(32,512)**	9,119
Closing Net Book Value		**35,182**	62,681

5.3.1 All the right of use assets include premises obtained on rent for branch operations.

6 Intangible assets			
Intangible assets	**6.1**	**100,725**	108,977
Capital work in progress	**6.2**	**15,249**	22,837
		115,974	131,814
6.1 Intangible assets			
Cost			
As at January 01		**482,938**	407,897
Additions during the year		**31,346**	29,504
Exchange differences and other adjustments		**36,438**	45,537
As at December 31		**550,722**	482,938
Accumulated amortization			
As at January 01		**373,961**	307,518
Amortization charged during the year		**36,808**	33,282
Exchange differences and other adjustments		**39,228**	33,161
As at December 31		**449,997**	373,961
Net book value as at December 31		**100,725**	108,977
Rate of amortization		**20.00%**	20.00%
6.2 Capital work in progress			
Advance against Intangible assets		**15,249**	22,837
7 Investment property			
Net book value as at January 01		**2,427,337**	1,632,498
Transfer from Property and equipment		**102,929**	467
Unrealized fair value gain		**358,100**	794,372
Exchange differences and other adjustments		**26,069**	-
Net book value as at December 31		**2,914,435**	2,427,337

Investment property as at December 31, 2023 consists of the following:

- 6 floors of Adamjee House, Karachi which are rented out.
- 1 floor of Adamjee House, Lahore which is rented out.
- Office in Fayyaz Centre, Karachi which is rented out.
- Office situated at Office no. 303, One by Omniyat Building, Business Bay, Dubai, UAE, which is rented out.

Market value of these investment properties amounts to Rs. 2,914 million based on a valuation carried out by independent valuer, as at December 31, 2023.

The fair value of investment properties was determined by external, independent property valuers having adequate qualifications and experience in the location and category of the property being valued. Investment properties of the Company are valued every year.

The valuation has been carried out considering the segment and location of the property, size, utilization and current trends in price of real estate in close proximity, current market rents for similar properties including assumptions that ready buyers are available in the current market which is analyzed through detailed market surveys and the properties that have recently been sold or purchased or offered/quoted for sale into the same vicinity to determine the better estimates of the fair value.

	Note	2023	2022
8 Investment in subsidiary		---------- Rupees in thousand ----------	
Beginning of year		**2,396,166**	2,662,406
Disposal during the year	**8.4**	**-**	(266,240)
End of year	**8.1,8.2,8.3**	**2,396,166**	2,396,166

8.1 Number of shares

2023	2022	Face value Rupees	Company's Name	2023	2022
No. of Shares				---------- Rupees in thousand ----------	
224,998,250	224,998,250	10	Adamjee Life Assurance Company Limited [Equity held 89.999% (2022: 89.999%)]	**2,396,166**	2,396,166

8.2 The Company's interests in its subsidiary is as follow:

Name	Country of Incorporation	Total assets	Total liabilities	Total revenues	Total profit	% interest held
		---------- Rupees in thousand ----------				
Adamjee Life Assurance Company Limited	Pakistan	**86,089,668**	**81,672,100**	**23,350,828**	**908,075**	**89.999%**
Total at the end of 2023		**86,089,668**	**81,672,100**	**23,350,828**	**908,075**	**89.999%**
Adamjee Life Assurance Company Limited	Pakistan	69,166,054	65,417,764	20,948,801	497,702	89.999%
Total at the end of 2022		69,166,054	65,417,764	20,948,801	497,702	89.999%

8.3 Adamjee Life Assurance Company Limited ("the Company") was incorporated in Pakistan on August 04, 2008 as a public unlisted company under the Companies Act, 2017 (Previously Companies Ordinance,1984). The Company was converted to a listed company on March 04, 2022. It is listed on Pakistan Stock Exchange. Registered office of the Company is at 5th floor, Islamabad Stock Exchange Towers, 55-B, Jinnah Avenue, Blue Area, Islamabad while its principal place of business is at Adamjee House, 3rd and 4th Floor, I.I Chundrigar Road, Karachi.

8.4 During last year, the Company disposed of its investment in Adamjee Life Assurance Company Limited amounting Rs. 266,240 thousands.

9 Investment in equity securities

Available-for-sale

	Note	2023 Cost	2023 Impairment / Provision	2023 Carrying value	2022 Cost	2022 Impairment / Provision	2022 Carrying value
		Rupees in thousand					
Related parties							
Listed shares	9.1	**10,358,756**	**(31)**	**10,358,725**	10,358,114	(31)	10,358,083
Unlisted shares	9.2	**2,882,316**	**-**	**2,882,316**	1,982,316	-	1,982,316
		13,241,072	**(31)**	**13,241,041**	12,340,430	(31)	12,340,399
Unrealized gain				**5,467,657**			824,155
				18,708,698			13,164,554
Others							
Listed shares	9.3	**5,635,253**	**(1,971,864)**	**3,663,389**	5,683,712	(1,944,932)	3,738,780
Mutual Funds	9.4	**50,447**	**(16,366)**	**34,081**	48,979	(16,366)	32,613
NIT Units	9.5	**161**	**-**	**161**	161	-	161
		5,685,861	**(1,988,230)**	**3,697,631**	5,732,852	(1,961,298)	3,771,554
Unrealized gain				**2,458,914**			715,557
				6,156,545			4,487,111
Total		**18,926,933**	**(1,988,261)**	**24,865,243**	18,073,282	(1,961,329)	17,651,665

9.1 Related Parties - Listed shares

No. of Shares 2023	No. of Shares 2022	Face value Rupees	Company's Name	Cost 2023	Cost 2022	Market Value 2023	Market Value 2022
				Rupees in thousand			
			Commercial Banks				
59,225,639	59,225,639	10	MCB Bank Limited [Equity held 4.998% (2022: 4.998%)]	**9,631,648**	9,631,006	**10,219,384**	6,879,650
			Textile Composite				
2,050	2,050	10	Nishat Mills Limited [Equity held 0.001% (2022: 0.001%)]	**144**	144	**157**	113
			Power Generation & Distribution				
25,631,181	25,631,181	10	Pakgen Power Limited [Equity held 6.889% (2022: 6.889%)]	**355,448**	355,448	**1,305,909**	768,935
			Power Generation & Distribution				
27,348,388	27,348,388	10	Lalpir Power Limited [Equity held 7.200% (2022: 7.200%)]	**371,516**	371,516	**617,527**	413,781
112,207,258	112,207,258			**10,358,756**	10,358,114	**12,142,977**	8,062,479

9.1.1 5,700,000 (2022 : 5,286,710) shares of MCB Bank Limited have been pledged against SBLC (Standby Letter of Credit) issued in favour of Meezan Bank Limited on behalf of Hyundai Nishat Motor (Private) Limited, a related party of the Company.

9.2 Related Parties - Unlisted shares

9.2.1

No. of Shares 2023	No. of Shares 2022	Face value Rupees	Company's Name	Cost 2023	Cost 2022	Market Value 2023	Market Value 2022
				Rupees in thousand			
			Automobile Assembler				
195,623,000	105,623,000	10	Hyundai Nishat Motor (Private) Limited [Equity held 10.000% (2022: 10.000%)]	**1,956,956**	1,056,956	**3,407,753**	2,779,997

9.2.1.1 This represents investment in the ordinary shares of Hyundai Nishat Motor (Private) Limited (HNMPL) which is principally engaged in vehicle assembling. Since HNMPL's ordinary shares are not listed, an independent valuer engaged by the Company has estimated a fair value of Rs. 17.42 per ordinary share as at December 31, 2023 (Rs. 26.32 per ordinary share as at December 31, 2022) through a valuation technique based on discounted cash flows. Hence, it has been classified under level 3 of the fair value hierarchy as further explained in note 43 to these unconsolidated financial statements.

The significant assumptions used in this valuation technique are as follows:

- Discount rate of 24.14% (2022: 21.64%) per annum.
- Terminal growth rate in revenue of 2% (2022: 2%) per annum.

9.2.1.2 Sensitivity analysis

Sensitivity analysis of the significant assumptions used in the valuation technique are as follows:

- If the discount rate increases by 1% with all other variables held constant, the impact on fair value as at December 31, 2023 would be Rs. 158,455 thousand lower.
- If the terminal growth rate increase by 1% with all other variables held constant, the impact on fair value as at December 31, 2023 would be Rs. 74,337 thousand higher.

9.2.2

No. of Shares		Face value	Company's Name	Cost		Market Value	
2023	2022	Rupees		2023	2022	2023	2022
				Rupees in thousand			
9,681,374	9,681,374	10	Security General Insurance Company Limited [Equity held 14.224% (2022: 14.224%)]	**925,360**	925,360	**3,157,968**	2,322,078

9.2.2.1 This represents investment in the ordinary shares of Security General Insurance Company Limited ("SGI") which is principally engaged in general insurance business. Since SGI's ordinary shares are not listed, an independent valuer engaged by the Company has estimated a fair value of Rs. 326.19 per ordinary share as at December 31, 2023 (Rs. 239.85 per ordinary share as at December 31, 2022) through a valuation technique based on discounted cash flow analysis of SGI. Hence, it has been classified under level 3 of the fair value hierarchy as further explained in note 43 to these unconsolidated financial statements.

The significant assumptions used in this valuation technique are as follows:

- Discount rate of 25% (2022: 25%) per annum.
- Terminal growth rate of 2% (2022: 2%) per annum.

9.2.2.2 Sensitivity analysis

Sensitivity analysis of the significant assumptions used in the valuation technique are as follows:

- If the discount rate increases by 1% with all other variables held constant, the impact on fair value as at December 31, 2023 would be Rs. 12,987 thousand lower.
- If the terminal growth rate increases by 1% with all other variables held constant, the impact on fair value as at December 31, 2023 would be Rs. 6,519 thousand higher.

9.3 Others - listed shares

No. of Shares 2023	No. of Shares 2022	Face value Rupees	Company's Name	Cost 2023	Cost 2022	Market Value 2023	Market Value 2022
				Rupees in thousand			
			Automobile Assembler				
2,816,397	1,706,908	10	Millat Tractors Limited	**591,172**	591,172	**1,637,087**	828,038
			Cable & Electrical Goods				
148,131	148,131	10	Siemens (Pakistan) Engineering Company Limited	**116,770**	116,770	**99,058**	112,445
			Cement				
645,100	645,100	10	Fecto Cement Limited	**77,534**	77,534	**25,843**	11,309
			Close - End Mutual Fund				
4,113,500	4,113,500	10	HBL Investment Fund 'A'	**27,235**	27,235	**14,192**	6,828
			Commercial Banks				
6,277,500	6,277,500	10	Allied Bank Limited	**641,638**	641,638	**521,033**	401,572
330,300	330,300	10	Habib Bank Limited	**88,086**	88,086	**36,610**	21,050
7,967,450	8,240,950	10	National Bank of Pakistan	**487,922**	504,670	**255,834**	194,404
1,250,000	1,250,000	10	United Bank Limited	**242,721**	242,721	**222,300**	125,938
			Engineering				
-	174,677	10	Aisha Steel Mills Limited	**-**	282	**-**	1,434
-	100,000	10	Crescent Steel & Allied Products Limited	**-**	20,324	**-**	3,198
			Fertilizer				
12,707	12,707	10	Engro Fertilizers Limited	**909**	909	**1,426**	977
9,998,900	9,998,900	10	Fauji Fertilizer Company Limited	**1,050,979**	1,050,979	**1,131,775**	986,991
			Food & Personal Care Products				
5,740	5,740	10	Nestle Pakistan Limited	**59,278**	59,278	**47,085**	33,694
70,304	70,304	10	Rafhan Maize Products Limited	**223,250**	223,250	**702,899**	639,768
			Insurance				
-	4,800	10	EFU General Insurance Company Limited	**-**	211	**-**	444
860,529	860,529	10	Pakistan Reinsurance Company Limited	**6,326**	6,326	**6,617**	5,903
			Investment Companies				
2,220,100	2,220,100	10	Dawood Hercules Corporation	**324,933**	324,933	**238,972**	209,799
5,462,000	5,462,000	10	MCB Arif Habib Savings & Investment Limited	**149,789**	149,789	**154,575**	116,832
			Oil & Gas Exploration Companies				
1,524,300	1,524,300	10	Oil & Gas Development Company Limited	**245,134**	245,134	**171,408**	121,425
5,126,935	5,126,935	10	Sui Northern Gas Pipelines Limited	**278,372**	278,372	**376,932**	192,516
			Paper & Board				
11,750	11,750	10	Packages Limited	**6,144**	6,144	**6,229**	4,349
			Pharmaceuticals				
369,400	369,400	10	Abbott Laboratories Pakistan Limited	**320,902**	320,902	**170,002**	171,147
			Power Generation & Distribution				
5,731,000	5,731,000	10	Kot Addu Power Company Limited	**491,086**	491,086	**162,932**	152,731
923,500	923,500	10	Nishat Power Limited	**42,001**	42,001	**28,582**	16,817
4,935,882	4,935,882	10	Saif Power Limited	**163,072**	163,072	**95,016**	91,659
			Refinery				
-	14,000	10	National Refinery Limited	**-**	10,894	**-**	2,465
				5,635,253	5,683,712	**6,106,407**	4,453,733

9.3.1 5,200,000 (2022 : 4,800,000) shares of Fauji Fertilizer Company Limited have been pledged against SBLC (Standby Letter of Credit) issued in favour of Meezan Bank Limited on behalf of Hyundai Nishat Motor (Private) Limited, a related party of the Company.

9.4 Others-Mutual Fund Certificates

Open-Ended-Mutual Funds				Cost		Market Value	
No. of Units		Face value	Fund's Name	2023	2022	2023	2022
2023	2022	Rupees		Rupees in thousand			
55,419	47,324	100	Alfalah GHP Money Market Fund	**5,697**	4,658	**5,481**	4,658
29,026	24,802	100	HBL Cash Fund	**2,930**	2,501	**2,991**	2,541
4,234,548	4,234,546	10	HBL Investment Fund - Class B	**41,820**	41,820	**40,714**	25,454
				50,447	48,979	**49,186**	32,653

9.5 Open-Ended Equity Funds

No. of Units		Fund Name	Cost		Market Value	
2023	2022		2023	2022	2023	2022
			Rupees in thousand			
12,540	12,540	National Investment Trust	**161**	161	**952**	725
		Grand Total	**18,926,933**	18,073,282	**24,865,243**	17,651,665

	2023	2022
	Rupees in thousand	
10 Investment in debt securities		
Held to maturity		
Treasury Bills	**431,264**	382,288
Pakistan Investment Bonds	**1,343,083**	-
Total	**1,774,347**	382,288

Treasury Bills

Face value Rupees	Yield Rate%	Profit Payment	Type of security	Maturity date	Cost		Carrying amount	
					2023	2022	2023	2022
100,000,000	15.88%	On maturity	12 Month Treasury Bills	27-Jul-23	-	86,326	-	90,589
322,000,000	15.90%	On maturity	12 Month Treasury Bills	24-Aug-23	-	277,971	-	291,699
454,400,000	21.65%	On maturity	12 Month Treasury Bills	18-Apr-24	**374,993**	-	**431,264**	-
					374,993	364,297	**431,264**	382,288

Pakistan Investment Bonds

Face value Rupees	Yield Rate%	Profit Payment	Type of security	Maturity date	Cost		Carrying amount	
					2023	2022	2023	2022
300,000,000	26.22%	Semi-Annually	5 Years Pakistan Investment Bonds	21-Sep-28	**288,300**	-	**309,466**	-
700,000,000	25.97%	Semi-Annually	5 Years Pakistan Investment Bonds	21-Sep-28	**677,208**	-	**726,412**	-
100,000,000	25.97%	Semi-Annually	5 Years Pakistan Investment Bonds	21-Sep-28	**96,739**	-	**103,765**	-
200,000,000	23.90%	Semi-Annually	5 Years Pakistan Investment Bonds	19-Oct-28	**194,035**	-	**203,440**	-
					1,256,282	-	**1,343,083**	-

	Note	2023	2022
11 Investments in Term Deposits		---------- Rupees in thousand ----------	
Held to maturity			
Deposits maturing within 12 months			
Outside Pakistan			
- related parties		**2,020,329**	1,849,572
- others		**4,982,773**	4,710,861
	11.1	**7,003,102**	6,560,433

11.1 These include fixed deposits amounting to Rs. 460,456 thousands (AED 6,000 thousands) [2022: Rs. 369,914 thousands (AED 6,000 thousands)] kept in accordance with the requirements of Insurance Regulations applicable to the UAE branches for the purpose of carrying on business in United Arab Emirates.

	2023	2022
12 Advance against issue of shares	---------- Rupees in thousand ----------	
Advance against issue of right shares	**-**	900,000

The balance represents amount paid against right issue of shares in Hyundai Nishat Motor (Private) Limited, a related party of the Company. The right shares were issued on January 06, 2023.

	Note	2023	2022
13 Loans and other receivables - considered good		---------- Rupees in thousand ----------	
Rent receivable		**7,017**	13,483
Receivable from related parties	**13.1**	**89,968**	74,357
Accrued income		**296,669**	96,064
Security deposits		**60,677**	54,590
Advances to employees and suppliers		**378,207**	373,275
Advance agent commission		**2,751**	4,182
Loans to employees		**59,991**	65,460
Other receivables		**229,415**	159,469
		1,124,695	840,880

13.1 This represents receivable from Adamjee Life Assurance Company Limited, subsidiary of the Company, in respect of cash value of life policies obtained for key management personnel of the Company. The Company is the beneficiary in respect of policies obtained for the employees.

	Note	2023	2022
14 Insurance / reinsurance receivables - unsecured and considered good		---------- Rupees in thousand ----------	
Due from insurance contract holders	**14.1**	**8,566,251**	9,403,294
Provision for impairment of receivables from insurance contract holders	**14.2**	**(1,648,180)**	(1,371,044)
		6,918,071	8,032,250
Due from other insurers / reinsurers		**838,313**	695,069
Provision for impairment of due from other insurers / reinsurers	**14.3**	**(201,302)**	(201,302)
		637,011	493,767
		7,555,082	8,526,017

14.1 Due from insurance contact holders include an amount of Rs. 453,735 thousands (2022: Rs. 122,492 thousands) held with related parties.

	2023	2022
	Rupees in thousand	
14.2 Reconciliation of provision for impairment of receivables from insurance contract holders		
Balance as at January 01	**1,371,044**	1,078,100
Charge for the year	**-**	50,145
Exchange difference	**277,136**	242,799
Balance as at December 31	**1,648,180**	1,371,044
14.3 Reconciliation of provision for impairment of due from other insurers / reinsurers		
Balance as at January 01	**201,302**	201,302
Balance as at December 31	**201,302**	201,302
15 Prepayments		
Prepaid reinsurance premium ceded	**8,298,195**	6,536,997
Prepaid miscellaneous expenses	**154,008**	139,742
	8,452,203	6,676,739
16 Cash and bank		
Cash and cash equivalents		
Inside Pakistan		
Cash in hand	**147**	367
Policy, revenue stamps and bond papers	**23,675**	17,299
	23,822	17,666
Cash at bank		
Inside Pakistan		
Current accounts	**(414,044)**	874,810
Savings accounts	**2,265,820**	1,073,025
Margin against guarantee	**83,999**	83,999
	1,935,775	2,031,834
Outside Pakistan		
Current accounts	**988,551**	1,375,722
Savings accounts	**2,347**	1,900
Margin against guarantee	**2,302,281**	1,849,572
	3,293,179	3,227,194
	5,228,954	5,259,028
	5,252,776	5,276,694

16.1 Cash at bank includes an amount of Rs. 3,110,928 thousands (2022: Rs. 1,967,829 thousands) held with MCB Bank Limited, a related party of the Company.

16.2 Lien of Rs. 592,982 thousands (2022: Rs. 633,240 thousands) is marked on cash deposits in saving accounts against SBLC (Standby Letter of Credit) issued in favor of Meezan Bank Limited on behalf of Hyundai Nishat Motor (Private) Limited, a related party of the Company and for claims under litigation filed against the Company.

16.3 Lien of Rs. 146,094 thousands (AED 1,903,682) [(2022: Rs. 159,883 thousands (AED 2,593,295))] is marked on current accounts by the banks as per the instructions issued by the Court in lieu of execution of legal orders in different cases pertaining to claims in United Arab Emirates.

16.4 Saving / Profit and loss accounts placed in Pakistan carry expected profit rates ranging from 14.50% to 20.80% (2022: 8.50% to 16.00%).

16.5 Margin against bank guarantee in Pakistan represents amount kept with banks in Pakistan essentially in respect of guarantees issued by the banks on behalf of the Company for claims under litigation filed against the Company and bid bond guarantees. The amount of margin against bank guarantee outisde Pakistan represents financial bank guarantee in favor of Central Bank of U.A.E. for meeting regulatory requirement.

	2023	2022
	Rupees in thousand	
17 Window Takaful Operations - Operator's Fund		
Assets		
Cash and bank deposits	**76,860**	164,215
Qard e Hasna to Participants' Takaful Fund	**221,460**	221,460
Investments - Equity securities	**293,848**	251,052
Investments - Debt securities	**51,974**	125,000
Investments - Term Deposits	**500,000**	-
Intangible assets	**16,922**	6,047
Property and equipment	**34,524**	46,276
Current assets - others	**250,048**	235,370
Total Assets	**1,445,636**	1,049,420
Total liabilities	**486,464**	384,973
Wakala income	**831,273**	640,740
Commission expense	**(235,519)**	(174,748)
Management expenses	**(257,976)**	(205,845)
Investment income	**125,025**	22,797
Other income	**28,884**	48,280
Mudarib's share of PTF investment income	**20,093**	11,211
Other expenses	**(4,030)**	(3,858)
Profit before taxation	**507,750**	338,577
Taxation	**(213,025)**	(118,481)
Profit after taxation	**294,725**	220,096

Details of assets, liabilities and segment disclosures of Window Takaful Operations are stated in the annexed financial statements.

18 Share capital

18.1 Authorized share capital

	2023	2022	2023	2022
	Number of shares		Rupees in thousand	
Ordinary shares of Rs. 10 each	**375,000,000**	375,000,000	**3,750,000**	3,750,000

18.2 Issued, subscribed and paid up capital

Ordinary shares of Rs. 10 each fully paid in cash	**250,000**	250,000	**2,500**	2,500
Ordinary shares of Rs. 10 each issued as fully paid bonus shares	**349,750,000**	349,750,000	**3,497,500**	3,497,500
	350,000,000	350,000,000	**3,500,000**	3,500,000

18.3 As at December 31, 2023, associated undertakings MCB Bank Limited, Roomi Holdings (Pvt) Limited, Masood Fabrics Limited, Roomi Fabrics Limited, Masood Holdings (Pvt) Limited, Nishat (Aziz Avenue) Hotels & Properties Limited and Nishat Mills Limited held 70,583,095 (2022: 70,861,241), 18,901,000 (2022: 15,249,000), 10,780,000 (2022: 9,881,500), 10,539,000 (2022: 17,405,000), 6,694,500 (2022: 3,984,500), 1,267,000 (2022: 1,267,000) and 102,809 (2022: 102,809) ordinary shares of the Company, respectively.

	Note	2023	2022
		---------- Rupees in thousand ----------	
19 Reserves			
Capital reserves			
Reserves for exceptional losses	19.1	**22,859**	22,859
Investment fluctuation reserve	19.2	**3,764**	3,764
Exchange translation reserve	19.3	**2,165,419**	1,532,444
Fair value reserve	19.4	**4,835,209**	1,031,608
		7,027,251	2,590,675
Revenue reserves			
General reserves		**936,500**	936,500
		936,500	936,500
		7,963,751	3,527,175

19.1 The reserve for exceptional losses represents the amount set aside by the Company in prior years up to December 31, 1978, in order to avail the deduction while computing the taxable income under the old Income Tax Act of 1922. Subsequent to the introduction of repealed Income Tax Ordinance, 1979, which did not permit such deduction, the Company discontinued the setting aside of reserves for exceptional losses.

19.2 This amount has been set aside by the Company in prior years for utilization against possible diminution in the value of investments.

19.3 The exchange translation reserve represents the gain resulted from the translation of foreign branches (having business in foreign currencies) of the Company into Pak Rupees. For the purpose of exchange translation reserve, the UAE and Export Processing Zone branches are treated as foreign branches since their functional currencies are AED and US Dollars, respectively.

19.4 The fair value reserve represents the net cumulative unrealized gain / (loss) on available for sale investments held by the Company as at December 31, 2023.

	Note	2023	2022
		---------- Rupees in thousand ----------	
20 Retirement benefit obligations			
Unfunded gratuity scheme	20.1	**139,012**	131,152
Funded gratuity scheme	20.2	**36,615**	70,255
		175,627	201,407

20.1 Unfunded gratuity scheme

20.1.1 This provision relates to the Company's operations in UAE branches. The eligible employees under the scheme are 54 (2022 : 70). The latest actuarial valuation of gratuity scheme was carried out as at December 31, 2023 under the Projected Unit Credit Method as per the requirements of approved accounting standard - International Accounting Standard 19, the details of which are as follows:

20.1.2 Movement in the net assets / (liabilities) recognized in the statement of financial position are as follows:

	2023	2022
	Rupees in thousand	
Present value of defined benefit obligation as at January 01	**131,152**	82,145
Charge for the year	**22,973**	13,046
Benefits paid	**(29,716)**	(2,008)
Remeasurement (gain) / loss on obligation	**(17,371)**	12,246
Exchange loss	**31,974**	25,723
Present value of defined benefit obligation as at December 31	**139,012**	131,152

20.1.3 Principal actuarial assumptions used are as follows:

	2023	2022
	Percentages	
- Valuation discount rate	**5.10**	3.00
- Expected rate of increase in salary level	**2.50**	2.50

20.1.4 The amount charged in profit and loss account is as follows:

	2023	2022
	Rupees in thousand	
Service cost	**18,547**	10,973
Interest cost	**4,426**	2,073
Expense for the year	**22,973**	13,046

20.1.5 The amounts charged to statement of comprehensive income are as follows:

Remeasurement of the present value of defined benefit obligation due to:		
- Changes in financial assumptions	**(10,578)**	(1,378)
- Experience adjustments	**(6,793)**	13,624
	(17,371)	12,246

20.2 Funded gratuity scheme

20.2.1 The Company operates an approved funded gratuity scheme for all employees. The eligible employees under the scheme are 720 (2022 : 765). The latest actuarial valuation of gratuity scheme was carried out as at December 31, 2023 under the Projected Unit Credit Method as per the requirements of approved accounting standard - International Accounting Standard 19, the details of which are as follows:

Principal actuarial assumptions used are as follows:

	2023	2022
	Percentages	
- Discount rate	**16.50**	15.50
- Expected rate of increase in salary level	**14.50**	13.50

Movement in the net liabilities recognized in the statement of financial position are as follows:	2023	2022
	Rupees in thousand	
Net liabilities as at January 01	**70,255**	181,515
Expenses recognized	**36,513**	34,852
Contribution paid during the year	**(35,000)**	(180,000)
Remeasurement (gain) / loss recognized - net	**(35,153)**	33,888
Net liabilities as at December 31	**36,615**	70,255
The amounts recognized in the profit and loss account are as follows:		
- Service cost	**28,336**	24,328
- Interest cost	**62,046**	41,683
- Interest income on plan assets	**(53,869)**	(31,159)
	36,513	34,852

	2023	2022
	Rupees in thousand	
The amounts recognized in statement of comprehensive income are as follows:		
Remeasurement of plan obligation from:		
- Experience on obligation	**(6,606)**	28,743
Remeasurement of plan assets:		
- Investment return	**(28,547)**	5,145
	(35,153)	33,888

20.2.2 The amounts recognized in the statement of financial position are as follows:

Fair value of plan assets	**(421,263)**	(356,234)
Present value of defined benefit obligation	**457,878**	426,489
	36,615	70,255

20.2.3 Movement in fair value of plan assets

Present value as at January 01	**356,234**	211,676
Interest income on plan assets	**53,869**	31,159
Actual benefits paid during the year	**(52,387)**	(61,456)
Contribution made during the year	**35,000**	180,000
Remeasurement gain / (loss) due to investment return	**28,547**	(5,145)
Fair value of plan assets as at December 31	**421,263**	356,234
Actual return on plan assets		
Expected return on plan assets	**53,869**	31,159
Remeasurement loss due to investment return	**28,547**	(5,145)
	82,416	26,014

20.2.4 Movement in present value of defined benefit obligation

Present value of defined benefit obligation as at January 01	**426,489**	393,191
Current service cost	**28,336**	24,328
Interest cost	**62,046**	41,683
Actual benefits paid during the year	**(52,387)**	(61,456)
Remeasurement (gain) / loss on obligation	**(6,606)**	28,743
Present value of defined benefit obligation as at December 31	**457,878**	426,489

20.2.5 Comparison for five years

Funded gratuity scheme

	2023	2022	2021	2020	2019
	Rupees in thousand				
Present value of defined obligation	**457,878**	426,489	393,191	363,011	341,214
Fair value of plan assets	**421,263**	356,234	211,676	230,138	198,745
Deficit	**36,615**	70,255	181,515	132,873	142,469
Experience adjustments					
Gain / (loss) on plan assets (% age of plan assets)	**6.78**	(1.44)	(2.22)	(5.04)	(0.21)
(Gain) / loss on obligations (% age of obligation)	**(1.44)**	6.74	2.75	(1.82)	(4.78)

Unfunded gratuity schemes

	2023	2022	2021	2020	2019
	Rupees in thousand				
Present value of defined obligation	**139,012**	131,152	82,145	64,359	82,708
Experience adjustments					
Gain / (loss) on obligations (% age of obligation)	**4.89**	(10.39)	(4.27)	23.15	(9.71)

	2023	2022	2023	2022
	Percentage		Rupees in thousand	
20.2.6 Plan assets consist of the following:				
Mutual funds - Equity	**5.18**	4.66	**21,814**	16,613
Mutual funds - Debt	**-**	9.83	**-**	35,000
Government Bonds - Debt	**85.96**	79.81	**362,137**	284,323
Shares, bank deposits & cash equivalents - Others	**8.86**	5.70	**37,312**	20,298
	100.00	100.00	**421,263**	356,234

20.2.7 Plan assets do not include any investment in the Company's ordinary shares as at December 31, 2023 (2022: Nil).

20.2.8 Expected cost to be recorded in the profit and loss account for the year ending December 31, 2024 is Rs. 33,789 thousands.

20.2.9 Expected contributions to the plan for the year ending December 31, 2024 is Rs. 35,230 thousands.

20.2.10 The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the fund, at beginning of the year.

20.2.11 The weighted average duration of the defined benefit obligation for gratuity plan is 3.2 years (2022: 3.2 years).

20.2.12 These defined benefit plans expose the Company to actuarial risks such as investment risk and salary risk.

20.2.13 The main features of the gratuity schemes are as follows:

- All confirmed employees are eligible to the scheme and the normal retirement age for all employees is 60 years.
- A member shall be entitled to gratuity on resignation, termination, retirement, early retirement, retrenchment, death and dismissal based on the Company's Service rules.
- The scheme is subject to the regulations laid down under the Income Tax Rules, 2002.

20.2.14 The implicit objective is that the contribution to the gratuity schemes should remain reasonably stable as a percentage of salaries, under the actuarial cost method employed.

20.2.15 Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

	Change in assumptions	Impact on Gratuity plans			
		Unfunded		Funded	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		Rupees in thousand			
Discount rate	1%	(4,484)	4,827	(12,135)	12,894
Salary growth rate	1%	4,904	(4,637)	13,009	(12,447)

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 actuarial assumptions the 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 when calculating the defined benefit obligation recognized within the statement of financial position.

21 Deferred taxation

	2023	2022
	Rupees in thousand	
Deferred tax debits arising in respect of:		
Provision for gratuity	**54,215**	43,280
Lease liability	**15,005**	15,116
Investments - Available for sale	**-**	139,134
	69,220	197,530
Deferred tax credits arising in respect of:		
Tax depreciation allowance	**(1,412,459)**	(982,733)
Right of use assets	**(13,721)**	(20,685)
Investments - Available for sale	**(2,315,941)**	-
Surplus on revaluation of fixed assets	**(19,662)**	-
	(3,761,783)	(1,003,418)
	(3,692,563)	(805,888)

21.1 Movement in deferred tax balances is as follows:

As at January 01	**805,888**	2,031,142
Recognized in profit and loss account:		
- provision for gratuity	**(10,935)**	(19,458)
- lease liability against right of use asset	**111**	6,830
- right of use assets	**(6,964)**	(5,336)
- tax depreciation allowance	**429,726**	411,622
- investments - Available for sale	**(128,181)**	(647,690)
	283,757	(254,032)
Recognized in statement of comprehensive income:		
- investments - Available for sale	**2,583,256**	(971,222)
- surplus on revaluation of fixed assets	**19,662**	-
	2,602,918	(971,222)
As at December 31	**3,692,563**	805,888

22 Insurance / reinsurance payables

Due to other insurers / reinsurers	**3,952,563**	6,959,398

This amount represents amount payable to other insurers and reinsurers.

	Note	2023	2022
		---------- Rupees in thousand ----------	
23 Other creditors and accruals			
Agents commission payable		**1,101,013**	977,109
Federal Excise Duty / Sales tax / VAT		**551,894**	449,746
Federal Insurance Fee payable		**34,998**	45,483
Workers' Welfare Fund payable	**23.1**	**304,348**	224,506
Tax deducted at source		**53,934**	61,689
Accrued expenses		**271,126**	225,382
Unpaid and unclaimed dividend		**173,512**	160,541
Payable to employees' provident fund		**154**	211
Sundry creditors		**915,588**	1,051,908
		3,406,567	3,196,575
23.1 Workers' Welfare Fund			
Balance as at 01 January		**224,506**	76,485
Provision for the year		**79,842**	148,021
Balance as at 31 December		**304,348**	224,506
24 Deposits and other liabilities			
Cash margin against performance bonds	**24.1**	**462,374**	495,392
Lease liability	**24.2**	**38,475**	45,807
		500,849	541,199

24.1 This represents margin deposit on account of performance and other bond policies issued by the Company.

24.2 Maturity analysis

Not later than 1 year	**13,313**	25,313
Later than 1 year and not later than 5 years	**25,162**	20,494
	38,475	45,807

25 Contingencies and commitments

25.1 Contingencies

The Company has filed appeals in respect of certain assessment years mainly on account of the following:

Income tax

(a) The Tax Authorities have passed order u/s 161/205 of the Ordinance for tax year 2013 raising an income tax demand of Rs. 9,066 thousands. The Company agitated the order before Commissioner Inland Revenue -Appeals (CIR - Appeals). CIR - Appeals decided the case in the favor of the Company. Following the said order, the learned DCIR has passed an appeal effect order in which certain directions of the learned CIR-Appeals have not been followed for which a rectification appeal under section 221 of the Ordinance has been filed before learned DCIR which is still to be processed.

(b) The Tax Authorities have passed an order in the tax years 2005 and 2006 under section 221 of the Income Tax Ordinance, 2001 (the Ordinance) levying minimum tax liability aggregating to Rs. 38,360 thousands. An appeal was filed before the CIR - Appeals who upheld the order of the Taxation Officer. The Company has filed an appeal before the Additional Tribunal Inland Revenue (ATIR) which is yet to be heard.

(c) The Tax Authorities amended the assessments for tax years 2003 to 2005 on the ground that the Company has not apportioned management and general administration expenses against capital gain and dividend income. The Company filed constitutional petition in the Honourable Sindh High Court (the Court) against the amendment in the assessment order. The Company may be liable to pay Rs. 5,880 thousands in the event of decision against the Company, out of which Rs. 2,730 thousands have been provided resulting in a shortfall of Rs. 3,150 thousands.

(d) Sindh Revenue Board has passed orders under section 23(1) of the Sindh Sales Tax On Services Act 2011 creating demands of Rs. 469,020 and Rs. 1,800,219 thousands for the period from July 2011 to December 2011 and for the period January 2014 to December 2015 respectively. The impugned demand has been created on account of non levy of sales tax on reinsurance services acquired from foreign reinsurance companies. The company has challenged the order before Commissioner (Appeals) Sindh Revenue Board. However, the same has not been fixed for hearing till now. The company, based on reasonable grounds, expects that the ultimate outcome of the case will be in the favour of the company.

Pending resolution of the above-mentioned appeals filed by the Company, no provision has been made in these unconsolidated financial statements for the aggregate amount of Rs. 2,319,815 thousands (2022: Rs. 2,341,920 thousands) as the management is confident that the eventual outcome of the above matters will be in favor of the Company.

Others

The Company has provided a guarantee to Meezan Bank Limited (MBL) against the loan provided by MBL to Hyundai Nishat Motor (Private) Limited, a related party, amounting to Rs. 1,193,900 thousands (2022: Rs. 1,250,357 thousands).

The Company has issued letter of guarantees amounting to AED 115,000,000 amounting to Rs. 8,825,411 thousands (2022: AED 115,000,000 amounting to Rs. 7,090,026 thousands) relating to UAE branch.

	2023	2022
	---------- Rupees in thousand ----------	
26 Net insurance premium		
Written gross premium	**41,463,413**	32,676,780
Unearned premium reserve - opening	**14,996,454**	11,010,289
Unearned premium reserve - closing	**(19,343,851)**	(14,996,454)
Currency translation effect	**1,365,094**	1,110,039
Premium earned	**38,481,110**	29,800,654
Reinsurance premium ceded	**(20,719,284)**	(14,597,978)
Prepaid reinsurance premium - opening	**(6,536,997)**	(4,627,169)
Prepaid reinsurance premium - closing	**8,298,195**	6,536,997
Currency translation effect	**(203,935)**	(132,399)
Reinsurance expense	**(19,162,021)**	(12,820,549)
	19,319,089	16,980,105
26.1 Net insurance premium - Business underwritten inside Pakistan		
Written gross premium	**28,484,645**	22,442,428
Unearned premium reserve - opening	**9,454,477**	7,393,851
Unearned premium reserve - closing	**(10,824,315)**	(9,454,477)
Premium earned	**27,114,807**	20,381,802
Reinsurance premium ceded	**(18,919,619)**	(12,829,798)
Prepaid reinsurance premium - opening	**(5,699,784)**	(4,302,258)
Prepaid reinsurance premium - closing	**7,441,378**	5,699,784
Reinsurance expense	**(17,178,025)**	(11,432,272)
	9,936,782	8,949,530

	2023	2022
	---------- Rupees in thousand ----------	
26.2 Net insurance premium - Business underwritten outside Pakistan		
Written gross premium	**12,978,768**	10,234,352
Unearned premium reserve - opening	**5,541,977**	3,616,438
Unearned premium reserve - closing	**(8,519,536)**	(5,541,977)
Currency translation effect	**1,365,094**	1,110,039
Premium earned	**11,366,303**	9,418,852
Reinsurance premium ceded	**(1,799,665)**	(1,768,180)
Prepaid reinsurance premium - opening	**(837,213)**	(324,911)
Prepaid reinsurance premium - closing	**856,817**	837,213
Currency translation effect	**(203,935)**	(132,399)
Reinsurance expense	**(1,983,996)**	(1,388,277)
	9,382,307	8,030,575
27 Net insurance claims expense		
Claim paid	**23,719,945**	19,356,834
Outstanding claims including IBNR - closing	**26,395,403**	20,726,702
Outstanding claims including IBNR - opening	**(20,726,702)**	(12,686,045)
Currency translation effect	**(2,101,642)**	(1,713,790)
Claim expense	**27,287,004**	25,683,701
Reinsurance and other recoveries received	**(9,184,523)**	(7,961,881)
Reinsurance and other recoveries in respect of outstanding claims - closing	**(20,902,569)**	(15,233,478)
Reinsurance and other recoveries in respect of outstanding claims - opening	**15,233,478**	7,943,513
Currency translation effect	**1,172,730**	852,819
Reinsurance and other recoveries revenue	**(13,680,884)**	(14,399,027)
	13,606,120	11,284,674
27.1 Net insurance claims expense - Business underwritten inside Pakistan		
Claim paid	**8,360,330**	9,532,395
Outstanding claims including IBNR - closing	**16,482,355**	12,123,015
Outstanding claims including IBNR - opening	**(12,123,015)**	(7,131,251)
Claim expense	**12,719,670**	14,524,159
Reinsurance and other recoveries received	**(2,701,555)**	(4,234,327)
Reinsurance and other recoveries in respect of outstanding claims - closing	**(14,571,713)**	(10,450,405)
Reinsurance and other recoveries in respect of outstanding claims - opening	**10,450,405**	5,482,393
Reinsurance and other recoveries revenue	**(6,822,863)**	(9,202,339)
	5,896,807	5,321,820
27.2 Net insurance claims expense - Business underwritten outside Pakistan		
Claim paid	**15,359,615**	9,824,439
Outstanding claims including IBNR - closing	**9,913,048**	8,603,687
Outstanding claims including IBNR - opening	**(8,603,687)**	(5,554,794)
Currency translation effect	**(2,101,642)**	(1,713,790)
Claim expense	**14,567,334**	11,159,542
Reinsurance and other recoveries received	**(6,482,968)**	(3,727,554)
Reinsurance and other recoveries in respect of outstanding claims - closing	**(6,330,856)**	(4,783,073)
Reinsurance and other recoveries in respect of outstanding claims - opening	**4,783,073**	2,461,120
Currency translation effect	**1,172,730**	852,819
Reinsurance and other recoveries revenue	**(6,858,021)**	(5,196,688)
	7,709,313	5,962,854

27.3 Claim development table

The Company maintains adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The following table shows the development of the claims over a period of time. All amounts are presented in gross numbers before reinsurance.

	2018	2019	2020	2021	2022	2023	Total
	Rupees in thousand						
At the end of accident year	13,278,246	14,544,497	12,607,367	14,166,057	27,835,542	23,674,232	**106,105,941**
One year later	6,250,676	6,218,787	5,366,245	8,158,522	20,531,766	-	**46,525,996**
Two years later	1,880,335	2,149,028	1,565,716	2,756,387	-	-	**8,351,466**
Three years later	863,553	948,368	1,148,493	-	-	-	**2,960,414**
Four years later	613,987	803,470	-	-	-	-	**1,417,457**
Five years later	1,201,000	-	-	-	-	-	**1,201,000**
Current estimate of cumulative claims	1,201,000	803,470	1,148,493	2,756,387	20,531,766	23,674,232	**50,115,348**
Less: Cumulative payments to date	115,673	317,412	360,648	1,563,812	8,344,586	13,017,814	**23,719,945**
Liability recognized in statement of financial position	1,085,327	486,058	787,845	1,192,575	12,187,180	10,656,418	**26,395,403**

	2023	2022
	Rupees in thousand	
28 Net commission and other acquisition costs		
Commission paid or payable	**3,937,080**	3,182,078
Deferred commission expense - opening	**1,489,080**	1,055,480
Deferred commission expense - closing	**(2,133,671)**	(1,489,080)
Currency translation effect	**256,978**	205,785
Net Commission	**3,549,467**	2,954,263
Commission received or recoverable	**(1,150,207)**	(1,002,523)
Unearned reinsurance commission - opening	**(365,610)**	(241,094)
Unearned reinsurance commission - closing	**507,332**	365,610
Currency translation effect	**(10,413)**	(4,242)
Commission from reinsurance	**(1,018,898)**	(882,249)
	2,530,569	2,072,014
28.1 Net commission and other acquisition costs - Business underwritten Inside Pakistan		
Commission paid or payable	**1,452,020**	1,218,959
Deferred commission expense - opening	**447,607**	393,554
Deferred commission expense - closing	**(448,982)**	(447,607)
Net Commission	**1,450,645**	1,164,906
Commission received or recoverable	**(1,012,505)**	(912,432)
Unearned reinsurance commission - opening	**(323,930)**	(239,650)
Unearned reinsurance commission - closing	**415,444**	323,930
Commission from reinsurance	**(920,991)**	(828,152)
	529,654	336,754
28.2 Net commission and other acquisition costs - Business underwritten Outside Pakistan		
Commission paid or payable	**2,485,060**	1,963,119
Deferred commission expense - opening	**1,041,473**	661,926
Deferred commission expense - closing	**(1,684,689)**	(1,041,473)
Currency translation effect	**256,978**	205,785
Net Commission	**2,098,822**	1,789,357
Commission received or recoverable	**(137,702)**	(90,091)
Unearned reinsurance commission - opening	**(41,680)**	(1,444)
Unearned reinsurance commission - closing	**91,888**	41,680
Currency translation effect	**(10,413)**	(4,242)
Commission from reinsurance	**(97,907)**	(54,097)
	2,000,915	1,735,260

	Note	2023	2022
		---------- Rupees in thousand ----------	
29 Management expenses			
Employee benefit costs	29.1	2,407,084	2,080,084
Travelling expenses		102,604	68,129
Advertisement and sales promotion		79,284	57,821
Printing and stationary		53,654	34,728
Depreciation	5.1 & 5.3	190,594	218,659
Amortization	6	36,808	33,282
Rent, rates and taxes		40,986	7,264
Legal and professional charges - business related		239,106	170,510
Electricity, gas and water		123,704	98,754
Entertainment		48,972	31,009
Vehicle running expenses		227,832	164,472
Office repairs and maintenance		118,202	104,261
Bank charges		162,472	143,269
Postages, telegrams and telephone		33,170	27,442
Supervision fee		84,108	73,946
IT related costs		220,835	119,793
Tracking and monitoring charges		96,543	115,438
Provision for doubtful balances against due from insurance contract holders		-	50,145
Regulatory fee		207,149	177,517
Miscellaneous		74,599	56,350
		4,547,706	3,832,873
29.1 Employee benefit costs			
Salaries, allowances and other benefits		2,296,006	1,986,159
Charges for post employment benefit		111,078	93,925
		2,407,084	2,080,084
30 Investment Income			
Business underwritten Inside Pakistan			
Income from equity securities			
Available-for-sale			
Dividend income			
- related parties		2,816,728	1,101,187
- others		531,266	671,652
		3,347,994	1,772,839
Income from debt securities			
Held to maturity			
Return on Pakistan Investment Bonds		72,954	6,353
Profit on Treasury Bills		199,604	78,073
		272,558	84,426
Income from term deposits		-	2,997
Net realized gains on investments			
Available-for-sale			
Realized gains on equity securities			
- related parties		(1,145)	346,439
- others		(37,311)	(358,396)
		(38,456)	(11,957)
		3,582,096	1,848,305
Provision of impairment in value of 'available-for-sale' investments		(26,931)	151,982
		3,555,165	2,000,287

	Note	2023	2022
		---------- Rupees in thousand ----------	
Business underwritten Outside Pakistan			
Income from equity securities			
Available-for-sale			
Dividend income		-	102
Return on term deposits			
- related parties		**149,649**	32,491
- others		**198,105**	94,720
		347,754	127,211
		347,754	127,313
Net investment income		**3,902,919**	2,127,600

31 Rental income

Rental income		**183,155**	163,010
Expenses of investment property		**(1,107)**	(805)
		182,048	162,205

32 Other income

Return on bank balances		**422,522**	161,057
Gain on sale of operating assets		**23,778**	13,651
Return on loans to employee		**130**	156
Income against deferred grant		**-**	6,329
Exchange gain		**19,713**	7,404
Shared expenses received		**14,280**	19,360
Miscellaneous		**64,156**	14,911
		544,579	222,868

33 Other expenses

Legal and professional charges other than business		**49,716**	41,824
Auditor's remuneration	**33.1**	**23,875**	17,350
Subscription Fee		**23,475**	5,603
Donations	**33.2**	**26,800**	32,400
Directors` fee		**850**	515
Central depository expense		**1,388**	1,533
Others		**7,203**	6,328
		133,307	105,553

	2023	2022
	Rupees in thousand	

33.1 Auditors' remuneration

Inside Pakistan:

Audit fee	**3,576**	3,143
Interim review fee	**579**	551
Special certifications and sundry advisory services	**644**	613
Out-of-pocket expenses	**463**	463
	5,262	4,770

Outside Pakistan

Audit fee	**15,709**	10,463
Interim review fee	**1,908**	1,393
Out-of-pocket expenses	**996**	724
	18,613	12,580
	23,875	17,350

33.2 The Company has paid the donations amounting to Rs. 25 million (2022: Rs. 30 million) to Saleem Memorial Trust Hospital, Rs. 1.5 million (2022: Rs. 1.5 million) to Pakistan Agricultural Coalition, Nil (2022: Rs. 0.5 million) to Insurance Association Of Pakistan, Nil (2022: Rs. 0.4 million) to Safco Support Foundation and Rs. 0.3 million (2022: Nil) to Mahmud Ali Kasuri Welfare Trust during the current year.

	2023	2022
	Rupees in thousand	

34 Finance cost

Finance cost on borrowing	**-**	29,327
Finance cost on lease liability	**4,674**	6,057
	4,674	35,384

35 Taxation

Current taxation

For the year		
- General	**1,162,039**	617,315
- Window Takaful Operations - Operator's fund	**198,244**	111,541
Prior year		
- General	**(8,584)**	80,431
- Window Takaful Operations - Operator's fund	**14,710**	5,571
	1,366,409	814,858

Deferred taxation

For the year		
- General	**283,757**	(254,032)
- Window Takaful Operations - Operator's fund	**71**	1,369
	283,828	(252,663)
	1,650,237	562,195

35.1 Tax Charge Reconciliation

	(Effective tax rate)	
	2023	2022
	(Percentage)	
Tax at the applicable rate of 39% (2022: 33%)	39.00	33.00
Prior year	0.16	2.56
Tax effect of provision for impairment of investments	0.27	(22.16)
Others	2.75	4.46
	42.18	17.86

36 Earnings per share - basic and diluted

	2023	2022
	Rupees in thousand	
There is no dilutive effect on the basic earnings per share which is based on:		
Profit for the year attributable to ordinary shareholders	2,262,030	2,585,013
	Number of shares	
Weighted average number of ordinary shares outstanding	350,000,000	350,000,000
	(Rupees)	
Earnings per share - basic and diluted	6.46	7.39

37 Compensation of Directors and Executives

The aggregate amount charged in the accounts for remuneration including all benefits to the Chief Executive Officer, Directors and Executives of the Company are as follows:

	Chief Executive Officer		Directors		Executives	
	2023	2022	2023	2022	2023	2022
	Rupees in thousand					
Fees	-	-	850	515	-	-
Managerial remuneration	38,903	34,735	-	-	1,202,308	985,903
Leave encashment	2,594	2,316	-	-	45,022	42,047
Bonus	5,925	5,290	-	-	89,446	74,815
Charge of defined benefit plan	1,576	1,291	-	-	40,534	38,935
Contribution to defined contribution plan	1,945	1,737	-	-	37,196	32,155
House rent allowance	-	-	-	-	167,589	153,755
Utilities	1,116	561	-	-	-	-
Medical	-	-	-	-	36,749	34,147
Conveyance	-	-	-	-	123,870	113,962
Special allowance	1,800	1,800	-	-	-	-
Other allowance	428	264	-	-	10,931	18,961
	54,287	47,994	850	515	1,753,645	1,494,680
Number	1	1	7	7	408	401

37.1 In addition, the Chief Executive Officer (CEO) is also provided with Company maintained car (s), certain household items, furniture and fixtures and equipment in accordance with the policy of the Company.

37.2 No remuneration was paid to Non-Executive Directors of the Company except for meeting fees.

38 Transactions with related parties

The Company has related party relationships with its associates, subsidiary company, employee retirement benefit plans, key management personnel and other parties. Transactions are entered into with such related parties for the issuance of policies to and disbursements of claims incurred by them and other transactions carried out for normal business operations. There are no transactions with key management personnel other than those specified in their terms of employment.

Investments and bank deposits with related parties have been disclosed in note 8, 9, 11, 12 & 16 and related cashflows included in these unconsolidated financial statements. Other transactions and balances with related parties are summarized as follows:

i) Transactions	Relationship with the Company	2023	2022
		Rupees in thousand	
Premiums underwritten	Subsidiary company	**22,405**	24,138
Premiums received	Subsidiary company	**24,860**	24,761
Investments sold	Subsidiary company	**-**	700,000
Dividend received	Subsidiary company	**191,250**	-
Claims paid	Subsidiary company	**15,402**	14,937
Premium paid	Subsidiary company	**17,928**	20,956
Security deposit received	Subsidiary company	**-**	1,105
Rent paid / payable	Subsidiary company	**3,000**	3,250
Rent / service charges / expenses received	Subsidiary company	**81,454**	79,590
Premiums underwritten	Other related parties	**3,530,254**	2,210,656
Premiums received	Other related parties	**3,688,668**	2,314,397
Claims paid	Other related parties	**796,984**	684,447
Commission Paid	Other related parties	**38,804**	40,518
Premium paid	Other related parties	**20,697**	-
Guarantee commission received	Other related parties	**4,975**	11,215
Rent paid	Other related parties	**9,542**	10,700
Rent received	Other related parties	**98,771**	62,937
Dividends received	Other related parties	**2,270,518**	938,893
Dividends paid	Other related parties	**312,287**	260,249
Income on bank deposits	Other related parties	**328,940**	75,458
Investments made	Other related parties	**641**	1,616,759
Investments sold	Other related parties	**-**	118,988
Fee / service charges paid	Other related parties	**13,982**	12,017
Fee / service charges received / accrued	Other related parties	**20,376**	13,257
Payments made to provident fund	Employees' fund	**41,944**	40,791
ii) Period end balances			
Balances receivable	Subsidiary company	**91,151**	80,386
Balances payable	Subsidiary company	**8,165**	7,668
Balances receivable	Other related parties	**474,129**	134,023
Balances payable	Other related parties	**651,154**	370,730
Payable to provident fund	Employees' fund	**154**	211

38.1 Following are the particulars of the related parties other than employee retirement benefit plans, key management personnel and Directors of the Company at the reporting date.

Name of Related Party	Basis of relationship	Aggregate % of Shareholding in the Company
A. A. Joyland (Private) Limited	Common directorship	Nil
Adamjee Life Assurance Company Limited	Subsidiary	89.999%
AFLAK Developers	Common directorship	Nil
Agrohub International (Private) Limited	Common directorship	Nil
Avenew Marketing (Private) Limited	Company director / relative Shareholder	Nil
Cotton Web (Private) Limited	Company director Chairman	Nil
Din Farm Products (Private) Limited	Common directorship	Nil
Din Leather (Private) Limited	Common directorship	Nil
Din Textile Mills Limited	Company director Chairman	Nil
Dupak Developers Pakistan (Private) Limited	Common directorship	Nil
Dupak Energy (Private) Limited	Common directorship	Nil
Dupak Premier Properties (Private) Limited	Common directorship	Nil
Dupak Properties (Private) Limited	Common directorship	Nil
Dupak Residency (Private) Limited	Common directorship	Nil
Dupak Sky Line (Private) Limited	Common directorship	Nil
Dupak Tameer Limited	Common directorship	Nil
Dupak Tower (Private) Limited	Common directorship	Nil
Fortress Builders (Private) Limited	Common directorship	Nil
Fortress Developers (Private) Limited	Common directorship	Nil
Fortress Financials Services (Private) Limited	Common directorship	Nil
Fortress Square Services (Private) Limited	Common directorship	Nil
Golf View Land (Private) Limited	Common directorship	Nil
Hyundai Nishat Motor (Private) Limited	Common directorship	10.000%
IBSAL Logistics Limited	Common directorship	Nil
Joyland Construction (Private) Limited	Common directorship	Nil
Joyland Entertainment (Private) Limited	Common directorship	Nil
Joyland (Private) Limited	Common directorship	Nil
Lalpir Power Limited	Company director / relative Shareholder	7.200%
Masood Apparels (Private) Limited	Common directorship	Nil
Masood Fabrics Limited	Common directorship	Nil
Masood Holdings (Private) Limited	Common directorship	Nil
Masood Roomi Foods (Private) Limited	Common directorship	Nil
Masood Roomi Textile Mills (Private) Limited	Common directorship	Nil
MCB Bank Limited	Common directorship	4.998%
MCB Islamic Bank Limited	Common directorship	Nil
National Textile Foundation	Common directorship	Nil
Nishat (Aziz Avenue) Hotels & Properties Limited	Company director / relative Shareholder	Nil
Nishat (Raiwind) Hotels & Properties Limited	Common directorship	Nil
Nishat Agriculture Farming (Private) Limited	Common directorship	Nil
Nishat Agrotech Farms (Private) Limited	Common directorship	Nil
Nishat Chunian Power Limited	Company director / relative Shareholder	Nil
Nishat Dairy (Private) Limited	Common directorship	Nil
Nishat Developers (Private) Limited	Common directorship	Nil
Nishat Hotels & Properties Limited	Common directorship	Nil
Nishat Mills Limited	Common directorship	0.001%
Nishat Sutas Dairy Limited	Common directorship	Nil
Pakgen Power Limited	Common directorship	6.889%
Roomi Fabrics Limited	Common directorship	Nil
Roomi Holdings (Private) Limited	Common directorship	Nil
Roomi Home (Private) Limited	Common directorship	Nil
Siddiqsons Limited	Common directorship	Nil
Siddiqsons Tin Plate Limited	Common directorship	Nil
Siddiqsons Energy Limited	Common directorship	Nil
D.G. Khan Cement Company Limited	Company director / relative Shareholder	Nil
Nishat Chunian Limited	Company director / relative Shareholder	Nil
Nishat Paper Products Limited	Company director / relative Shareholder	Nil
Pakistan Aviators and Aviation (Private) Limited	Company director / relative Shareholder	Nil
Security General Insurance Company Limited	Company director / relative Shareholder	14.224%

39 Segment Information

	2023												
	Fire & property damage		Marine, aviation & transport		Motor		Accident & health		Miscellaneous		Total		Aggregate
	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	
	Rupees in thousands												
Premium receivable (Inclusive of federal excise duty,													
Federal insurance fee and Administrative surcharge)	20,982,474	33,843	2,695,610	46,202	4,001,973	11,539,020	3,290,350	1,995,355	1,488,357	14,000	**32,458,764**	**13,628,420**	**46,087,184**
Federal excise duty / VAT	(2,609,440)	(2,076)	(300,863)	(2,335)	(494,048)	(549,477)	(137,116)	(95,017)	(147,211)	(667)	**(3,688,678)**	**(649,572)**	**(4,338,250)**
Federal insurance fee	(182,912)	(62)	(23,853)	(18)	(34,788)	-	(30,894)	-	(12,994)	-	**(285,441)**	**(80)**	**(285,521)**
	18,190,122	31,705	2,370,894	43,849	3,473,137	10,989,543	3,122,340	1,900,338	1,328,152	13,333	**28,484,645**	**12,978,768**	**41,463,413**
Gross written premium (inclusive of													
administrative surcharge)	18,190,122	31,705	2,370,894	43,849	3,473,137	10,989,543	3,122,340	1,900,338	1,328,152	13,333	**28,484,645**	**12,978,768**	**41,463,413**
Gross direct premium	18,168,004	31,607	2,338,303	43,838	3,360,227	10,986,305	3,119,984	1,900,338	1,285,013	13,293	**28,271,531**	**12,975,381**	**41,246,912**
Facultative inward premium	2,357	-	-	-	-	-	-	-	29,114	-	**31,471**	**-**	**31,471**
Administrative surcharge	19,761	98	32,591	11	112,910	3,238	2,356	-	14,025	40	**181,643**	**3,387**	**185,030**
	18,190,122	31,705	2,370,894	43,849	3,473,137	10,989,543	3,122,340	1,900,338	1,328,152	13,333	**28,484,645**	**12,978,768**	**41,463,413**
Insurance premium earned	16,390,363	32,731	2,408,419	34,507	3,611,490	8,805,055	3,341,810	2,481,147	1,362,725	12,863	**27,114,807**	**11,366,303**	**38,481,110**
Insurance premium ceded to reinsurers	(15,261,667)	(26,988)	(1,247,496)	-	(70,949)	(595,200)	-	(1,351,064)	(597,913)	(10,744)	**(17,178,025)**	**(1,983,996)**	**(19,162,021)**
Net insurance premium	1,128,696	5,743	1,160,923	34,507	3,540,541	8,209,855	3,341,810	1,130,083	764,812	2,119	**9,936,782**	**9,382,307**	**19,319,089**
Commission income	831,447	5,375	10,021	-	5,819	89,816	-	-	73,704	2,716	**920,991**	**97,907**	**1,018,898**
Net underwriting income	1,960,143	11,118	1,170,944	34,507	3,546,360	8,299,671	3,341,810	1,130,083	838,516	4,835	**10,857,773**	**9,480,214**	**20,337,987**
Insurance claims	(7,007,862)	(891,625)	(643,631)	8,352	(1,655,734)	(11,718,422)	(3,064,921)	(1,965,615)	(347,522)	(24)	**(12,719,670)**	**(14,567,334)**	**(27,287,004)**
Insurance claim recoveries from reinsurer	6,490,833	803,186	233,583	(369)	(16,911)	4,666,410	-	1,387,636	115,358	1,158	**6,822,863**	**6,858,021**	**13,680,884**
Net claims	(517,029)	(88,439)	(410,048)	7,983	(1,672,645)	(7,052,012)	(3,064,921)	(577,979)	(232,164)	1,134	**(5,896,807)**	**(7,709,313)**	**(13,606,120)**
Commission expense	(690,771)	(4,247)	(205,871)	(4,443)	(306,349)	(1,802,332)	(110,498)	(287,583)	(137,156)	(217)	**(1,450,645)**	**(2,098,822)**	**(3,549,467)**
Management expense	(557,408)	(7,638)	(531,059)	(36,191)	(1,366,988)	(1,393,448)	(143,028)	(227,418)	(280,531)	(3,997)	**(2,879,014)**	**(1,668,692)**	**(4,547,706)**
Net insurance claims and expenses	(1,765,208)	(100,324)	(1,146,978)	(32,651)	(3,345,982)	(10,247,792)	(3,318,447)	(1,092,980)	(649,851)	(3,080)	**(10,226,466)**	**(11,476,827)**	**(21,703,293)**
Underwriting result	194,935	(89,206)	23,966	1,856	200,378	(1,948,121)	23,363	37,103	188,665	1,755	**631,307**	**(1,996,613)**	**(1,365,306)**
Net investment income											**3,555,165**	**347,754**	**3,902,919**
Rental income											**178,613**	**3,435**	**182,048**
Other income											**385,742**	**158,837**	**544,579**
Change in fair value of investment property											**194,186**	**163,914**	**358,100**
Other expenses											**(107,398)**	**(25,909)**	**(133,307)**
Finance cost											**(4,674)**	**-**	**(4,674)**
Workers' welfare fund reversal											**(79,842)**	**-**	**(79,842)**
Profit from Window Takaful Operations - Operator's fund											**507,750**	**-**	**507,750**
Profit before taxation											**5,260,849**	**(1,348,582)**	**3,912,267**
Segment Assets	24,026,231	639,227	718,124	9,040	1,008,561	8,880,546	649,144	1,180,206	1,753,163	25,275	**28,155,223**	**10,734,294**	**38,889,517**
Unallocated assets											39,190,115	12,048,120	**51,238,235**
											67,345,338	**22,782,414**	**90,127,752**
Segment Liabilities	24,074,001	710,512	977,468	39,912	2,580,655	16,827,569	1,987,758	1,459,328	2,299,743	27,487	**31,919,625**	**19,064,808**	**50,984,433**
Unallocated Liabilities											7,023,657	1,468,839	**8,492,496**
											38,943,282	**20,533,647**	**59,476,929**

39.1 Segment Information

	2022												
	Fire & property damage		Marine, aviation & transport		Motor		Accident & health		Miscellaneous		Total		Aggregate
	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	
	Rupees in thousands												
Premium receivable (Inclusive of federal excise duty, Federal insurance fee and Administrative surcharge)	14,370,538	25,443	2,316,342	22,406	4,150,496	8,351,226	3,064,121	2,338,444	1,459,537	8,993	**25,361,034**	**10,746,512**	**36,107,546**
Federal excise duty / VAT	(1,774,651)	(1,514)	(255,484)	(1,135)	(496,951)	(397,677)	(20,772)	(111,354)	(146,648)	(428)	**(2,694,506)**	**(512,108)**	**(3,206,614)**
Federal insurance fee	(123,657)	(40)	(20,465)	(12)	(36,569)	-	(30,132)	-	(13,277)	-	**(224,100)**	**(52)**	**(224,152)**
	12,472,230	23,889	2,040,393	21,259	3,616,976	7,953,549	3,013,217	2,227,090	1,299,612	8,565	**22,442,428**	**10,234,352**	**32,676,780**
Gross written premium (inclusive of administrative surcharge)	12,472,230	23,889	2,040,393	21,259	3,616,976	7,953,549	3,013,217	2,227,090	1,299,612	8,565	**22,442,428**	**10,234,352**	**32,676,780**
Gross direct premium	12,419,151	23,809	2,004,681	21,259	3,486,027	7,929,540	3,010,739	2,227,090	1,258,972	8,538	**22,179,570**	**10,210,236**	**32,389,806**
Facultative inward premium	34,296	-	2,904	-	82	-	-	-	27,188	-	**64,470**	**-**	**64,470**
Administrative surcharge	18,783	80	32,808	-	130,867	24,009	2,478	-	13,452	27	**198,388**	**24,116**	**222,504**
	12,472,230	23,889	2,040,393	21,259	3,616,976	7,953,549	3,013,217	2,227,090	1,299,612	8,565	**22,442,428**	**10,234,352**	**32,676,780**
Insurance premium earned	11,026,613	25,422	2,031,010	32,541	3,474,582	7,549,493	2,599,071	1,802,039	1,250,526	9,357	**20,381,802**	**9,418,852**	**29,800,654**
Insurance premium ceded to reinsurers	(9,960,607)	(19,981)	(868,747)	(549)	(60,307)	(354,753)	-	(1,007,536)	(542,611)	(5,458)	**(11,432,272)**	**(1,388,277)**	**(12,820,549)**
Net insurance premium	1,066,006	5,441	1,162,263	31,992	3,414,275	7,194,740	2,599,071	794,503	707,915	3,899	**8,949,530**	**8,030,575**	**16,980,105**
Commission income	693,589	3,795	5,546	-	3,642	48,243	-	-	125,375	2,059	**828,152**	**54,097**	**882,249**
Net underwriting income	1,759,595	9,236	1,167,809	31,992	3,417,917	7,242,983	2,599,071	794,503	833,290	5,958	**9,777,682**	**8,084,672**	**17,862,354**
Insurance claims	(9,196,655)	(683)	(568,394)	(165)	(1,712,203)	(9,523,552)	(2,283,233)	(1,635,640)	(763,674)	498	**(14,524,159)**	**(11,159,542)**	**(25,683,701)**
Insurance claim recoveries from reinsurer	8,697,342	1,074	(6,898)	174	82,588	4,054,619	-	1,142,060	429,307	(1,239)	**9,202,339**	**5,196,688**	**14,399,027**
Net claims	(499,313)	391	(575,292)	9	(1,629,615)	(5,468,933)	(2,283,233)	(493,580)	(334,367)	(741)	**(5,321,820)**	**(5,962,854)**	**(11,284,674)**
Commission expense	(530,189)	(3,310)	(175,500)	(5,762)	(268,892)	(1,576,860)	(69,516)	(203,197)	(120,809)	(228)	**(1,164,906)**	**(1,789,357)**	**(2,954,263)**
Management expense	(518,134)	(1,978)	(408,626)	(12,511)	(1,220,107)	(1,075,033)	(173,884)	(175,931)	(245,171)	(1,498)	**(2,565,922)**	**(1,266,951)**	**(3,832,873)**
Net insurance claims and expenses	(1,547,636)	(4,897)	(1,159,418)	(18,264)	(3,118,614)	(8,120,826)	(2,526,633)	(872,708)	(700,347)	(2,467)	**(9,052,648)**	**(9,019,162)**	**(18,071,810)**
Underwriting result	211,959	4,339	8,391	13,728	299,303	(877,843)	72,438	(78,205)	132,943	3,491	**725,034**	**(934,490)**	**(209,456)**
Net investment income											**2,000,287**	**127,313**	**2,127,600**
Rental income											**159,976**	**2,229**	**162,205**
Other income											**140,897**	**81,971**	**222,868**
Change in fair value of investment property											**794,372**	**-**	**794,372**
Other expenses											**(87,592)**	**(17,961)**	**(105,553)**
Finance cost											**(33,514)**	**(1,870)**	**(35,384)**
Workers' welfare fund reversal											**(148,021)**	**-**	**(148,021)**
Profit from Window Takaful Operations - Operator's fund											**338,577**	**-**	**338,577**
Profit before taxation											**3,890,016**	**(742,808)**	**3,147,208**
Segment Assets	18,159,470	30,234	898,705	4,550	1,545,592	6,549,649	992,218	1,487,171	2,099,230	18,751	**23,695,215**	**8,090,355**	**31,785,570**
Unallocated assets											**31,012,953**	**10,967,376**	**41,980,329**
											54,708,168	**19,057,731**	**73,765,899**
Segment Liabilities	18,934,925	35,283	1,305,146	32,906	3,287,709	13,023,403	2,508,776	1,974,799	2,564,035	21,441	**28,600,591**	**15,087,832**	**43,688,423**
Unallocated Liabilities											**3,676,928**	**1,481,609**	**5,158,537**
											32,277,519	**16,569,441**	**48,846,960**

40 Movement in investments

	Investment in subsidiary	Available for sale	Held to Maturity	Total
	---------- Rupees in thousand ----------			
As at January 01, 2022	2,662,406	21,157,579	7,249,118	31,069,103
Additions	-	3,343,363	11,184,907	14,528,270
Disposals (sales and redemptions)	(266,240)	(3,438,289)	(13,190,088)	(16,894,617)
Fair value net gains (excluding net realized gain)	-	(3,562,970)	-	(3,562,970)
Currency translation effect	-	-	1,685,638	1,685,638
Unwinding of discount on debt securities	-	-	13,146	13,146
Impairment losses	-	151,982	-	151,982
As at December 31, 2022	**2,396,166**	**17,651,665**	**6,942,721**	**26,990,552**
Additions	-	902,109	11,632,420	12,534,529
Disposals (sales and redemptions)	-	(48,459)	(11,522,349)	(11,570,808)
Fair value net gains (excluding net realized gain)	-	6,386,859	-	6,386,859
Currency translation effect	-	-	1,599,579	1,599,579
Unwinding of discount on debt securities	-	-	125,078	125,078
Impairment losses	-	(26,931)	-	(26,931)
As at December 31, 2023	**2,396,166**	**24,865,243**	**8,777,449**	**36,038,858**

41 Management of insurance and financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk, price risk and currency risk).The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below. The Board of Directors (the Board) has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing the Company's risk management policies.

The individual risk wise analysis is given below :

41.1 Insurance risk

The principal risk that the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof may differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities. The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. Further, strict claims review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims and similar procedures are put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts.

Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policy holders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is neither

dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract. Reinsurance policies are written with approved reinsurers on either a proportionate basis or non-proportionate basis. The reinsurers are carefully selected and approved and are dispersed over several geographical regions.

Experience shows that larger the portfolio is in similar reinsurance contracts, smaller will be the relative variability about the expected outcome. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The Company principally issues the general insurance contracts e.g. Fire & property, Marine, aviation & transport, Motor, Accident & health and other Miscellaneous. Risks under non-life insurance policies usually cover twelve month or lesser duration. For general insurance contracts the most significant risks arise from accidental fire, atmospheric disaster and terrorist activities . Insurance contracts at times also cover risk for single incidents that expose the Company to multiple insurance risks.

41.1.1 Geographical concentration of insurance risk

To optimize 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 risks with reference to the geographical location, the most important of which is risk survey.

41.1.2 Reinsurance arrangements

Keeping in view the maximum exposure in respect of key zone aggregate, a number of proportional and non-proportional reinsurance arrangements are in place to protect the net account in case of a major catastrophe. Apart from the adequate event limit which is the multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above limit would be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Company.

	Gross sum insured		Reinsurance		Net	
	2023	2022	2023	2022	2023	2022
	Rupees in thousand					
Fire & property damage	**13,207,496,942**	8,784,680,283	**12,183,955,945**	8,077,572,271	**1,023,540,997**	707,108,012
Marine aviation & transport	**5,196,528,176**	5,307,604,943	**840,739,732**	894,317,296	**4,355,788,444**	4,413,287,647
Motor	**440,449,302**	444,311,923	**21,115,693**	18,163,584	**419,333,609**	426,148,339
Accident & health	**549,008,337**	666,873,844	**174,159,236**	264,392,280	**374,849,101**	402,481,564
Miscellaneous	**701,702,392**	595,275,193	**585,301,208**	426,662,735	**116,401,184**	168,612,458
	20,095,185,149	15,798,746,186	**13,805,271,814**	9,681,108,166	**6,289,913,335**	6,117,638,020

41.1.3 Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the statement of financial position date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. Considerable judgment by management is required in the estimation of amounts due to policy holders arising from claims made under insurance contracts. Such estimates are necessary based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty, and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as judicial decisions and government legislation affect the estimates.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the statement of financial position date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the statement of financial position date.

41.1.4 Key assumptions for claim estimation

The process used to determine the assumptions for calculating the outstanding claim reserves is intended to result in neutral estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed in separate, case to case basis, with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and updated as and when new information is available.

The estimation of IBNR is generally subject to a greater degree of uncertainty that the estimation of the cost of settling claims already notified to the Company, in which case the information about the claim event is available. IBNR provision is initially estimated at a gross level and a separate calculation is carried out to estimate the size of the reinsurance recoveries.

The estimation process takes into account the past claims reporting pattern and details of reinsurance programs. The premium liabilities have been determined such that the total premium liability provisions (unearned premium reserve and premium deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of reporting date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

41.1.5 Sensitivity analysis

The risks associated with the insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Company considers that the liability for insurance claims recognized in the statement of financial position is adequate. However, actual experience may differ from the expected outcome.

As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit / (loss) before tax, net of reinsurance.

	Pre tax profit / (loss)	
	2023	2022
	---------- Rupees in thousand ----------	
10% increase in claims liability		
Net:		
Fire & property	**(60,547)**	(49,892)
Marine, aviation and transport	**(40,207)**	(57,528)
Motor	**(872,466)**	(709,855)
Accident & health	**(364,290)**	(277,681)
Miscellaneous	**(23,103)**	(33,511)
	(1,360,613)	(1,128,467)
10% decrease in claims liability		
Net:		
Fire & property	**60,547**	49,892
Marine, aviation and transport	**40,207**	57,528
Motor	**872,466**	709,855
Accident & health	**364,290**	277,681
Miscellaneous	**23,103**	33,511
	1,360,613	1,128,467

Statement of Age-wise breakup of unclaimed insurance benefits

Particulars	Total	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
	Rupees in thousand					
Claims not encashed	614,462	243,392	50,176	47,588	64,407	208,899

41.2 Financial Risk

Maturity profile of financial assets and liabilities:

	2023						
	Interest / markup bearing			Non - interest / markup bearing			
	Maturity upto one	Maturity after one	Sub total	Maturity upto one	Maturity after one	Sub total	Total
	Rupees in thousand						
Financial assets							
Investment							
Equity securities- quoted	-	-	-	18,299,522	-	18,299,522	18,299,522
Equity securities- unquoted	-	-	-	6,565,721	-	6,565,721	6,565,721
Debt securities	431,264	1,343,083	1,774,347	-	-	-	1,774,347
Term deposits	7,003,102	-	7,003,102	-	-	-	7,003,102
Investment in subsidiary	-	-	-	-	2,396,166	2,396,166	2,396,166
Investments of Window Takaful Operations - Operator's Fund	500,000	51,974	551,974	293,848	-	293,848	845,822
Loans and other receivables	1,448	922	2,370	671,691	69,676	741,367	743,737
Insurance / reinsurance receivables - unsecured and considered good	-	-	-	7,555,082	-	7,555,082	7,555,082
Reinsurance recoveries against outstanding claims	-	-	-	20,601,648	-	20,601,648	20,601,648
Cash and bank	2,268,167	-	2,268,167	2,984,609	-	2,984,609	5,252,776
Other Assets of Window Takaful Operations - Operator's Fund	-	-	-	548,368	-	548,368	548,368
	10,203,981	1,395,979	11,599,960	57,520,489	2,465,842	59,986,331	71,586,291
Financial liabilities							
Outstanding claims	-	-	-	26,395,403	-	26,395,403	26,395,403
Insurance / reinsurance payables	-	-	-	3,952,563	-	3,952,563	3,952,563
Other creditors and accruals	-	-	-	2,461,393	-	2,461,393	2,461,393
Deposits and other liabilities	-	-	-	500,849	-	500,849	500,849
Total liabilities of Window Takaful Operations- Operator's Fund	-	-	-	486,464	-	486,464	486,464
	-	-	-	33,796,672	-	33,796,672	33,796,672
	10,203,981	1,395,979	11,599,960	23,723,817	2,465,842	26,189,659	37,789,619

	2022						
	Interest / markup bearing			Non - interest / markup bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
	Rupees in thousand						
Financial assets							
Investment							
Equity securities- quoted	-	-	-	12,549,590	-	12,549,590	12,549,590
Equity securities- unquoted	-	-	-	5,102,075	-	5,102,075	5,102,075
Debt securities	382,288	-	382,288	-	-	-	382,288
Term deposits	6,560,433	-	6,560,433	-	-	-	6,560,433
Investment in subsidiary	-	-	-	-	2,396,166	2,396,166	2,396,166
Investments of Window Takaful Operations - Operator's Fund	-	125,000	125,000	251,052	-	251,052	376,052
Loans and other receivables	794	2,170	2,964	388,233	72,226	460,459	463,423
Insurance / reinsurance receivables - unsecured and considered good	-	-	-	8,526,017	-	8,526,017	8,526,017
Reinsurance recoveries against outstanding claims	-	-	-	14,873,098	-	14,873,098	14,873,098
Cash and bank	1,074,925	-	1,074,925	4,201,769	-	4,201,769	5,276,694
Other Assets of Window Takaful Operations - Operator's Fund	-	-	-	621,045	-	621,045	621,045
	8,018,440	127,170	8,145,610	46,512,879	2,468,392	48,981,271	57,126,881
Financial liabilities							
Outstanding claims	-	-	-	20,726,702	-	20,726,702	20,726,702
Insurance / reinsurance payables	-	-	-	6,959,398	-	6,959,398	6,959,398
Other creditors and accruals	-	-	-	2,415,151	-	2,415,151	2,415,151
Deposits and other liabilities	-	-	-	541,199	-	541,199	541,199
Total liabilities of Window Takaful Operations- Operator's Fund	-	-	-	384,973	-	384,973	384,973
	-	-	-	31,027,423	-	31,027,423	31,027,423
	8,018,440	127,170	8,145,610	15,485,456	2,468,392	17,953,848	26,099,458

Interest / mark - up rate risk

Interest / mark-up rate risk is the risk that the value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark - up rates. Sensitivity to interest / mark-up rate risk arises from mismatching of financial assets and liabilities that mature or are repaid in a given period. The Company manages this mismatch through risk management strategies where significant changes in gap position can be adjusted. At the reporting date the interest / mark-up rate profile of the Company's significant interest / mark-up bearing financial instruments was as follows:

	Effective interest rate (%)		Carrying amounts	
	2023	2022	2023	2022
			--------- Rupees in thousand ---------	
Fixed rate of financial instruments				
Financial assets:				
Investments- PIBs and Treasury Bills	**21.65% - 26.22%**	15.88% - 15.90%	**1,774,347**	382,288
Loans	**5%**	5%	**2,370**	2,964
Floating rate financial instruments				
Financial assets:				
Bank and term deposits	**14.50% - 20.80%**	8.50% - 16.00%	**9,271,269**	7,719,357

Sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss account. Therefore, a change in interest rate will not affect the fair value of any financial instruments. For cash flow sensitivity analysis of variable rate instruments, a hypothetical change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variation in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Effect on profit before tax		Effect on equity	
	Increase	Decrease	Increase	Decrease
	---------- Rupees in thousand ----------			
As at December 31, 2023 - Fluctuation of 100 bps				
Cash flow sensitivity - variable rate financial assets	**92,713**	**(92,713)**	**56,555**	**(56,555)**
As at December 31, 2022 - Fluctuation of 100 bps				
Cash flow sensitivity - variable rate financial assets	77,193	(77,193)	51,719	(51,719)

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's principal transactions are carried out in Pak Rupees and its exposure to foreign exchange risk arises primarily with respect to AED and US dollars in respect of foreign branches. Assets and liabilities exposed to foreign exchange risk amounted to Rs. 22,782,415 thousands (2022: Rs. 19,057,731 thousands) and Rs. 20,533,647 thousands (2022: Rs. 16,569,441 thousands), respectively, at the end of the year.

The following significant exchange rates were applied during the year:

	2023	2022
	---------- Rupees in thousand ----------	
Rupees per US Dollar		
Average rate	**280.3620**	204.6470
Reporting date rate	**281.8607**	226.4309
Rupees per AED		
Average rate	**76.3348**	55.7163
Reporting date rate	**76.7427**	61.6524

Price risk

Price risk represents the risk that the fair value of financial instruments will fluctuate because of changes in the market prices (other than those arising from interest / mark-up rate risk or currency risk), whether those changes are caused by factors specific to individual financial instrument or its issuer, or factors affecting all or similar financial instrument traded in the market. The Company is exposed to equity price risk that arises as a result of changes in the levels of PSX - Index and the value of individual shares. The equity price risk arises from the Company's investment in equity securities for which the prices in the future are uncertain. The Company policy is to manage price risk through selection of blue chip securities.

The Company's strategy is to hold its strategic equity investments on a long term basis. Thus, Company is not affected significantly by short term fluctuation in its strategic investments provided that the underlying business, economic and management characteristics of the investees remain favorable. The Company strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity volatility. The Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The Company has investments in quoted equity securities amounting to Rs. 18,299,522 thousands (2022: Rs. 12,549,590 thousands) at the reporting date. The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the reporting date. Market prices are subject to fluctuation which may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions.

Sensitivity analysis

For the equity investment portfolio, a 10% increase / (decrease) in redemption value and share prices at year end would have increased / (decreased) impairment loss of investment recognized in profit and loss account as follows:

	Impact on profit before	Impact on equity
	---------- Rupees in thousand ----------	
2023		
Effect of increase in share price	**1,118,561**	**682,322**
Effect of decrease in share price	**(467,957)**	**(285,454)**
2022		
Effect of increase in share price	326,269	218,600
Effect of decrease in share price	(3,976,525)	(2,664,271)

41.3 Credit risk and concentration of 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 exposure by undertaking transactions with a large number of counterparties in various sectors and by continually assessing the credit worthiness of counterparties.

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result any change in economic, political or other conditions would affect their ability to meet contractual obligations in a similar manner. The Company's credit risk exposure is not significantly different from that reflected in these unconsolidated financial statements. The management monitors and limits the Company's exposure and makes conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

The carrying amount of financial assets represents the maximum credit exposure, as specified below:

	2023	2022
	Rupees in thousand	
Investments	**36,038,858**	26,990,552
Loans and other receivable	**743,737**	463,423
Due from insurance contract holders	**6,918,071**	8,032,250
Due from other insurers / reinsurers	**637,011**	493,767
Reinsurance recoveries against outstanding claims	**20,601,648**	14,873,098
Salvage recoveries accrued	**300,921**	360,380
Bank deposits	**5,228,954**	5,259,028
	70,469,200	56,472,498

Provision for impairment is made for doubtful receivables according to the Company's policy. The impairment provision is written off when the Company expects that it cannot recover the balance due. The movement in the provision for doubtful debt account is shown in note 14.2 and 14.3 to these unconsolidated financial statements.

Age analysis of due from insurance contact holders (net of provision) is as follows:

	2023	2022
	Rupees in thousand	
Upto one year	**6,448,697**	7,680,546
Above one year	**2,117,554**	1,722,748
	8,566,251	9,403,294
Provision for doubtful balances	**(1,648,180)**	(1,371,044)
	6,918,071	8,032,250

The credit quality of Company's bank balance can be assessed with reference to external credit rating as follows:

	Rating		Rating	2023	2022
	Short Term	Long Term	Agency	Rupees in thousand	
Abu Dhabi Commercial Bank	A1	A	S&P	**276,256**	1,093,728
Askari Bank Limited	A1+	AA+	PACRA	**20**	20
Bank Al Habib Limited	A1+	AAA	PACRA	**40,319**	27,259
Bank Alfalah Limited	A1+	AA+	PACRA	**1,291,652**	1,801,029
First Abu Dhabi Bank	A1+	AA-	S&P	**40,909**	31,151
Habib Bank Limited	A1+	AAA	JCR-VIS	**146,625**	146,839
Habib Metropolitan Bank	A1+	AA+	PACRA	**13,272**	(149)
Khushhali Microfinance Bank Limited	A2	A-	JCR-VIS	**7,509**	7,139
MCB Bank Limited	A1+	AAA	PACRA	**3,110,928**	1,967,829
Mobilink Micro Finance Bank	A1	A	PACRA	**753**	28,133
National Bank of Pakistan	A1+	AAA	PACRA	**14,681**	14,681
Samba Bank Limited	A1	AA	JCR-VIS	**15,877**	15,558
Soneri Bank Limited	A1+	AA-	PACRA	**1**	1
The Punjab Provincial Cooperative Bank Limited	Not available	Not available	Not available	**3,425**	3,425
United Bank Limited	A1+	AAA	JCR-VIS	**152,293**	118,691
Zarai Taraqiati Bank Limited	A1+	AAA	JCR-VIS	**114,434**	3,694
				5,228,954	**5,259,028**

The credit quality of amount due from other insurers (gross of provisions) can be assessed with reference to external credit rating as follows:

	Amounts due from other insurers / reinsurers	Reinsurance and other recoveries against outstanding claims	2023	2022
	Rupees in thousand			
A or Above (including PRCL)	**820,182**	**16,858,407**	**17,678,589**	12,220,769
BBB	**-**	**2,767,297**	**2,767,297**	2,224,439
Others	**18,131**	**975,944**	**994,075**	1,122,959
Total	**838,313**	**20,601,648**	**21,439,961**	15,568,167

41.4 Capital risk management

The Company's goals and objectives when managing capital are :

- To be an appropriately capitalized institution in compliance with the paid-up capital requirement set by the SECP. Minimum paid-up capital requirement for non-life insurers as at December 31, 2023 is Rs. 500,000 thousands. The Company's current paid-up capital is well in excess of the limit prescribed by the SECP;

- 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 the other stakeholders;

- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk;

- To maintain strong ratings and to protect the Company against unexpected events / losses; and

- To ensure a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

42 Statement of Solvency

	2023 Rupees in thousand
Assets	
Property and equipment	4,191,853
Intangible assets	115,974
Investment properties	2,914,435
Investment in subsidiary	2,396,166
Investments	
Equity securities	24,865,243
Debt securities	1,774,347
Term deposits	7,003,102
Loans and other receivables	1,124,695
Insurance / reinsurance receivables	7,555,082
Reinsurance recoveries against outstanding claims	20,601,648
Salvage recoveries accrued	300,921
Deferred commission expense / acquisition cost	2,133,671
Prepayments	8,452,203
Cash and bank	5,252,776
	88,682,116
Total assets of Window Takaful Operations - Operator's Fund	**1,445,636**
Total assets	**90,127,752**

	2023 Rupees in thousand
In-admissible assets as per following clauses of Section 32(2) of the Insurance Ordinance, 2000	
Loans to employees	57,621
Investment in subsidiary	2,396,166
Premium due from insurance contract holder	2,138,259
Due from other insurers / reinsurers	687,534
Intangible assets	115,974
Other prepayments and sundry receivables	91,151
Bank balances subject to encumbrances	3,587,730
Equity investment	12,580,465
Movable properties	1,098,751
Inadmissible assets of Window Takaful Operations - Operator's Fund	275,691
Total of in-admissible assets	**(23,029,342)**
Total admissible assets	**67,098,410**
Liabilities	
Underwriting provisions:	
Outstanding claims including IBNR	26,395,403
Unearned premium reserve	19,343,851
Unearned reinsurance commission	507,332
Retirement benefits obligations	175,627
Deferred taxation	3,692,563
Premium received in advance	785,284
Insurance / reinsurance payables	3,952,563
Other creditors and accruals	3,406,567
Deposits and other liabilities	500,849
Taxation - provision less payment	230,426
	58,990,465
Total liabilities of Window Takaful Operations - Operator's Fund	**486,464**
Total liabilities	**59,476,929**
Total net admissible assets	**7,621,481**
Minimum solvency requirement (higher of following)	
- Method A - U/s 36(3)(a)	500,000
- Method B - U/s 36(3)(b)	4,190,272
- Method C - U/s 36(3)(c)	5,162,980
	5,162,980
Excess in Net Admissible Assets over minimum requirement	**2,458,501**

43 Fair value measurement 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.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

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

		2023									
	Note	Available for sale	Held to maturity	Receivables and other financial assets	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		Rupees in thousand									
Financial assets - measured at fair value											
Investment											
Equity securities- quoted	9	18,299,522	-	-	-	-	**18,299,522**	18,299,522	-	-	**18,299,522**
Equity securities- unquoted	9	6,565,721	-	-	-	-	**6,565,721**	-	-	6,565,721	**6,565,721**
Investments of Window Takaful Operations - Operator's Fund	17	293,848	-	-	-	-	**293,848**	293,848	-	-	**293,848**
Financial assets - not measured at fair value											
Debt securities	10	-	1,774,347	-	-	-	**1,774,347**	-	1,774,347	-	**1,774,347**
Debt securities of Window Takaful Operations - Operator's Fund	17	-	51,974	-	-	-	**51,974**	-	51,974	-	**51,974**
Loans and other receivables *		-	-	743,737	-	-	**743,737**	-	-	-	-
Investment - Term deposits*	11	-	7,003,102	-	-	-	**7,003,102**	-	-	-	-
Investment - Term deposits of Window Takaful Operations - Operator's Fund*	17	-	500,000	-	-	-	**500,000**	-	-	-	-
Investment in subsidiary	8	-	-	2,396,166	-	-	**2,396,166**	5,615,956	-	-	**5,615,956**
Insurance / reinsurance receivables - unsecured and considered good *	14	-	-	7,555,082			**7,555,082**	-	-	-	-
Reinsurance recoveries against outstanding claims *		-	-	20,601,648	-	-	**20,601,648**	-	-	-	-
Cash and bank *	16	-	-	-	5,252,776	-	**5,252,776**	-	-	-	-
Other Assets of Window Takaful Operations - Operator's Fund*	17	-	-	471,508	76,860	-	**548,368**	-	-	-	-
		25,159,091	9,329,423	31,768,141	5,329,636	-	**71,586,291**	24,209,326	1,826,321	6,565,721	**32,601,368**
Financial liabilities - not measured at fair value											
Underwriting provisions:											
Outstanding claims (including IBNR)*	27	-	-	-	-	26,395,403	**26,395,403**	-	-	-	-
Insurance / reinsurance payables *	22	-	-	-	-	3,952,563	**3,952,563**	-	-	-	-
Other creditors and accruals*		-	-	-	-	2,461,393	**2,461,393**	-	-	-	-
Deposits and other liabilities*	24	-	-	-	-	500,849	**500,849**	-	-	-	-
Total liabilities of Window Takaful Operations- Operator's Fund*	17	-	-	-	-	486,464	**486,464**	-	-	-	-
		-	-	-	-	33,796,672	**33,796,672**	-	-	-	-

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

43.1 Fair value measurement of financial instruments

	Note	2022									
		Available for sale	Held to maturity	Receivables and other financial assets	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		---------- Rupees in thousand ----------									
Financial assets - measured at fair value											
Investment											
Equity securities- quoted	9	12,549,590	-	-	-	-	12,549,590	12,549,590	-	-	12,549,590
Equity securities- unquoted	9	5,102,075	-	-	-	-	5,102,075	-	-	5,102,075	5,102,075
Investments of Window Takaful Operations - Operator's Fund	17	251,052	125,000	-	-	-	376,052	376,052	-	-	376,052
Financial assets - not measured at fair value											
Debt securities	10	-	382,288	-	-	-	382,288	-	382,288	-	382,288
Loans and other receivables *		-	-	463,423	-	-	463,423	-	-	-	-
Investment - Term deposits*	11	-	6,560,433	-	-	-	6,560,433	-	-	-	-
Investment in subsidiary	8	-	-	2,396,166	-	-	2,396,166	4,385,216	-	-	4,385,216
Insurance / reinsurance receivables - unsecured and considered good *	14	-	-	8,526,017			8,526,017	-	-	-	-
Reinsurance recoveries against outstanding claims *		-	-	14,873,098	-	-	14,873,098	-	-	-	-
Cash and bank *	16	-	-	-	5,276,694	-	5,276,694	-	-	-	-
Other Assets of Window Takaful Operations - Operator's Fund*	17	-	-	456,830	164,215	-	621,045	-	-	-	-
		17,902,717	7,067,721	26,715,534	5,440,909	-	**57,126,881**	17,310,858	382,288	5,102,075	**22,795,221**
Financial liabilities - not measured at fair value											
Underwriting provisions:											
Outstanding claims (including IBNR)*	27	-	-	-	-	20,726,702	**20,726,702**	-	-	-	-
Insurance / reinsurance payables *	22	-	-	-	-	6,959,398	**6,959,398**	-	-	-	-
Other creditors and accruals*		-	-	-	-	2,415,151	**2,415,151**	-	-	-	-
Deposits and other liabilities*	24					541,199	**541,199**	-	-	-	-
Total liabilities of Window Takaful Operations- Operator's Fund*	17	-	-	-	-	384,973	**384,973**	-	-	-	-
		-	-	-	-	31,027,423	**31,027,423**	-	-	-	-

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

44 Provident fund related disclosure

The following information is based on unaudited financial statements for the year ended December 31, 2023 and audited financial statements for the year ended December 31, 2022.

	2023	2022
	Rupees in thousand	
Size of fund - Total assets	**1,410,336**	1,120,139
Cost of investments	**1,172,251**	1,057,653
Fair value of investments	**1,313,257**	1,117,618
Investments made (Percentage)	**100.00%**	100.00%

44.1 The break-up of cost of investments is as follows:

	2023	2022	2023	2022
	Percentage		Rupees in thousand	
Investment in Money Market Collective Investment Scheme	9.24	12.67	**108,315**	134,049
Investment in Equity Collective Investment Schemes	2.29	2.54	**26,871**	26,871
Investment in Listed Debt Securities	3.84	3.55	**45,000**	37,500
Investment in Listed Equity Securities	5.86	6.49	**68,693**	68,693
Investment in Government Securities	73.30	69.00	**859,273**	729,738
Bank balances	1.44	1.26	**16,918**	13,363
Others	4.03	4.49	**47,180**	47,439
	100.00	100.00	**1,172,250**	1,057,653

The above investments / placement of funds in special bank accounts have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

45 Corresponding figures

Wherever considered necessary, corresponding figures have been reclassified for the purpose of comparison and improved presentation. Following Financial Statement Line Item (FSLI) reclassifications have been considered material as disclosed below:

Financial Statement Line Items (FSLIs)	Note	Presented in December 31, 2023	Presented in December 31, 2022
		Rupees in thousand	
Investments in Term Deposits (Deposits maturing after 12 months - Inside Pakistan)	11	-	83,999
Cash and bank (Margin against guarantee - Inside Pakistan)	16	83,999	-
Property and equipment (Capital work in progress)	5.2	-	22,837
Intangible assets (Capital work in progress)	6.2	22,837	-

46 Non - Adjusting events after the statement of financial position date

46.1 The Board of Directors of the Company in their meeting held on March 26, 2024 proposed a final cash dividend for the year ended December 31, 2023 @ 15% i.e. Rupees 1.5/- share (2022: 15% i.e. Rupees 1.5/- share). This is in addition to the interim cash dividend @ 15% i.e. Rupees 1.5/- per share (2022: 15% i.e. Rupee 1.5/- per share) resulting in a total cash dividend for the year ended December 31, 2023 of Rupees 3/- per share (2022: Rupees 3/- share). The approval of the members for the final dividend will be obtained at the forthcoming Annual General Meeting. The financial statements for the year ended December 31, 2023 do not include the effect of final dividend which will be accounted for in the financial statements for the year ending December 31, 2024.

47 Number of employees

The average number of employees during the year and as at December 31, 2023 and 2022, are as follows:

	2023	2022
	Numbers	
As at December 31	**893**	926
Average during the year	**898**	913

48 Date of authorization for issue

These unconsolidated financial statements were authorized for issue on March 26, 2024 by the Board of Directors of the Company.

49 General

Figures have been rounded off to the nearest thousand rupees unless other wise stated.

Umer Mansha	Shaikh Muhammad Jawed	Muhammad Arif Hameed	Muhammad Asim Nagi	Muhammad Ali Zeb
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer



STRENGTH IN NUMBERS

CONSOLIDATED FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT
To the Members of Adamjee Insurance Company Limited
Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Adamjee Insurance Company Limited and its subsidiary (the "Group"),** which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Emphasis of Matter

We draw attention to note 25.1.2 of the consolidated financial statements, which describes that the Group has challenged the scope and applicability of Punjab Sales Tax (PST) and Sindh Sales Tax (SST) on life insurance services. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matter(s):

Sr No.	Key audit matter(s)	How the matter was addressed in our audit
1.	**Revenue Recognition Risk** (Refer note 3.2.1 and 26 to the consolidated financial statements)	
	The Group's total revenue amounts to Rs. 41,977 million which is generated from premium/contribution on insurance policies representing a significant element of the financial statements of the Group. Premium/contribution income is one of the key performance indicators of the Group. Because of the significance of the premium as key performance indicator and that it was considered as an area of significant audit risk as part of our audit process, we considered this as a key audit matter.	Our audit procedures in respect of this matter included the following: • Obtained an understanding of and evaluated the design and implementation of key controls over the process of capturing, processing and recording of premiums; • Checked the premiums recorded on sample basis from the underlying policies issued to insurance contract holders;

Sr No.	Key audit matter(s)	How the matter was addressed in our audit
		• Checked the policies on sample basis where premium was recorded close to year end and subsequent to year end to evaluate that revenue from premiums was recognised in the appropriate accounting period; and • Recalculated the unearned portion of premium revenue to ensure that appropriate amount has been recorded as revenue for the current period. •
2.	**Valuation of Claims Liabilities including Provision for Incurred but Not Reported(IBNR) Claims Reserves** (Refer note 3.2.7, 19.2, and 27 to the consolidated financial statements)	
	As at December 31, 2023, claims liabilities represent 18.72% (Rs. 26,395 million including Rs. 634 million IBNR reserves) of its total liabilities. Valuation of claim liabilities involves significant management judgment regarding uncertainty in the estimation of claims. Claims liabilities are recognized on intimation of the insured event based on management judgment and estimate. Provision for IBNR is calculated by the Group as required under Circular No. 9 of 2016 issued by the Securities and Exchange Commission of Pakistan based on the advice of actuary. The actuarial valuation process also involves significant judgment and the use of actuarial assumptions. Because of the significance of the impact of these judgments / estimations and assumptions used in determination of claims liabilities and calculation of provision for IBNR, we considered this area as a key audit matter.	Our audit procedures in respect of this matter included the following: • Obtained the understanding of and evaluated the design and implementation of key controls over the process of capturing, determination and recording of claims liabilities; • Assessed the appropriateness of the Group's accounting policy for recording of claims in line with requirements of laws, accounting and reporting standards as applicable in Pakistan; • Evaluated the completeness, accuracy and reliability of the claims paid and claims outstanding data provided to us; • Involved an independent actuarial expert to assist us in evaluation of general principles, actuarial assumptions and methods used for actuarial valuations by the actuary of the Group for calculation of provision for IBNR; and; • Assessed competence, capability and objectivity of the actuary used by the management for calculation of provision for IBNR.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

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

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

Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor's report is Rana M. Usman Khan.



Chartered Accountants

Place: Lahore
Date: April 04, 2024
UDIN: AR202310088xK5WUV1vI

Directors' Report to the Members on Consolidated Financial Statements

For the Year Ended December 31, 2023

On behalf of the Board, We are pleased to present the consolidated financial statements of Adamjee Insurance Company Limited and its subsidiary, Adamjee Life Assurance Company Limited, for the year ended December 31, 2023.

The following appropriation of profit has been recommended by the Board of Directors:

	Note	2023	2022
		Rupees in thousand	
Profit before tax		**5,000,279**	3,261,158
Taxation		**(2,283,364)**	(874,803)
Profit after tax		**2,716,915**	2,386,355
Less: Profit attributable to non-controlling interest		**(90,808)**	(45,190)
Profit attributable to ordinary shareholders		**2,626,107**	2,341,165
Unappropriated profit brought forward		**18,214,850**	16,638,433
Profit available for appropriation		**20,840,957**	18,979,598
Transaction with non controling interest		**-**	329,773
Final dividend for the year ended 31 December 2022 @ 15% (Rupees 1.5/- per share) [31 December 2021 @ 15% (Rupees 1.5/- per share)]		**(525,000)**	(525,000)
Interim dividend for the half year ended 30 June 2023 @ 15% (Rupee 1.5/- per share) [30 June 2022 @ 15% (Rupee 1.5/- per share)]		**(525,000)**	(525,000)
Other Comprehensive Income / (Loss) – remeasurement of defined benefit obligation		**58,231**	(44,521)
Profit after appropriation		**19,849,188**	18,214,850

	2023	2022
	Rupees	
Earnings (after tax) per share - Basic and diluted	**7.50**	6.69

For and on behalf of the Board

Shaikh Muhammad Jawed
Director

Muhammad Ali Zeb
Managing Director &
Chief Executive Officer

Lahore: March 26, 2024

Consolidated Statement of Financial Position

As at 31 December 2023

	Note	2023	2022
		---------- Rupees in thousand ----------	
ASSETS			
Property and equipment	5	5,385,484	5,433,699
Intangible assets	6	141,880	158,393
Investment properties	7	2,154,672	1,757,365
Investments			
Equity securities	8	38,403,345	33,961,136
Debt securities	9	66,769,062	42,567,371
Term deposits	10	7,078,102	8,836,433
Loan secured against life insurance policies		35,975	42,163
Advance against issue of shares		-	900,000
Loans and other receivables	11	2,406,313	1,540,534
Insurance / reinsurance receivables	12	7,649,565	8,586,697
Reinsurance recoveries against outstanding claims		20,601,648	14,873,098
Salvage recoveries accrued		300,921	360,380
Deferred commission expense / acquisition cost	28	2,133,671	1,489,080
Taxation - payment less provisions		606,950	815,211
Prepayments	13	8,507,372	6,718,394
Cash and bank	14	9,179,372	10,593,691
		171,354,332	138,633,645
Total assets of Window Takaful Operations - Operator's Fund (Parent Company)	15	1,445,636	1,049,420
Total Assets		172,799,968	139,683,065
EQUITY AND LIABILITIES			
Capital and reserves attributable to the Parent Company's equity holders			
Ordinary share capital	16	3,500,000	3,500,000
Reserves	17	7,963,020	3,522,068
Unappropriated profits		19,849,188	18,214,850
		31,312,208	25,236,918
Non-controlling interest	18	441,756	374,828
Total Equity		31,753,964	25,611,746
Surplus on revaluation of fixed assets		30,754	-
LIABILITIES			
Insurance liabilities	19	79,470,020	63,334,304
Underwriting provisions:			
Outstanding claims including IBNR	27	26,395,403	20,726,702
Unearned premium reserves	26	19,343,851	14,996,454
Unearned reinsurance commission	28	507,332	365,610
Retirement benefits obligations	20	175,627	206,273
Deferred taxation	21	4,349,859	1,182,532
Premium received in advance		1,031,565	1,007,365
Insurance / reinsurance payables	22	4,054,711	7,134,481
Other creditors and accruals	23	4,391,678	4,105,611
Deposits and other liabilities	24	578,314	627,014
Taxation - provision less payments		230,426	-
		61,058,766	50,352,042
Total liabilities of Window Takaful Operations - Operator's Fund (Parent Company)	15	486,464	384,973
Total Equity and Liabilities		172,799,968	139,683,065
Contingencies and commitments	25		

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

Umer Mansha Chairman	**Shaikh Muhammad Jawed** Director	**Muhammad Arif Hameed** Director	**Muhammad Asim Nagi** Chief Financial Officer	**Muhammad Ali Zeb** Managing Director & Chief Executive Officer

Consolidated Profit and Loss Account

For the year ended 31 December 2023

	Note	2023	2022
		---------- Rupees in thousand ----------	
Net insurance premium / contribution	26	**41,976,789**	37,266,033
Net insurance claims	27	**(32,603,123)**	(25,519,110)
Net commission and other acquisition costs	28	**(5,703,821)**	(5,256,341)
Insurance claims and acquisition expenses		**(38,306,944)**	(30,775,451)
Management expenses	29	**(5,595,728)**	(4,618,562)
Net change in insurance liabilities (other than outstanding claims)		**(15,896,770)**	(4,937,305)
Underwriting results		**(17,822,653)**	(3,065,285)
Investment income	30	**17,508,276**	7,419,976
Net fair value gain / (loss) on financial assets at fair value through profit or loss	31	**3,223,460**	(2,682,111)
Rental income	32	**117,741**	104,855
Other income	33	**1,427,607**	944,541
Fair value adjustment to investment property	7	**268,309**	497,698
Other expenses	34	**(145,700)**	(110,885)
Workers' Welfare Fund charge	23.1	**(79,842)**	(148,021)
Results of operating activities		**4,497,198**	2,960,768
Finance cost		**(4,669)**	(38,187)
Profit from Window Takaful Operations - Operator's Fund (Parent Company)	15	**507,750**	338,577
Profit before taxation		**5,000,279**	3,261,158
Income tax expense	35	**(2,283,364)**	(874,803)
Profit for the year		**2,716,915**	2,386,355
Profit attributable to:			
Equity holders of the Parent		**2,626,107**	2,341,165
Non-controlling interest	18	**90,808**	45,190
		2,716,915	2,386,355
		---------- Rupees ----------	
Earnings per share - basic and diluted	36	**7.50**	6.69

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

Umer Mansha	Shaikh Muhammad Jawed	Muhammad Arif Hameed	Muhammad Asim Nagi	Muhammad Ali Zeb
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	2023	2022
	---------- Rupees in thousand ----------	
Profit for the year	**2,716,915**	2,386,355
Items that will not be subsequently reclassified to profit and loss account		
- Re-measurement gain / (loss) gain on retirement benefit obligations - net of tax	**58,231**	(44,521)
- Surplus on revaluation of fixed assets - net of tax	**30,754**	-
Items that may be subsequently reclassified to profit and loss account		
Unrealized gain / (loss) gain on 'available-for-sale' investments - net of tax	**3,804,129**	(2,903,600)
Reclassification adjustment relating to 'available for sale' investments disposed off in the year - net of tax	**4,968**	311,550
Unrealized loss on 'available for sale' investment from Window Takaful Operations - net of tax	**-**	(968)
Net effect of translation of foreign branches	**632,975**	632,561
Other comprehensive income / (loss) for the year	**4,531,057**	(2,004,978)
Total comprehensive income for the year	**7,247,972**	381,377
Total comprehensive income attributable to:		
Equity holders of the Parent	**7,156,044**	381,377
Non-controlling interest	**91,928**	-
	7,247,972	381,377

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

Umer Mansha Chairman	**Shaikh Muhammad Jawed** Director	**Muhammad Arif Hameed** Director	**Muhammad Asim Nagi** Chief Financial Officer	**Muhammad Ali Zeb** Managing Director & Chief Executive Officer

Consolidated Statement of Cash Flow

For the year ended 31 December 2023

	2023	2022
	---------- Rupees in thousand ----------	
Cash flows from operating activities		
Underwriting activities		
Insurance premiums received	**66,295,179**	52,209,229
Reinsurance premiums paid	**(24,043,972)**	(12,865,800)
Claims paid	**(42,908,645)**	(32,416,334)
Reinsurance and other recoveries received	**9,041,279**	8,385,963
Commissions paid	**(5,914,928)**	(5,097,241)
Commissions received	**1,150,207**	1,002,523
Other underwriting payments	**(6,125,318)**	(6,166,820)
Net cash (outflows) / inflows from underwriting activities	**(2,506,198)**	5,051,520
Other operating activities		
Income tax paid	**(1,053,938)**	(950,046)
Finance cost paid on lease liability	**(4,674)**	(6,057)
Other operating payments	**(88,670)**	(110,339)
Loans advanced	**(73,507)**	(74,405)
Loans repayments received	**81,435**	62,927
Other operating receipts	**98,279**	41,831
Net cash outflows from other operating activities	**(1,041,075)**	(1,036,089)
Total cash (outflows) / inflows from operating activities	**(3,547,273)**	4,015,431
Cash flows from investing activities		
Profit / return received from bank deposits	**11,533,245**	5,912,792
Income from debt securities	**161,325**	71,281
Dividends received	**4,338,329**	2,389,671
Rentals received	**192,609**	159,924
Payments made for investments	**(499,981,117)**	(664,597,574)
Loan to policy holder	**11,050**	1,396
Proceeds from disposal of investments	**486,226,708**	646,741,885
Fixed capital expenditure - operating assets	**(259,798)**	(225,746)
Fixed capital expenditure - intangible assets	**(33,635)**	(47,914)
Proceeds from disposal of operating assets	**47,112**	30,961
Total cash inflows / (outflows) from operating activities	**2,235,828**	(9,563,324)
Cash flows from financing activities		
Payments against lease liability	**(15,884)**	(38,912)
Loan paid including interest expense on loan	**-**	(1,062,543)
Dividends paid	**(1,286,990)**	(1,046,086)
Total cash outflows from financing activities	**(1,302,874)**	(2,147,541)
Net cash outflows from all activities	**(2,614,319)**	(7,695,434)
Cash and cash equivalents at beginning of the year	**11,868,691**	19,564,125
Cash and cash equivalents at end of the year	**9,254,372**	11,868,691

Consolidated Statement of Cash Flow

For the year ended 31 December 2023

	2023	2022
	---------- Rupees in thousand ----------	
Reconciliation to profit and loss account		
Operating cash flows	**(3,547,273)**	4,015,431
Depreciation and amortization	**(325,677)**	(337,081)
Finance cost	**(17,047)**	(58,570)
Provision for retirement benefit obligations	**(59,486)**	(47,898)
Provision for doubtful balances against insurance / reinsurance receivables	**(2,660)**	(50,145)
Other income - bank and term deposits	**2,141,640**	1,694,888
Gain on sale of operating assets and derecognition of ROU asset	**25,185**	12,376
Rental income	**118,848**	105,660
Revaluation of investment	**3,223,460**	(2,682,111)
Fair value adjustment to investment property	**268,309**	497,698
Increase in assets other than cash	**6,981,516**	12,388,697
Increase in liabilities	**(19,962,033)**	(17,068,781)
Gain / (loss) on disposal of investments	**1,937,101**	(643,160)
Increase in unearned premium	**(4,347,397)**	(3,986,165)
Increase in loans	**(7,928)**	11,478
Income tax paid	**1,053,938**	950,046
Provision for impairment of 'available-for-sale' investments	**(26,931)**	151,982
Dividend and other income	**4,039,490**	2,466,889
Income from debt securities	**10,716,110**	4,626,544
Profit for the year from Window Takaful Operations - Operator's fund (Parent Company)	**507,750**	338,577
Profit for the year	**2,716,915**	2,386,355
Cash and cash equivalents for the purpose of the cash flow statement consists of:		
Cash in hand and equivalents	**33,625**	27,607
Current and other accounts	**9,145,747**	10,566,084
Term deposit maturing within three months	**75,000**	1,275,000
	9,254,372	11,868,691

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

Umer Mansha Chairman	**Shaikh Muhammad Jawed** Director	**Muhammad Arif Hameed** Director	**Muhammad Asim Nagi** Chief Financial Officer	**Muhammad Ali Zeb** Managing Director & Chief Executive Officer

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Share capital	Capital reserves					Revenue reserves		Equity attributable to equity holders of the Parent	Non-controlling interest	Total equity
	Issued, subscribed and paid up	Reserve for exceptional losses	Investment fluctuation reserve	Exchange translation reserve	Fair value reserve	Surplus on revaluation of fixed assets	General reserve	Unappropriated profits			
	Rupees in thousand										
Balance as at January 01, 2022	3,500,000	22,859	3,764	899,883	3,619,130	-	936,500	16,638,433	**25,620,569**	-	**25,620,569**
Transaction between owners	-	-	-	-	532	-	-	329,773	330,305	329,495	**659,800**
	-	-	-	-	532	-	-	329,773	**330,305**	**329,495**	**659,800**
Profit for the year	-	-	-	-	-	-	-	2,341,165	**2,341,165**	45,190	**2,386,355**
Other comprehensive income	-	-	-	632,561	(2,593,161)	-	-	(44,521)	**(2,005,121)**	143	**(2,004,978)**
Total comprehensive income for the year ended December 31, 2022	-	-	-	632,561	(2,593,161)	-	-	2,296,644	**336,044**	45,333	**381,377**
	3,500,000	22,859	3,764	1,532,444	1,026,501	-	936,500	19,264,850	**26,286,918**	374,828	**26,661,746**
Transactions with owners, recognized directly in equity											
Final cash dividend at Rs. 1.5 per share - December 31, 2021 - Parent	-	-	-	-	-	-	-	(525,000)	**(525,000)**	-	**(525,000)**
Interim cash dividend at Rs. 1.5 per share - June 30, 2022 - Parent	-	-	-	-	-	-	-	(525,000)	**(525,000)**	-	**(525,000)**
	-	-	-	-	-	-	-	(1,050,000)	**(1,050,000)**	-	**(1,050,000)**
Balance as at December 31, 2022	3,500,000	22,859	3,764	1,532,444	1,026,501	-	936,500	18,214,850	**25,236,918**	374,828	**25,611,746**
Profit for the year	-	-	-	-	-	-	-	2,626,107	**2,626,107**	90,808	**2,716,915**
Other comprehensive income	-	-	-	632,975	3,807,977	30,754	-	58,231	**4,529,937**	1,120	**4,531,057**
Total comprehensive income for the year ended December 31, 2023	-	-	-	632,975	3,807,977	30,754	-	2,684,338	**7,156,044**	91,928	**7,247,972**
	3,500,000	22,859	3,764	2,165,419	4,834,478	30,754	936,500	20,899,188	**32,392,962**	466,756	**32,859,718**
Transactions with owners, recognized directly in equity											
Final cash dividend at Rs. 1.5 per share - 31 December 2022 - Parent	-	-	-	-	-	-	-	(525,000)	**(525,000)**	-	**(525,000)**
Interim cash dividend at Rs. 1.5 per share - 30 June 2023 - Parent	-	-	-	-	-	-	-	(525,000)	**(525,000)**	-	**(525,000)**
Interim cash dividend at Rs. 1 per share - 30 June 2023 - Subsidiary	-	-	-	-	-	-	-	-	-	(25,000)	**(25,000)**
	-	-	-	-	-	-	-	**(1,050,000)**	**(1,050,000)**	**(25,000)**	**(1,075,000)**
Balance as at December 31, 2023	**3,500,000**	**22,859**	**3,764**	**2,165,419**	**4,834,478**	**30,754**	**936,500**	**19,849,188**	**31,342,962**	**441,756**	**31,784,718**

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

Umer Mansha	Shaikh Muhammad Jawed	Muhammad Arif Hameed	Muhammad Asim Nagi	Muhammad Ali Zeb
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

1 The Group and its operations:

These consolidated financials statements comprise of Adamjee Insurance Company Limited ('the Parent Company') and Adamjee Life Assurance Company Limited ('the Subsidiary Company'), together referred to as 'the Group'. Equity of the Subsidiary Company held by the Parent Company is 89.99% (2022: 89.99%). The operations of the Group are described below:

Adamjee Insurance Company Limited

Adamjee Insurance Company Limited ('the Parent Company') is a public limited Company incorporated in Pakistan on September 28, 1960 under the repealed Companies Act, 1913 (now the Companies Act, 2017). The Parent Company is listed on Pakistan Stock Exchange limited and is principally engaged in the general insurance business. The registered office of the Parent Company is situated at Adamjee House Building, 80/A Block E-1, Main Boulevard Gulberg-III, Lahore. The Parent Company operates 115 (2022: 115) branches in addition to 20 (2022: 20) specialized agriculture field offices within Pakistan.

The Parent Company also operates 3 (2022: 3) branches in the United Arab Emirates (UAE) and 1 (2022: 1) branch in the Export Processing Zone, Karachi (EPZ).

The Parent Company was granted authorization on December 23, 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations in respect of general takaful products by the Securities and Exchange Commission of Pakistan (SECP) and commenced Window Takaful Operations on January 01, 2016. The Parent Company's Window Takaful Operations operates 7 (2022: 5) branches in Pakistan.

Adamjee Life Assurance Company Limited

Adamjee Life Assurance Company Limited ("the Subsidiary Company") was incorporated in Pakistan on August 04, 2008 as a public unlisted company under the Companies Act, 2017. The Subsidiary Company started its operations from April 24, 2009. The Company was converted to a listed company on March 04, 2022. Registered office of the Subsidiary Company is at 5th floor, Islamabad Stock Exchange Towers, 55-B, Jinnah Avenue, Blue Area, Islamabad while its principal place of business is at Adamjee House, 3rd and 4th Floor, I.I Chundrigar Road, Karachi. Adamjee Insurance Company Limited owns 89.99% shares of Adamjee Life Assurance Company Limited.

The Subsidiary Company is engaged in life insurance business carrying on non-participating business only. In accordance with the requirements of the Insurance Ordinance, 2000, the Subsidiary Company has established a shareholders' fund and the following statutory funds in respect of each class of its life insurance business:

- Conventional Business
- Accident and Health Business
- Individual Life Non-unitized Investment Linked Business
- Individual Life Unit Linked Business
- Individual Family Takaful Business
- Group Family Takaful Business

The Subsidiary Company was granted authorisation on May 04, 2016 under Rule 6 of Takaful Rules, 2012 to undertake Takaful Window Operations in respect of family takaful products by Securities and Exchange Commission of Pakistan (SECP) and subsequently the Subsidiary Company commenced Window Takaful Operations from July 14, 2016. The Subsidiary Company formed a Waqf Fund namely the Adamjee Life Assurance Company Limited - Window Takaful Operations Waqf Fund (here-in-after referred to as the Participant Takaful Fund (PTF)) on December 22, 2015 under a Waqf deed executed by the Subsidiary Company with the cede amount of Rs. 500,000. The cede money is required to be invested in Shariah compliant investments and any profit thereon can be utilised only to pay benefits to participants or defray PTF expenses. Waqf deed also governs the relationship of the Subsidiary Company and policyholders for the management of Takaful operations, investment of policyholders' funds and shareholders' funds as approved by the Shariah Advisor appointed by the Subsidiary Company.

The Subsidiary Company issued supplemental policies to the Window Takaful Operations Waqf Fund on October 29, 2019 to

include Group Family Participant's Takaful Fund business in existing Window Takaful Operations Waqf Fund and the same was authorised by the Securities and Exchange Commission of Pakistan (SECP) on December 11, 2019 and the Subsidiary Company commenced its Group Family Takaful Business in the second Quarter of 2020.

2 Basis of preparation and statement of compliance

2.1 These consolidated 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 Standards Board 'IASB' as are notified under the Companies Act, 2017;

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

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

As per the requirements of the Takaful Rules, 2012 and SECP Circular No. 25 of 2015 dated July 09, 2015, the assets, liabilities and profit and loss account of the Operator's Fund of the Window Takaful Operations of the Parent Company have been presented as a single line item in the statement of financial position and profit and loss account of the Parent Company respectively. A separate set of financial statements of the Window Takaful Operations of Parent Company has been annexed to these consolidated financial statements as per the requirements of the Takaful Rules, 2012.

2.2 Consolidation

2.2.1 Subsidiary Company

The Subsidiary Company is the entity in which the Parent Company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The financial statements of the Subsidiary Company are included in the consolidated financial statements from the date the control commences until the date that control ceases.

The assets and liabilities of the Subsidiary Company have been consolidated on a line by line basis and carrying value of investments held by the Parent Company is eliminated against the Parent Company's share in paid up capital of the Subsidiary Company. Intragroup balances and transactions have been eliminated.

Non-controlling interests are that part of net results of the operations and of net assets of the Subsidiary Company attributable to interest which are not owned by the Parent Company. Non-controlling interests are presented as separate line item in the consolidated financial statements.

2.3 Basis of measurement

These consolidated financial statements have been prepared under historical cost convention except for certain foreign currency translation adjustments, certain financial instruments carried at fair value, investment property carried at fair value and retirement benefit obligations under employees benefits carried at present value. All transactions reflected in these financial statements are on accrual basis except for those reflected in cash flow statement.

2.4 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency. All the financial information presented in Rupees has been rounded off to the nearest thousand rupees, except otherwise stated.

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

The following standards, amendments and interpretations of accounting and reporting standards are effective for accounting periods beginning on January 01, 2023:

Standards or Interpretations	Effective from annual period beginning on or after:
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IAS 12 ' Income taxes' - International Tax Reform — Pillar Two Model Rules	January 01, 2023

2.6 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

Standards or Interpretations	Effective from annual period beginning on or after:
Amendments to IFRS 16 ' Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with Convents along with Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards

The SECP vide SRO 1715 (I) / 2023 dated November 21, 2023 has directed the companies engaged in insurance/takaful and re-insurance/re-takaful to follow IFRS 17 from January 01, 2026.

IFRS 9 - Financial Instruments

IFRS 9 'Financial Instruments' has become applicable, however as an insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for

entities whose activities are predominantly connected with insurance. Additional disclosures, as required by the IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given below:

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

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

(b) All other financial assets

	As at December 31, 2023				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized gain / (loss) during the period	Carrying Value	Cost less Impairment	Change in unrealized gain / (loss) during the period
	Rupees in thousand				
Financial assets					
Cash and Bank*	3,222,175	-	5,957,197	-	-
Investments in equity securities	38,403,345	10,605,037	-	-	-
Investment in debt securities		-	66,769,062	-	-
Term deposits*	-	-	7,078,102	-	-
Loan secured against life insurance policies	-	-	35,975	-	-
Loans and other receivables*	2,005,647	-	2,370	-	-
Total	43,631,167	10,605,037	79,842,706	-	-

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

3 Material accounting policy information

The significant accounting policies adopted in preparation of these consolidated financial statements are set out below. Accounting policies relating to Window Takaful Operations of Parent Company are disclosed in separate financial statements of Window Takaful Operations which have been annexed to these financial statements. These accounting policies have been consistently applied to all the years presented.

During the year, the Group adopted Disclosure of Accounting Policies (Amendments to IAS 1) from January 01, 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves.

3.1 Insurance contracts

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

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

Insurance contracts issued by the Group are generally classified in eleven basic categories among them five categories are covered by the Parent Company i.e. Fire & property, Marine, aviation & transport, Motor, Health and Miscellaneous and six categories i.e. Conventional Business, Accident and Health Business, Individual Life Non-unitized Investment Linked Business, Individual Life Unit Linked Business, Individual Family Takaful Business and General Family Takaful Business are covered by the Subsidiary Company. These are issued to multiple types of clients with businesses in engineering, automobiles, cement, power, textiles, paper, agriculture, services & trading sectors and individuals as well. The tenure of these insurance contracts depends upon terms of the policies written and vary accordingly.

General insurance business

The non life general insurance consist of the following categories:

- Fire and property insurance contracts generally cover the assets of the policy holders against damages by fire, earthquake, riots and strike, explosion, atmospheric disturbance, flood, electric fluctuation and impact, burglary, loss of profit followed by the incident of fire, contractor's all risk, erection all risk, machinery breakdown and boiler damage, etc.

- Marine aviation and transport insurance contracts generally provide cover for loss or damage to cargo while in transit to and from foreign land and inland transit due to various insured perils including loss of or damage to carrying vessel, etc.

- Motor insurance contracts provide indemnity for accidental damage to or loss of insured vehicle including loss of or damage to third party and other comprehensive car coverage.

- Accident and health insurance contracts mainly compensate hospitalization and out patient medical coverage to the insured.

- Miscellaneous insurance contracts provide variety of coverage including cover against burglary, loss of cash in safe, cash in transit and cash on counter, fidelity guarantee, personal accident, workmen compensation, travel and crop, etc.

Life insurance business

The life insurance business consists of the following categories:

- The Conventional Business includes individual life, group life and group credit life assurance:

    - The individual life business segment provides coverage to individuals against deaths and disability under conventional policies issued by the Subsidiary Company. Additional riders are included on the discretion of the policyholder. The business is written through Bancassurance, tele-sales and through website.

    - Group Life and group credit life contracts are mainly issued to employers to insure their commitments to their employees as required under The Industrial and Commercial Employment (Standing Orders) Ordinance, 1968. The group life business segment provides coverage to members / employees of business enterprises and corporate entities, against death and disability under group life assurance schemes issued by the Subsidiary Company. The group credit life business segment provides coverage to a group of members or subscribers registered under a common platform against death and disability. The business is written mainly through direct sales force.

- Accident and Health Business provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to individuals. The risk underwritten is mainly related to medical expenses relating to hospitalisation and death by accidental means. This business is written through direct sales force.

- Individual Life Non-unitised Investment Linked Business provides life assurance coverage to individuals under universal life policies issued by the Subsidiary Company. Benefits are expressed in terms of account value of the policyholder account which is related to the market value of the underlying assets of the investment fund. The risk underwritten is mainly death and disability. This business is written through bancassurance channel.

- Individual Life Unit Linked Business provides life assurance coverage to individuals under unit-linked investment policies issued by the Subsidiary Company. Benefits are expressed in terms of account value of the policyholder account which is related to the market value of the underlying assets of the investment fund. Various types of riders (accidental death, family

income benefits etc.) are also sold along with the basic policies. Some of these riders are charged through deductions from policyholders fund value, while others are not charged i.e. additional premium is charged thereof against. The risk underwritten is mainly death and disability. This business is written through bancassurance channel and Subsidiary Company's own agency distribution channel.

- The Subsidiary Company offers Individual Family Takaful Unit Linked contracts. Family Takaful contract is an arrangement which rests on key Shariah principles of mutual cooperation, solidarity and well being of a community, and is based on the principles of Wakalah Waqf Model. Under a Takaful arrangement, individuals come together and contribute towards the common objective of protecting each other against financial losses by sharing the risk on the basis of mutual assistance.

- Group Family Takaful contracts are mainly issued to employers to insure their commitments to their employees as required under the Industrial and Commercial Employment (Standing Orders) Ordinance, 1968. The group life business segment provides coverage to members / employees of business enterprises and corporate entities, against death and disability under group life assurance schemes issued by the Subsidiary Company. The group credit life business segment provides coverage to a group of members or subscribers registered under a common platform against death and disability. The business is written mainly through direct sales force.

In addition to direct insurance, the Group also participates in risks under co-insurance contracts from other companies and also accepts risks through re-insurance inward by way of facultative acceptance on case to case basis provided such risks are within the underwriting policies of the Group. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

Since, the nature of insurance contracts entered into by the Parent Company and its Subsidiary Company are different, the respective accounting policies have separately been disclosed here as under:

3.2 General insurance business

3.2.1 Revenue recognition

3.2.1.1 Premiums

Premiums including administrative surcharge under an insurance contract are recognized as written from date of issuance to the date of attachment of risk to the policy / cover note. Where premium for a policy are payable in instalments, full premium for the duration of the policy is recognized as written, where the first such instalment has been duly received by the Parent Company, at the inception of the policy and related assets are recognized as premium receivable.

Revenue from premiums is determined after taking into account the unearned portion of premiums. The unearned portion of premium income is recognized as a liability.

Reinsurance premium is recognized as an expense after taking into account the proportion of prepaid reinsurance premium which is recognized as a proportion of the gross reinsurance premium of each policy, determined as the ratio of the unexpired period of the policy and the total period, both measured to the nearest day. The prepaid portion of premium is recognized as a prepayment.

3.2.1.2 Commission income

Commission income from other insurers / reinsurers is deferred and recognized as a liability and recognized in the profit and loss account as a commission income in accordance with the pattern of recognition of the reinsurance premiums.

3.2.2 Deferred commission expense / acquisition cost

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

Other acquisition costs are charged to profit and loss account at the time the policies are accepted.

3.2.3 Unearned premium

The unearned premium represents the portion of premium written relating to the unexpired period of insurance coverage at the reporting date. It is recognized as a liability. Such liability is calculated as a ratio of the unexpired period of the policy and the total policy period, both measured to the nearest day except:

- for marine cargo, as a ratio of the unexpired shipment period to the total expected shipment period, both measured to the nearest day.

- for crop business, as a ratio of the unexpired crop period to the total expected crop period, both measured to the nearest day.

Policy for recognition of premium revenue is disclosed in these consolidated financial statements. Unearned premium reserve calculated by the Parent Company is also confirmed by an independent actuary.

3.2.4 Premium deficiency

In order to comply with the requirements of section 34(2)(d) of the Insurance Ordinance, 2000, a premium deficiency reserve is maintained for each class of business, where the unearned premium liability for any class of business is not adequate to meet the expected future liability, after re-insurance, for claims and other expenses, including reinsurance expenses, commissions, and other underwriting expenses, expected to be incurred after the reporting date in respect of the policies in force at the reporting date, in that class of business.

For this purpose, premium deficiency reserve is determined by independent actuaries. The actuary determines the prospective loss ratios for each class of business and applies factors of unearned and earned premiums and uses assumptions appropriate to arrive at the expected claims settlement cost which when compared with unearned premium reserve ('UPR') shows whether UPR is adequate to cover the unexpired risks. If these ratios are adverse, premium deficiency is determined.

Based on actuary's advice the management creates a reserve for the same in these consolidated financial statements. The movement in the premium deficiency reserve on net basis is recorded as an expense / income in profit and loss account for the year.

3.2.5 Reinsurance contracts held

The Parent Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Reinsurance contracts include treaty reinsurance, whereby certain agreed proportion of risks are shared with the participating companies, hence higher underwriting capacity with larger spread becomes available. Depending upon the nature and / or size of the risk at times reinsurance of excess of capacity is also placed on case to case basis under facultative reinsurance arrangement. The Parent Company also accepts facultative reinsurance from other local insurance companies provided the risk meets the underwriting requirements of the Parent Company.

Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted reinsurance business being reinsured.

The risks undertaken by the Parent Company under these contracts for each class of business are stated in note 3.1 to the consolidated financial statements.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the provision for outstanding claims or settled claims associated with the reinsurance policies and are in accordance with the related reinsurance contract.

Reinsurance assets or liabilities are derecognized when the contractual rights or obligations are extinguished or expired. Furthermore, reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contract are not off set against income or expenses from related insurance assets.

The Parent Company assesses its reinsurance assets for impairment on reporting date. If there is an objective evidence that the reinsurance asset is impaired, the Parent Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes the impairment loss in the profit and loss account.

The portion of reinsurance premium not recognized as an expense is shown as a prepayment.

Prepayment (i.e. premium ceded to reinsurers) is recognized as follows:

- for reinsurance contracts operating on a proportional basis, a liability to the reinsurer is recognized on attachment of the underlying policies reinsured, while an asset is recognized for the unexpired period of reinsurance coverage at the reporting date as prepaid reinsurance premium ceded and the same is expensed over the period of underlying policies.

Commission income from reinsurers is recognized at the time of issuance of the underlying insurance policy by the Parent Company. This income is deferred and brought to profit and loss account as commission income in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit commission and no claim bonus (if any), which the Parent Company may be entitled to under the terms of reinsurance, is recognized on accrual basis.

3.2.6 Receivables and payables related to insurance contracts

Insurance / reinsurance receivable and payable including premium due but unpaid, relating to insurance contracts are recognized when due and carried at cost less provision for impairment (if any). The cost is the fair value of the consideration to be received / paid in the future for services rendered / received. These amounts also include due to and due from other insurance companies and brokers.

Premium received in advance is recognized as liability till the time of issuance of insurance contract there against.

An assessment is made at each reporting date to determine whether there is objective evidence from external as well as internal sources of information that a financial asset or group of assets may be impaired i.e. recoverable amount at the reporting date is less than the carrying amount of the asset. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized, in the profit and loss account, for the difference between the recoverable amount and the carrying amount. Provisions for impairment are reviewed at each reporting date and adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense, in the profit and loss account.

3.2.7 Provision for outstanding claims including IBNR

The Parent Company recognizes liability in respect of all claims incurred up to 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 the insurance contract. The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported ('IBNR'), expected claims settlement costs, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

SECP through its circular 9 of 2016 dated March 09, 2016 issued 'SEC guidelines for estimation of incurred but not reported (IBNR) claims reserve 2016' for non-life insurance companies and required to comply with all provisions of these guidelines with effect from July 01, 2016.

The Guidelines require that estimation for provision for claims incurred but not reported (IBNR) for each class of business, by using prescribed Method 'Chain Ladder Method' and other alternate method as allowed under the provisions of the Guidelines. The Chain Ladder Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level to derive an IBNR estimate.

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 as explained in preceding paragraph that may include a margin for adverse deviation as required / allowed by the circular 9 of 2016. The methods used, and the estimates made, are reviewed regularly.

3.3 Life insurance business

3.3.1 Conventional business

The Conventional Business includes individual life, group life and group credit life assurance.

3.3.1.1 Individual life

Revenue recognition

First year individual life premiums are recognised once the related policies have been issued and the premium is received. Renewal premiums are recognised upon receipt of premium.

Recognition of policy holders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the reporting date, in accordance with Section 50 of the Insurance Ordinance, 2000.

Claim expenses

Claim expenses are recognised on the earlier of the policy expiry or the date when the intimation of the insured event giving rise to the claim is received. Surrender of conventional business policies is made after these have been approved in accordance with the Subsidiary Company's policy.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported till the date of reporting.

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

3.3.1.2 Group life and group credit life

Revenue recognition

Premiums are recognised as and when due. In respect of certain group policies the Subsidiary Company continues to provide insurance cover even if the premium is received after the grace period. Provision for unearned premiums is included in the policyholders' liabilities.

Recognition of policy holders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the reporting date, in accordance with Section 50 of the Insurance Ordinance, 2000.

Claim expenses

Claim expenses are recognised on the date the insured event is intimated.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported till the date of reporting.

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

Experience refund of premium

Experience refund of premium payable to policyholders' is included in policyholders' liability in accordance with the policy of the Subsidiary Company and the advice of the appointed actuary.

3.3.2 Accident and health business

Revenue recognition

Premiums are recognised once the related policies have been issued and the premiums have been received.

Recognition of policy holders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the reporting date, in accordance with Section 50 of the Insurance Ordinance, 2000.

Claim expenses

Claims expenses are recognised after the date the insured event is intimated and a reliable estimate of the claim amount can be made.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported till the date of reporting.

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

3.3.3 Non-unitized investment linked business

Revenue recognition

First year individual life premiums are recognised once the related policies have been issued and the premium is received. Renewal premiums are recognised upon receipt of premium. Single premiums are recognised once the related policies are issued against the receipts of premium. Premium of riders like 'Waiver of Premium' will be recognised upon actuarial assumptions where actuary deems that all premiums due have been received.

Recognition of policy holders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the reporting date, in accordance with Section 50 of the Insurance Ordinance, 2000.

Claim expense

Claim expenses are recognised on the earlier of the policy expiry or the date when the intimation of the event giving rise to the claim is received. Claim of 'Waiver of Premium' is created when intimated with the amount to be applied by the Subsidiary Company on behalf of policyholder.

Surrender of Non-unitized Investment Linked Business policies is made after these have been approved in accordance with the Subsidiary Company's policy.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported till the date of reporting.

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

3.3.4 Unit linked business

Revenue recognition

First year individual life premiums are recognised once the related policies have been issued and the premium is received. Renewal premiums are recognised upon receipt of premium. Single premiums are recognised once the related policies are issued against the receipts of premium. Premium of riders like 'Waiver of Premium' will be recognised upon actuarial assumptions where actuary deems that all premiums due have been received.

Recognition of policy holders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the reporting date, in accordance with Section 50 of the Insurance Ordinance, 2000.

Claim expenses

Claim expenses are recognised on the earlier of the policy expiry or the date when the intimation of the event giving rise to the claim is received. Claim of 'Waiver of Premium' is created when intimated with the amount to be applied by the Subsidiary Company on behalf of policyholder.

Surrender of Unit Linked Business policies is made after these have been approved in accordance with the Subsidiary Company's policy.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported till the date of reporting.

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

3.3.5 Individual family takaful unit linked business

Revenue recognition

First year individual life contribution are recognised once the related policies have been issued and the contribution is received. Renewal contribution are recognised upon receipt of contribution. Single contribution are recognised once the related policies are issued against the receipts of contribution. Premium of riders like 'Waiver of Premium' will be recognised upon actuarial assumptions where actuary deems that all premiums due have been received.

Recognition of policy holders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the reporting date, in accordance with Section 50 of the Insurance Ordinance, 2000.

Claim expenses

Claim expenses are recognised on the earlier of the policy expiry or the date when the intimation of the event giving rise to the claim is received. Claim of 'Waiver of Premium' is created when intimated with the amount to be applied by the Subsidiary Company on behalf of policyholder.

Surrender of Unit Linked Takaful Business policies is made after these have been approved in accordance with the Subsidiary Company's Policy.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported till the date of reporting.

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

3.3.6 Group family takaful business

Revenue recognition

Contribution are recognised as and when due. In respect of certain group policies the Subsidiary Company continues to provide insurance cover even if the contribution is received after the grace period. Provision for unearned contribution is included in the policyholders' liabilities.

Recognition of policy holders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the reporting date, in accordance with Section 50 of the Insurance Ordinance, 2000.

Claim expenses

Claim expenses are recognised on the date the insured event is intimated.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported till the date of reporting.

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

Experience refund of contribution

Experience refund of contribution payable to policyholders' is included in policyholders' liability in accordance with the policy of the Subsidiary Company and the advice of the appointed actuary.

3.3.7 Reinsurance / Retakaful contracts held

Individual policies (including joint life policies underwritten as such) are reinsured under an individual life reinsurance / retakaful agreement whereas group life and group credit life policies are reinsured under group life and group credit life reinsurance agreements respectively.

3.3.7.1 Conventional

Reinsurance premium

Reinsurance premium ceded is recognised at the same time when the related premium revenue is recognised. It is measured in line with the terms and conditions of the reinsurance treaties.

Reinsurance Recoveries

Reinsurance recoveries from reinsurers are recognised at the same time when the claim is intimated and giving rise to the right of recovery is recognised in the books of accounts of the Subsidiary Company.

Experience Refund

Experience refund receivable from reinsurers is included in the reinsurance recoveries of claims.

Amount due from / to reinsurer

All receivables (reinsurer's share in claims, commission from reinsurer and experience refund) and payables (reinsurance premium) under reinsurance agreements are recognised on net basis in the Subsidiary Company's

financial statements, only under the circumstances that there is a clear legal right of off-set of the amounts.

Amounts due from / to reinsurers are carried at cost which is the fair value of the consideration to be received / paid in the future for services rendered / received, less provision for impairment, if any.

3.3.7.2 Takaful

Retakaful Contribution

Retakaful contribution ceded is recognised at the same time when the related contribution revenue is recognised. It is measured in line with the terms and conditions of the reinsurance treaties.

Retakaful Recoveries

Retakaful recoveries from retakaful operators are recognised at the same time when the claim is intimated and giving rise to the right of recovery is recognised in the books of accounts of the Subsidiary Company.

Experience refund

Experience refund receivable from retakaful operators is included in the retakaful recoveries of claims.

Amount due from / to retakaful operator

All receivables (retakaful operator's share in claims, commission from retakaful operator and experience refund) and payables (retakaful contribution) under retakaful agreements are recognised on net basis in the Subsidiary Company's financial statements, only under the circumstances that there is a clear legal right of off-set of the amounts.

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

3.3.8 Statutory funds

The Subsidiary Company maintains statutory funds in respect of each class of life assurance business in which it operates. Assets, liabilities, revenues and expenses of the Subsidiary Company are referable to the respective statutory funds. However, where these are not referable to statutory funds, these are allocated to shareholders' fund on the basis of actuarial advice. Apportionment of assets, liabilities, revenues and expenses, whenever required between funds are made on the basis certified by the appointed actuary of the Subsidiary Company. Policyholders' liabilities have been included in statutory funds on the basis of the actuarial valuation carried out by the appointed actuary of the Subsidiary Company on the reporting date as required under Section 50 of the Insurance Ordinance, 2000.

3.3.9 Policy holders' liabilities

3.3.9.1 Conventional business

Individual life

Policyholders' liabilities constitute the reserves for basic plans and riders attached to the basic plans and reserves for IBNR Claims.

Policy reserves pertaining to the basic plans are based on Net Premium method of valuation as prescribed in Annexure V of Insurance Rules 2017 requires the use of the SLIC (2001-05) Individual Life Ultimate mortality table and a valuation interest rate of 3.75% p.a. to establish the valuation Net level Premium. The interest rate is considerably lower than the actual investment return the Company is managing on its conventional portfolio. The difference between the above and actual investment return is intended to be available to the Company for meeting administrative expense and for providing margins against adverse deviations. For yearly renewable contracts and contracts where premiums are not age related, the reserves are based on net unearned premiums. Policy reserves for both waiver of premium and accidental death riders are based on net unearned premiums.

Reserves for IBNR claims have been estimated using claims run-off triangle.

Group life and group credit life

Policy reserves for these plans are based on the unearned premium method net of allowances made for acquisition expenses, unexpired reinsurance premium and profit commission. Consideration is also given to the requirement for a Premium Deficiency Reserve. The reserves also comprise allowance for "Incurred But Not Reported" (IBNR) claims. The provision for 'Incurred But Not Reported' (IBNR) claims as included in policyholders' liability is estimated as 15% and 25% of earned premium for the year of group life and group credit life respectively.

3.3.9.2 Accident and health Business

Main Plan Policy reserves are based on net unearned premiums. Reserves for yearly renewable riders are based on net unearned premiums.

3.3.9.3 Non-unitized investment linked business

Policyholders' liabilities constitute the account value of investment linked contracts as well as non-investment or risk reserves of these contracts. Risk reserves constitute liabilities held to account for risks such as death and risk only riders (accidental death and disability, monthly income benefit, waiver of premium, etc.). Reserves for risk only contracts where premiums are level over the term of the contract are based on the Net Premium Method whereas reserves for age related risk contracts are based on net unearned premiums.

Reserves for IBNR claims have been estimated using claims run-off triangle.

3.3.9.4 Unit linked business

Policyholders' liabilities constitute the fund value of unit linked contracts as well as non-investment or risk reserves of these contracts. Risk reserves constitute liabilities held to account for risks such as death and risk only riders (accidental death and disability, monthly income benefit, waiver of premium, etc.). Reserves for risk only contracts where premiums are level over the term of the contract are based on the Net Premium Method whereas reserves for age related risk contracts are based on net unearned premiums.

Reserves for IBNR claims have been estimated using claims run-off triangle.

3.3.9.5 Individual family takaful unit linked business

Policyholders' liabilities constitute the fund value of unit linked contracts as well as non-investment or risk reserves of these contracts. Risk reserves constitute liabilities held to account for risks such as death and risk only riders (accidental death and disability, monthly income benefit, waiver of contribution, etc.). Reserves for risk only contracts where contribution are level over the term of the contract are based on the Net Premium Method whereas reserves for age related risk contracts are based on net unearned contribution.

Reserves for IBNR claims have been estimated using claims run-off triangle.

3.3.9.6 Group family takaful business

Policy reserves for these plans are based on the unearned contribution method net of allowances made for acquisition expenses, unexpired retakaful contribution and profit commission. Consideration is also given to the requirement for a Premium Deficiency Reserve. The reserves also comprise allowance for "Incurred But Not Reported" (IBNR) claims. The provision for 'Incurred But Not Reported' (IBNR) claims as included in policyholders' liability is estimated based on the gross and net loss ratio of 75% and 65% respectively.

3.4 Acquisition costs - life insurance business

These are costs incurred in acquiring insurance policies / takaful contracts, maintaining such policies / takaful contracts, and include without limitation all forms of remuneration paid to insurance agents / takaful agents.

Commission and other expenses are recognised as expense in the earlier of the financial year in which they are paid and the financial year in which they become payable, except that commission and other expenses which are directly referable to the acquisition or renewal of specific contracts are recognised not later than the period in which the premium to which they refer to is recognised as revenue.

3.5 Takaful operator fee - life insurance business

The shareholders of the Company manage the Window Takaful Operations for the participants. Accordingly, the Company is entitled to Takaful Operator's Fee for the management of Window Takaful Operations under the Waqf Fund, to meet its general and administrative expenses. The Takaful Operator's Fee, termed Wakalah fee, is recognised upfront.

3.6 Investment properties

Investment property is the property which is held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property acquired for investment-linked (unit linked business) statutory fund and it was initially measured at cost and subsequently at fair value with any change therein recognised in statement of profit or loss.

3.7 Property and equipment

Owned operating assets, other than freehold land which is not depreciated are stated at cost, signifying historical cost, less accumulated depreciation and any provision for accumulated impairment. Freehold land and capital work-in-progress are carried at cost less accumulated impairment losses, if any. Depreciation is charged to profit and loss account applying reducing balance method depending upon the nature of the asset, at the rates specified for calculation of depreciation after taking into account residual value, if any. The useful lives, residual values and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are charged to profit and loss account as and when incurred.

Depreciation on additions is charged from the month the assets are available for use while on disposals, no depreciation is charged in the month in which the assets are disposed off.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the assets disposed off. These are taken to profit and loss account.

3.8 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss. All expenditure including borrowing costs connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating assets as and when these are available for use.

3.9 Leases

As a lessee, the Group recognizes right of use asset and lease liability at the lease commencement date.

Right of use assets

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date, plus any initial direct cost incurred and less any lease incentives received.

The right of use assets are subsequently depreciated using the straight-line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for the certain remeasurement of the lease liability.

Lease liability

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

"Lease payments included in the measurement of the lease liability comprise of the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index, or a rate, initially measured using the index or rate as at commencement date;
- amount expected to be payable under a residual guarantee; and
- the exercise under purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of lease unless the Group is reasonably certain not to terminate early."

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in Profit and loss account if the carrying amount of the right of use asset has been reduced to zero.

3.10 Intangible assets

These are stated at cost less accumulated amortization and provision for accumulated impairment, if any.

Amortization is calculated from the month the assets are available for use using the straight-line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Group. The useful life and amortization methods are reviewed, and adjusted if appropriate, at each reporting date.

Software development costs are only capitalized to the extent that future economic benefits are expected to be derived by the Group.

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

3.11 Segment reporting

A business segment is a distinguishable component of the Group that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Group accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Rules, 2017. The reported operating segments are also consistent with the internal reporting provided to Board of Directors which is responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

3.12 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. It comprise cash in hand, policy stamps and bank balances.

3.13 Investment income

Following are recognized as investment income:

- Income on investments designated at fair value through profit or loss are included in profit and loss account.
- Income from held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments. The difference between the redemption value and the purchase price of the held to maturity investments is amortized and taken to the profit and loss account over the term of the investment.
- Dividend income is recognized when the Group's right to receive the dividend is established.
- Gain / loss on sale of available-for-sale investments is recognized in profit and loss account in the year of sale.
- Return on term deposits is recognized on a time proportion basis taking into account the effective yield.
- Return on fixed income and government securities are recognized on time proportion basis using the effective interest rate method.

3.14 Investments

Investments are recognized and classified as follows:

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

The classification depends on the purpose for which the financial assets were acquired.

3.14.1 Investment at fair value through profit or loss

Financial assets that are designated upon initial recognition as one to be measured at fair value through profit or loss include those group of financial assets which are managed and their performance is evaluated on fair value basis and were held for active trading.

3.14.2 Held to maturity

Investments with fixed determinable payments and fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as held to maturity.

Subsequently, these are measured at amortized cost less provision for impairment, if any.

Any premium paid or discount availed on government securities and term finance certificates is deferred and amortized over the period to maturity of investment using the effective yield.

3.14.3 Available-for-sale

Investments which are not eligible to be classified as 'fair value through profit or loss' or 'held to maturity' are classified as 'available-for-sale'. These investments are intended to be held for an indefinite period of time which may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates.

These are initially measured at cost and subsequently re-measured at fair value at each reporting date. The unrealized gains and losses arising from changes in fair values are directly recognized in equity in the year in which these arise. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the profit and loss account as gains and losses from investment securities. The Group assesses at each statement of financial position date whether there is an objective evidence that the financial asset is impaired. If any such evidence exists for an 'available for sale' asset, the accumulated loss is removed from equity and recognized in the profit and loss account.

Quoted

Subsequent to initial recognition, these investments are re-measured at fair value. Gains or losses on investments on re-measurement of these investments are recognized in statement of comprehensive income.

Unquoted

Fair value of unquoted investments is determined on the basis of appropriate valuation techniques as allowed by IAS 39 'Financial Instruments: Recognition and Measurement'. Where fair value cannot be measured reliably, these are carried at cost. The valuation of unquoted investments as at December 31, 2023 has been carried out by independent valuer for determination of fair value of these investments.

3.14.4 Fair / market value measurements

For investments in Mutual funds, fair / market value is determined by reference to rates quoted by Mutual Fund Association of Pakistan ('MUFAP'). For investments in quoted marketable securities, other than Term Finance Certificates, fair / market value is determined by reference to Stock Exchange quoted market price at the close of business on reporting date. The fair market value of Term Finance Certificates is as per the rates issued.

3.15 Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognized at the trade date. Trade date is the date on which the Group commits to purchase or sell the investment.

3.16 Off setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position when the Group has a legally enforceable right to set-off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.17 Provisions

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

3.18 Taxation

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

Current

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

Deferred

Deferred taxation is accounted for using the statement of financial position liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to statement of comprehensive income in which case it is included in statement of comprehensive income.

3.19 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit and loss over the period of the borrowings using the effective interest rate. Finance costs are accounted for on accrual basis and are reported under accrued markup to the extent of the amount remaining unpaid.

3.20 Government grant

Government grants are transfers of resources to the Group by a government entity in return for compliance with certain past or future conditions related to the Group's operating activities - e.g. a government subsidy. The definition of 'government' refers to governments, government agencies and similar bodies, whether local, national or international.

The Group recognises government grants when it is reasonably probable that grants will be received and the Group will be able to comply with conditions associated with grants.

Government grants are recognized at fair value, as a deferred income, when there is reasonable assurance that the grants will be received and the Group will be able to comply with the conditions associated with the grants.

Grants that compensate the Group for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

Loan at subsidized rate under SBP refinancing scheme for payment of wages and salaries is initially measured at the fair value i.e. the present value of the expected future cash flows discounted at a market-related interest rate. The difference between the amount received and the fair value is recognized as a government grant.

3.21 Retirement benefit obligations

3.21.1 General insurance business

Defined contribution plan

The Parent Company operates an approved contributory provident fund scheme for all its eligible employees. Equal monthly contributions to the fund are made by the Parent Company and the employees at the rate of 8.33% of basic salary. Contributions made by the Parent Company are recognized as expense. The Parent Company has no further payment obligations once the contributions have been paid. Obligation for contributions to defined contribution plan is recognized as an expense in the profit and loss account as and when incurred.

Defined benefit plans

The Parent Company operates the following defined benefit plans:

- An approved funded gratuity scheme for all its permanent employees in Pakistan. Annual contribution are made

to this scheme on the basis of actuarial recommendations. The Parent Company recognizes expense in accordance with IAS 19 'Employee Benefits'. The contributions have been made to gratuity fund in accordance with the actuary's recommendations based on the actuarial valuation of these funds as at December 31, 2023.

- An unfunded gratuity scheme covering the employees in the UAE branches as per the requirements of the applicable regulations. Provision is made in these consolidated financial statements on the basis of the actuarial valuation carried out by an independent actuary using the projected unit credit method. The latest valuation has been carried at December 31, 2023.

Past-service costs are recognized immediately in profit and loss account, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

The Parent Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Parent Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Parent Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit and loss account.

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

Employees' compensated absences

The Parent Company accounts for these benefits in the period in which the absences are earned.

The Parent Company provides annually for the expected cost of accumulating compensated absences on the basis of actuarial valuation. Regular employees of the Parent Company are entitled to 30 days earned leaves in a calendar year and they can accumulate the unutilized privilege leaves upto 60 days (2022: 60). The most recent valuation is carried out as at December 31, 2023 using the LIFO method. The liabilities are presented as a current employees benefit obligations in the statement of financial position.

3.21.2 Life insurance business

Defined benefit plan

The Subsidiary Company operates an approved funded gratuity scheme for all permanent, confirmed and full time employees who have completed minimum qualifying eligible service period of six months. Contribution to the fund is made and expense is recognized on the basis of actuarial valuation carried out as at each year end using the Projected Unit Credit Method. Provisions are made to cover the obligations under the scheme on the basis of actuarial assumptions.

The Subsidiary Company's obligation under the gratuity schemes are determined through actuarial valuations. Actuarial valuations are conducted annually and the latest valuation was conducted as at December 31, 2023. Service costs are recognized in profit and loss in the year in which they occur. Net interest on net defined benefit

liability is also recognized in profit and loss. Net of tax remeasurement comprising actuarial gain / loss , the return on plan assets excluding interest are recognized in other comprehensive income.

Employees accumulated compensated absences

The Subsidiary Company accounts for the liability in respect of employees accumulated compensated absences in the period in which they are earned.

3.22 Impairment of assets

Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Non financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

3.23 Dividend distribution

Dividend distribution to the Parent Company's shareholders and other appropriations are recognized in the Group's financial statements in the period in which these are approved. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.

3.24 Management expenses

Expenses of management both direct and indirect are allocated on the basis of activity in each class of business. Expenses not allocable to the underwriting business are charged as other expenses.

3.25 Foreign currencies

Transactions in foreign currencies (other than the result of foreign branches) are accounted for in Pak Rupees at the rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date. Exchange differences are taken to the profit and loss account currently.

The assets and liabilities of foreign branches are translated to Pak Rupees at exchange rates prevailing at the reporting date. The results of the foreign branches are translated to Pak Rupees at the average rate of exchange for the year. Translation gains and losses are included in the profit and loss account, except those arising on the translation of the Group net investments in foreign branches, which are taken to the capital reserves (exchange translation reserve).

3.26 Financial instruments

Financial assets and liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument and de-recognized when the Group loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the de-recognition of the financial assets and liabilities is included in the profit and loss account.

Financial instruments carried in the statement of financial position include cash and bank, loans, investments, premiums due but unpaid, amount due from other insurers / reinsurers, premium and claim reserves retained by cedants, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, provision for outstanding claims, amounts due to other insurers / reinsurers, accrued expenses, other creditors and accruals, liabilities against asset subject to finance lease and unclaimed dividends. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.27 Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated if there is any potential dilutive effect on the Group's reported net profits.

3.28 Window Takaful Operations - Parent Company

The accounting policies followed by Window Takaful Operations of the Parent Company are stated in the annexed financial statements of Window Takaful Operations for the year ended December 31, 2023.

4 Critical accounting estimates and judgments

4.1 Use of estimates and judgments

The preparation of these consolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The areas involving a higher degree of judgment and complexity, or areas where assumptions and estimates are significant to these consolidated financial statements or judgment was exercised in application of accounting policies, are as follows:

- Provision for doubtful receivables	**3.2.6**
- Provision for outstanding claim including claims incurred but not reported (IBNR)	**3.2.7**
- Premium deficiency	**3.2.4**
- Retirement benefit obligations	**3.21**
- Valuation of unquoted investments	**3.14.3**
- Provision for taxation including the amount relating to tax contingency	**3.18**
- Useful lives, pattern of economic benefits and impairments - Property and Equipment	**3.7**
- Useful lives, pattern of economic benefits and impairments - Intangible Assets	**3.10**
- Policy holders' liabilities and underlying actuarial assumptions	**3.3.9**
- Impairment of assets - financial assets	**3.22**
- Segment Reporting	**3.11**

	Note	2023	2022
		Rupees in thousand	
5 Property and equipment			
Operating assets	5.1	5,294,880	5,309,131
Capital work in progress	5.2	16,374	3,169
Right of use asset	5.3	74,230	121,399
		5,385,484	5,433,699

5.1 Operating assets

2023

	Cost						Depreciation						Net Book value	
	As at Jan 01	Additions / Transfers	Exchange differences and other adjustments	Disposals / Write Offs	Transfer to investment property	As at Dec 31	As at Jan 01	Charge for the year	Exchange differences and other adjustments	Disposals / Write offs	Transfer to investment property	As at Dec 31	As at Dec 31	Rate
	Rupees in thousand													%
Freehold:														
Land	1,745,663	-	-	-	-	1,745,663	-	-	-	-	-	-	1,745,663	-
Building*	2,793,882	53,303	140,567	-	(180,761)	2,806,991	517,789	49,423	49,549	-	(77,832)	538,929	2,268,062	3.0%
Furniture and fixtures	508,199	7,681	33,264	(12,594)	986	537,536	254,880	35,231	20,694	(8,394)	-	302,411	235,125	14.3% - 15.0%
Motor vehicles	855,049	84,213	16,926	(50,191)	-	905,997	452,199	51,277	9,166	(31,245)	-	481,397	424,600	15.0% - 20.0%
Machinery and equipment	801,418	9,326	8,162	(1,020)	-	817,886	340,101	52,460	6,165	(899)	-	397,827	420,059	15.0% - 20.0%
Computer equipment	568,328	73,215	10,006	(16,697)	-	634,852	443,318	42,570	8,870	(15,774)	-	478,984	155,868	30.0% - 33.3%
Leasehold Improvements	64,752	6,989	6,021	(6,168)	-	71,594	19,873	9,144	-	(2,926)	-	26,091	45,503	14.3%
Total	7,337,291	234,727	214,946	(86,670)	(179,775)	7,520,519	2,028,160	240,105	94,444	(59,238)	(77,832)	2,225,639	5,294,880	

2022

	Cost						Depreciation						Net Book value	
	As at Jan 01	Additions / Transfers	Exchange differences and other adjustments	Disposals / Write Offs	Transfer to investment property	As at Dec 31	As at Jan 01	Charge for the year	Exchange differences and other adjustments	Disposals / Write offs	Transfer to investment property	As at Dec 31	As at Dec 31	Rate
	Rupees in thousand													%
Freehold:														
Land**	1,745,663	-	-	-	-	1,745,663	-	-	-	-	-	-	1,745,663	-
Building*	2,614,587	26,463	152,832	-	-	2,793,882	415,955	47,516	54,318	-	-	517,789	2,276,093	3.0%
Furniture and fixtures	460,851	13,643	35,690	(1,985)	-	508,199	200,254	37,005	19,437	(1,816)	-	254,880	253,319	14.3% - 15.0%
Motor vehicles	772,031	119,731	14,476	(51,189)	-	855,049	436,987	43,385	7,895	(36,068)	-	452,199	402,850	15.0% - 20.0%
Machinery and equipment	803,309	11,733	(7,750)	(5,874)	-	801,418	283,725	60,013	885	(4,522)	-	340,101	461,317	15.0% - 20.0%
Computer equipment	509,951	63,988	12,480	(18,091)	-	568,328	415,843	37,033	8,136	(17,694)	-	443,318	125,010	30.0% - 33.3%
Leasehold Improvements	52,019	19,674	-	(6,941)	-	64,752	15,349	7,971	-	(3,447)	-	19,873	44,879	14.3%
Total	6,958,411	255,232	207,728	(84,080)	-	7,337,291	1,768,113	232,923	90,671	(63,547)	-	2,028,160	5,309,131	

* The Group owns 3 buildings and resulting area of land and 7 corporate offices in Pakistan and 1 corporate office in UAE.

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

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Relationship	Particulars of purchaser
Furniture and fixtures							
Tables, chairs & counters	2,952	2,817	135	63	As per Company policy	Unrelated Party	Individual purchaser
Tables, chairs & counters	2,376	1,695	681	215	As per Company policy	Unrelated Party	Individual purchaser
Tables, chairs & counters	179	96	83	41	As per Company policy	Unrelated Party	Individual purchaser
Tables, chairs & counters	910	466	444	240	As per Company policy	Unrelated Party	Individual purchaser
Tables, chairs & counters	1,816	1,347	469	286	As per Company policy	Unrelated Party	Individual purchaser
Items having book value below Rs. 50,000	4,361	1,974	2,387	80			
	12,594	**8,395**	**4,199**	**925**			
Motor vehicles (Owned)							
HONDA CITI AKE-170	885	818	67	986	Auction	Independent third party	Munir Ahmad
HONDA CIVIC AUK-825	1,328	1,128	200	1,050	Auction	Independent third party	IGI Insurance Company Limited
TOYOTA COROLLA XLI AUL-804	1,357	1,098	259	1,324	Auction	Independent third party	Munir Ahmed
HONDA CITI AWH-846	2,090	1,806	284	2,072	Auction	Independent third party	Adeel Hameed
SUZUKI CULTUS AXQ-969	950	761	189	877	Auction	Independent third party	Kalimullah
SUZUKI CULTUS AVZ-539	1,419	1,113	306	828	Auction	Independent third party	Saleem Uddin Qureshi
SUZUKI CULTUS AYW-265	990	749	241	770	Auction	Independent third party	Shahid Najam
SUZUKI CULTUS AZW-417	1,050	800	250	958	Auction	Independent third party	Muhammad Bukhtiar Yasin
SUZUKI CULTUS AZW-749	1,050	782	268	918	Auction	Independent third party	Adil Mehmood
TOYOTA COROLLA GLI BAN-728	1,708	1,300	408	1,520	Auction	Independent third party	Sakhawat Hussain
TOYOTA COROLLA GLI BBN-418	2,757	2,033	724	1,861	Auction	Independent third party	Shariq Ahmed Qazi
HONDA CIVIC VTI LEE-14-5993	2,069	1,475	594	1,900	Auction	Independent third party	Sardar Ali Masood Raza
HONDA CITI LEE-14-5987	2,238	1,781	457	2,301	Auction	Independent third party	Adeel Hameed
HONDA CITI BU-090	1,592	1,135	457	1,669	Auction	Independent third party	Adil Mehmood
SUZUKI CULTUS BBT-967	1,054	754	300	1,005	Auction	Independent third party	Muhammad Akram
SUZUKI CULTUS BBV-667	1,075	758	317	863	Auction	Independent third party	Syed Intasab Hassan
SUZUKI CULTUS LEE-14-7349	1,039	733	306	960	Auction	Independent third party	Syed Sohail Ahmed
HONDA CIVIC BDT-296	2,255	1,469	786	2,156	Auction	Independent third party	Abrar Bashir
HONDA CIVIC EJ-926	3,637	2,584	1,053	2,300	Auction	Independent third party	Azam Niaz
SUZUKI CULTUS BGQ-429	1,099	617	482	1,201	Auction	Independent third party	Syed Intesab Hassan
HONDA CITI ARX-192	1,319	1,168	151	1,256	Auction	Independent third party	Abrar Bashir
SUZUKI CULTUS BGJ-589	1,094	680	414	1,175	Auction	Independent third party	Muhammad Imran Khan
HONDA CITI LE-16-4754	2,510	1,705	805	2,275	Auction	Independent third party	Sarfraz Ali
SUZUKI WAGONR VXR BRK-926	1,605	473	1,132	1,132	Transfer	Window Operations	Adamjee Insurance Company Limited - Window Operations
HONDA CITI ASF-269	1,209	1,058	151	950	Settlement	Independent third party	IGI Insurance Company Limited
TOYOTA COROLLA BXB-093	3,541	354	3,187	3,583	As per Company policy	Employee	Ahson
TOYOTA YARIS AJX-503	2,958	690	2,268	2,772	As per Company policy	Employee	Usman Javed
SUZUKI ALTO BWK-532	1,747	495	1,252	1,701	As per Company policy	Employee	Raja Adnan
SUZUKI CULTUS AJS-686	2,244	636	1,608	2,031	As per Company policy	Employee	Noor Atif
Items having book value below Rs. 50,000	322	292	30	176			
	50,191	**31,245**	**18,946**	**44,570**			
Machinery & equipment							
Items having book value below Rs. 50,000	1,021	899	122	262			
	1,021	**899**	**122**	**262**			
Computer equipment							
Various items of network switches and desktops	1,340	971	369	94	As per Company policy	Unrelated Party	Individual purchaser
Laptops	583	380	203	227	As per Company policy	Employee	Muhammad Imran Hussain
Various items of network switches and desktops	5,290	5,176	114	-	As per Company policy	Unrelated Party	Individual purchaser
Laptops	281	179	102	164	As per Company policy	Employee	Ahson Nasim
Laptops	281	179	102	94	As per Company policy	Employee	Saquib Saeed Khan
Items having book value below Rs. 50,000	8,924	8,890	34	722			
	16,699	**15,775**	**924**	**1,301**			
Leasehold improvements							
Leasehold fittings installed in the branches	5,944	2,801	3,143	-	As per Company policy	Unrelated Party	Individual purchaser
Leasehold fittings installed in the branches	127	68	59	41	As per Company policy	Unrelated Party	Individual purchaser
Items having book value below Rs. 50,000	94	55	39	13			
	6,165	**2,924**	**3,241**	**54**			
Grand Total	**86,670**	**59,238**	**27,432**	**47,112**			
Grand Total (2022)	84,080	63,557	20,523	30,961			

5.1.2 Fully depreciated assets having cost of Rs. 145.97 million (2022: Rs 146.85 million) are still in use by Subsidiary Company.

		2023	2022
		---------- Rupees in thousand ----------	
5.2	**Capital work in progress**		
	Mobilization advance	-	-
	Advance for computer hardware equipment	13,803	-
	Advance for ERP software	-	-
	Leasehold improvements	2,571	3,169
		16,374	3,169
5.3	**Right of use asset**		
	As at January 01	121,399	171,428
	Derecognition / Adjustments in Agency branches	(2,856)	(5,131)
	Additions during the year	23,152	3,709
	Depreciation charge during the year	(34,953)	(57,726)
	Exchange difference	(32,512)	9,119
	Closing Net Book Value	74,230	121,399

5.3.1 All the right of use assets include premises obtained on rent for branch operations (inside and outside of Pakistan).

		Note	2023	2022
			---------- Rupees in thousand ----------	
6	**Intangible assets**			
	Intangible assets	6.1	122,877	131,802
	Capital work in progress	6.2	19,003	26,591
			141,880	158,393
6.1	**Intangible assets**			
	Cost			
	As at January 01		664,317	576,387
	Additions during the year		44,484	33,035
	Exchange differences and other adjustments		36,438	54,895
	As at December 31		745,239	664,317
	Less: Accumulated amortization			
	As at January 01		532,515	452,922
	Amortization charged during the year		50,620	46,432
	Exchange differences and other adjustments		39,228	33,161
	As at December 31		622,363	532,515
	Net book value as at December 31		122,876	131,802
	Rate of amortization		20.00%	20.00%
6.2	**Capital work in progress**			
	Advance against Intangible assets		19,003	26,591
			19,003	26,591
7	**Investment Properties**			
	Net book value as at January 01		1,757,365	1,259,667
	Additions and capital improvements		-	-
	Transfer to property and equipment		102,929	-
	Exchange differences and other adjustments		26,069	-
	Unrealized fair value gain		268,309	497,698
	Net book value as at December 31		2,154,672	1,757,365

"Investment property as at December 31, 2023 consists of the following:

- 4 floors of Adamjee House, Karachi which are rented out.
- 1 floor of Adamjee House, Lahore which is rented out.
- Office situated at Office no. 303, One by Omniyat Building, Business Bay, Dubai, UAE, which is rented out. "

Market value of these investment properties amounts to Rs. 2,155 million based on a valuation carried out by independent valuer, as at December 31, 2023.

The fair value of investment properties was determined by external, independent property valuers having adequate qualifications and experience in the location and category of the property being valued. Investment properties of the Company are valued every year.

The valuation has been carried out considering the segment and location of the property, size, utilization and current trends in price of real estate in close proximity, current market rents for similar properties including assumptions that ready buyers are available in the current market which is analyzed through detailed market surveys and the properties that have recently been sold or purchased or offered/quoted for sale into the same vicinity to determine the better estimates of the fair value.

	Note	2023	2022
		Rupees in thousand	
8 Investments in equity securities			
Available-for-sale	8.1	24,865,242	17,664,055
Fair value through profit or loss (designated upon initial recognition)	8.2	13,538,103	16,297,081
		38,403,345	33,961,136

8.1 Available-for-sale

	Note	2023 Cost	2023 Impairment / provision	2023 Unrealized gain / (loss)	2023 Carrying value	2022 Cost	2022 Impairment / provision	2022 Unrealized gain / (loss)	2022 Carrying value
		Rupees in thousand							
Related parties									
Listed shares	8.1.1	10,400,757	(31)	1,770,833	12,171,559	10,401,475	(25,215)	(2,296,235)	8,080,025
Unlisted shares	8.1.2	2,882,316	-	3,683,404	6,565,720	1,982,316	-	3,119,759	5,102,075
		13,283,073	(31)	5,454,237	18,737,279	12,383,791	(25,215)	823,524	13,182,100
Others									
Listed shares	8.1.3	5,593,252	(1,971,864)	2,456,437	6,077,825	5,660,944	(1,919,748)	707,381	4,448,577
Mutual Funds	8.1.4	50,447	(16,366)	15,105	49,186	48,979	(16,366)	40	32,653
NIT Units	8.1.5	161	-	791	952	161	-	564	725
		5,643,860	(1,988,230)	2,472,333	6,127,963	5,710,084	(1,936,114)	707,985	4,481,955
		18,926,933	(1,988,261)	7,926,570	24,865,242	18,093,875	(1,961,329)	1,531,509	17,664,055

8.1.1 Related parties- Listed Shares

No. of shares		Face value	Company's Name	Market Value	
2023	2022	Rupees		2023	2022
				--------Rupees in thousand-------	
			Commercial Banks		
59,225,639	59,225,639	10	MCB Bank Limited	10,219,384	6,879,650
			Textile Composite		
2,050	2,050	10	Nishat Mills Limited	157	114
			Power Generation & Distribution		
923,500	963,500	10	Nishat Power Limited	28,582	17,545
25,631,181	25,631,181	10	Pakgen Power Limited	1,305,909	768,935
27,348,388	27,348,388	10	Lalpir Power Limited	617,527	413,781
113,130,758	113,170,758			12,171,559	8,080,025

8.1.1.1 5,700,000 (2022 : 5,286,710) shares of MCB Bank Limited have been pledged against SBLC (Standby Letter of Credit) issued in favour of Meezan Bank Limited on behalf of Hyundai Nishat Motor (Private) Limited, a related party of the Group.

8.1.2 Related Parties - Unlisted shares

No. of shares		Face value	Company's Name	Market Value	
2023	2022	Rupees		2023	2022
				--------Rupees in thousand-------	
			Automobile Assembler		
195,623,000	105,623,000	10	Hyundai Nishat Motor (Private) Limited	3,407,753	2,779,997

This represents investment in the ordinary shares of Hyundai Nishat Motor (Private) Limited (HNMPL) which is principally engaged in vehicle assembling. Since HNMPL's ordinary shares are not listed, an independent valuer engaged by the Parent Company has estimated a fair value of Rs. 17.42 per ordinary share as at December 31, 2023 (Rs. 26.32 per ordinary share as at December 31, 2022) through a valuation technique based on discounted cash flows. Hence, it has been classified under level 3 of the fair value hierarchy as further explained in note 42 to these consolidated financial statements.

The significant assumptions used in this valuation technique are as follows:

- Discount rate of 24.14% (2022: 21.64%) per annum.
- Terminal growth rate in revenue of 2% (2022: 2%) per annum.

Sensitivity analysis

Sensitivity analysis of the significant assumptions used in the valuation technique are as follows:

- If the discount rate increases by 1% with all other variables held constant, the impact on fair value as at December 31, 2023 would be Rs. 158,455 thousand lower.
- If the terminal growth rate increase by 1% with all other variables held constant, the impact on fair value as at December 31, 2023 would be Rs. 74,337 thousand higher.

8.1.2.2

No. of shares		Face value	Company's Name	Market Value	
2023	2022	Rupees		2023	2022
				--------Rupees in thousand-------	
9,681,374	9,681,374	10	Security General Insurance Company Limited	3,157,967	2,322,078

This represents investment in the ordinary shares of Security General Insurance Company Limited ("SGI") which is principally engaged in general insurance business. Since SGI's ordinary shares are not listed, an independent valuer engaged by the Parent Company has estimated a fair value of Rs. 326.19 per ordinary share as at December 31, 2023 (Rs. 239.85 per ordinary share as at December 31, 2022) through a valuation technique based on discounted cash flow analysis of SGI. Hence, it has been classified under level 3 of the fair value hierarchy as further explained in note 42 to these consolidated financial statements.

The significant assumptions used in this valuation technique are as follows:

- Discount rate of 25% (2022: 25%) per annum.
- Terminal growth rate of 2% (2022: 2%) per annum.

Sensitivity analysis

Sensitivity analysis of the significant assumptions used in the valuation technique are as follows:

- If the discount rate increases by 1% with all other variables held constant, the impact on fair value as at December 31, 2023 would be Rs. 12,987 thousand lower.
- If the terminal growth rate increases by 1% with all other variables held constant, the impact on fair value as at December 31, 2023 would be Rs. 6,519 thousand higher.

8.1.3 Others - listed shares

No. of shares		Face value	Company's Name	Market Value	
2023	2022	Rupees		2023	2022
				--------Rupees in thousand-------	
			Automobile Assembler		
2,816,397	1,706,908	10	Millat Tractors Limited	1,637,087	828,038
			Cable & Electrical Goods		
148,131	148,131	10	Siemens (Pakistan) Engineering Company Limited	99,058	112,445
			Cement		
-	24,000	10	Attock Cement Pakistan Limited	-	1,357
645,100	645,100	10	Fecto Cement Limited	25,843	11,309
			Close - End Mutual Fund		
4,113,500	4,113,500	10	HBL Investment Fund 'A'	14,192	6,828

No. of shares 2023	No. of shares 2022	Face value Rupees	Company's Name	Market Value 2023	Market Value 2022
				--------Rupees in thousand-------	
			Commercial Banks		
6,277,500	6,277,500	10	Allied Bank Limited	**521,033**	401,572
330,300	389,107	10	Habib Bank Limited	**36,610**	24,796
7,967,450	8,320,012	10	National Bank of Pakistan	**255,834**	196,269
1,250,000	1,279,400	10	United Bank Limited	**222,300**	128,902
			Engineering		
-	178,637	10	Aisha Steel Mills Limited	**-**	1,487
-	100,000	10	Crescent Steel & Allied Products Limited	**-**	3,198
			Fertilizer		
12,707	12,707	10	Engro Fertilizers Limited	**1,426**	977
-	9,000	10	Fatima Fertilizer Company Limited	**-**	302
9,998,900	9,998,900	10	Fauji Fertilizer Company Limited	**1,131,775**	986,991
			Food & Personal Care Products		
5,740	5,740	10	Nestle Pakistan Limited	**47,085**	33,694
70,304	70,304	10	Rafhan Maize Products Limited	**702,899**	639,768
			Insurance		
-	4,800	10	EFU General Insurance Company Limited	**-**	444
860,529	860,529	10	Pakistan Reinsurance Company Limited	**6,617**	5,903
			Investment Companies		
2,220,100	2,220,100	10	Dawood Hercules Corporation Limited	**238,972**	209,799
5,462,000	5,462,000	10	MCB Arif Habib Savings & Investment Limited	**154,575**	116,832
			Oil & Gas Exploration Companies		
1,524,300	1,524,300	10	Oil & Gas Development Company Limited	**171,408**	121,425
-	600	10	Pakistan Oilfields Limited	**-**	236
5,126,935	5,126,935	10	Sui Northern Gas Pipelines Limited	**376,932**	192,516
			Paper & Board		
11,750	11,750	10	Packages Limited	**6,229**	4,349
			Pharmaceuticals		
369,400	369,400	10	Abbott Laboratories Pakistan Limited	**170,002**	171,147
			Power Generation & Distribution		
5,731,000	5,743,000	10	Kot Addu Power Company Limited	**162,932**	153,051
-	130,000	10	K-Electric Limited	**-**	351
4,935,882	4,960,882	10	Saif Power Limited	**95,016**	92,123
			Refinery		
-	49	10	Pakistan Petroleum Limited	**-**	3
-	14,000	10	National Refinery Limited	**-**	2,465
59,877,925	59,707,291			**6,077,825**	4,448,577

8.1.3.1 5,200,000 (2022 : 4,800,000) shares of Fauji Fertilizer Company Limited have been pledged against SBLC (Standby Letter of Credit) issued in favour of Meezan Bank Limited on behalf of Hyundai Nishat Motor (Private) Limited, a related party of the Group.

8.1.4 Others-Mutual Fund Certificates

Open-Ended-Mutual Funds

No. of units 2023	No. of units 2022	Face value Rupees	Company's Name	Market Value 2023	Market Value 2022
				Rupees in thousand	
55,419	47,324	100	Alfalah GHP Money Market Fund	5,481	4,658
29,026	24,802	100	HBL Cash Fund	2,991	2,541
4,234,548	4,234,546	10	HBL Investment Fund - Class B	40,714	25,454
4,318,993	4,306,672			49,186	32,653

8.1.5 Open-Ended Equity Funds

No. of units 2023	No. of units 2022	Face value Rupees	Company's Name	Market Value 2023	Market Value 2022
				Rupees in thousand	
12,540	12,540		National Investment Trust	952	725

8.2 Fair value through profit or loss

	Note	2023 Cost	2023 Impairment / provision	2023 Unrealized gain / (loss)	2023 Carrying value	2022 Cost	2022 Impairment / provision	2022 Unrealized gain / (loss)	2022 Carrying value
		Rupees in thousand							
Related Party									
Listed shares	8.2.1	1,535,048	-	667,818	2,202,866	1,297,356	-	(354,418)	942,938
Mutual Funds	8.2.2	3,129,148	-	1,852,193	4,981,341	6,099,261	-	(695,661)	5,403,600
		4,664,196	-	2,520,011	7,184,207	7,396,617	-	(1,050,079)	6,346,538
Others									
Listed shares	8.2.3	5,377,513	-	976,383	6,353,896	8,001,073	-	(664,232)	7,336,841
Mutual Funds	8.2.4	-	-	-	-	1,612,973	-	1,000,729	2,613,702
		5,377,513	-	976,383	6,353,896	9,614,046	-	336,497	9,950,543
		10,041,709	-	3,496,394	13,538,103	17,010,663	-	(713,582)	16,297,081

8.2.1 Related parties- Listed Shares

No. of shares 2023	No. of shares 2022	Face value Rupees	Company's Name	Market Value 2023	Market Value 2022
				Rupees in thousand	
			Commercial Banks		
10,637,598	6,306,006	10	MCB Bank Limited	1,835,518	732,506
			Textile Composite		
5,730,098	3,907,365	10	Nishat Chunian Limited	148,696	81,429
400,000	650,301	10	Nishat Mills Limited	30,688	35,755
			Power Generation & Distribution		
2,000,000	-	10	Nishat Chunian Power Limited	55,940	-
			Cement		
1,705,731	1,805,732	10	D.G. Khan Cement Company Limited	132,024	93,248
20,473,427	12,669,404			2,202,866	942,938

8.2.2 Related parties- Mutual Fund Certificates

Open-Ended-Mutual Funds

No. of units		Face value	Company's Name	Market Value	
2023	2022	Rupees		2023	2022
				--------Rupees in thousand-------	
149,237,689	195,145,209	10	Alhamra Islamic Stock Fund	2,093,805	1,709,472
667,028	4,193,281	100	Alhamra Islamic Income Fund	75,779	457,671
5,506,794	7,325,935	50	Alhamra Islamic Asset Allocation Fund	522,441	460,051
1,978	4,105,832	100	MCB Cash Management Optimizer Fund	201	416,746
14,038,557	23,141,205	50	MCB Pakistan Stock Market Fund	1,862,810	1,846,772
-	500,000	100	MCB Pakistan Dividend Yield Plan	-	50,200
540,454	-	100	MCB Pakistan Opportunity Fund	81,073	-
134,363	-	50	MCB Pakistan Sovereign Fund	8,042	
-	3,052,727	50	Pakistan Income Fund	-	178,328
2,932,844	3,878,276	100	Pakistan Asset Allocation Fund	337,190	284,360
173,059,707	241,342,465			4,981,341	5,403,600

8.2.3 Others - listed shares

No. of shares		Face value	Company's Name	Market Value	
2023	2022	Rupees		2023	2022
				--------Rupees in thousand-------	
			Automobile Assembler		
366,630	135,630	5	Agriauto Industries Limited	36,575	11,638
152,300	163,300	10	Atlas Honda Limited	53,430	48,990
127,175	-	10	Indus Motors Company Limited	152,599	-
1,035	-	10	Honda Atlas Cars (Pakistan) Limited	221	-
			Automobile Part & Accessories		
-	1,587		Atlas Battery Limited	-	259
-	2,028,395	10	General Tyre & Rubber Company of Pakistan	-	54,767
-	3,220,758	10	Panther Tyres Limited	-	66,734
-	376,644	5	Thal Limited	-	72,790
			Cable & Electrical Goods		
-	7,382,364	10	Pak Elektron Limited	-	95,602
-	392,700		Waves Home Appliances Limited	-	2,608
-	1,963,500	10	Waves Singer Pakistan Limited	-	16,946
			Cement		
365,068	550,500		Attock Cement Pakistan Limited	35,127	31,131
12,149	1,754,297	10	Cherat Cement Company Limited	1,980	178,763
-	338,897	10	Bestway Cement Limited	-	43,382
39,022,777	29,344,402	10	Fauji Cement Company Limited	738,311	352,720
-	396,835		Gharibwal Cement Ltd	-	6,345
-	44,000		Kohat Cement Company Limited	-	6,499
662,384	811,080	10	Lucky Cement Limited	521,283	362,212
7,871,073	16,441,207	10	Maple Leaf Cement Factory Limited	306,342	371,078
651,442	644,196	10	Pioneer Cement Limited	74,877	33,131
-	1,917,500	10	Power Cement Limited	-	8,859
			Leather & Tanneries		
162,175	166,555	10	Bata Pakistan Limited	280,924	360,307

No. of shares 2023	No. of shares 2022	Face value Rupees	Company's Name	Market Value 2023	Market Value 2022
				--------Rupees in thousand-------	
			Commercial Banks		
-	1,964	10	Askari Bank Limited	-	39
-	36,563	10	Bank Al Habib Limited	-	2,021
-	7,814,396	10	Bank Alfalah Limited	-	235,526
-	4,704,431		BankIslami Pakistan Limited	-	62,851
5,946,728	7,608,655	10	Faysal Bank Limited	193,744	196,532
-	2,377,988	10	Habib Bank Limited	-	151,549
2,339	1,698,949	10	Habib Metropolitan Bank Limited	129	57,679
-	1,906,500	10	JS Bank Limited	-	8,941
462,947	3,579,752	10	Meezan Bank Limited	74,701	356,329
1,000,000	1,000,000	10	National Bank of Pakistan	32,110	23,590
-	3,484,330	10	United Bank Limited	-	351,046
			Engineering		
-	5,235,825	10	Aisha Steel Mills Limited	-	42,986
-	4,883,504	10	Amreli Steels Limited	-	87,659
-	935,485	10	International Industries Limited	-	70,779
-	432,222		International Steels Limited	-	19,601
6,570,262	2,189,031	10	Mughal Iron & Steel Industries Limited	434,819	105,752
			Chemical		
-	2,863	10	Archroma Pakistan Limited	-	1,248
321,300	403,200	10	Dynea Pakistan Limited	59,505	62,492
-	300	10	Pakistan Oxygen Limited	-	42
47,500	-	10	Nimir Industrial Chemicals Limited	4,940	-
			Fertilizer		
-	36,300	10	Arif Habib Corporation Limited	-	1,250
861,531	1,834,566	10	Engro Corporation Limited	254,074	480,677
-	582,512	10	Engro Fertilizer Limited	-	44,789
571,188	3,189,976	10	Fauji Fertilizer Company Limited	64,653	48,902

8.2.3 Others - listed shares (continued)

No. of shares 2023	No. of shares 2022	Face value Rupees	Company's Name	Market Value 2023	Market Value 2022
				--------Rupees in thousand-------	
			Food & Personal Care Products		
-	170,153	10	At-Tahur Limited	-	2,908
513,389	398,839	10	Murree Brewery Company Limited	172,232	145,098
-	17,099	10	Nestle Pakistan Limited	-	100,371
1,280,500	50	5	National Foods Limited	185,673	5
3,920	-	10	Rafhan Maize Products Company Limited	39,192	-
-	49,159	10	The Organic Meat Company Limited	-	1,016
116,271	58,871		Pakistan Tobacco Company Limited	131,454	56,747
			Insurance		
440,900	480,400	10	IGI Holdings Limited	48,653	45,638
2,459	110,465		Jubilee Life Insurance Company Limited	335	15,355

No. of shares		Face value	Company's Name	Market Value	
2023	2022	Rupees		2023	2022
				--------Rupees in thousand-------	
			Textile Composite		
5,315,256	3,704,131	10	Gul Ahmed Textile Mills Limited	**114,810**	91,270
2,534,190	2,187,916	10	Interloop Limited	**182,462**	123,945
-	50,747	10	Azgard Nine Limited	**-**	368
-	448,664	10	Kohinoor Textile Mills Limited	**-**	21,199
			Technology & Communication		
-	235,915	10	Avanceon Limited	**-**	15,577
-	2,561,196		Air Link Communication Limited	**-**	75,760
-	901,195	10	Octopus Digital Limited	**-**	51,053
-	17,813,000	10	Pakistan Telecommunication Company Limited	**-**	108,659
446,110	88,900	10	Systems Limited	**188,953**	43,021
			Investment Companies		
-	2,545,500	10	Jahangir Siddiqui & Company Limited	**-**	26,040
			Oil & Gas Exploration Companies		
139,063	514,487	10	Mari Petroleum Company Limited	**291,490**	795,891
1,898,559	2,630,504	10	Oil & Gas Development Company Limited	**213,493**	209,546
-	25,771	10	Pakistan Oilfields Limited	**-**	10,124
-	514,300	10	Shell Pakistan Limited	**-**	55,256
-	2,600	10	Sui Northern Gas Pipelines Limited	**-**	98
			Paper & Board		
398,015	424,534	10	Packages Limited	**210,983**	157,146
-	476,499		Security Papers Limited	**-**	44,576
17,000	-		Century Paper & Board Mills Limited	**554**	-
			Pharmaceuticals		
380,350	54,900	10	Abbott Laboratories Pakistan Limited	**175,040**	25,435
2,911,008	614,034	10	AGP Limited	**204,672**	39,906
136,540	3,040,403		Citi Pharma Limited	**3,241**	73,425
32,200	221,331		Ferozsons Laboratories Limited	**7,105**	30,444
-	273,900	10	Glaxosmithkline Pakistan Limited	**-**	24,040
540,262	173,262	10	Glaxosmithkline Consumer Healthcare Pakistan	**91,310**	28,397
247,159	25	10	Highnoon Laboratories Limited	**124,707**	14
-	17,700	10	The Searle Company Limited	**-**	1,042
			Power Generation & Distribution		
-	257,534	10	Kot Addu Power Company Limited	**-**	6,863
455,000	422,425	10	Hub Power Company Limited	**53,276**	26,647
			Miscellaneous		
-	599,215	10	Synthetic Products Enterprises Limited	**-**	5,932
2,496,587	1,360,092		Shabbir Tiles & Ceramics Limited	**35,576**	11,697
-	5,593,773	10	Cnergyico Pk Limited	**-**	20,641
630,000	-	10	Pakistan Aluminium Beverage Cans Limited	**47,609**	-
84,103	-	10	Lucky Core Industries Limited	**65,483**	-
18,586,000	-	10	Hum Network Limited	**127,313**	-
638,510	984,810	10	Shifa International Hospitals Limited	**89,564**	105,473
			Oil & Gas Marketing Companies		
37,327	-	10	Attock Petroleum Limited	**14,129**	-
9,000	194,577	10	Hi-Tech Lubricants Limited	**236**	5,034
-	209,481	10	Pakistan State Oil Company Limited	**-**	30,163

8.2.3 Others - listed shares (continued)

No. of shares 2023	No. of shares 2022	Face value Rupees	Company's Name	Market Value 2023	Market Value 2022
				--------Rupees in thousand-------	
			Refinery		
-	75,234	10	National Refinery Limited	-	13,245
1,860,441	2,270,845	10	Pakistan Petroleum Limited	214,007	154,735
107,328,122	174,788,095			6,353,896	7,336,841

8.2.4 Others-Mutual Fund Certificates

Open-Ended-Mutual Funds

No. of unit 2023	No. of unit 2022	Face value Rupees	Company's Name	Market Value 2023	Market Value 2022
				--------Rupees in thousand-------	
-	9,892,558	100	Alfalah GHP Money Market Fund	-	973,701
-	1,000	100	Faysal Income & Growth Fund	-	116
-	7,939,242	100	Faysal Savings and Growth Fund	-	872,443
-	4,429	100	Faysal Money Market Fund	-	454
-	24,819,709	10	NBP Money Market Fund	-	247,060
-	14,226,323		NIT Money Market Fund	-	137,747
-	1,827,806		HBL Cash Fund	-	187,232
-	551,773		HBL Financial Sector Income Fund Plan	-	55,849
-	796,674		HBL Islamic Income Fund	-	88,022
-	486,137		JS Government Securities Fund	-	51,078
-	60,545,651			-	2,613,702

	Note	2023	2022
		---------- Rupees in thousand ----------	
9 Investments in debt securities			
Held to maturity			
Treasury Bills	9.1.1	431,264	382,288
Pakistan Investment Bonds	9.1.2	1,343,083	-
		1,774,347	382,288
Fair value through profit or loss			
Term Finance Certificate	9.2.1	2,087,561	2,416,091
Advance against purchase of term finance certificate		-	472,000
Corporate Sukuks	9.2.2	1,541,472	1,366,754
Ijara Sukuks	9.2.3	8,412,527	1,707,959
Treasury Bills	9.2.4	37,193,487	25,456,108
Pakistan Investment Bonds	9.2.5	15,759,668	10,766,171
		64,994,715	42,185,083
		66,769,062	42,567,371

9.1 Held to maturity

9.1.1 Treasury Bills

Face value Rupees in thousand	Yield Rate %	Profit Payment	Type of Security	Maturity year	Carrying amount 2023	Carrying amount 2022
					------Rupees in thousand-------	
100,000	15.88%	On maturity	12 Months Treasury Bills	2023	-	90,589
322,000	15.90%	On maturity	12 Months Treasury Bills	2023	-	291,699
454,400	21.65%	On maturity	12 Month Treasury Bills	2024	431,264	-
					431,264	382,288

9.1.2 Pakistan Investment Bonds

Face value Rupees in thousand	Yield Rate %	Profit Payment	Type of Security	Maturity year	Carrying amount 2023	Carrying amount 2022
					------Rupees in thousand-------	
300,000,000	26.22%	Semi-Annually	5 Years Pakistan Investment Bonds	2028	309,466	-
700,000,000	25.97%	Semi-Annually	5 Years Pakistan Investment Bonds	2028	726,412	-
100,000,000	25.97%	Semi-Annually	5 Years Pakistan Investment Bonds	2028	103,765	-
200,000,000	23.90%	Semi-Annually	5 Years Pakistan Investment Bonds	2028	203,440	-
					1,343,083	-

9.2 Fair value through profit or loss

9.2.1 Term Finance Certificates

Face value Rupees in thousand	Coupon Rate %	No. of certificates 2023	No. of certificates 2022	Company's Name	Carrying amount 2023	Carrying amount 2022
					------Rupees in thousand-------	
1000	12.58%	100	100	Askari Bank Limited VI	100,000	100,000
1000	12.97%	100	100	Askari Bank Limited VII	99,500	100,980
4.999	13.26%	195,000	-	Bank Al Habib Limited	952,300	998,000
5	9.03%	20,000	20,000	Bank Alfalah Limited	99,433	92,514
100	13.56%	500	500	Habib Bank Limited	50,000	50,000
2	12.51%	30,000	30,000	Jahangir Siddiqui and Company Limited	-	51,216
99.96	12.38%	4,250	4,250	Samba Bank Limited	423,953	424,107
32	11.37%	600	600	Ghani Chemical Industries Limited	2,455	11,499
99.785	12.19%	3,400	3,400	The Bank Of Punjab	100,334	339,184
99.84	15.11%	2,580	2,580	The Bank Of Punjab	259,586	260,090
					2,087,561	2,427,590

9.2.2 Corporate Sukuks

Face value Rupees in thousand	Coupon Rate %	No. of certificates 2023	No. of certificates 2022	Company's Name	Carrying amount 2023	Carrying amount 2022
					------Rupees in thousand-------	
40	-	-	820	Aspin Pharma (Pvt) Limited	-	16,656
1000	8% to 12%	500	500	Meezan Bank Limited II	501,250	513,600
1000	-	-	250	Meezan Bank Limited II Perpetual	-	250,000
5	9.06%	115,000	115,000	Pakistan Energy II	575,173	574,999
1000		22	-	Meezan Bank Limited	22,132	-
1000	12.00%	450	-	Dubai Islamic Bank (Pakistan) Limited	442,917	-
					1,541,472	1,355,255

9.2.3 Ijara Sukuks

Face value Rupees in thousand	Yield Rate %	Profit Payment	Type of Security	Maturity year	Carrying amount 2023	Carrying amount 2022
					------Rupees in thousand-------	
100,000	21.00%	On maturity	GOP Ijara Sukuk 5 Years - Fixed	2025	**83,790**	87,620
527,500	17.14%	On maturity	GOP Ijara Sukuk 5 Years - Fixed	2026	**459,347**	494,964
700,000	15.59%	On maturity	GOP Ijara Sukuk 5 Years - Fixed	2028	**703,500**	-
630,000	21.49% - 21.83%	On maturity	GOP Ijara Sukuk 5 Years - VRR	2025	**634,035**	324,645
475,000	21.49% - 21.92%	On maturity	GOP Ijara Sukuk 5 Years - VRR	2026	**481,500**	472,188
264,900	21.67% - 22.13%	On maturity	GOP Ijara Sukuk 5 Years - VRR	2027	**269,084**	328,542
660,000	21.04%	On maturity	GOP Ijara Sukuk 5 Years - VRR	2028	**659,736**	-
1,773,000	16.02% - 21.03%	On maturity	GOP Ijara Sukuk 3 Years - FRR	2026	**1,811,693**	-
535,000	21.03%	On maturity	GOP Ijara Sukuk 3 Years - VRR	2026	**535,642**	-
1,774,625	20% TO 22%	On maturity	GOP Ijara Sukuk 1 Year - FRR	2024	**1,773,391**	-
995,000	19.64% - 22.55%	On maturity	GOP Ijara Sukuk 1 Year - VRR	2024	**1,000,809**	-
					8,412,527	1,707,959

9.2.4 Treasury Bills

Face value Rupees in thousand	Yield Rate %	Profit Payment	Type of Security	Maturity year	Carrying amount 2023	Carrying amount 2022
					------Rupees in thousand-------	
41,623,100	21.32% - 21.37%	On maturity	12 Months Treasury Bills	2024	**35,205,214**	-
2,006,975	21.31% - 21.92%	On maturity	6 Months Treasury Bills	2024	**1,849,109**	-
140,000	21.92%	On maturity	3 Months Treasury Bills	2024	**139,164**	-
1,332,500	15.02% - 16.73%	On maturity	3 Months Treasury Bills	2023	**-**	696,879
3,704,020	15.18% - 15.82%	On maturity	6 Months Treasury Bills	2023	**-**	3,665,890
115,000	15.02% - 17.00%	On maturity	12 Months Treasury Bills	2023	**-**	21,093,339
					37,193,487	25,456,108

9.2.5 Pakistan Investment Bond

Face value Rupees in thousand	Yield Rate %	Profit Payment	Type of Security	Maturity year	Carrying amount 2023	Carrying amount 2022
					------Rupees in thousand-------	
1,470,000	15.38%	On maturity	10 years Pakistan Investment Bond	2030	**1,016,583**	1,062,225
150,000	16.26%	On maturity	5 years Pakistan Investment Bond	2027	**126,407**	-
75,000	16.45%	On maturity	5 years Pakistan Investment Bond	2027	**58,287**	58,321
2,850,000	17.30%	On maturity	3 years Pakistan Investment Bond	2026	**2,552,217**	-
500	18.76%	On maturity	5 years Pakistan Investment Bond	2025	**417**	6,956
10,000	19.40%	On maturity	3 years Pakistan Investment Bond	2025	**8,757**	5,187,428
500,000	22.53%	On maturity	10 years Pakistan Investment Bond (FRB)	2030	**491,900**	493,200
-	16.10% - 17.67%	On maturity	2 years Pakistan Investment Bond (FRB)	2024	**-**	1,385,580
-	15.48%	On maturity	3 years Pakistan Investment Bond (FRB)	2023	**-**	29,985
50,000	22.55%	On maturity	10 years Pakistan Investment Bond (FRB)	2028	**48,985**	49,055
1,750,000	22.85%	On maturity	5 years Pakistan Investment Bond (FRB)	2026	**1,717,100**	1,691,725
840,000	22.59%	On maturity	5 years Pakistan Investment Bond (FRB)	2027	**815,304**	801,696
1,400,000	23.29%	On maturity	10 years Pakistan Investment Bond (FRB)	2031	**1,326,640**	-
7,840,000	23.90%	On maturity	5 years Pakistan Investment Bond (FRB)	2028	**7,597,071**	-
					15,759,668	10,766,171

	Note	2023	2022
		Rupees in thousand	
10 Investments in Term Deposits			
Deposits maturing within 12 months			
Inside Pakistan			
- related parties		-	1,001,000
- others		75,000	1,275,000
		75,000	2,276,000
Outside Pakistan			
- related parties		2,020,329	1,849,572
- others		4,982,773	4,710,861
		7,003,102	6,560,433
	10.1	7,078,102	8,836,433

10.1 These include fixed deposits amounting to Rs. 460,456 thousands (AED 6,000 thousands) [2022: Rs. 369,914 thousands (AED 6,000 thousands)] kept in accordance with the requirements of Insurance Regulations applicable to the UAE branches for the purpose of carrying on business in United Arab Emirates.

	Note	2023	2022
		Rupees in thousand	
11 Loans and other receivables - considered good			
Rent receivable		7,017	13,483
Accrued investment income		1,474,089	523,857
Security deposits		108,818	111,707
Receivable from gratuity fund	20.3	11,791	-
Advances to employees and suppliers		383,754	417,255
Advance agent commission		2,751	4,182
Loans to employees		83,542	87,333
Receivable against the sale of investment		98,143	132,912
Receivable from related parties		-	6
Other receivables		236,408	249,799
		2,406,313	1,540,534
12 Insurance / reinsurance receivables - unsecured and considered good			
Due from insurance contract holders	12.1	8,608,373	9,437,616
Provision for impairment of receivables from insurance contract holders	12.2	(1,648,180)	(1,371,044)
		6,960,193	8,066,572
Due from other insurers / reinsurers		890,674	721,427
Provision for impairment of due from other insurers / reinsurers	12.3	(201,302)	(201,302)
		689,372	520,125
		7,649,565	8,586,697

12.1 Due from insurance contact holders include an amount Rs. 469,780 thousands (2022: Rs. 122,492 thousands) held with related parties.

		Note	2023	2022
			---------- Rupees in thousand ----------	
12.2	**Reconciliation of provision for impairment of receivables from insurance contract holders**			
	Balance as at 01 January		**1,371,044**	1,086,443
	Charge for the year		**2,660**	50,145
	Written off against provision		**(2,660)**	(8,343)
	Exchange difference		**277,136**	242,799
	Balance as at 31 December		**1,648,180**	1,371,044
12.3	**Reconciliation of provision for impairment of due from other insurers / reinsurers**			
	Balance as at 01 January		**201,302**	201,302
	Charge for the year		**-**	-
	Written off against provision		**-**	-
	Balance as at 31 December		**201,302**	201,302
13	**Prepayments**			
	Prepaid reinsurance premium ceded	26	**8,298,195**	6,536,997
	Prepaid miscellaneous expenses		**209,177**	181,397
			8,507,372	6,718,394
14	**Cash and bank**			
	Cash and cash equivalents			
	Inside Pakistan			
	Cash in hand		**764**	438
	Policy and revenue stamps, bond papers		**32,861**	27,169
			33,625	27,607
	Cash at bank			
	Inside Pakistan			
	Current accounts		**(186,281)**	1,035,834
	Savings accounts		**5,954,850**	6,219,057
	Margin against guarantee		**83,999**	83,999
			5,852,568	7,338,890
	Outside Pakistan			
	Current accounts		**988,551**	1,375,722
	Savings accounts		**2,347**	1,900
	Margin against guarantee		**2,302,281**	1,849,572
			3,293,179	3,227,194
			9,145,747	10,566,084
			9,179,372	10,593,691

14.1 Cash at bank includes an amount of Rs. 5,672,359 thousands (2022: Rs. 3,810,174 thousands) held with MCB Bank Limited and MCB Islamic Bank Limited, related parties of the Group.

14.2 Lien of Rs. 592,982 thousands (2022: Rs. 633,240 thousands) is marked on cash deposits in saving accounts against SBLC (Standby Letter of Credit) issued in favor of Meezan Bank Limited on behalf of Hyundai Nishat Motor (Private) Limited, a related party of the Group.

14.3 Lien of Rs. 146,094 thousands (AED 1,903,682) [(2022: Rs. 159,883 thousands (AED 2,593,295))] is marked on current accounts by the banks as per the instructions issued by the Court in lieu of execution of legal orders in different cases pertaining to claims in United Arab Emirates.

14.4 Saving / Profit and loss accounts placed in Pakistan carry estimated profit rates ranging from 12% to 21% (2022: 7.25% to 17.5%).

14.5 Margin against bank guarantee in Pakistan represents amount kept with banks in Pakistan essentially in respect of guarantees issued by the banks on behalf of the Company for claims under litigation filed against the Company and bid bond guarantees. The amount of margin against bank guarantee outside Pakistan represents financial bank guarantee in favor of Central Bank of U.A.E. for meeting regulatory requirement.

	2023	2022
	---------- Rupees in thousand ----------	
14.6 Cash and cash equivalent for the purpose of the cash flow statement consists of:		
Cash in hand and equivalents	**33,625**	27,607
Current and other accounts	**9,145,747**	10,566,084
Term deposit maturing within three months	**75,000**	1,275,000
	9,254,372	11,868,691

15 Window Takaful Operations - Parent Company

Operator's Fund		
Assets:		
Cash and bank deposits	**76,860**	164,215
Qard e Hasna to Participant Takaful Fund	**221,460**	221,460
Investments - Equity securities	**293,848**	251,052
Investments - Debt securities	**51,974**	125,000
Investments - Term Deposits	**500,000**	-
Intangible assets	**16,922**	6,047
Property and equipment	**34,524**	46,276
Current assets - Others	**250,048**	235,370
Total Assets	**1,445,636**	1,049,420
Total Liabilities	**486,464**	384,973
Profit and loss account		
Wakala income	**831,273**	640,740
Commission expense	**(235,519)**	(174,748)
Management expenses	**(257,976)**	(205,845)
Investment income	**125,025**	22,797
Other income	**28,884**	48,280
Mudarib's share of PTF investment income	**20,093**	11,211
Other expenses	**(4,030)**	(3,858)
Profit before taxation	**507,750**	338,577
Taxation	**(213,025)**	(118,481)
Profit after tax	**294,725**	220,096

Details of assets, liabilities and segment disclosures of 'Window Takaful Operations' of the Parent Company are stated in the annexed financial statements of the 'Window Takaful Operations'.

16 Share capital

16.1 Authorized share capital

2023	2022	2023	2022
Number of Shares		Rupees in thousand	
375,000,000	375,000,000	**3,750,000**	3,750,000

Ordinary shares of Rs. 10 each

16.2 Issued, subscribed and paid up capital

Ordinary shares of Rs. 10 each fully paid in cash	**250,000**	250,000	**2,500**	2,500
Ordinary shares of Rs. 10 each issued as fully paid bonus shares	**349,750,000**	349,750,000	**3,497,500**	3,497,500
	350,000,000	350,000,000	**3,500,000**	3,500,000

16.3 As at December 31, 2023, associated undertakings MCB Bank Limited, Roomi Holdings (Pvt) Limited, Masood Fabrics Limited, Roomi Fabrics Limited, Masood Holdings (Pvt) Limited, Nishat (Aziz Avenue) Hotels & Properties Limited and Nishat Mills Limited held 70,583,095 (2022: 70,861,241), 18,901,000 (2022: 15,249,000), 10,780,000 (2022: 9,881,500), 10,539,000 (2022: 17,405,000), 6,694,500 (2022: 3,984,500), 1,267,000 (2022: 1,267,000) and 102,809 (2022: 102,809) ordinary shares of the Parent Company, respectively.

17 Reserves

	Note	2023	2022
		Rupees in thousand	
Capital Reserves			
Reserves for exceptional losses	**17.1**	**22,859**	22,859
Investment fluctuation reserves	**17.2**	**3,764**	3,764
Exchange translation reserves	**17.3**	**2,165,419**	1,532,444
Fair value reserves	**17.4**	**4,834,478**	1,026,501
		7,026,520	2,585,568
Revenue Reserves			
General reserves		**936,500**	936,500
		7,963,020	3,522,068

17.1 The reserve for exceptional losses represents the amount set aside by the Parent Company in prior years up to December 31, 1978, in order to avail the deduction while computing the taxable income under the old Income Tax Act of 1922. Subsequent to the introduction of repealed Income Tax Ordinance, 1979, which did not permit such deduction, the Parent Company discontinued the setting aside of reserves for exceptional losses.

17.2 This amount has been set aside by the Parent Company in prior years for utilization against possible diminution in the value of investments.

17.3 The exchange translation reserve represents the gain resulted from the translation of foreign branches (having business in foreign currencies) of the Parent Company into Pak Rupees. For the purpose of exchange translation reserve, the UAE and Export Processing Zone branches are treated as foreign branches since their functional currencies are AED and US Dollars, respectively.

17.4 The fair value reserve represents the net cumulative unrealized gain / (loss) on available for sale investments held by the Group as at December 31, 2023.

	Note	2023	2022
		---------- Rupees in thousand ----------	
18 Non-controlling interest			
Opening Non Controlling Interest		374,828	-
Initial recognition		-	329,495
Dividend paid by subsidiary		(25,000)	-
Total comprehensive income for the year		91,928	45,333
		441,756	374,828
19 Insurance liabilities - Life Insurance Business			
Reported outstanding claims (including claims in payment)	19.1	3,377,054	3,122,497
Incurred but not reported claims	19.2	229,319	190,048
Investment component of unit-linked and account value policies	19.3	74,480,516	58,892,097
Liabilities under individual conventional insurance contracts	19.4	27,503	18,319
Liabilities under group insurance contracts (other than investment linked)	19.5	199,093	154,855
Other insurance liabilities	19.6	902,282	812,525
Gross insurance liabilities		79,215,767	63,190,341
Surplus of Participant Takaful Fund		254,253	143,963
Total Insurance Liabilities		79,470,020	63,334,304
19.1 Reported outstanding claims			
Gross of reinsurance			
Payable within one year		3,471,607	3,222,448
Recoverable from reinsurers		(94,553)	(99,951)
Net reported outstanding claims		3,377,054	3,122,497
19.2 Incurred but not reported claims			
Individual Life			
Gross of reinsurance		280,053	223,514
Reinsurance recoveries		(105,827)	(80,349)
Net of reinsurance		174,226	143,165
Group Life			
Gross of reinsurance		133,185	105,264
Reinsurance recoveries		(78,092)	(58,381)
Net of reinsurance		55,093	46,883
		229,319	190,048
19.3 Investment component of unit linked and account value policies			
Investment component of unit linked policies		73,256,909	57,310,924
Investment component of account value policies		1,223,607	1,581,173
		74,480,516	58,892,097
19.4 Liabilities under individual conventional insurance contracts			
Gross of reinsurance		29,348	20,465
Reinsurance credit		(1,845)	(2,146)
Net of reinsurance		27,503	18,319

	Note	2023	2022
		Rupees in thousand	
19.5 Liabilities under group insurance contracts (other than investment linked)			
Gross of reinsurance		**377,626**	304,087
Reinsurance credit		**(178,533)**	(149,232)
Net of reinsurance		**199,093**	154,855
19.6 Other insurance liabilities			
Gross of reinsurance		**1,027,288**	902,851
Reinsurance credit		**(125,006)**	(90,326)
Net of reinsurance		**902,282**	812,525
20 Retirement benefit obligations			
Parent Company			
Unfunded gratuity scheme	**20.1**	**139,012**	131,152
Funded gratuity scheme	**20.2**	**36,615**	70,255
Subsidiary Company			
Funded gratuity scheme	**20.3**	**(11,791)**	4,866
		163,836	206,273

20.1 Unfunded gratuity scheme

20.1.1 This provision relates to the Parent Company's operations in UAE branches. The eligible employees under the scheme are 54 (2022 : 70). The latest actuarial valuation of gratuity scheme was carried out as at December 31, 2023 under the Projected Unit Credit Method as per the requirements of approved accounting standard - International Accounting Standard 19, the details of which are as follows:

20.1.2 Movement in the net liabilities recognized in the statement of financial position are as follows:	2023	2022
	Rupees in thousand	
Present value of defined benefit obligation as at January 01	**131,152**	82,145
Charge for the year	**22,973**	13,046
Benefits paid	**(29,716)**	(2,008)
Remeasurement (gain) / loss on obligation	**(17,371)**	12,246
Exchange loss	**31,974**	25,723
Present value of defined benefit obligation as at December 31	**139,012**	131,152

20.1.3 The following significant assumptions have been used for the valuation of this scheme:	2023	2022
	Percentage	
- Valuation discount rate	**5.10**	3.00
- Expected rate of increase in salary level	**2.50**	2.50

20.1.4 The amount charged in profit and loss account is as follows:	2023	2022
	Rupees in thousand	
Service cost	**18,547**	10,973
Interest cost	**4,426**	2,073
Expense for the year	**22,973**	13,046

	2023	2022
	---------- Rupees in thousand ----------	
20.1.5 The amounts charged to other comprehensive income are as follows:		
Remeasurement of the present value of defined benefit obligation due to:		
- Changes in financial assumptions	**(10,578)**	(1,378)
- Experience adjustments	**(6,793)**	13,624
	(17,371)	12,246

20.2 Funded gratuity scheme

20.2.1 The Parent Company operates an approved funded gratuity scheme for all employees. The eligible employees under the scheme are 720 (2022 : 765). The latest actuarial valuation of gratuity scheme was carried out as at December 31, 2023 under the Projected Unit Credit Method as per the requirements of approved accounting standard - International Accounting Standard 19, the details of which are as follows:

20.2.2 The following significant assumptions have been used for valuation of this scheme:

	2023	2022
	---------- Percentage ----------	
- Discount rate	**16.50**	15.50
- Expected rate of increase in salary level	**14.50**	13.50

	2023	2022
	---------- Rupees in thousand ----------	
20.2.3 Movement in the net liabilities recognized in the statement of financial position are as follows:		
Net liabilities as at January 01	**70,255**	181,515
Expenses recognized	**36,513**	34,852
Contribution paid during the year	**(35,000)**	(180,000)
Remeasurement (gain) / loss recognized - net	**(35,153)**	33,888
Net liabilities as at December 31	**36,615**	70,255
20.2.4 The amounts recognized in the profit and loss account are as follows:		
- Service cost	**28,336**	24,328
- Interest cost	**62,046**	41,683
- Interest income on plan assets	**(53,869)**	(31,159)
	36,513	34,852
20.2.5 The amounts recognized in statement of comprehensive income are as follows:		
Remeasurement of plan obligation from:		
- Experience on obligation	**(6,606)**	28,743
- Change in financial assumptions	**-**	-
Remeasurement of plan assets:		
- Investment return	**(28,547)**	5,145
	(35,153)	33,888

		2023	2022
		---------- Rupees in thousand ----------	
20.2.6	The amounts recognized in the statement of financial position are as follows:		
	Fair value of plan assets	**(421,263)**	(356,234)
	Present value of the obligation	**457,878**	426,489
	Net asset	**36,615**	70,255
20.2.7	**Movement in fair value of plan assets**		
	Fair value as at January 01	**356,234**	211,676
	Interest income on plan assets	**53,869**	31,159
	Actual benefits paid during the year	**(52,387)**	(61,456)
	Contributions made during the year	**35,000**	180,000
	Remeasurement gain / (loss) due to investment return	**28,547**	(5,145)
	Fair value of plan assets as at December 31	**421,263**	356,234
20.2.8	**Actual return on plan assets**		
	Expected return on plan assets	**53,869**	31,159
	Remeasurement loss due to investment return	**28,547**	(5,145)
		82,416	26,014
20.2.9	**Movement in present value of defined benefit obligation**		
	Present value of defined benefit obligation as at January 01	**426,489**	393,191
	Current service cost	**28,336**	24,328
	Interest cost	**62,046**	41,683
	Actual benefits paid during the year	**(52,387)**	(61,456)
	Remeasurement loss / (gain) on obligation	**(6,606)**	28,743
	Present value of defined benefit obligation as at December 31	**457,878**	426,489

20.2.10 Comparison for five years

Funded gratuity scheme

	2023	2022	2021	2020	2019
	---------- Rupees in thousand ----------				
Present value of defined obligation	**457,878**	426,489	393,190	363,011	341,214
Fair value of plan assets	**421,263**	356,234	211,676	230,138	198,745
Deficit	**36,615**	70,255	181,514	132,873	142,469
Experience adjustments					
Gain / (loss) on plan assets (% age of plan assets)	6.78	(1.44)	(2.22)	(5.04)	(0.21)
(Gain) / loss on obligations (% age of obligation)	(1.44)	6.74	2.75	(1.82)	(4.78)

Unfunded gratuity schemes

	2023	2022	2021	2020	2019
	---------- Rupees in thousand ----------				
Present value of defined obligation	**139,012**	131,152	82,145	64,359	82,708
Experience adjustments					
Gain / (loss) on obligations (% age of obligation)	**4.89**	(10.39)	(4.27)	23.15	(9.71)

	2023	2022	**2023**	2022
20.2.11 Plan assets consist of the following:	---------- Percentage ----------		------ Rupees in thousand ------	
Mutual funds - Equity	**5.18**	4.66	**21,814**	16,613
Mutual funds - Debt	**-**	9.83	**-**	35,000
Government Bonds - Debt	**85.96**	79.81	**362,137**	284,323
Shares, bank deposits & cash equivalents - Others	**8.86**	5.70	**37,312**	20,298
	100.00	100.00	**421,263**	356,234

20.2.12 Plan assets do not include any investment in the Parent Company's ordinary shares as at December 31, 2023 (2022: Nil).

20.2.13 Expected cost to be recorded in the profit and loss account for the year ending December 31, 2024 is Rs. 33,789 thousands.

20.2.14 Expected contributions to the plan for the year ending December 31, 2024 is Rs. 35,230 thousands.

20.2.15 The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the fund, at beginning of the year.

20.2.16 The weighted average duration of the defined benefit obligation for gratuity plan is 3.2 years (2022: 3.2 years).

20.2.17 These defined benefit plans expose the Parent Company to actuarial risks such as investment risk and salary risk.

20.2.18 The main features of the gratuity schemes are as follows:

- All confirmed employees are eligible to the scheme and the normal retirement age for all employees is 60 years.
- A member shall be entitled to gratuity on resignation, termination, retirement, early retirement, retrenchment, death and dismissal based on the Company's Service rules.
- The scheme is subject to the regulations laid down under the Income Tax Rules, 2002.

20.2.19 The implicit objective is that the contribution to the gratuity schemes should remain reasonably stable as a percentage of salaries, under the actuarial cost method employed.

20.2.20 Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

		Impact on Gratuity plans			
		Unfunded		Funded	
	Change in assumptions	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(4,484)	4,827	(12,135)	12,894
Salary growth rate	1%	4,904	(4,637)	13,009	(12,447)

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 actuarial assumptions the 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 when calculating the defined benefit obligation recognized within the statement of financial position.

20.3 Funded gratuity scheme- Subsidiary Company

20.3.1 The Subsidiary Company operates a funded gratuity scheme covering eligible employees who have completed the minimum qualifying eligible service period of six months. The employees are entitled to gratuity on the basis of last drawn monthly gross salary on normal retirement or on death in service on the number of years of services with the Subsidiary Company. Contribution to the fund is made and expense is recognised on the basis of actuarial valuations carried out at each year end using the projected unit credit method.

20.3.2 Responsibility for the governance of the plans, including investment decisions and contribution schedules, lies with the Board of Trustees. The Subsidiary Company appoints the Trustees and all trustees are employees of the Subsidiary Company. Details of the Subsidiary Company's obligation under the staff gratuity scheme determined on the basis of an actuarial valuation carried out by an independent actuary as at December 31, 2023 under the Projected Unit Credit Method are as follows:

	Note	2023	2022
		---------- Rupees in thousand ----------	
Present value of defined benefit obligations at December 31	20.3.3	**203,354**	189,140
Fair value of plan assets at December 31	20.3.4	**(215,145)**	(184,274)
Net (surplus) / liability at end of the year		**(11,791)**	4,866
20.3.3 Movement in present value of defined benefit obligations			
Present value of defined benefit obligations at Jan 01		**189,140**	178,588
Current service cost	20.3.5	**41,714**	40,817
Interest cost on defined benefit obligation	20.3.5	**32,503**	24,894
Benefits paid during the year		**(62,176)**	(36,198)
Remeasurement loss / (gain) on obligation:			
- due to changes in financial assumptions	20.3.6	**2,173**	(18,961)
Present value of defined benefit obligations at Dec 31		**203,354**	189,140
20.3.4 Movement in fair value of plan assets			
Fair value of plan assets at Jan 01		**184,274**	185,048
Contributions made		**53,000**	29,226
Interest income on plan assets		**28,518**	22,887
Benefits paid during the year		**(62,176)**	(36,198)
Remeasurement gain on plan assets		**11,529**	(16,689)
Fair value of plan assets at Dec 31		**215,145**	184,274
20.3.5 Expense recognized in profit and loss			
Current service cost		**41,714**	40,817
Net interest cost		**32,503**	24,894
Interest income on plan assets		**(28,518)**	(22,887)
Expense for the year recognized in the profit and loss account		**45,699**	42,824
20.3.6 Expense recognized in other comprehensive income			
Remeasurement loss / (gain) on obligation		**2,173**	(18,961)
Remeasurement gain on fair value of plan assets		**11,529**	16,689
Amount recognized in the statement of other comprehensive income		**13,702**	(2,272)

	2023	2022
	---------- Rupees in thousand ----------	

20.3.7 Net recognized liability

Net liability at Jan 01	**4,866**	(6,460)
Expense recognized in profit and loss account	**45,699**	42,824
Expense recognized in other comprehensive income	**(9,356)**	(2,272)
Contributions made to the fund during the year	**(53,000)**	(29,226)
Net liability at Dec 31	**(11,791)**	4,866

20.3.8 Estimated Gratuity Cost for the year ending December 31, 2024, is as follows:

	2024
	(Rupees in thousand)
Current service cost	**40,856**
Net interest cost	**1,875**
Total expense to be recognized in profit and loss account	**42,731**

20.3.9 Plan assets comprise of following:

	2023		2022	
	(Rupees in thousands)	**%age**	(Rupees in thousands)	%age
Listed Equities	**-**	**-**	52,562	28.52
Government Securities	**211,422**	**98.27**	99,503	54.00
Bank balance	**(17,409)**	**(8.09)**	4,186	2.27
Mutual funds	**21,132**	**9.82**	28,023	15.21
Fair value of plan assets at end of the year	**215,145**	**100.00**	184,274	100.00

20.3.10 The principal assumptions used in the actuarial valuations carried out as of December 31, 2023, using the 'Projected Unit Credit Method', are as follows:

	2023	2022
	Gratuity fund	
	---------- Percentage ----------	
Discount rate per annum	**15.50**	14.5
Expected per annum rate of return on plan assets	**15.50**	14.5
Expected per annum rate of increase in salary level	**3.00 - 11.00**	3.00 - 11.00
Expected mortality rate	**LIC 94-96 Mortality table for males (rated down by 3 years for females)**	LIC 94-96 Mortality table for males (rated down by 3 years for females)
Expected withdrawal rate	**60**	60

20.3.11 The plans expose the Subsidiary Company to actuarial risks such as:

Salary risks

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

Discount risks

The risk of volatile discount rates over the funding life of the scheme. The final effect could go either way depending on the relative of salary increases, timing of contributions, performance of investments and outgo of benefits.

Mortality / withdrawal risks

The risks that the actual mortality / withdrawal experience is different from expected. The effect depends upon the beneficiaries' service / age distribution and the benefit.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities. This is managed by formulating an investment policy and guidelines based on which investments are made after obtaining approval of trustees of funds.

In case of the funded plans, the investment positions are managed within an Asset-Liability Matching (ALM) framework to ensure that long-term investments are in line with the obligation under the retirement benefit plan. The Subsidiary Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement benefit obligations. The Subsidiary Company has not changed the process used to manage its risks from previous periods. Investments are well diversified.

The expected return on plan assets is assumed to be the same as the discount rate (as required by International Accounting Standard IAS 19). The actual return depends on the assets underlying the current investment policy and their performance. Expected yields on fixed interest investments are based on gross redemption yields as at the date of financial statement. Expected return on equity investments reflect long-term real rates of return experienced in the market.

20.3.12 Sensitivity analysis - Subsidiary Company

Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	2023	2022
	---------- Rupees in thousand ----------	
Discount rate (1% increase)	**(8,442)**	(8,786)
Discount rate (1% decrease)	**9,383**	9,804
Future salary increase rate (1% increase)	**10,807**	11,055
Future salary increase rate (1% decrease)	**(9,870)**	(10,056)

The impact on defined benefit obligation due to increase in life expectancy by 1 year would be Rs. 79,090 (2022: Rs. 62,605)

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.

The weighted average duration of the defined benefit obligation is 5.62 years. Besides the number of employees covered in the scheme at December 31, 2023 were 732 (December 31, 2022: 820).

20.3.13 The expected maturity analysis of undiscounted retirement benefit plan is as follows:

	2023 (Rupees in thousand)
Less than a year	2,842
Between 1 - 2 years	35,737
Between 2 - 3 years	3,900
Between 3 - 4 years	1,211
Between 4 - 5 years	7

20.3.14 Historical Information

	2023	2022	2021	2020	2019
	Rupees in thousand				
Present value of defined benefit obligation	203,354	189,140	178,588	178,021	107,094
Fair value of plan assets	(215,145)	(184,274)	(185,048)	(65,672)	(70,068)
(Surplus) / deficit	(11,791)	4,866	(6,460)	112,349	37,026

20.3.15 Experience adjustment

	2023	2022	2021	2020	2019
	Rupees in thousand				
Experience adjustments on obligation	1%	-10%	-24%	18%	20%
Experience adjustments on asset	5%	-9%	-4%	-3%	-11%

20.3.16 Gratuity cost to be recognised in the statement of profit or loss in the next financial period is not necessarily the amount of the contribution for that period. Decision about the contribution is made by the Subsidiary Company based on the allowability under the Insurance Tax Rules, 2002 and the availability of surplus funds, etc.

21 Deferred taxation

	2023	2022
	Rupees in thousand	
Deferred tax debits arising in respect of:		
Provision for gratuity	50,566	43,280
Fixed assets and intangibles	15,955	5,941
Lease liability	15,005	15,116
Investments - Available for sale	-	139,134
	81,526	203,471
Deferred tax credits arising in respect of:		
Tax depreciation allowance	(1,412,459)	(982,733)
Right of use assets	(13,721)	(20,685)
Business attributable to shareholders (Ledger Account D)	(669,602)	(382,635)
Surplus on revaluation of fixed assets	(19,662)	-
Investments - Available for sale	(2,315,941)	50
	(4,431,385)	(1,386,003)
	(4,349,859)	(1,182,532)

	Note	2023	2022
		---------- Rupees in thousand ----------	
21.1 Movement in deferred tax balances is as follows:			
At beginning of the year		**1,182,532**	2,262,665
Recognized in profit and loss account:			
- provision for gratuity		**(10,935)**	(19,458)
- lease liability against right of use asset		**111**	6,830
- right of use assets		**(6,964)**	(5,336)
- Business attributable to shareholders (Ledger Account D)		**286,967**	142,041
- tax depreciation allowance		**419,712**	415,022
- investments - Available for sale		**(130,838)**	(647,690)
		558,053	(108,591)
Recognized in other comprehensive income:			
- investments - Available for sale		**2,585,963**	(970,883)
- surplus on revaluation of fixed assets		**19,662**	-
- Remeasurement of post retirement defined benefits		**3,649**	(659)
		2,609,274	(971,542)
		4,349,859	1,182,532
22 Insurance/reinsurance payables			
Due to other insurers / reinsurers	**22.1**	**4,054,711**	7,134,481
22.1 This amount represents amount payable to other insurers and reinsurers.			
23 Other creditors and accruals			
Agents commission payable		**1,450,044**	1,394,483
Payable against the purchase of investment		**232,841**	152,701
Federal Excise Duty / Sales tax / VAT		**551,894**	449,746
Federal Insurance Fee payable		**34,998**	45,483
Payable to related parties		**9,870**	6,350
Workers' welfare fund	**23.1**	**304,348**	224,506
Tax deducted at source		**71,390**	100,398
Accrued expenses		**665,160**	534,225
Unpaid and unclaimed dividend		**173,551**	160,541
Payable to employees' provident fund		**154**	211
Sundry creditors		**897,428**	1,036,967
		4,391,678	4,105,611
23.1 Workers' Welfare Fund			
Balance as at 01 January		**224,506**	76,485
Provision for the year		**79,842**	148,021
		304,348	224,506
24 Deposits and other liabilities			
Cash margin against performance bonds	**24.1**	**462,374**	495,392
Lease liability		**115,940**	131,622
		578,314	627,014

24.1 This represents margin deposit on account of performance and other bond policies issued by the Parent Company.

25 Contingencies and commitments

25.1 Contingencies

The Group has filed appeals in respect of certain assessment years mainly on account of the following:

25.1.1 Income tax

(a) The Tax Authorities have passed order u/s 161/205 of the Ordinance for tax year 2013 raising an income tax demand of Rs. 9,066 thousands. The Parent Company agitated the order before Commissioner Inland Revenue - Appeals (CIR - Appeals). CIR - Appeals decided the case in the favor of the Parent Company. Following the said order, the learned DCIR has passed an appeal effect order in which certain directions of the learned CIR-Appeals have not been followed for which a rectification appeal under section 221 of the Ordinance has been filed before learned DCIR which is still to be processed.

(b) The Tax Authorities have passed an order in the tax years 2005 and 2006 under section 221 of the Income Tax Ordinance, 2001 (the Ordinance) levying minimum tax liability aggregating to Rs. 38,360 thousands. An appeal was filed before the CIR - Appeals who upheld the order of the Taxation Officer. The Parent Company has filed an appeal before the Additional Tribunal Inland Revenue (ATIR) which is yet to be heard.

(c) The Tax Authorities amended the assessments for tax years 2003 to 2005 on the ground that the Parent Company has not apportioned management and general administration expenses against capital gain and dividend income. The Parent Company filed constitutional petition in the Honourable Sindh High Court (the Court) against the amendment in the assessment order. The Parent Company may be liable to pay Rs. 5,880 thousands in the event of decision against the Parent Company, out of which Rs. 2,730 thousands have been provided resulting in a shortfall of Rs. 3,150 thousands.

(d) Sindh Revenue Board has passed orders under section 23(1) of the Sindh Sales Tax On Services Act 2011 creating a demand of Rs. 469,020 and Rs. 1,800,219 thousands for the period from July 2011 to December 2011 and for the period January 2014 to December 2015. The impugned demand has been created on account of non levy of sales tax on reinsurance services acquired from foreign reinsurance companies. The Parent company has challenged the order before Commissioner (Appeals) Sindh Revenue Board. However, the same has not been fixed for hearing till now. The Parent company, based on reasonable grounds, expects that the ultimate outcome of the case will be in the favour of the company.

Pending resolution of the above-mentioned appeals filed by the Parent Company, no provision has been made in the unconsolidated financial statements for the aggregate amount of Rs. 2,319,815 thousands (2022: Rs. 2,341,920 thousands) as the management is confident that the eventual outcome of the above matters will be in favor of the Parent Company.

25.1.2 Sales tax on life insurance premium

Sindh Revenue Board (SRB) vide notification no. SRB 3-4/5/2019 dated May 8, 2019 extended the exemption on life insurance till June 30, 2019. Subsequently, life insurance was made taxable from July 1, 2019 at the rate of 3% and group life insurance at the rate of 13%. With effect from November 1, 2018, the Punjab Revenue Authority (PRA) withdrew its exemption on life and health insurance and made the same subject to Punjab Sales Tax (PST). The Subsidiary Company collectively through the forum of Insurance Association of Pakistan ("IAP") filed a constitutive petition in the Lahore High Court (LHC) and in the High Court of Sindh at Karachi on September 28, 2019 and November 28, 2019 against PRA and SRB respectively on the following main contentions:.

- Substantiating the Subsidiary Company's view that insurance is not a service but in fact, in sum and substance, a contingent contract under which payment is made on the occurrence of the event, specified in the term of contract or policy, and is thus a financial arrangement. Superior courts in foreign jurisdictions have held that insurance is not a service;

- A question of constitutionality arose on the levy of provincial sales tax on life insurance, which in their view, was a Federal subject, since the Federation has retained a legislative mandate over all laws relating to insurance under Entry 29 of the said List, therefore, only the Federation is entitled to levy and any tax in relation to insurance business; and

- A vast majority of premium received from a policyholder, during the life of the policy, is in fact channelled to the policyholders' investment account and as such this is critically important in exposing the legal fallacies embodied in the Rules. Thus, the legal advisors had expressed the view that if the entire Gross Written Premium (GWP) was subjected to the provincial sales tax, the this was akin to a direct tax on the policyholders, in the nature of income tax, wealth tax or capital value tax, all of which fall exclusively within the domain of Federal Legislature.

In Sindh, on June 22, 2020, the SRB through Notification No. SRB-3-4/13/2020, has made taxable, life insurance w.e.f. July 1. 2020 at the full rate, and issued a conditional exemption for the financial year 2019-20, from the levy of SST, subject to the person providing or rendering life insurance services commencing e-depositing with SRB, the amount of SST due on such services from the tax period from July 1, 2020 onward. On June 29, 2020 SRB through another notification No.SRB-3-4/18/2020 has amended the responsibility of withholding agent requiring clients to also withheld SST on services of life and health insurance. The Subsidiary Company with other life insurance companies, have filed another petition at the Hon'ble SHC. The Hon'ble SHC has directed that no coercive measure will be taken until the next date of hearing. Further, the Hon'ble SHC through its interim order dated December 8, 2020 impleaded that the Federal Government be also added as one of the Respondents.

The life insurance industry has been granted interim relieves by the Honourable High Courts of Sindh and Lahore whereby the provincial tax authorities of Sindh and Punjab have been restrained and no sales tax on services has so far been paid on life and health insurance in either province.

In view of the opinion of the legal advisors, and pending the adjudication of petitions filed, the Subsidiary Company has neither billed its customers, nor recognised the contingent liability for SST & PST, which, calculated on the basis of risk premium and excluding the investment amount allocated to unit linked policies as per the opinion of legal advisors, aggregated to Rs. 1,052.46 million (2022: Rs. 775.53 million). In Baluchistan province, given that the Subsidiary Company has limited operations in that province, the amount of contingent sales tax liability for BSTS, calculated on the similar basis as PST & SST, is immaterial. The Subsidiary Company, along with the IAP and other insurance companies, will continue its administrative efforts to convince the provincial revenue authorities about the merit of the case.

25.1.3 Others

The Parent Company has provided a guarantee to Meezan Bank Limited (MBL) against the loan provided by MBL to Hyundai Nishat Motor (Private) Limited, a related party, amounting to Rs. 1,193,900 thousands (2022: Rs. 1,250,357 thousands).

The Parent Company has issued letter of guarantees amounting to AED 115,000,000 amounting to Rs. 8,825,411 thousands (2022: AED 115,000,000 amounting to Rs. 7,090,026 thousands) relating to UAE branch.

25.2 Commitments

Life Insurance Business:

Commitments represent Ijarah rentals for vehicles payable in future period.

	2023	2022
	Rupees in thousand	
Not later than one year	**67,254**	80,066
Later than one year and not later than five years	**94,587**	176,989
	161,841	257,055

	Note	2023	2022
		---------- Rupees in thousand ----------	
26 Net insurance premium			
General Insurance Business:			
Written gross premium		**41,441,007**	32,652,641
Unearned premium reserve - opening		**14,996,454**	11,010,289
Unearned premium reserve - closing		**(19,343,851)**	(14,996,454)
Currency translation effect		**1,365,094**	1,110,039
Premium earned		**38,458,704**	29,776,515
Reinsurance premium ceded		**(20,719,284)**	(14,597,978)
Prepaid reinsurance premium - opening		**(6,536,997)**	(4,627,169)
Prepaid reinsurance premium - closing	**13**	**8,298,195**	6,536,997
Currency translation effect		**(203,935)**	(132,399)
Reinsurance expense		**(19,162,021)**	(12,820,549)
Net insurance premium - General Insurance Business	**26.1 & 26.2**	**19,296,683**	16,955,966
Life Insurance Business:			
Regular premium / contributions individual policies			
- first year		**2,865,715**	3,080,587
- second year renewal		**2,368,874**	2,685,567
- subsequent years renewal		**7,978,652**	7,120,613
Single premium / contributions individual policies		**9,287,814**	7,339,582
Group policies without cash values		**911,325**	738,363
Experience refund		**(67,105)**	(21,296)
Total gross premiums / contributions		**23,345,275**	20,943,416
Reinsurance premiums / retakaful contributions ceded			
On individual life first year business		**(47,660)**	(55,340)
On individual life second year business		**(35,376)**	(38,247)
On individual life subsequent renewal business		**(155,857)**	(180,691)
On single premium individual policies		**(6,283)**	(6,565)
On group policies		**(487,574)**	(382,650)
Profit commission on reinsurance		**67,581**	30,144
		(665,169)	(633,349)
Net premiums / contributions - Life Insurance Business		**22,680,106**	20,310,067
		41,976,789	37,266,033
26.1 Net insurance premium - Business underwritten inside Pakistan			
Written gross premium		**28,462,239**	22,418,289
Unearned premium reserve - opening		**9,454,477**	7,393,851
Unearned premium reserve - closing		**(10,824,315)**	(9,454,477)
Premium earned		**27,092,401**	20,357,663
Reinsurance premium ceded		**(18,919,619)**	(12,829,798)
Prepaid reinsurance premium - opening		**(5,699,784)**	(4,302,258)
Prepaid reinsurance premium - closing		**7,441,378**	5,699,784
Reinsurance expense		**(17,178,025)**	(11,432,272)
		9,914,376	8,925,391

	Note	2023	2022
		Rupees in thousand	
26.2 Net insurance premium - Business underwritten outside Pakistan			
Written gross premium		**12,978,768**	10,234,352
Unearned premium reserve - opening		**5,541,977**	3,616,438
Unearned premium reserve - closing		**(8,519,536)**	(5,541,977)
Currency translation effect		**1,365,094**	1,110,039
Premium earned		**11,366,303**	9,418,852
Reinsurance premium ceded		**(1,799,665)**	(1,768,180)
Prepaid reinsurance premium - opening		**(837,213)**	(324,911)
Prepaid reinsurance premium - closing		**856,817**	837,213
Currency translation effect		**(203,935)**	(132,399)
Reinsurance expense		**(1,983,996)**	(1,388,277)
		9,382,307	8,030,575
27 Net insurance claims expense			
General Insurance Business:			
Claim paid		**23,719,945**	19,356,834
Outstanding claims including IBNR - closing	**27.3**	**26,395,403**	20,726,702
Outstanding claims including IBNR - opening		**(20,726,702)**	(12,686,045)
Currency translation effect		**(2,101,642)**	(1,713,790)
Claim expense		**27,287,004**	25,683,701
Reinsurance and other recoveries received / receivable		**(9,184,523)**	(7,961,881)
Reinsurance and other recoveries in respect of outstanding claims - closing		**(20,902,569)**	(15,233,478)
Reinsurance and other recoveries in respect of outstanding claims - opening		**15,233,478**	7,943,513
Currency translation effect		**1,172,730**	852,819
Reinsurance and other recoveries revenue		**(13,680,884)**	(14,399,027)
Net insurance claims expense - General Insurance Business	**27.1 & 27.2**	**13,606,120**	11,284,674
Life Insurance Business:			
Gross claims			
Claims under individual policies			
- by death		**780,495**	671,184
- by insured event other than death		**3,823**	2,483
- by maturity		**7,416,398**	5,225,759
- by surrender		**10,713,500**	8,337,714
Total gross individual policy claims		**18,914,216**	14,237,140
Claims under group policies			
- by death		**508,936**	350,020
- by insured event other than death		**12,519**	2,374
Total gross group policy claims		**521,455**	352,394
Claim related expenses		**7,586**	8,287
Total gross claims		**19,443,257**	14,597,821
Reinsurance recoveries			
- on individual claims		**(130,378)**	(175,777)
- on group claims		**(315,876)**	(187,608)
		(446,254)	(363,385)
Net insurance claims expense - Life Insurance Business		**18,997,003**	14,234,436
		32,603,123	25,519,110

	2023	2022
	---------- Rupees in thousand ----------	
27.1 Net insurance claims expense - Business underwritten inside Pakistan		
Claim paid	**8,360,330**	9,532,395
Outstanding claims including IBNR - closing	**16,482,355**	12,123,015
Outstanding claims including IBNR - opening	**(12,123,015)**	(7,131,251)
Claims expense	**12,719,670**	14,524,159
Reinsurance and other recoveries received / receivable	**(2,701,555)**	(4,234,327)
Reinsurance and other recoveries in respect of outstanding claims - closing	**(14,571,713)**	(10,450,405)
Reinsurance and other recoveries in respect of outstanding claims - opening	**10,450,405**	5,482,393
Reinsurance and other recoveries revenue	**(6,822,863)**	(9,202,339)
	5,896,807	5,321,820
27.2 Net insurance claims expense - Business underwritten outside Pakistan		
Claim paid	**15,359,615**	9,824,439
Outstanding claims including IBNR - closing	**9,913,048**	8,603,687
Outstanding claims including IBNR - opening	**(8,603,687)**	(5,554,794)
Currency translation effect	**(2,101,642)**	(1,713,790)
Claims expense	**14,567,334**	11,159,542
Reinsurance and other recoveries received / receivable	**(6,482,968)**	(3,727,554)
Reinsurance and other recoveries in respect of outstanding claims - closing	**(6,330,856)**	(4,783,073)
Reinsurance and other recoveries in respect of outstanding claims - opening	**4,783,073**	2,461,120
Currency translation effect	**1,172,730**	852,819
Reinsurance and other recoveries revenue	**(6,858,021)**	(5,196,688)
	7,709,313	5,962,854

27.3 Claims development tables

The Group maintains adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The following table shows the development of the claims over a period of time. All amounts are presented in gross numbers before reinsurance.

27.3.1 General Insurance Business:

	Accident year						
	2018	2019	2020	2021	2022	2023	Total
	---------- Rupees in thousand ----------						
Estimate of the ultimate claim cost:							
At the end of accident year	13,278,246	14,544,497	12,607,367	14,166,057	27,835,542	23,674,232	**106,105,941**
One year later	6,250,676	6,218,787	5,366,245	8,158,522	20,531,766	-	**46,525,996**
Two years later	1,880,335	2,149,028	1,565,716	2,756,387	-	-	**8,351,466**
Three years later	863,553	948,368	1,148,493	-	-	-	**2,960,414**
Four years later	613,987	803,470	-	-	-	-	**1,417,457**
Five years later	1,201,000	-	-	-	-	-	**1,201,000**
Current estimate of cumulative claims	1,201,000	803,470	1,148,493	2,756,387	20,531,766	23,674,232	**50,115,348**
Less: Cumulative payments to date	115,673	317,412	360,648	1,563,812	8,344,586	13,017,814	**23,719,945**
Liability recognizedin statement of financial position	1,085,327	486,058	787,845	1,192,575	12,187,180	10,656,418	**26,395,403**

27.3.2 Life Insurance Business:

27.3.2.1 Individual life claims

	Accident year					
	2018	2019	2020	2021	2022	2023
	Rupees in thousand					
Estimate of the ultimate claim cost:						
At the end of accident year	177,583	237,924	288,432	463,829	337,990	468,950
One year later	252,998	345,644	526,231	720,987	547,362	-
Two years later	259,455	361,064	550,771	783,041	-	-
Three years later	264,255	369,161	576,077	-	-	-
Four years later	266,418	395,427	-	-	-	-
Current estimate of cumulative claims	266,418	395,427	576,077	783,041	547,362	468,950
Less: Cumulative payments to date	266,418	395,427	576,077	779,552	535,768	293,952
Liability recognized in statementof financial position	-	-	-	3,489	11,594	174,998

27.3.2.2 Group life claims

	Accident year					
	2018	2019	2020	2021	2022	2023
	Rupees in thousand					
Estimate of the ultimate claim cost:						
At the end of accident year	419,348	342,820	559,852	343,327	285,806	396,234
One year later	531,056	452,433	662,492	405,755	382,969	-
Two years later	532,356	454,575	665,025	407,855	-	-
Three years later	532,356	455,005	666,525	-	-	-
Four years later	532,356	455,005	-	-	-	-
Current estimate of cumulative claims	532,356	455,005	666,525	407,855	382,969	396,234
Less: Cumulative payments to date	532,356	455,005	666,525	407,255	382,769	338,907
Liability recognized in statementof financial position	-	-	-	600	200	57,327

	Note	2023	2022
		Rupees in thousand	
28 Net commission and other acquisition costs			
General Insurance Business:			
Commission paid or payable		**3,937,080**	3,182,078
Deferred commission expense - opening		**1,489,080**	1,055,480
Deferred commission expense - closing		**(2,133,671)**	(1,489,080)
Currency translation effect		**256,978**	205,785
Net commission		**3,549,467**	2,954,263
Commission received or recoverable		**(1,150,207)**	(1,002,523)
Unearned reinsurance commission - opening		**(365,610)**	(241,094)
Unearned reinsurance commission - closing		**507,332**	365,610
Currency translation effect		**(10,413)**	(4,242)
Commission from reinsurance		**(1,018,898)**	(882,249)
Net commission and other acquisition costs - General Insurance Business	**28.1 & 28.2**	**2,530,569**	2,072,014
Life Insurance Business:			
Remuneration to insurance / takaful intermediaries on individual policies:			
Commission on first year contribution / premium		**987,272**	1,177,551
Commission on second year contribution / premium		**140,567**	149,617
Commission on subsequent years renewal contribution / premium		**172,903**	157,544
Commission on single contribution premium		**264,149**	209,169
Other benefits to insurance intermediaries		**334,480**	358,955
		1,899,371	2,052,836
Remuneration to insurance intermediaries on group policies:			
Commission		**20,866**	18,803
Other benefits to insurance intermediaries		**4,568**	4,187
		25,434	22,990
Other acquisition costs:			
Employee benefit cost		**659,430**	633,543
Traveling expenses		**13,306**	11,916
Information technology expense		**9,219**	10,037
Printing & stationary		**4,824**	7,033
Depreciation		**38,606**	34,846
Amortization		**22,768**	23,675
Rent, rates and taxes		**57,099**	52,682
Insurance cost		**3,438**	2,078
Car fuel & maintenance		**102,559**	79,976
Postage		**11,427**	9,560
Electricity, gas and water		**32,245**	26,352
Office maintenance		**69,298**	61,157
Entertainment		**18,783**	16,269
Training & development		**8,456**	14,097
Marketing cost		**124,676**	59,014
Financial charges		**7,364**	13,703
Write off against property and equipment		**4,518**	-
Miscellaneous		**159**	(5,217)
Legal & professional charges		**8,553**	5,239
Stamp duty		**49,696**	50,616
Medical examination fee		**2,023**	1,925
		1,248,447	1,108,501
Net commission and other acquisition costs - Life Insurance Business		**3,173,252**	3,184,327
		5,703,821	5,256,341

	Note	2023	2022
		---------- Rupees in thousand ----------	
28.1 Net commission and other acquisition costs - Business underwritten inside Pakistan			
Commission paid or payable		**1,452,020**	1,218,959
Deferred commission expense - opening		**447,607**	393,554
Deferred commission expense - closing		**(448,982)**	(447,607)
Net commission		**1,450,645**	1,164,906
Commission received or recoverable		**(1,012,505)**	(912,432)
Unearned reinsurance commission - opening		**(323,930)**	(239,650)
Unearned reinsurance commission - closing		**415,444**	323,930
Commission from reinsurance		**(920,991)**	(828,152)
		529,654	336,754
28.2 Net commission and other acquisition costs - Business underwritten outside Pakistan			
Commission paid or payable		**2,485,060**	1,963,119
Deferred commission expense - opening		**1,041,473**	661,926
Deferred commission expense - closing		**(1,684,689)**	(1,041,473)
Currency translation effect		**256,978**	205,785
Net commission		**2,098,822**	1,789,357
Commission received or recoverable		**(137,702)**	(90,091)
Unearned reinsurance commission - opening		**(41,680)**	(1,444)
Unearned reinsurance commission - closing		**91,888**	41,680
Currency translation effect		**(10,413)**	(4,242)
Commission from reinsurance		**(97,907)**	(54,097)
		2,000,915	1,735,260
29 Management expenses			
Employees benefit cost	**29.1**	**2,923,564**	2,504,732
Travelling		**110,333**	76,546
Advertisement & sales promotion		**131,446**	71,025
Printing & stationary		**75,947**	59,105
Depreciation		**213,684**	232,128
Amortization		**50,619**	46,432
Rent, rates & taxes		**45,280**	7,154
Legal & professional charges - business related		**331,350**	224,368
Electricity, gas & water		**143,822**	115,555
Entertainment		**56,914**	36,975
Vehicle running expenses		**264,505**	196,628
Office repairs & maintenance		**149,430**	128,084
Bank charges		**174,395**	148,860
Postages, telegrams & telephone		**87,795**	56,263
Supervision fee		**117,282**	101,382
IT related costs		**327,857**	207,593
Tracking and monitoring charges		**96,543**	115,438
Provision for doubtful balances against due from insurance contract holders		**2,660**	50,145
Regulatory fee		**207,149**	177,517
Miscellaneous		**85,153**	62,632
		5,595,728	4,618,562
29.1 Employee benefit cost			
Salaries, allowances and other benefits		**2,777,132**	2,380,027
Charges for post employment benefit		**146,432**	124,705
		2,923,564	2,504,732

		2023	2022
		---------- Rupees in thousand ----------	
30	**Investment income**		
	Business underwritten Inside Pakistan		
	Income from equity securities		
	Dividend Income		
	- Available for sale	**3,123,795**	1,774,270
	- Fair value through profit or loss	**915,695**	692,517
		4,039,490	2,466,787
	Income from debt securities		
	Return on debt securities		
	- Fair value through profit or loss	**782,369**	599,830
		782,369	599,830
	Return on government securities		
	- Available for Sale	**-**	18,151
	- Fair value through profit or loss	**9,661,183**	3,924,137
	- Held to maturity	**272,558**	84,426
		9,933,741	4,026,714
	Income from term deposit receipts		
	- Held to maturity	**494,752**	690,510
		494,752	690,510
	Net realized fair value gains on investments		
	Available for sale		
	- Equity securities	**(30,253)**	(405,515)
	- Government securities	**-**	(6,249)
		(30,253)	(411,764)
	Fair value through profit or loss		
	- Equity securities	**2,081,429**	(87,154)
	- Debt securities	**(15,272)**	-
	- Government securities	**(98,803)**	(144,242)
		1,967,354	(231,396)
	Provision for impairment in value of 'available-for-sale' investments	**(26,931)**	151,982
		17,160,522	7,292,663
	Business underwritten Outside Pakistan		
	Income from equity securities		
	Dividend income		
	- Available for Sale	**-**	102
		-	102
	Return on term deposits		
	- Held to maturity	**347,754**	127,211
		347,754	127,211
		347,754	127,313
	Total investment income	**17,508,276**	7,419,976

	Note	2023	2022
		Rupees in thousand	
31 Net fair value loss on financial assets at fair value through profit or loss			
Held for trading			
Net unrealized losses on:			
- Mutual Funds		**1,852,193**	(691,709)
- Listed equities		**1,644,201**	(1,822,414)
- Fixed income securities		**(44,111)**	(23,190)
- Government securities		**(127,107)**	(64,676)
Investment related expenses		**(101,716)**	(80,122)
		3,223,460	(2,682,111)
32 Rental income			
Rental income		**118,848**	105,660
Expenses of investment property		**(1,107)**	(805)
		117,741	104,855
33 Other income			
Return on bank balances		**1,299,134**	877,167
Mark-up on policy loans		**4,862**	4,060
Gain on sale of operating assets and derecognition of ROU asset		**25,823**	12,376
Return on loans to employees		**130**	156
Income against deferred grant		**-**	6,329
Exchange gain		**19,713**	7,404
Shared expenses received		**14,280**	19,360
Miscellaneous		**63,665**	17,689
		1,427,607	944,541
34 Other expenses			
Legal & professional charges other than business		**49,716**	41,824
Auditors' remuneration	**34.1**	**30,618**	21,836
Subscription fee		**27,427**	6,688
Donations	**34.2**	**27,854**	33,543
Directors' fee		**1,985**	515
Central depository expense		**1,388**	1,533
Others		**6,712**	4,946
		145,700	110,885
34.1 Auditors' remuneration			
Inside Pakistan:			
Audit fee		**5,643**	4,874
Interim review fee		**1,286**	1,144
Special certifications and sundry advisory services		**4,064**	2,414
Out-of-pocket expenses		**1,012**	824
		12,005	9,256
Outside Pakistan:			
Audit fee		**15,709**	10,463
Interim review fee		**1,908**	1,393
Out-of-pocket expenses		**996**	724
		18,613	12,580
		30,618	21,836

34.2 The Parent Company has paid the donations amounting to Rs. 25 million (2022: Rs. 30 million) to Saleem Memorial Trust Hospital, Rs. 1.5 million (2022: Rs. 1.5 million) to Pakistan Agricultural Coalition, Nil (2022: Rs. 0.5 million) to Insurance Association Of Pakistan, Nil (2022: Rs. 0.4 million) to Safco Support Foundation and Rs. 0.3 million (2022: Nil) to Mahmud Ali Kasuri Welfare Trust during the current year.

35 Taxation - net

		2023	2022
		---------- Rupees in thousand ----------	
Current tax			
For the year	- Group	**1,544,231**	779,981
	- Window Takaful Operations	**198,244**	111,541
Prior year	- Group	**(31,945)**	85,572
	- Window Takaful Operations	**14,710**	5,571
		1,725,240	982,665
Deferred tax			
For the year	- Group	**558,053**	(109,231)
	- Window Takaful Operations	**71**	1,369
		558,124	(107,862)
		2,283,364	874,803

35.1 Tax charge reconciliation

	(Effective tax rate)	
	2023	2022
	---------- Percentage ----------	
Tax at the applicable rate of 39% (2022: 33%)	**39.00**	33.00
Prior year	**(0.34)**	2.62
Tax effect of provision for impairment of investments	**0.21**	(21.36)
Others	**6.79**	12.53
	45.66	26.79

36 Earnings per share

	2023	2022
	---------- Rupees in thousand ----------	
There is no dilutive effect on the basic earnings per share which is based on:		
Net profit after tax for the year attributable to owners of the parent	**2,626,107**	2,341,165
	2023	2022
	---------- Number of shares ----------	
Weighted average number of ordinary shares	**350,000,000**	350,000,000
	2023	**2022**
	---------- Rupees ----------	
Earning per share - basic and diluted	**7.50**	6.69

37 Compensation of Directors and Executives

The aggregate amount charged in the accounts for remuneration, including all benefits, to the Chief Executives, Directors and Executives of the Group are as follows:

	Chief Executive Officer		Directors		Executives	
	2023	2022	2023	2022	2023	2022
	Rupees in thousand					
Fees	-	-	1,985	820	-	-
Managerial remuneration	57,929	46,266	-	-	1,474,104	1,220,129
Leave encashment	4,001	2,316	-	-	61,189	53,687
Bonus	11,330	5,290	-	-	143,061	117,197
Charge of defined benefit plan	1,576	1,291	-	-	40,534	38,935
Contribution to defined contribution plan	-	-	-	-	-	-
	1,945	1,737	-	-	37,196	32,155
House rent allowance	7,610	4,612	-	-	276,307	247,445
Utilities	3,019	1,714	-	-	27,180	23,423
Medical	300	181	-	-	56,466	52,416
Conveyance	-	-	-	-	123,870	113,962
Special allowance	1,800	1,800	-	-	-	-
Other allowance	848	744	-	-	112,098	93,689
	90,358	65,951	1,985	820	2,352,005	1,993,038
Number	2	2	14	14	634	573

37.1 In addition, the Chief Executive Officer (CEO) of the Parent Company is also provided with Company maintained car (s), certain household items, furniture and fixtures and equipment in accordance with the policy of the Parent Company. Cars provided to entitled executives of the Subsidiary Company are for private and official use.

37.2 No remuneration was paid to Non - Executive Directors of the Group except for meeting fees.

38 Transactions with related parties

The Group has related party relationships with its associates, employee retirement benefit plans, key management personnel and other parties. Transactions are entered into with such related parties for the issuance of policies to and disbursements of claims incurred by them and payments of rentals for the use of premises rented from them. There are no transactions with key management personnel other than those specified in their terms of employment.

Investments and bank deposits with related parties have been disclosed in note 8, 10 and 14 to the consolidated financial statements. Other transactions with related parties are summarized as follows:

		2023	2022
		---------- Rupees in thousand ----------	
Parent Company			
i) Transactions	**Basis of relationship**		
Premiums underwritten	Other related parties	**3,530,254**	2,210,656
Premiums received	Other related parties	**3,688,668**	2,314,397
Claims paid	Other related parties	**796,984**	684,447
Commission Paid	Other related parties	**38,804**	40,518
Premium paid	Other related parties	**20,697**	-
Guarantee commission received	Other related parties	**4,975**	11,215
Rent paid	Other related parties	**9,542**	10,700
Rent received	Other related parties	**98,771**	62,937
Dividends received	Other related parties	**2,270,518**	938,893
Dividends paid	Other related parties	**312,287**	260,249
Income on bank deposits	Other related parties	**328,940**	75,458
Investments made	Other related parties	**641**	1,616,759
Investments sold	Other related parties	**-**	118,988
Fee / service charges paid	Other related parties	**13,982**	12,017
Fee / service charges received / accrued	Other related parties	**20,376**	13,257
Payments made to provident fund	Employees' fund	**41,944**	40,791
ii) Period end balances			
Balances receivable	Other related parties	**474,129**	134,023
Balances payable	Other related parties	**651,154**	370,730
Payable to provident fund	Employees' fund	**154**	211
Subsidiary Company			
i) Transactions			
Premium written	Other related parties	**403,750**	338,265
Claims expense	Other related parties	**229,668**	189,249
Commission and other incentives in respect of Bancassurance	Other related parties	**1,263,006**	1,260,926
Profit on bank deposits	Other related parties	**500,849**	204,342
Bank charges	Other related parties	**11,376**	4,857
Investments purchased	Other related parties	**5,072,313**	27,043,133
Investments sold	Other related parties	**8,103,196**	27,788,397
Investment advisor fee	Other related parties	**37,436**	39,576
Dividend income	Other related parties	**166,817**	233,923
Trustee fee	Other related parties	**9,651**	9,173
Expense in relation to gratuity fund	Other related parties	**36,343**	40,552
Dividend paid	Other related parties	**12,866**	-
Others	Other related parties	**8,100**	-

		2023	2022
		---------- Rupees in thousand ----------	
ii) Period end balances	**Basis of relationship**		
Premium due but unpaid	Other related parties	**11,410**	19,384
Bank deposits	Other related parties	**2,596,696**	1,851,156
Investments held	Other related parties	**7,184,206**	7,348,266
Dividend receivables	Other related parties	**6,092**	26,788
Accrued Income	Other related parties	**-**	41,548
Commission payable	Other related parties	**296,091**	334,192
Claims payable	Other related parties	**1,000**	-
Remuneration payable for the management of discretionary investment portfolio	Other related parties	**8,109**	6,934
Remuneration payable to Trustee	Other related parties	**1,421**	1,192
Loans to Key management personnel	Other related parties	**8,050**	3,732
Retirement Benefit Obligation Plan (Gratuity Fund)			
Receivable from / (payable to) Gratuity fund	Employees' fund	**11,791**	(4,866)

38.1 Following are the particulars of the related parties of the Group at the reporting date.

Name of Related Party	Basis of relationship	Aggregate % of Shareholding in the Group
A. A. Joyland (Private) Limited	Common directorship	Nil
AFLAK Developers	Common directorship	Nil
Agrohub International (Private) Limited	Common directorship	Nil
Avenew Marketing (Private) Limited	Company director / relative Shareholder	Nil
Cotton Web (Private) Limited	Company director Chairman	Nil
Din Energy Limited	Common directorship	Nil
Din Farm Products (Private) Limited	Common directorship	Nil
Din Leather (Private) Limited	Common directorship	Nil
Din Power Limited	Common directorship	Nil
Din Textile Mills Limited	Company director Chairman	Nil
Din Ventures (Private) Limited	Common directorship	Nil
Dupak Developers Pakistan (Private) Limited	Common directorship	Nil
Dupak Energy (Private) Limited	Common directorship	Nil
Dupak Premier Properties (Private) Limited	Common directorship	Nil
Dupak Properties (Private) Limited	Common directorship	Nil
Dupak Residency (Private) Limited	Common directorship	Nil
Dupak Sky Line (Private) Limited	Common directorship	Nil
Dupak Tameer Limited	Common directorship	Nil
Dupak Tower (Private) Limited	Common directorship	Nil
D.G. Khan Cement Company Limited	Common directorship	0.390%
Emporium Properties (Private) Limited	Common directorship	Nil
Fortress Builders (Private) Limited	Common directorship	Nil

Name of Related Party	Basis of relationship	Aggregate % of Shareholding in the Group
Fortress Developers (Private) Limited	Common directorship	Nil
Fortress Financials Services (Private) Limited	Common directorship	Nil
Fortress Square Services (Private) Limited	Common directorship	Nil
Golf View Land (Private) Limited	Common directorship	Nil
Hyundai Nishat Motor (Private) Limited	Common directorship	10.000%
IBSAL Logistics Limited	Common directorship	Nil
Joyland Construction (Private) Limited	Common directorship	Nil
Joyland Entertainment (Private) Limited	Common directorship	Nil
Joyland (Private) Limited	Common directorship	Nil
Kanal (Private) Limited	Common directorship	Nil
Lalpir Power Limited	Company director / relative Shareholder	7.200%
Lalpir Solar Power (Private) Limited	Other Related Party	Nil
Masood Apparels (Private) Limited	Common directorship	Nil
Masood Fabrics Limited	Common directorship	Nil
Masood Holdings (Private) Limited	Common directorship	Nil
Masood Roomi Foods (Private) Limited	Common directorship	Nil
Masood Roomi Textile Mills (Private) Limited	Common directorship	Nil
MCB Bank Limited	Common directorship	5.898%
MCB Islamic Bank Limited	Common directorship	Nil
MCB Asset Management Company Limited	Common directorship	Nil
MCB Investment Management Limited	Common directorship	Nil
MCB Leasing Closed Joint Stock Company	Common directorship	Nil
MCB Non-Bank Credit Organization, CJSC, Azerbaijan	Common directorship	Nil
National Textile Foundation	Common directorship	Nil
Next Commercial Fz-Lcc (UAE)	Common directorship	Nil
Next Health Services (Private) Limited	Common directorship	Nil
Next Pharmaceuticals Products (Private) Limited	Common directorship	Nil
Nishat (Aziz Avenue) Hotels & Properties Limited	Company director / relative Shareholder	Nil
Nishat (Raiwind) Hotels & Properties Limited	Common directorship	Nil
Nishat Agriculture Farming (Private) Limited	Common directorship	Nil
Nishat Agrotech Farms (Private) Limited	Common directorship	Nil
Nishat Chunian Limited	Other Related Party	2.390%
Nishat Automobile (Private) Limited	Other Related Party	Nil
Nishat Chunain Electric Company Limited	Other Related Party	Nil
Nishat Chunian Usa Incorporated	Other Related Party	Nil
Nishat Commodities (Private) Limited	Other Related Party	Nil
Nishat Dairy (Private) Limited	Other Related Party	Nil
Nishat Developers (Private) Limited	Other Related Party	Nil
Nishat Farms Supplies (Private) Limited	Other Related Party	Nil
Nishat Global China Company Limited	Other Related Party	Nil
Nishat Hospitality (Private) Limited	Other Related Party	Nil
Nishat Hotels & Properties Limited	Other Related Party	Nil

Name of Related Party	Basis of relationship	Aggregate % of Shareholding in the Group
Nishat International Fze	Other Related Party	Nil
Nishat Linen (Private) Limited	Other Related Party	Nil
Nishat Linen Trading LLC	Other Related Party	Nil
Nishat Papers Products Company Limited.	Other Related Party	Nil
Nishat Power Limited	Other Related Party	Nil
Nishat Real Estates Development Company (Private) Limited	Other Related Party	Nil
Nishat Sutas Dairy Limited	Other Related Party	Nil
Nishat Uk (Private) Limited	Other Related Party	Nil
Nishat Usa Incorporated	Other Related Party	Nil
Nishat (Gulberg) Hotels & Properties Limited.	Other Related Party	Nil
Nishat Chunian Power Limited	Company director / relative Shareholder	0.540%
Nishat Dairy (Private) Limited	Common directorship	Nil
Nishat Hotels & Properties Limited	Common directorship	Nil
Nishat Mills Limited	Common directorship	0.111%
Pakgen Power Limited	Common directorship	6.889%
Roomi Fabrics Limited	Common directorship	Nil
Roomi Holdings (Private) Limited	Common directorship	Nil
Roomi Home (Private) Limited	Common directorship	Nil
Siddiqsons Limited	Common directorship	Nil
Siddiqsons Tin Plate Limited	Common directorship	Nil
Siddiqsons Energy Limited	Common directorship	Nil
Nishat Paper Products Limited	Company director / relative Shareholder	Nil
Pakgen Power Limited	Common directorship	Nil
Pakistan Aviators & Aviation	Common directorship	Nil
Pakistan Aviators and Aviation (Private) Limited	Company director / relative Shareholder	Nil
Security General Insurance Company Limited	Company director / relative Shareholder	14.224%

39 Segment Information

The Group conducts general insurance business both inside and outside Pakistan while life assurance is conducted only in Pakistan.

	2023														
	General Insurance														
	Fire and property damage		Marine, aviation and transport		Motor		Accident & health		Miscellaneous		Total		Aggregate General Insurance	Life Insurance	Aggregate
	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan			
	Rupees in thousands														
Premium receivable (Inclusive of federal excise duty,															
Federal insurance fee and Administrative surcharge)	20,981,013	33,843	2,695,610	46,202	4,001,973	11,539,020	3,270,143	1,995,355	1,487,619	14,000	32,436,358	13,628,420	46,064,778	23,345,275	69,410,053
Federal excise duty / VAT	(2,609,440)	(2,076)	(300,863)	(2,335)	(494,048)	(549,477)	(137,116)	(95,017)	(147,211)	(667)	(3,688,678)	(649,572)	(4,338,250)	-	(4,338,250)
Federal insurance fee	(182,912)	(62)	(23,853)	(18)	(34,788)	-	(30,894)	-	(12,994)	-	(285,441)	(80)	(285,521)	-	(285,521)
	18,188,661	31,705	2,370,894	43,849	3,473,137	10,989,543	3,102,133	1,900,338	1,327,414	13,333	28,462,239	12,978,768	41,441,007	23,345,275	64,786,282
Gross written premium (inclusive of															
administrative surcharge)	18,188,661	31,705	2,370,894	43,849	3,473,137	10,989,543	3,102,133	1,900,338	1,327,414	13,333	28,462,239	12,978,768	41,441,007	23,345,275	64,786,282
Gross direct premium	18,166,543	31,607	2,338,303	43,838	3,360,227	10,986,305	3,099,777	1,900,338	1,284,275	13,293	28,249,125	12,975,381	41,224,506	23,345,275	64,569,781
Facultative inward premium	2,357	-	-	-	-	-	-	-	29,114	-	31,471	-	31,471	-	31,471
Administrative surcharge	19,761	98	32,591	11	112,910	3,238	2,356	-	14,025	40	181,643	3,387	185,030	-	185,030
	18,188,661	31,705	2,370,894	43,849	3,473,137	10,989,543	3,102,133	1,900,338	1,327,414	13,333	28,462,239	12,978,768	41,441,007	23,345,275	64,786,282
Insurance premium earned	16,388,902	32,731	2,408,419	34,507	3,611,490	8,805,055	3,321,603	2,481,147	1,361,987	12,863	27,092,401	11,366,303	38,458,704	23,345,275	61,803,979
Insurance premium ceded to reinsurers	(15,261,667)	(26,988)	(1,247,496)	-	(70,949)	(595,200)	-	(1,351,064)	(597,913)	(10,744)	(17,178,025)	(1,983,996)	(19,162,021)	(665,169)	(19,827,190)
Net insurance premium	1,127,235	5,743	1,160,923	34,507	3,540,541	8,209,855	3,321,603	1,130,083	764,074	2,119	9,914,376	9,382,307	19,296,683	22,680,106	41,976,789
Commission income	831,447	5,375	10,021	-	5,819	89,816	-	-	73,704	2,716	920,991	97,907	1,018,898	-	1,018,898
Net underwriting income	1,958,682	11,118	1,170,944	34,507	3,546,360	8,299,671	3,321,603	1,130,083	837,778	4,835	10,835,367	9,480,214	20,315,581	22,680,106	42,995,687
Insurance claims	(7,007,862)	(891,625)	(643,631)	8,352	(1,655,734)	(11,718,422)	(3,064,921)	(1,965,615)	(347,522)	(24)	(12,719,670)	(14,567,334)	(27,287,004)	(19,443,257)	(46,730,261)
Insurance claim recoveries from reinsurer	6,490,833	803,186	233,583	(369)	(16,911)	4,666,410	-	1,387,636	115,358	1,158	6,822,863	6,858,021	13,680,884	446,254	14,127,138
Net claims	(517,029)	(88,439)	(410,048)	7,983	(1,672,645)	(7,052,012)	(3,064,921)	(577,979)	(232,164)	1,134	(5,896,807)	(7,709,313)	(13,606,120)	(18,997,003)	(32,603,123)
Commission expense	(690,771)	(4,247)	(205,871)	(4,443)	(306,349)	(1,802,332)	(110,498)	(287,583)	(137,156)	(217)	(1,450,645)	(2,098,822)	(3,549,467)	(3,173,252)	(6,722,719)
Management expense	(557,408)	(7,638)	(531,059)	(36,191)	(1,366,988)	(1,393,448)	(143,028)	(227,418)	(274,446)	(3,997)	(2,872,929)	(1,668,692)	(4,541,621)	(1,054,107)	(5,595,728)
Net insurance claims and expenses	(1,765,208)	(100,324)	(1,146,978)	(32,651)	(3,345,982)	(10,247,792)	(3,318,447)	(1,092,980)	(643,766)	(3,080)	(10,220,381)	(11,476,827)	(21,697,208)	(23,224,362)	(44,921,570)
Net change in insurance liabilities (other than outstanding claims)	-	-	-	-	-	-	-	-	-	-	-	-	-	(15,896,770)	(15,896,770)
Underwriting result	193,474	(89,206)	23,966	1,856	200,378	(1,948,121)	3,156	37,103	194,012	1,755	614,986	(1,996,613)	(1,381,627)	(16,441,026)	(17,822,653)
Net investment income											3,330,165	347,754	3,677,919	13,830,357	17,508,276
Net fair value unrealized gain on financial assets at fair value through profit or loss											-	-	-	3,223,460	3,223,460
Change in fair value of investment property											104,395	163,914	268,309	-	268,309
Rental income											114,306	3,435	117,741	-	117,741
Other income											385,251	158,837	544,088	883,519	1,427,607
Other expenses											(107,398)	(25,909)	(133,307)	(12,393)	(145,700)
Finance cost											(4,669)	-	(4,669)	-	(4,669)
Workers' welfare fund reversal											(79,842)	-	(79,842)	-	(79,842)
Profit from Window Takaful Operations - Operators Fund (Parent Company)											507,750	-	507,750	-	507,750
Profit before taxation											4,864,944	(1,348,582)	3,516,362	1,483,917	5,000,279
Segment Assets	24,026,231	639,227	718,124	9,040	1,008,561	8,880,546	649,144	1,180,206	1,753,163	25,275	**28,155,223**	**10,734,294**	**38,889,517**	82,653,643	121,543,160
Unallocated assets											36,108,379	12,048,120	48,156,499	3,100,309	51,256,808
											64,263,602	22,782,414	87,046,016	85,753,952	172,799,968
Segment Liabilities	24,074,001	710,512	977,468	39,912	2,580,655	16,827,569	1,987,758	1,459,328	2,299,743	27,487	31,919,625	19,064,808	**50,984,433**	81,242,048	132,226,481
Unallocated Liabilities											7,005,952	1,468,839	8,474,791	313,978	8,788,769
											38,925,577	**20,533,647**	59,459,224	81,556,026	141,015,250

39.1 Segment Information

The Group conducts general insurance business both inside and outside Pakistan while life assurance is conducted only in Pakistan.

	2022														
	General Insurance														
	Fire and property damage		Marine, aviation and transport		Motor		Accident & health		Miscellaneous		Total		Aggregate General Insurance	Life Insurance	Aggregate
	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan			
	Rupees in thousands														
Premium receivable (Inclusive of federal excise duty,															
Federal insurance fee and Administrative surcharge)	14,369,244	25,443	2,316,342	22,406	4,149,788	8,351,226	3,042,882	2,338,444	1,458,639	8,993	25,336,895	10,746,512	36,083,407	20,943,416	57,026,823
Federal excise duty / VAT	(1,774,651)	(1,514)	(255,484)	(1,135)	(496,951)	(397,677)	(20,772)	(111,354)	(146,648)	(428)	(2,694,506)	(512,108)	(3,206,614)	-	(3,206,614)
Federal insurance fee	(123,657)	(40)	(20,465)	(12)	(36,569)	-	(30,132)	-	(13,277)	-	(224,100)	(52)	(224,152)	-	(224,152)
	12,470,936	23,889	2,040,393	21,259	3,616,268	7,953,549	2,991,978	2,227,090	1,298,714	8,565	22,418,289	10,234,352	32,652,641	20,943,416	53,596,057
Gross written premium (inclusive of															
administrative surcharge)	12,470,936	23,889	2,040,393	21,259	3,616,268	7,953,549	2,991,978	2,227,090	1,298,714	8,565	22,418,289	10,234,352	32,652,641	20,943,416	53,596,057
Gross direct premium	12,417,857	23,809	2,004,681	21,259	3,485,319	7,929,540	2,989,500	2,227,090	1,258,074	8,538	22,155,431	10,210,236	32,365,667	20,943,416	53,309,083
Facultative inward premium	34,296	-	2,904	-	82	-	-	-	27,188	-	64,470	-	64,470	-	64,470
Administrative surcharge	18,783	80	32,808	-	130,867	24,009	2,478	-	13,452	27	198,388	24,116	222,504	-	222,504
	12,470,936	23,889	2,040,393	21,259	3,616,268	7,953,549	2,991,978	2,227,090	1,298,714	8,565	22,418,289	10,234,352	32,652,641	20,943,416	53,596,057
Insurance premium earned	11,002,474	25,422	2,031,010	32,541	3,474,582	7,549,493	2,599,071	1,802,039	1,250,526	9,357	20,357,663	9,418,852	29,776,515	20,943,416	50,719,931
Insurance premium ceded to reinsurers	(9,960,607)	(19,981)	(868,747)	(549)	(60,307)	(354,753)	-	(1,007,536)	(542,611)	(5,458)	(11,432,272)	(1,388,277)	(12,820,549)	(633,349)	(13,453,898)
Net insurance premium	1,041,867	5,441	1,162,263	31,992	3,414,275	7,194,740	2,599,071	794,503	707,915	3,899	8,925,391	8,030,575	16,955,966	20,310,067	37,266,033
Commission income	693,589	3,795	5,546	-	3,642	48,243	-	-	125,375	2,059	828,152	54,097	882,249	-	882,249
Net underwriting income	1,735,456	9,236	1,167,809	31,992	3,417,917	7,242,983	2,599,071	794,503	833,290	5,958	9,753,543	8,084,672	17,838,215	20,310,067	38,148,282
Insurance claims	(9,196,655)	(683)	(568,394)	(165)	(1,712,203)	(9,523,552)	(2,283,233)	(1,635,640)	(763,674)	498	(14,524,159)	(11,159,542)	(25,683,701)	(14,597,821)	(40,281,522)
Insurance claim recoveries from reinsurer	8,697,342	1,074	(6,898)	174	82,588	4,054,619	-	1,142,060	429,307	(1,239)	9,202,339	5,196,688	14,399,027	363,385	14,762,412
Net claims	(499,313)	391	(575,292)	9	(1,629,615)	(5,468,933)	(2,283,233)	(493,580)	(334,367)	(741)	(5,321,820)	(5,962,854)	(11,284,674)	(14,234,436)	(25,519,110)
Commission expense	(530,189)	(3,310)	(175,500)	(5,762)	(268,892)	(1,576,860)	(69,516)	(203,197)	(120,809)	(228)	(1,164,906)	(1,789,357)	(2,954,263)	(3,184,327)	(6,138,590)
Management expense	(518,134)	(1,978)	(408,626)	(12,511)	(1,220,107)	(1,075,033)	(173,884)	(175,931)	(235,957)	(1,498)	(2,556,708)	(1,266,951)	(3,823,659)	(794,903)	(4,618,562)
Net insurance claims and expenses	(1,547,636)	(4,897)	(1,159,418)	(18,264)	(3,118,614)	(8,120,826)	(2,526,633)	(872,708)	(691,133)	(2,467)	(9,043,434)	(9,019,162)	(18,062,596)	(18,213,666)	(36,276,262)
Net change in insurance liabilities (other than outstanding claims)	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,937,305)	(4,937,305)
Underwriting result	187,820	4,339	8,391	13,728	299,303	(877,843)	72,438	(78,205)	142,157	3,491	710,109	(934,490)	(224,381)	(2,840,904)	(3,065,285)
Net investment income											1,606,729	127,313	1,734,042	5,685,934	7,419,976
Net fair value unrealized gain on financial assets at fair value through profit or loss											-	-	-	(2,682,111)	(2,682,111)
Net unrealized gains on investment property											497,698	-	497,698	-	497,698
Rental income											102,626	2,229	104,855	-	104,855
Other income											139,515	81,971	221,486	723,055	944,541
Other expenses											(87,592)	(17,961)	(105,553)	(5,332)	(110,885)
Finance cost											(33,350)	(1,870)	(35,220)	(2,967)	(38,187)
Workers' welfare fund reversal											(148,021)	-	(148,021)	-	(148,021)
Profit from Window Takaful Operations - Operators Fund (Parent Company)											338,577	-	338,577	-	338,577
Profit before tax											3,126,291	(742,808)	2,383,483	877,675	3,261,158
Segment Assets	18,159,470	30,234	898,705	4,550	1,545,592	6,549,649	992,218	1,487,171	2,099,230	18,751	23,695,215	8,090,355	31,785,570	66,115,952	97,901,522
Unallocated assets											28,031,246	10,967,376	38,998,622	2,782,921	41,781,543
											51,726,461	19,057,731	70,784,192	68,898,873	139,683,065
Segment Liabilities	18,934,925	35,283	1,305,146	32,906	3,287,709	13,023,403	2,508,776	1,974,799	2,564,035	21,441	28,600,591	15,087,832	43,688,423	64,974,743	108,663,166
Unallocated Liabilities											3,666,489	1,481,609	5,148,098	260,055	5,408,153
											32,267,080	16,569,441	48,836,521	65,234,798	114,071,319

40 Movement in investments

	Available for sale	Held to Maturity	Fair value through profit or loss	Total
	Rupees in thousand			
As at January 01, 2022	**21,275,639**	**14,829,118**	**41,980,087**	**78,084,844**
Additions	3,343,363	89,630,907	649,191,918	742,166,188
Disposals (sales and redemptions)	(3,536,703)	(96,940,088)	(630,084,239)	(730,561,030)
Fair value net gains (excluding net realized gain)	(3,570,226)	-	(2,605,602)	(6,175,828)
Currency translation effect	-	1,685,638	-	1,685,638
Unwinding of discount on debt securities	-	13,146	-	13,146
Impairment losses	151,982	-	-	151,982
As at December 31, 2022	**17,664,055**	**9,218,721**	**58,482,164**	**85,364,940**
Additions	902,109	35,052,420	488,426,889	524,381,418
Disposals (sales and redemptions)	(60,849)	(37,143,349)	(471,661,629)	(508,865,827)
Fair value net gains (excluding net realized gain)	6,386,858	-	3,285,394	9,672,252
Currency translation effect	-	1,599,579	-	1,599,579
Unwinding of discount on debt securities	-	125,078	-	125,078
Impairment losses	(26,931)	-	-	(26,931)
As at December 31, 2023	**24,865,242**	**8,852,449**	**78,532,818**	**112,250,509**

41 Management of insurance and financial risk

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk, price risk and currency risk).The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall risks arising from the Group's financial assets and liabilities are limited. The Group consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below. The Board of Directors (the Board) has overall responsibility for the establishment and oversight of Group's risk management framework. The Board is also responsible for developing the Group's risk management policies.

The individual risk wise analysis is given below :

Parent Company

41.1 Insurance risk

The principal risk that the Parent Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof may differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Parent Company is to ensure that sufficient reserves are available to cover these liabilities. The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. Further, strict claims review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims and similar procedures are put in place to reduce the risk exposure of the Parent Company. The Parent Company further enforces a policy of actively managing and promptly pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Parent Company.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts.

Although the Parent Company has reinsurance arrangements, it is not relieved of its direct obligations to its policy holders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Parent Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Parent Company substantially dependent upon any single reinsurance contract. Reinsurance policies are written with approved reinsurers on either a proportionate basis or non-proportionate basis. The reinsurers are carefully selected and approved and are dispersed over several geographical regions.

Experience shows that larger the portfolio is in similar reinsurance contracts, smaller will be the relative variability about the expected outcome. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Parent Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The Parent Company principally issues the general insurance contracts e.g. Fire & property, Marine, aviation & transport, Motor, Accident & health and other Miscellaneous. Risks under non-life insurance policies usually cover twelve month or lesser duration. For general insurance contracts the most significant risks arise from accidental fire, atmospheric disaster and terrorist activities . Insurance contracts at times also cover risk for single incidents that expose the Parent Company to multiple insurance risks.

41.1.1 Geographical concentration of insurance risk

To optimize 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 risks with reference to the geographical location, the most important of which is risk survey.

41.1.2 Reinsurance arrangements

Keeping in view the maximum exposure in respect of key zone aggregate, a number of proportional and non-proportional reinsurance arrangements are in place to protect the net account in case of a major catastrophe. Apart from the adequate event limit which is the multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above limit would be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Parent Company.

	Gross sum insured		Reinsurance		Net	
	2023	2022	**2023**	2022	**2023**	2022
	Rupees in thousand					
Fire & property damage	**13,207,496,942**	8,784,680,283	**12,183,955,945**	8,077,572,271	**1,023,540,997**	707,108,012
Marine aviation & transport	**5,196,528,176**	5,307,604,943	**840,739,732**	894,317,296	**4,355,788,444**	4,413,287,647
Motor	**440,449,302**	444,311,923	**21,115,693**	18,163,584	**419,333,609**	426,148,339
Accident & health	**549,008,337**	666,873,844	**174,159,236**	264,392,280	**374,849,101**	402,481,564
Miscellaneous	**701,702,392**	595,275,193	**585,301,208**	426,662,735	**116,401,184**	168,612,458
	20,095,185,149	15,798,746,186	**13,805,271,814**	9,681,108,166	**6,289,913,335**	6,117,638,020

41.1.3 Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the statement of financial position date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. Considerable judgment by management is required in the estimation of amounts due to policy holders arising from claims made under insurance contracts. Such estimates are necessary based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty, and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as judicial decisions and government legislation affect the estimates.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the statement of financial position date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the statement of financial position date.

41.1.4 Key assumptions for claim estimation

The process used to determine the assumptions for calculating the outstanding claim reserves is intended to result in neutral estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed in separate, case to case basis, with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and updated as and when new information is available.

The estimation of IBNR is generally subject to a greater degree of uncertainty that the estimation of the cost of settling claims already notified to the Parent Company, in which case the information about the claim event is available. IBNR provision is initially estimated at a gross level and a separate calculation is carried out to estimate the size of the reinsurance recoveries.

The estimation process takes into account the past claims reporting pattern and details of reinsurance programs. The premium liabilities have been determined such that the total premium liability provisions (unearned premium reserve and premium deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of reporting date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

41.1.5 Sensitivity analysis

The risks associated with the insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Parent Company makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Parent Company considers that the liability for insurance claims recognized in the statement of financial position is adequate. However, actual experience may differ from the expected outcome.

As the Parent Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit / (loss) before tax, net of reinsurance.

	Pre tax profit / (loss)	
	2023	2022
	---------- Rupees in thousand ----------	
10% increase in claims liability		
Net:		
Fire & property	**(60,547)**	(49,892)
Marine, aviation and transport	**(40,207)**	(57,528)
Motor	**(872,466)**	(709,855)
Accident & health	**(364,290)**	(277,681)
Miscellaneous	**(23,103)**	(33,511)
	(1,360,613)	(1,128,467)
10% decrease in claims liability		
Net:		
Fire & property	**60,547**	49,892
Marine, aviation and transport	**40,207**	57,528
Motor	**872,466**	709,855
Accident & health	**364,290**	277,681
Miscellaneous	**23,103**	33,511
	1,360,613	1,128,467

Statement of Age-wise breakup of unclaimed insurance benefits

Particulars	Total	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
	Rupees in thousand					
Claims not encashed	614,462	243,392	50,176	47,588	64,407	208,899

Subsidiary Company

41.2 Conventional business

41.2.1 Individual Life

The risk underwritten is mainly death and sometimes disability. The risk of death and disability will vary in degree by age, gender, occupation, income group and geographical location of the assured person. The Subsidiary Company's exposure to poor risks may lead to unexpectedly high severity and frequency in claims' experience. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The Subsidiary Company may also face the risk of poor investment return, inflation of business expenses and liquidity issues on amount invested in the fund. The Subsidiary Company faces the risk of under-pricing particularly due to the fact that majority of these contracts are long term. Additionally, the risk of poor persistency may result in the Subsidiary Company being unable to recover expenses incurred at policy acquisition.

The Subsidiary Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Subsidiary Company has a well defined medical underwriting policy and avoids selling policies to high risk individuals. This puts a check on anti selection. The need for profit testing is reviewed on an annual basis to ensure reasonableness of premiums charged. Reinsurance contracts have been purchased by the Subsidiary Company to limit the maximum exposure on any one insured person. The Subsidiary Company is developing and intends to eventually have a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency the Subsidiary Company applies quality controls on the standard of service provided to policyholders and has placed checks to control mis-selling and to track improvements in the standard of service provided to policyholders. For this, a regular monitoring of lapsation rates is conducted. On the claims handling side, the Subsidiary Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, claims committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. Further, all payments on account of claims are made after necessary approval of relevant authority as per policy of the Subsidiary Company. The Subsidiary Company maintains adequate liquidity in its fund to cater for a potentially sudden and high cash requirement.

a) Frequency and severity of claims

The Subsidiary Company measures concentration of risk by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the Subsidiary Company including exposure in respect of riders attached to the main policies.

Benefits assured per life	Sum assured at the end of 2023			
	Total benefits assured			
Rupees	Before reinsurance		After reinsurance	
	Rupees in thousand	Percentage	Rupees in thousand	Percentage
0-200,000	941	1.8%	585	1.45%
200,000 - 400,000	2,320	4.4%	1,437	3.57%
400,001 - 800,000	9,550	18.1%	6,672	16.58%
800,001 - 1,000,000	22,453	42.7%	22,136	55.02%
More than 1,000,000	17,373	33.0%	9,406	23.38%
Total	52,637	100.0%	40,236	100.00%

Benefits assured per life	Sum assured at the end of 2022			
	Total benefits assured			
Rupees	Before reinsurance		After reinsurance	
	Rupees in thousand	Percentage	Rupees in thousand	Percentage
0-200,000	790	2.69%	454	3.34%
200,000 - 400,000	2,916	9.94%	1,441	10.59%
400,001 - 800,000	4,879	16.63%	2,121	15.58%
800,001 - 1,000,000	1,527	5.21%	1,158	8.51%
More than 1,000,000	19,219	65.52%	8,437	61.99%
Total	29,331	100.00%	13,611	100.00%

b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term conventional assurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and morbidity incidence rates.

c) Factors impacting future benefit payments and premium receipts are as follows:

The Subsidiary Company assumes the expected mortality to be 80% of SLIC (2001-05). Morbidity incidence rates are taken as a percentage of reinsurer's risk premium rate.

Persistency: The Subsidiary Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

d) Process used to decide on assumptions

For long-term conventional assurance contracts, long-term assumptions are made at the inception of the contract. Keeping the statutory minimum reserving basis in view, the Subsidiary Company determines assumptions on future mortality, morbidity, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies. Assumptions used for profit testing of the main policies are as follows:

- Mortality: The Subsidiary Company assumes the expected mortality to be 80% of SLIC (2001-05).

- Persistency: The Subsidiary Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

- Expense levels and inflation: A periodic study is conducted on the Subsidiary Company's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.

- Investment returns: The investment returns are based on the historic performance of the assets and asset types underlying the fund.

e) Changes in assumptions

There are no changes in assumptions.

f) Sensitivity analysis

After reinsurance, the overall liability for individual life conventional business stands at less than 1% of the total policyholder liability held in respect of individual life business. Due to its immateriality, sensitivity analysis has not been conducted.

41.2.2 Group Life

The main risk written by the Subsidiary Company is mortality. The Subsidiary Company may be exposed to the risk of unexpected claim severity or frequency. This can be a result of writing business with higher than expected mortality (such as mining or other hazardous industries), writing high cover amounts without adequate underwriting, difficulty of verification of claims, fraudulent claims or a catastrophe. The Subsidiary Company also faces risk such as that of under pricing to acquire business in a competitive environment and of non receipt of premium in due time. There also exists a potential risk of asset liability term mismatch due to liabilities being very short term in nature.

The Subsidiary Company manages these risks through underwriting, reinsurance, effective claims handling and other related controls. The Subsidiary Company has a well defined medical under writing policy and avoids writing business for groups with overly hazardous exposure. Pricing is done in line with the actual experience of the Subsidiary Company. The premium charged takes into account the actual experience of the client and the nature of mortality exposure the group faces. The management undertakes to write business in line with the limits set by the appointed actuary, especially for large groups having a group assurance policy with annual premium of Rs. 2 million or above in accordance with the requirements of Circular 11 of 2013 dated June 14, 2013. The Subsidiary Company also maintains a Management Information System (MIS) to track the adequacy of the premium charged. reinsurance contracts have been purchased by the Subsidiary Company to limit the maximum exposure to any one life.

The Subsidiary Company ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor experience. Writing business of known hazardous groups is also avoided. On the claims handling side, the Subsidiary Company ensures that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. Strict monitoring is in place at the Board of Directors level in order to keep the outstanding balances of premium at a minimum, especially the ones that are due for more than 90 days. The bulk of the assets held against liabilities of this line of business are cash to money market with short durations and high liquidity, thus mitigating the risk of asset value deterioration and liability mismatch.

a) Frequency and severity of claims

The Subsidiary Company measures concentration of risk by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the Subsidiary Company including exposure in respect of riders attached to the main policies.

Benefits assured per client	Sum assured at the end of 2023			
	Total benefits assured			
Rupees	Before reinsurance		After reinsurance	
	Rupees in thousand	Percentage	Rupees in thousand	Percentage
0-500,000	**46,344,579**	**5.87%**	**46,222,997**	**16.15%**
500,001-1,000,000	**223,045,075**	**28.26%**	**137,029,070**	**47.88%**
1,000,001-1,500,000	**30,209,718**	**3.83%**	**18,687,836**	**6.53%**
1,500,001-2,000,000	**71,643,947**	**9.08%**	**30,445,500**	**10.64%**
More than 2,000,000	**418,136,695**	**52.97%**	**53,784,000**	**18.79%**
Total	**789,380,014**	**100.00%**	**286,169,403**	**100.00%**

Benefits assured per client	Sum assured at the end of 2022			
	Total benefits assured			
Rupees	Before reinsurance		After reinsurance	
	Rupees in thousand	Percentage	Rupees in thousand	Percentage
0-500,000	75,658,064	15.83%	75,354,280	40.21%
500,001-1,000,000	46,644,860	9.76%	36,733,976	19.60%
1,000,001-1,500,000	53,405,535	11.18%	30,133,400	16.08%
1,500,001-2,000,000	35,520,803	7.43%	12,722,000	6.79%
More than 2,000,000	266,639,267	55.80%	32,460,000	17.32%
Total	477,868,529	100.00%	187,403,656	100.00%

b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Other than conducting a liability adequacy for Unexpired Risk Reserves (URR), there is no need to estimate mortality for future years because of the short duration of the contracts.

c) Process used to decide on assumptions

Industry experience, the insured group's own past experience and reinsurer risk rates are used to determine the expected level of risk in relation to the SLIC (2001-05) Individual Life Ultimate Mortality Table.

d) Changes in assumptions

There are no changes in assumptions.

e) Sensitivity analysis

Variables	Change in Variable	Increase in liability 2023 (Rupees in '000')
Worsening of mortality rates for risk policies	+10% pa	4,184
Increase in reporting lag	+10% pa	4,184

The table below shows the level of respective variation in liabilities for change in each assumption while holding all other assumptions constant:

41.2.3 Non unitized Investment Linked Business

The risk underwritten is mainly death and sometimes disability and/or critical illness. The risk of death and disability will vary in degree by age, gender, occupation, income group and geographical location of the insured person. The

Subsidiary Company's exposure to poor risks may lead to unexpectedly high severity and frequency in claims' experience. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The Subsidiary Company may also face the risk of poor investment return, inflation of business expenses and liquidity issues on monies invested in the fund. The Subsidiary Company faces the risk of under-pricing particularly due to the fact that these contracts are long term. Additionally, the risk of poor persistency may result in the Subsidiary Company being unable to recover expenses incurred at policy acquisition.

The Subsidiary Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Subsidiary Company has a well defined medical underwriting policy and avoids selling policies to high risk individuals. This puts a check on anti-selection. The need for profit testing is reviewed on an annual basis to ensure reasonableness of premiums charged. Reinsurance contracts have been purchased by the Subsidiary Company to limit the maximum exposure on any one insured person. The Subsidiary Company is developing and intends to eventually have a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency the Subsidiary Company applies quality controls on the standard of service provided to policyholders and has placed checks to control mis-selling and to track improvements in the standard of service provided to policyholders. For this, a regular monitoring of lapsation rates is conducted. On the claims handling side, the Subsidiary Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. The Subsidiary Company maintains adequate liquidity in its fund to cater for a potentially sudden and high cash requirement. Further, all payments on account of claims are made after necessary approval of relevant authority as per policy of the Subsidiary Company. The Subsidiary Company reserves the right to review the charges deductible under the contracts, thus limiting the risk of under pricing.

a) Frequency and severity of claims

The Subsidiary Company measures concentration of risk by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The Subsidiary Company charges for mortality risk on a monthly basis for all insurance contracts. It has the right to alter these charges based on its mortality experience and hence minimises its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may hinder its mitigating effect. The Subsidiary Company manages these risks through its underwriting strategy and reinsurance arrangements.

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the Subsidiary Company including exposure in respect of riders attached to the main policies.

Benefits assured per life	Sum assured at the end of 2023			
	Total benefits assured			
Rupees	Before reinsurance		After reinsurance	
	Rupees in thousand	Percentage	Rupees in thousand	Percentage
0-200,000	26,503	6.63%	8,086	6.85%
200,000 - 400,000	91,188	22.79%	28,767	24.36%
400,001 - 800,000	133,630	33.40%	41,614	35.24%
800,001 - 1,000,000	82,676	20.67%	27,034	22.89%
More than 1,000,000	66,044	16.51%	12,586	10.66%
Total	400,041	100.00%	118,087	100.00%

Benefits assured per life	Sum assured at the end of 2022			
	Total benefits assured			
Rupees	Before reinsurance		After reinsurance	
	Rupees in thousand	Percentage	Rupees in thousand	Percentage
0-200,000	30,603	5.28%	9,492	5.47%
200,000 - 400,000	129,094	22.26%	40,539	23.35%
400,001 - 800,000	204,348	35.23%	63,319	36.47%
800,001 - 1,000,000	142,321	24.54%	44,642	25.71%
More than 1,000,000	73,644	12.70%	15,634	9.00%
Total	580,010	100.00%	173,626	100.00%

b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term non-unitised investment linked assurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and morbidity of the insured population and variability in policyholders' behaviour.

Factors impacting future benefit payments and premium receipts are as follows:

- Mortality: The expected mortality is assumed to be 80% of SLIC (2001-05)

- Persistency: The Subsidiary Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

c) Process used to decide on assumptions

For long-term non-unitised investment linked assurance contracts, assumptions are made in two stages. At inception of the contract, the Subsidiary Company determines assumptions on future mortality, morbidity, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies. Assumptions used for profit testing of the main policies are as follows:

- Mortality: The Subsidiary Company assumes the expected mortality to be 80% of SLIC (2001-05).

- Persistency: The Subsidiary Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

- Expense levels and inflation: A periodic study is conducted on the Subsidiary Company's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.

- Investment returns: The investment returns are based on the historic performance of the assets and asset types underlying the fund.

d) Changes in assumptions

There are no changes in assumptions.

41.2.4 Unit Linked Business

The risk underwritten is mainly death and sometimes disability and/or critical illness. The risk of death and disability will vary from region to region. The Subsidiary Company may get exposed to poor risks due to unexpected

experience in terms of claim severity or frequency. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The Subsidiary Company may also face the risk of poor investment return, inflation of business expenses and liquidity issues on monies invested in the fund. The Subsidiary Company faces the risk of under-pricing particularly due to the fact that these contracts are long term. Additionally, the risk of poor persistency may result in the Subsidiary Company being unable to recover expenses incurred at policy acquisition.

The Subsidiary Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Subsidiary Company has a well defined medical under-writing policy and avoids selling policies to high risk individuals. This puts a check on anti-selection. The need for profit testing is reviewed on an annual basis to ensure reasonableness of premiums charged. Reinsurance contracts have been purchased by the Subsidiary Company to limit the maximum exposure on any one policyholder. The Subsidiary Company has a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency the Subsidiary Company applies quality controls on the standard of service provided to policyholders and has placed checks to curb mis-selling and improvement in standard of service provided to the policyholders. For this, a regular branch wise monitoring of lapsation rates is conducted. On the claims handling side, the Subsidiary Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. The Subsidiary Company maintains adequate liquidity in each unit fund to cater for potentially sudden and high cash requirement. Further, all payments on account of claims are made after necessary approval of relevant authority as per policy of the Subsidiary Company. The Subsidiary Company reserves the right to review the charges deductible under the contracts, thus limiting the risk of under pricing mis-selling and improvement in standard of service provided to the policyholders. For this, a regular branch wise monitoring of lapsation rates is conducted. On the claims handling side, the Subsidiary Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. The Subsidiary Company maintains adequate liquidity in each unit fund to cater for potentially sudden and high cash requirement. Further, all payments on account of claims are made after necessary approval of relevant authority as per policy of the Subsidiary Company. The Subsidiary Company reserves the right to review the charges deductible under the contracts, thus limiting the risk of under pricing.

Frequency and severity of claims

The Subsidiary Company measures concentration of risk by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The Subsidiary Company charges for mortality risk on a monthly basis for all insurance contracts. It has the right to alter these charges based on its mortality experience and hence minimises its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may hinder its mitigating effect. The Subsidiary Company manages these risks through its underwriting strategy and reinsurance arrangements.

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the Subsidiary Company including exposure in respect of riders attached to the main policies.

Benefits assured per life	Sum assured at the end of 2023			
	Total benefits assured			
Rupees	Before reinsurance		After reinsurance	
	Rupees in thousand	Percentage	Rupees in thousand	Percentage
0-200,000	**2,317,075**	**2.35%**	**1,971,637**	**3.18%**
200,000 - 400,000	**11,791,246**	**11.94%**	**10,420,589**	**16.81%**
400,001 - 800,000	**26,250,897**	**26.58%**	**22,937,297**	**37.00%**
800,001 - 1,000,000	**23,886,107**	**24.19%**	**15,880,617**	**25.62%**
More than 1,000,000	**34,510,711**	**34.95%**	**10,780,327**	**17.40%**
Total	**98,756,036**	**100.00%**	**61,990,467**	**100.00%**

Benefits assured per life	Sum assured at the end of 2022			
	Total benefits assured			
Rupees	Before reinsurance		After reinsurance	
	Rupees in thousand	Percentage	Rupees in thousand	Percentage
0-200,000	2,789,489	2.57%	2,323,055	3.56%
200,000 - 400,000	13,162,151	12.11%	11,214,890	17.19%
400,001 - 800,000	28,658,681	26.36%	23,927,076	36.67%
800,001 - 1,000,000	26,599,896	24.47%	16,596,738	25.44%
More than 1,000,000	37,502,418	34.49%	11,181,010	17.15%
Total	108,712,635	100.00%	65,242,769	100.00%

a) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long–term unit linked insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in policyholder's behaviour.

b) Factors impacting future benefit payments and premium receipts are as follows:

Mortality: The expected mortality is assumed to be 80% of SLIC (2001-05)

Persistency: The Subsidiary Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

c) Process used to decide on assumptions

For long-term unit linked insurance contracts, assumptions are made in two stages. At inception of the contract, the Subsidiary Company determines assumptions on future mortality, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies. Assumptions used for profit testing of the main policies are as follows:

Mortality: The Subsidiary Company assumes the expected mortality to be 80% of SLIC (2001-05)

Persistency: The Subsidiary Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

Expense levels and inflation: As the business is new, estimates from business projections have been used. Once established, a periodic study will be conducted on the Subsidiary Company's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.

Investment returns: The investment returns are based on the historic performance of the assets and asset types underlying the fund.

d) Changes in assumptions

There are no changes in assumptions.

41.2.5 Individual Family Takaful Unit Linked Business

The risk covered is mainly death and sometimes disability and / or critical illness. The risk of death and disability will vary from region to region. The PTF may get exposed to poor risks due to unexpected experience in terms of claim severity or frequency. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The PTF may also face the risk of poor investment return, and liquidity issues on monies invested in the fund. The PTF faces the risk of inadequacy of the Mortality / Tabarru Charge (Takaful Contribution) particularly due to the fact that these contracts are long term. Additionally, the risk of poor persistency can lead to an impact on the size of the PTF. A larger PTF may allow for a greater degree of cross subsidization of Mortality Risk, increasing the probability of convergence between actual and expected Mortality experience.

The Subsidiary Company manages these risks through its underwriting, retakaful, claims handling policy and other related controls. The Subsidiary Company has a well defined medical under-writing policy and avoids issuing cover to high risk individuals. This puts a check on anti-selection. The need for profit testing is reviewed on an annual basis to ensure reasonableness of contribution charged for risk underwritten by the PTF. Retakaful contracts have been purchased by the Subsidiary Company to limit the maximum exposure on any one participant.

The Subsidiary Company has a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency, the Subsidiary Company applies quality controls on the standard of service provided to Participants of the PTF and has placed checks to curb mis-selling and improvement in the standard of customer service. For this, a regular branch wise monitoring of lapsation rates is conducted. On the claims handling side, the Subsidiary Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, a Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. The Subsidiary Company maintains adequate liquidity in each unit fund to cater for potentially sudden and high cash requirement. Further, all payments on account of claims are made after necessary approval of relevant authority as per policy of the Subsidiary Company. The Subsidiary Company reserves the right to review the Takaful Contributions deductible under the contracts, thus limiting the risk of under pricing.

a) Frequency and severity of claims

The Subsidiary Company measures concentration of risk by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The Subsidiary Company charges for mortality risk on a monthly basis for all Takaful contracts. It has the right to alter these charges based on its mortality experience and hence minimises its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may hinder its mitigating effect. The Subsidiary Company manages these risks through its underwriting strategy and retakaful arrangements.

The table below presents the concentration of covered benefits across five bands of covered benefits per participant. The benefit covered figures are shown gross and net of the retakaful contracts described above.

The amounts presented are showing total exposure of the PTF including exposure in respect of riders attached to the main policies.

Benefits covered per life	Sum cover at the end of 2023			
	Total benefits covered			
Rupees	Before retakaful		After retakaful	
	Rupees in thousand	Percentage	Rupees in thousand	Percentage
0-200,000	714,077	1.62%	710,393	2.66%
200,000 - 400,000	3,718,603	8.46%	3,705,750	13.89%
400,001 - 800,000	9,977,389	22.70%	9,575,599	35.90%
800,001 - 1,000,000	9,176,454	20.87%	6,662,523	24.98%
More than 1,000,000	20,376,378	46.34%	6,022,015	22.57%
Total	43,962,901	100.00%	26,676,280	100.00%

Benefits covered per life	Sum assured at the end of 2022			
	Total benefits covered			
Rupees	Before retakaful		After retakaful	
	Rupees in thousand	Percentage	Rupees in thousand	Percentage
0-200,000	849,097	1.78%	843,954	2.82%
200,000 - 400,000	4,442,312	9.29%	4,420,663	14.80%
400,001 - 800,000	11,608,845	24.27%	11,126,641	37.24%
800,001 - 1,000,000	10,724,837	22.42%	7,524,830	25.19%
More than 1,000,000	20,202,554	42.24%	5,961,383	19.95%
Total	47,827,645	100.00%	29,877,471	100.00%

b) Sources of uncertainty in the estimation of future benefit payments and contribution receipts

Uncertainty in the estimation of future benefit payments and contribution receipts for long–term unit linked takaful contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in participant's behaviour.

c) Factors impacting future benefit payments and contribution receipts are as follows:

Mortality: The expected mortality is assumed to be 80% of SLIC (2001-05).

Persistency: The Subsidiary Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

d) Process used to decide on assumptions

For long-term unit linked takaful contracts, assumptions are made in two stages. At inception of the contract, the Subsidiary Company determines assumptions on future mortality, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies. Assumptions used for profit testing of the main policies are as follows:

Mortality: The Subsidiary Company assumes the expected mortality to be 80% of SLIC (2001-05)

Persistency: The Subsidiary Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

Expense levels and inflation: A periodic study is conducted on the Subsidiary Company's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.

Investment returns: The investment returns are based on the historic performance of the assets and asset types underlying the fund.

e) Changes in assumptions

There are no changes in assumptions.

41.2.6 Group Life Family Takaful

The main exposure of the PTF is to mortality risk. The PTF may be exposed to the risk of unexpected claim severity or frequency. This can be a result of writing business with higher than expected mortality, writing high cover amounts without adequate underwriting, difficulty of verification of claims, fraudulent claims or a catastrophe. The PTF also faces risk such as that of under-pricing to acquire business in a competitive environment and of non-receipt of takaful contributions in due time. There also exists a potential risk of asset liability term mismatch due to liabilities being very short term in nature.

The Subsidiary Company manages these risks through underwriting, retakaful, effective claims handling and other related controls. The Subsidiary Company has a well defined medical under-writing policy and avoids writing business for groups with overly hazardous exposure. Pricing is done using the retakaful rates. The contribution charged takes into account the actual experience of the client and the nature of mortality exposure the group faces. The rates are certified by the appointed actuary for large groups. The Subsidiary Company also maintains an MIS to track the adequacy of the takaful contribution charged. Retakaful contracts have been purchased by the Subsidiary Company to limit the maximum mortality exposure of any one covered person. The Subsidiary Company ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor experience. Writing business of known hazardous groups is also avoided. On the claims handling side, the Subsidiary Company ensures that payment of any fraudulent claims is avoided. Strict monitoring is in place in order to keep the outstanding balances of contribution at a minimum, especially the ones that are due for more than 90 days. The bulk of the assets held against liabilities of this line of business are cash to money market with short durations and high liquidity, thus mitigating the risk of asset value deterioration and liability mismatch spread and tries to maintain a controlled exposure to large groups which generally have poor experience. Writing business of known hazardous groups is also avoided. On the claims handling side, the Subsidiary Company ensures that payment of any fraudulent claims is avoided. Strict monitoring is in place in order to keep the outstanding balances of contribution at a minimum, especially the ones that are due for more than 90 days. The bulk of the assets held against liabilities of this line of business are cash to money market with short durations and high liquidity, thus mitigating the risk of asset value deterioration and liability mismatch.

a) Frequency and severity of claims

The Subsidiary Company measures concentration of risk by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

The table below presents the concentration of covered benefits across five bands of covered benefits per participant. The benefit covered figures are shown gross and net of the retakaful contracts described above.

The amounts presented are showing total exposure of the PTF including exposure in respect of riders attached to the main policies.

Benefits covered per participant	Sum cover at the end of 2023			
	Total benefits covered			
Rupees	Before retakaful		After retakaful	
	Rupees in thousand	Percentage	Rupees in thousand	Percentage
0 - 500,000	19,686,582	18.46%	16,610,106	29.14%
500,001-1,000,000	25,582,096	23.99%	18,939,497	33.22%
1,000,001-1,500,000	5,820,659	5.46%	2,958,381	5.19%
1,500,001-2,000,000	4,590,755	4.31%	2,014,673	3.53%
More than 2,000,000	50,941,012	47.78%	16,483,724	28.92%
Total	106,621,104	100.00%	57,006,381	100.00%

Benefits covered per participant	Sum cover at the end of 2022			
	Total benefits covered			
Rupees	Before retakaful		After retakaful	
	Rupees in thousand	Percentage	Rupees in thousand	Percentage
0 - 500,000	11,171,714	4.98%	11,171,714	7.01%
500,001-1,000,000	172,549,086	76.86%	131,166,931	82.29%
1,000,001-1,500,000	2,430,528	1.08%	1,343,881	0.84%
1,500,001-2,000,000	3,530,848	1.57%	1,611,635	1.01%
More than 2,000,000	34,825,324	15.51%	14,105,197	8.84%
Total	224,507,500	100.00%	159,399,358	100.00%

b) Sources of uncertainty in the estimation of future benefit payments and contribution receipts

Other than conducting a liability adequacy for Unexpired Risk Reserves (URR), there is no need to estimate mortality for future years because of the short duration of the contracts.

c) Process used to decide on assumptions

The business is too new for any meaningful investigation into the group's past experience. However, industry experience, the insured group's own past experience and retakaful risk rates are used to determine the expected level of risk in relation to the SLIC (2001-05) Individual Life Ultimate Mortality Table.

d) Changes in assumptions

There are no changes in assumptions.

e) Sensitivity analysis

Variables	Change in Variable	Increase in liability 2023 (Rupees in '000')
Worsening of mortality rates for risk policies	+10% pa	1,325,640
Increase in reporting lag	+10% pa	1,325,640

The table below shows the level of respective variation in liabilities for change in each assumption while holding all other assumptions constant.

41.3 Liability Adequacy Test

Liability adequacy test is applied to all long term contracts. Liability adequacy test is carried out using current best estimates of assumptions and future net cash flows, including premiums receivable, benefits payable and investment income from related assets.

To determine the adequacy of liabilities, assumptions must be based on realistic best estimates. We have compared our valuation mortality assumption (SLIC mortality table) with the mortality of developing Asian countries, namely: India and Malaysia. The comparison suggests that the best estimate assumption is better than the experience reflected in SLIC mortality table.

The investment return assumed for valuation is 3.75% per annum. This rate is prescribed by law. We have valued our liabilities based on the 10-Year PIB rate of 14.375% to determine adequacy.

The table below compares total policyholder liabilities in Unit Linked Business, Non unitised Investment Linked Business, Individual Life Conventional business and Individual Family Takaful Unit Linked Business under existing valuation basis with policyholder liabilities calculated using best estimate assumptions:

Assumptions	Policyholder liabilities on existing valuation basis	Policyholder liabilities using best estimate assumptions
Mortality	**75,462,877**	**75,390,873**
Investment Returns	**75,462,877**	**75,442,869**

The liabilities evaluated under the assumptions suggest the recognised liabilities are adequate and no further provision is required.

41.4 Financial Risk

Maturity profile of financial assets and liabilities:

	2023						
	Interest / markup bearing			Non - interest / markup bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
	Rupees in thousand						
Financial assets							
Investment							
Equity securities- quoted	-	-	-	31,837,625	-	31,837,625	31,837,625
Equity securities- unquoted	-	-	-	6,565,720	-	6,565,720	6,565,720
Debt securities	44,027,984	22,741,078	66,769,062	-	-	-	66,769,062
Term deposits	7,078,102	-	7,078,102	-	-	-	7,078,102
Investments of Window Takaful Operations - Operator's Fund	500,000	51,974	551,974	293,848	-	293,848	845,822
Loans and other receivables	1,448	922	2,370	1,935,971	69,676	2,005,647	2,008,017
Loan secured against life insurance policies	35,975	-	35,975	-	-	-	35,975
Insurance / reinsurance receivables - unsecured and considered good	-	-	-	7,649,565	-	7,649,565	7,649,565
Reinsurance recoveries against outstanding claims	-	-	-	20,601,648	-	20,601,648	20,601,648
Cash and bank	5,957,197	-	5,957,197	3,222,175	-	3,222,175	9,179,372
Other Assets of Window Takaful Operations - Operator's Fund	-	-	-	548,368	-	548,368	548,368
	57,600,706	22,793,974	80,394,680	72,654,920	69,676	72,724,596	153,119,276
Financial liabilities							
Outstanding claims (including IBNR)	-	-	-	26,395,403	-	26,395,403	26,395,403
Insurance / reinsurance payables	-	-	-	4,054,711	-	4,054,711	4,054,711
Other creditors and accruals	-	-	-	3,891,422	-	3,891,422	3,891,422
Deposits and other liabilities	-	-	-	578,314	-	578,314	578,314
Total liabilities of Window Takaful Operations- Operator's Fund	-	-	-	486,464	-	486,464	486,464
	-	-	-	35,406,314	-	35,406,314	35,406,314
	57,600,706	22,793,974	80,394,680	37,248,606	69,676	37,318,282	117,712,962

	2022						
	Interest / markup bearing			Non - interest / markup bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
	Rupees in thousand						
Financial assets							
Investment							
Equity securities- quoted	-	-	-	28,859,061	-	28,859,061	28,859,061
Equity securities- unquoted	-	-	-	5,102,075	-	5,102,075	5,102,075
Debt securities	30,123,226	12,444,145	42,567,371	-	-	-	42,567,371
Term deposits	8,836,433	-	8,836,433	-	-	-	8,836,433
Investments of Window Takaful			125,000			251,052	376,052
Operations - Operator's Fund	-	125,000		251,052	-		
Loans and other receivables	794	2,170	2,964	1,043,907	72,226	1,116,133	1,119,097
Loan secured against life insurance policies	42,163	-	42,163	-	-	-	42,163
Insurance / reinsurance receivables							
- unsecured and considered good	-	-	-	8,586,697	-	8,586,697	8,586,697
Reinsurance recoveries against outstanding							
claims	-	-	-	14,873,098	-	14,873,098	14,873,098
Cash and bank	6,220,957	-	6,220,957	4,372,734	-	4,372,734	10,593,691
Other Assets of Window Takaful			-			621,045	621,045
Operations - Operator's Fund	-	-		621,045	-		
	45,223,573	12,571,315	57,794,888	63,709,669	72,226	63,781,895	121,576,783
Financial liabilities							
Outstanding claims	-	-	-	20,726,702	-	20,726,702	20,726,702
Insurance / reinsurance payables	-	-	-	7,134,481	-	7,134,481	7,134,481
Other creditors and accruals	-	-	-	3,780,870	-	3,780,870	3,780,870
Deposits and other liabilities	-	-	-	627,014	-	627,014	627,014
Total liabilities of Window Takaful							
Operations- Operator's Fund	-	-	-	384,973	-	384,973	384,973
	-	-	-	32,654,040	-	32,654,040	32,654,040
	45,223,573	12,571,315	57,794,888	31,055,629	72,226	31,127,855	88,922,743

41.4.1 Interest / mark - up rate risk

Interest / mark-up rate risk is the risk that the value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark - up rates. Sensitivity to interest / mark-up rate risk arises from mismatching of financial assets and liabilities that mature or are repaid in a given period. The Group manages this mismatch through risk management strategies where significant changes in gap position can be adjusted. At the reporting date the interest / mark-up rate profile of the Group's significant interest / mark-up bearing financial instruments was as follows:

	Effective interest rate (%)		Carrying amounts	
	2023	2022	2023	2022
	Percentage		Rupees in thousand	
Fixed rate of financial instruments				
Financial assets:				
Investments- PIBs and Treasury Bills	**15.02 - 26.22%**	15.02 - 17.67	**54,727,502**	36,604,567
Loans	**5.00**	5.00	**2,370**	2,964
Floating rate of financial instruments				
Financial assets:				
Bank and term deposits	**12.0 to 21.0**	7.25 to 17.5	**13,035,299**	15,141,389
Investments - TFCs & Sukuks	**9.03 - 22.55**	9.03 - 16.24	**12,041,560**	5,962,804

Sensitivity analysis

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss account. Therefore, a change in interest rate will not affect the fair value of any financial instruments. For cash flow sensitivity analysis of variable rate instruments, a hypothetical change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variation in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Effect on profit before tax		Effect on equity	
	Increase	Decrease	Increase	Decrease
	Percentage		Rupees in thousand	
As at December 31, 2023 - Fluctuation of 100 bps				
Cash flow sensitivity - variable rate financial liabilities	-	-	-	-
Cash flow sensitivity - variable rate financial assets	130,353	(130,353)	79,515	(79,515)
As at December 31, 2022 - Fluctuation of 100 bps				
Cash flow sensitivity - variable rate financial liabilities	-	-	-	-
Cash flow sensitivity - variable rate financial assets	150,574	(150,574)	100,885	(100,885)

Currency risk

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Parent Company's principal transactions are carried out in Pak Rupees and its exposure to foreign exchange risk arises primarily with respect to AED and US dollars in respect of foreign branches. Assets and liabilities exposed to foreign exchange risk amounted to Rs. 22,782,415 thousands (2022: Rs. 19,057,731 thousands) and Rs. 20,533,647 thousands (2022: Rs. 16,569,441 thousands), respectively, at the end of the year.

The following significant exchange rates were applied during the year:

	2023	2022
	Rupees in thousand	
Rupees per US Dollar		
Average rate	280.3620	204.6470
Reporting date rate	281.8607	226.4309
Rupees per AED		
Average rate	76.3348	55.7163
Reporting date rate	76.7427	61.6524

Price risk

Price risk represents the risk that the fair value of financial instruments will fluctuate because of changes in the market prices (other than those arising from interest / mark-up rate risk or currency risk), whether those changes are caused by factors specific to individual financial instrument or its issuer, or factors affecting all or similar financial instrument traded in the market. The Group is exposed to equity price risk that arises as a result of changes in the levels of PSE - Index and the value of individual shares. The equity price risk arises from the Group's investment in equity securities for which the prices in the future are uncertain. The Group policy is to manage price risk through selection of blue chip securities.

The Group's strategy is to hold its strategic equity investments on a long term basis. Thus, Group is not affected significantly by short term fluctuation in its strategic investments provided that the underlying business, economic and management characteristics of the investees remain favourable. The Group strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity volatility. The Group manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The Group has investments in quoted equity securities amounting to Rs. 31,837,625 thousands (2022: Rs. 28,859,061 thousands) at the reporting date. The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the reporting date. Market prices are subject to fluctuation which may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions.

Sensitivity analysis

For the equity investment portfolio, a 10% increase / (decrease) in redemption value and share prices at year end would have increased / (decreased) impairment loss of investment recognized in profit and loss account as follows:

	Impact on profit before tax	Impact on equity
	---------- Rupees in thousand ----------	
2023		
Effect of increase in share price	**1,118,561**	**682,322**
Effect of decrease in share price	**(467,957)**	**(285,454)**
2022		
Effect of increase in share price	327,508	219,430
Effect of decrease in share price	(3,977,764)	(2,665,102)

41.5 Credit risk and concentration of 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 Group attempts to control credit risk by monitoring credit exposure by undertaking transactions with a large number of counterparties in various sectors and by continually assessing the credit worthiness of counterparties.

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result any change in economic, political or other conditions would affect their ability to meet contractual obligations in a similar manner. The Group's credit risk exposure is not significantly different from that reflected in these consolidated financial statements. The management monitors and limits the Group's exposure and makes conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

The carrying amount of financial assets represents the maximum credit exposure, as specified below:

	2023	2022
	---------- Rupees in thousand ----------	
Investments	**112,250,509**	85,364,940
Loan secured against life insurance policies	**35,975**	42,163
Loans and other receivable	**2,008,017**	1,119,097
Due from insurance contract holders	**6,960,193**	8,066,572
Due from other insurers / other reinsurers	**689,372**	520,125
Reinsurance recoveries against outstanding claims	**20,601,648**	14,873,098
Salvage recoveries accrued	**300,921**	360,380
Bank deposits	**9,179,372**	10,593,691
	152,026,007	120,940,066

Provision for impairment is made for doubtful receivables according to the Group's policy. The impairment provision is written off when the Group expects that it cannot recover the balance due. The movement in the provision for doubtful debt account is shown in note 12.2 and 12.3 to these consolidated financial statements.

	2023	2022
	---------- Rupees in thousand ----------	
Age analysis of due from insurance contact holders (net of provision) is as follows:		
Upto one year	**6,490,656**	7,714,868
Above one year	**2,117,717**	1,722,748
	8,608,373	9,437,616
Less: provision for doubtful balances	**(1,648,180)**	(1,371,044)
	6,960,193	8,066,572

The credit quality of Group's bank balance can be assessed with reference to external credit rating as follows:

	Rating		Rating	2023	2022
	Short Term	Long Term	Agency	----- Rupees in thousand -----	
Abu Dhabi Commercial Bank	A1	A	S&P	**276,256**	1,093,728
Al Baraka Limited	A2	A+	PACRA	**30,183**	39,384
Allied Bank Limited	A1+	AAA	PACRA	**-**	-
Askari Bank Limited	A1+	AA+	PACRA	**10,973**	3,173
Bank Al Habib Limited	A1+	AAA	PACRA	**40,319**	27,259
Bank Al Habib Limited - Islamic	Not available	Not available	Not available	**-**	-
Bank Alfalah Limited	A1+	AA+	PACRA	**1,295,345**	1,875,697
Bank Islami Pakistan Limited	A1	AA-	PACRA	**1,039,036**	1,044,874
Dubai Islamic Bank Pakistan Limited	A1+	AA	PACRA	**8,191**	1,325,017
Faysal Bank Limited	A1+	AA	PACRA	**108,383**	792,884
FINCA Micro Finance Bank Limited	A1	A-	PACRA	**390**	390
First Abu Dhabi Bank	A1+	AA-	S&P	**40,909**	31,151
Habib Bank Limited	A1+	AAA	JCR-VIS	**146,826**	156,929
Habib Metropolitan Bank	A1+	AA+	PACRA	**18,950**	6,100
Khushhali Microfinance Bank Limited	A2	A-	JCR-VIS	**10,037**	20,686
MCB Bank Limited	A1+	AAA	PACRA	**4,448,042**	3,591,164
MCB Islamic Bank Limited	B	A	PACRA	**1,224,317**	227,821
Mobilink Micro Finance Bank	A1	A	PACRA	**1,470**	28,467
National Bank of Pakistan	A1+	AAA	PACRA	**17,095**	15,303
NRSP Microfinance Bank Limited	A1	A-	PACRA	**74**	3,279
Samba Bank Limited	A1	AA	JCR-VIS	**16,132**	15,563
Silk Bank Limited	A2	B+	PACRA	**2,354**	2,791
Soneri Bank Limited	A1+	AA-	PACRA	**1**	1
Standard Chartered Bank	A1+	AAA	PACRA	**68,858**	88,564
Telenor Microfinance Bank Limited	A1	A	PACRA	**1,266**	460
The Punjab Provincial Cooperative Bank Limited	Not available	Not available	Not available	**3,425**	3,425
United Bank Limited	A1+	AAA	JCR-VIS	**216,105**	162,552
U Microfinance Bank Limited	A1	A+	PACRA	**6,376**	5,728
Zarai Taraqiati Bank Limited	A1+	AAA	JCR-VIS	**114,434**	3,694
				9,145,747	10,566,084

The credit quality of amount due from other insurers (gross of provisions) can be assessed with reference to external credit rating as follows:

	Amounts due from other insurers / reinsurers	Reinsurance and other recoveries against outstanding claims	2023	2022
	Rupees in thousand			
A or Above (including PRCL)	872,543	16,858,407	17,730,950	12,247,127
BBB	-	2,767,297	2,767,297	2,224,439
Others	18,131	975,944	994,075	1,122,959
Total	890,674	20,601,648	21,492,322	15,594,525

41.6 Capital risk management

The Group's goals and objectives when managing capital are :

- To be an appropriately capitalized institution in compliance with the paid-up capital requirement set by the SECP. Minimum paid-up capital requirement for non-life insurers as at 31 December 2023 is Rs. 500,000 thousands whereas for life insurers as at 31 December 2023 is Rs. 700,000 thousands. The Group's current paid-up capital is well in excess of the limit prescribed by the SECP;

- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for the other stakeholders;

- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk;

- To maintain strong ratings and to protect the Group against unexpected events / losses; and

- To ensure a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

41.7 Expense risk

The risk that the Group faces is that future expenses may be higher than those used in pricing of products causing an expense overrun. The Group mitigates this risk by incorporating a certain level of acceptable conservatism in building future policy expense factors in pricing and expects to maintain its actual expenses within these limits. Regular monitoring of expenses allows the Group to adjust its pricing in time to account for higher than expected expenses.

The Group closely monitors its expenses by regularly carrying out an expense analysis for its business. The assumptions for future policy expense levels are determined from the Group's most recent annual expense analysis, with an extra margin built-in to account for variability in future expenses. A review of product pricing is carried out each year based on the latest available expense factors. Constant monitoring of expenses enables the Group to take corrective actions in time.

Based on the results of expense analysis, the Group apportions its management expenses to different lines of business.

42 Fair value measurement 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.

Underlying the definition of fair value is the presumption that the Group is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the Group to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

		2023										
		Available for sale	Held to maturity	Fair value through P&L	Receivables and other financial assets	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Note	Rupees in thousand										
Financial assets - measured at fair value												
Investment												
Equity securities- quoted	8	18,299,522	-	13,538,103	-	-	-	**31,837,625**	31,837,625	-	-	**31,837,625**
Equity securities- unquoted	8	6,565,720	-	-	-	-	-	**6,565,720**	-	-	6,565,720	**6,565,720**
Investments of Window Takaful Operations - Operator's Fund	15	293,848	-	-	-	-	-	**293,848**	293,848	-	-	**293,848**
Financial assets - not measured at fair value												
Debt securities	9	-	1,774,347	64,994,715	-	-	-	**66,769,062**	-	66,769,062	-	**66,769,062**
Debt securities of Window Takaful Operations - Operator's Fund	15	-	51,974	-	-	-	-	**51,974**	-	51,974	-	**51,974**
Loans and other receivables *	11	-	-	-	2,008,017	-	-	**2,008,017**	-	-	-	**-**
Loan secured against life insurance policies*		-	-	-	35,975	-	-	**35,975**	-	-	-	**-**
Investment - Term deposits*	10	-	7,078,102	-	-	-	-	**7,078,102**	-	-	-	**-**
Investment - Term deposits of Window Takaful Operations - Operator's Fund*	15	-	500,000	-	-	-	-	**500,000**	-	-	-	**-**
Insurance / reinsurance receivables - unsecured and considered good *	12	-	-	-	7,649,565			**7,649,565**	-	-	-	**-**
Reinsurance recoveries against outstanding claims *		-	-	-	20,601,648	-	-	**20,601,648**	-	-	-	**-**
Cash and bank *	14	-	-	-	-	9,179,372	-	**9,179,372**	-	-	-	**-**
Other Assets of Window Takaful Operations - Operator's Fund*	15	-	-	-	471,508	76,860	-	**548,368**	-	-	-	**-**
		25,159,090	9,404,423	78,532,818	30,766,713	9,256,232	-	**153,119,276**	32,131,473	66,821,036	6,565,720	**105,518,229**
Financial liabilities - not measured at fair value												
Underwriting provisions:												
Outstanding claims (including IBNR)*	27	-	-	-	-	-	26,395,403	**26,395,403**	-	-	-	**-**
Insurance / reinsurance payables *		-	-	-	-	-	4,054,711	**4,054,711**	-	-	-	**-**
Other creditors and accruals*	23	-	-	-	-	-	3,891,422	**3,891,422**	-	-	-	**-**
Deposits and other liabilities*	24	-	-	-	-	-	578,314	**578,314**	-	-	-	**-**
Total liabilities of Window Takaful Operations- Operator's Fund*	15	-	-	-	-	-	486,464	**486,464**	-	-	-	**-**
		-	-	-	-	-	35,406,314	**35,406,314**	-	-	-	**-**

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

42.1 Fair value measurement of financial instruments

	Note	2022										
		Available for sale	Held to maturity	Fair value through P&L	Receivables and other financial assets	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets - measured at fair value												
Investment												
Equity securities- quoted	8	12,561,980	-	16,297,081	-	-	-	28,859,061	28,859,061	-	-	28,859,061
Equity securities- unquoted	8	5,102,075	-	-	-	-	-	5,102,075	-	-	5,102,075	5,102,075
Investments of Window Takaful Operations - Operator's Fund	15	251,052	125,000	-	-	-	-	376,052	251,052	-	-	251,052
Financial assets - not measured at fair value												
Debt securities	9	-	382,288	42,185,083	-	-	-	42,567,371	-	42,567,371	-	42,567,371
Loans and other receivables *	11	-	-	-	1,119,097	-	-	1,119,097	-	-	-	-
Loan secured against life insurance policies*		-	-	-	42,163	-	-	42,163	-	-	-	-
Investment - Term deposits*	10	-	8,836,433	-	-	-	-	8,836,433	-	-	-	-
Insurance / reinsurance receivables - unsecured and considered good *	12	-	-	-	8,586,697	-	-	8,586,697	-	-	-	-
Reinsurance recoveries against outstanding claims *		-	-	-	14,873,098	-	-	14,873,098	-	-	-	-
Cash and bank *	14	-	-	-	-	10,593,691	-	10,593,691	-	-	-	-
Other Assets of Window Takaful Operations - Operator's Fund	15	-	-	-	456,830	164,215	-	621,045	-	-	-	-
		17,915,107	9,343,721	58,482,164	25,077,885	10,757,906	-	121,576,783	29,110,113	42,567,371	5,102,075	76,779,559
Financial liabilities - not measured at fair value												
Underwriting provisions:												
Outstanding claims (including IBNR)*	27	-	-	-	-	-	20,726,702	20,726,702	-	-	-	-
Insurance / reinsurance payables *		-	-	-	-	-	7,134,481	7,134,481	-	-	-	-
Other creditors and accruals*	23	-	-	-	-	-	3,780,870	3,780,870	-	-	-	-
Deposits and other liabilities*	24	-	-	-	-	-	627,014	627,014	-	-	-	-
Total liabilities of Window Takaful Operations- Operator's Fund*	15	-	-	-	-		384,973	384,973	-	-	-	-
		-	-	-	-	-	32,654,040	32,654,040	-	-	-	-

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

43 Corresponding figures

Wherever considered necessary, corresponding figures have been reclassified for the purpose of comparison and improved presentation. Following Financial Statement Line Item (FSLI) reclassifications have been considered material as disclosed below:

43.1 The material reclassification has been made in the Consolidated Statement of Profit and Loss Account of Rs. 342 million which represents the expenses that are reclassified from management expenses to net commission and other acquisition costs. The details of reclassification are as follows:

	Net commission and other acquisition costs (Note 28)	Management expenses (Note 29)
	---------- Rupees in thousand ----------	
Employee benefit cost	209,859	(209,859)
Traveling expenses	4,416	(4,416)
Information technology expense	4,778	(4,778)
Printing & stationary	2,871	(2,871)
Depreciation	(9,066)	9,066
Amortization	23,675	(23,675)
Rent, rates and taxes	10,295	(10,295)
Insurance cost	279	(279)
Car fuel & maintenance	46,568	(46,568)
Postage	2,925	(2,925)
Electricity, gas and water	5,159	(5,159)
Office maintenance	9,793	(9,793)
Entertainment	4,164	(4,164)
Training & development	9,057	(9,057)
Marketing cost	15,977	(15,977)
Financial charges	2,650	(2,650)
Miscellaneous	(5,217)	5,217
Legal & professional charges	4,608	(4,608)
	342,791	(342,791)

43.2 The following material reclassifications have been made in consolidated Statement of Financial Position:

Financial Statement Line Items (FSLIs)	Note	Presented in December 31, 2023	Presented in December 31, 2022
		---------- Rupees in thousand ----------	
Investments in Term Deposits (Deposits maturing after 12 months - Inside Pakistan)	10	-	83,999
Cash and bank (Margin against guarantee - Inside Pakistan)	14	83,999	-
Property and equipment (Capital work in progress)	5	-	26,591
Intangible assets (Capital work in progress)	6	26,591	-

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

44 Non - Adjusting events after the statement of financial position date

The Board of Directors of the Parent Company in their meeting held on March 26, 2024 proposed a final cash dividend for the year ended December 31, 2023 @ 15% i.e. Rupees 1.5/- share (2022: 15% i.e. Rupees 1.5/- share). This is in addition to the interim cash dividend @ 15% i.e. Rupees 1.5/- per share (2022: 15% i.e. Rupee 1.5/- per share) resulting in a total cash dividend for the year ended December 31, 2023 of Rupees 3/- per share (2022: Rupees 3/- share). The approval of the members for the final dividend will be obtained at the forthcoming Annual General Meeting. The financial statements for the year ended December 31, 2023 do not include the effect of final dividend which will be accounted for in the financial statements for the year ending December 31, 2024.

45 Number of employees

The total average number of employees during the year and as at December 31, 2023 and 2022, are as follows:

	2023	2022
	Number	
As at 31 December		
Parent Company	**893**	926
Subsidiary Company	**1,802**	1,742
Average during the year		
Parent Company	**898**	913
Subsidiary Company	**1,772**	1,866

46 Date of authorization for issue

These unconsolidated financial statements were authorized for issue on March 26, 2024 by the Board of Directors of the Company.

47 General

Figures have been rounded off to the nearest thousand rupees unless other wise stated.

Umer Mansha	Shaikh Muhammad Jawed	Muhammad Arif Hameed	Muhammad Asim Nagi	Muhammad Ali Zeb
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer





WINDOW TAKAFUL OPERATIONS

Shariah Advisor Profile

Mufti Muhammad Hassaan Kaleem



Mufti Muhammad Hassaan Kaleem is a renowned figure in the field of Islamic Finance. He is considered as one of the most revered Shariah scholor in the Islamic Finance industry, who sits on the Shariah Advisory Boards of numerous financial institutions, Islamic investment Funds and Takaful Companies, including Al-Ameen UBL Funds, Adamjee Takaful, State Life-Window Takaful Operations, Pak Qatar Family Takaful Ltd-Pakistan, Hanover Re Takaful –Bahrain and Takaful Emirate-UAE etc.

In addition, Mufti Hassaan is a Shariah Consultant of Deloitte (Global Islamic Finance Team),Trainer of Shariah Standard, a member of subcommittee of Shariah Standards at AAOIFI-Bahrain, Visiting faculty member of National Institute of Banking and Finance (State Bank of Pakistan) and Center for Excellence in Islamic Finance (CEIF)-IBA and a permanent faculty member of Center for Islamic Economics Karachi. Furthermore, he was former Shariah Advisor of Bank Al Baraka and Chairman Shariah board of SECP.

Statement of Compliance with the Shariah Principles

For the year ended 31 December 2023

The financial arrangements, contracts and transactions, entered into by Window Takaful Operations of the Adamjee Insurance Company Limited ('the Company') for the year ended 31 December 2023 are in compliance with the Takaful Rules, 2012.

Further, we confirm that:

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

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

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

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

This has been duly confirmed by the Shariah Advisor of the Company.

Shaikh Muhammad Jawed
Director

Muhammad Ali Zeb
Managing Director &
Chief Executive Officer

Lahore: March 26, 2024

Independent Reasonable Assurance Report to the Board of Directors on the Statement of Compliance with the Shariah Principles

We were engaged by the Board of Directors of Adamjee Insurance Company Limited ('the Company') to report on the management's assessment of compliance of the Window Takaful Operations ('Takaful Operations') of the Company, as set out in the annexed statement prepared by the management for the year ended December 31, 2023, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

Applicable Criteria

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

Responsibilities of the management

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

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

Our Independence and Quality Control

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

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

Our responsibilities

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

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

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

The procedures performed included:

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

- Evaluating the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee/ Shariah Advisor and the board of directors;

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

- Review the statement of management's assessment of compliance of the Takaful transactions during the year ended December 31, 2023 with the Takaful Rules, 2012.

Conclusion

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

In our opinion, the annexed statement, for the year ended December 31, 2023, presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.



Chartered Accountants

Engagement Partner: Rana M. Usman Khan

Place: Lahore
Date: April 4, 2024

Shariah Advisor's Report to the Board of Directors
As at 31 December 2022

الحمد للہ رب العالمین والصلوۃ والسلام علی سید الانبیاء والمرسلین وبعد!

I have reviewed Takaful products, details of underwriting and other related documents, as well as, the Participant Takaful Fund (PTF) Policy, PTF pool position, Investment Policy, Re-Takaful arrangements, claims details and the related transactions of Adamjee Insurance – Window Takaful Operations (hereafter referred to as "Takaful Operator").

I acknowledge that as Shariah Advisor of Takaful Operator, it is my responsibility to approve the above mentioned document and ensure that the financial arrangements, contracts and transactions entered into 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 Advisor are complied with, and that all policies and services being offered are duly approved by the Shariah Advisor.

The Takaful Operator's activities, operations are periodically checked and monitored by Shariah Advisor.

In my opinion and to the best of my understanding based on the provided information and explanations:

i. Transactions undertaken by the Takaful Operator were in accordance with guidelines issued by Shariah Advisor as well as requirements of Takaful Rules 2012 and General Takaful Accounting Regulations 2019;

ii. The investments have been done from the Participant's Takaful Fund and Operator's Fund into Shariah Compliant avenues with Shariah Approval. Further, all bank accounts related to Window Takaful Operations have been opened in Islamic Banking Institutions (IBIs) with Shariah Approval; and

iii. The transactions and activities of Window Takaful Operations are in accordance with the Shariah principles in respect of the Participant's Takaful Fund (Waqf Fund) and Operator's Fund.

And Allah knows best

Date: March 26, 2024

Mufti Muhammad Hassaan Kaleem
Shariah Advisor

INDEPENDENT AUDITOR'S REPORT

To the Members of Adamjee Insurance Company Limited Window Takaful OperationsReport on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Adamjee Insurance Company Limited – Window Takaful Operations (the 'Operator'), which comprise the statement of financial position of OPF and PTF as at December 31, 2023, and the statement of profit or loss account, the statement of comprehensive income, the statement of changes in shareholder's equity and participants' takaful funds, and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of 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 statement of profit or loss account, the statement of comprehensive income, the statement of changes in shareholders equity and participants' takaful funds, and the cash flow statement together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Operator's affairs as at December 31, 2023 and of the profit, other comprehensive income, the changes in shareholders equity and participants' takaful funds and its cash flow statement 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 when available, 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Operator's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on 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 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Operator as required by the Insurance Ordinance, 2000, the Takaful Rules, 2012, the General Takaful Accounting Regulations, 2019 and the Companies Act, 2017 (XIX of 2017);

b) statement of financial position of OPF and PTF, the statement of profit or loss account, the statement of comprehensive income, the statement of changes in Shareholders Equity and participants' takaful funds, and the cash flow statement together with the notes thereon have been drawn up in conformity with the Insurance Ordinance 2000, the Takaful Rules, 2012, the General Takaful Accounting Regulations, 2019 and 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 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 Rana M. Usman Khan.



Chartered Accountants

Place: Lahore
Date: April 4, 2024

Window Takaful Operations

Statement of Financial Position of OPF and PTF

As at 31 December 2023

	Note	Operator's Takaful Fund		Participants' Takaful Fund	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
		Rupees in thousand			
ASSETS					
Qard-e-Hasna to Participants' Takaful Fund		**221,460**	221,460	**-**	-
Property and equipment	5	**34,524**	36,645	**-**	-
Intangible assets	6	**16,922**	15,678	**-**	-
Investments					
Equity securities	7	**293,848**	251,052	**396,213**	147,762
Debt securities	8	**51,974**	125,000	**-**	37,500
Term Deposits	9	**500,000**	-	**252,000**	150,000
Loans and other receivables	11	**17,620**	14,617	**137,735**	161,165
Takaful / re - takaful receivables	12	**-**	-	**462,482**	653,424
Re - takaful recoveries against outstanding claims		**-**	-	**163,403**	147,898
Salvage recoveries accrued		**-**	-	**77,260**	78,872
Wakala and mudarib fee receivable		**155,820**	146,414	**-**	-
Deferred commission expense	23	**76,608**	74,339	**-**	-
Prepayments	13	**-**	-	**188,251**	144,099
Cash and bank	14	**76,860**	164,215	**584,528**	619,465
		1,224,176	827,960	**2,261,872**	2,140,185
TOTAL ASSETS		**1,445,636**	1,049,420	**2,261,872**	2,140,185
FUNDS AND LIABILITIES					
Funds attributable to Operator's and Participants'					
Capital and reserves attributable to Operator's Fund					
Statutory fund		**50,000**	50,000	**-**	-
Unappropriated profit		**909,172**	614,447	**-**	-
		959,172	664,447	**-**	-
Waqf / Participants' Takaful Fund					
Ceded money		**-**	-	**500**	500
Reserves	7.1	**-**	-	**13,473**	-
Accumulated surplus		**-**	-	**177,917**	199,477
		-	-	**191,890**	199,977
Qard-e-Hasna from Operator's Takaful Fund		**-**	-	**221,460**	221,460
Liabilities					
Underwriting provisions					
Outstanding claims including IBNR	21	**-**	-	**616,699**	524,563
Unearned contribution reserve	19	**-**	-	**602,178**	663,817
Unearned retakaful rebate	20	**-**	-	**34,276**	25,251
Contribution deficiency reserve		**-**	-	**23,218**	14,488
Retirement benefit obligations		**3,878**	3,878	**-**	-
Deferred taxation	16	**1,502**	1,431	**8,613**	-
Contribution received in advance		**-**	-	**94,001**	72,759
Takaful / re - takaful payables	15	**-**	-	**195,102**	186,586
Wakala and mudarib fee payable		**-**	-	**155,820**	146,414
Unearned wakala fee	24	**255,479**	274,883	**-**	-
Other creditors and accruals	17	**107,362**	93,443	**78,117**	76,028
Taxation - provision less payments		**118,243**	11,338	**40,498**	8,842
Total Liabilities		**486,464**	384,973	**1,848,522**	1,718,748
TOTAL FUNDS AND LIABILITIES		**1,445,636**	1,049,420	**2,261,872**	2,140,185
Contingencies and commitments	18				

The annexed notes from 1 to 40 form an integral part of these financial statements.

Umer Mansha	**Shaikh Muhammad Jawed**	**Muhammad Arif Hameed**	**Muhammad Asim Nagi**	**Muhammad Ali Zeb**
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Window Takaful Operations

Statement of Profit or Loss Account

For the Year Ended 31 December 2023

	Note	2023	2022
		---------- Rupees in thousand ----------	
PARTICIPANTS' TAKAFUL FUND - REVENUE ACCOUNT			
Contributions earned		**2,115,659**	1,567,393
Contributions ceded to retakaful		**(483,389)**	(415,674)
Net contribution revenue	19	**1,632,270**	1,151,719
Retakaful rebate earned	20	**88,154**	75,398
Net underwriting income		**1,720,424**	1,227,117
Net takaful claims - reported / settled	21	**(1,757,970)**	(1,279,142)
Charge of contribution deficiency reserve		**(8,730)**	(1,906)
		(1,766,700)	(1,281,048)
Other direct expenses	22	**(64,320)**	(47,877)
Deficit before investment income		**(110,596)**	(101,808)
Investment income	26	**100,464**	56,053
Other income	27	**68,707**	50,228
Mudarib's share of investment income	3.26	**(20,093)**	(11,211)
Surplus / (Deficit) before taxation		**38,482**	(6,738)
Taxation expense	29	**(60,042)**	(32,919)
Deficit after taxation		**(21,560)**	**(39,657)**
OPERATOR'S TAKAFUL FUND - REVENUE ACCOUNT			
Wakala fee	24	**831,273**	640,740
Commission expense	23	**(235,519)**	(174,748)
General, administrative and management expenses	25	**(257,976)**	(205,845)
		337,778	260,147
Other income	27	**28,884**	48,280
Mudarib's share of PTF investment income	3.26	**20,093**	11,211
Investment income	26	**125,025**	22,797
Direct expenses	28	**(4,030)**	(3,858)
Profit before taxation		**507,750**	338,577
Taxation expense	29	**(213,025)**	(118,481)
Profit after taxation		**294,750**	220,096

The annexed notes from 1 to 40 form an integral part of these financial statements.

Umer Mansha Chairman	**Shaikh Muhammad Jawed** Director	**Muhammad Arif Hameed** Director	**Muhammad Asim Nagi** Chief Financial Officer	**Muhammad Ali Zeb** Managing Director & Chief Executive Officer

Window Takaful Operations

Statement of Comprehensive Income

For the Year Ended 31 December 2023

	2023	2022
	---------- Rupees in thousand ----------	
PARTICIPANTS' TAKAFUL FUND		
Deficit after taxation	**(21,560)**	(39,657)
Other comprehensive income:		
Unrealized Gain / (loss) on available-for-sale investment- net of tax	**13,473**	(11)
Total comprehensive deficit for the year	**(8,087)**	(39,668)
OPERATOR`S TAKAFUL FUND		
Profit after taxation	**294,725**	220,096
Other comprehensive income:		
Unrealized (loss) on available-for-sale investment- net of tax	**-**	(968)
Total comprehensive income for the year	**294,725**	219,128

The annexed notes from 1 to 40 form an integral part of these financial statements.

Umer Mansha Chairman	**Shaikh Muhammad Jawed** Director	**Muhammad Arif Hameed** Director	**Muhammad Asim Nagi** Chief Financial Officer	**Muhammad Ali Zeb** Managing Director & Chief Executive Officer

Statement of Changes in Shareholders Equity and Participants' Takaful Funds

For the Year Ended 31 December 2023

	Operator's Takaful Fund			
	Statutory fund	Unappropriated profit	Fair value reserves	Total
	Rupees in thousand			
Balance as at December 31, 2021	50,000	394,351	968	**445,319**
Profit after taxation	-	220,096	-	**220,096**
Other comprehensive income for the year	-	-	(968)	**(968)**
Total comprehensive income for the year	-	220,096	(968)	**219,128**
Balance as at December 31, 2022	50,000	614,447	-	**664,447**
Profit after taxation	-	294,725	-	**294,725**
Other comprehensive loss for the year	-	-	-	**-**
Total comprehensive income for the year	-	294,725	-	**294,725**
Balance as at December 31, 2023	50,000	909,172	-	**959,172**

	Participants' Takaful Fund			
	Ceded money	Accumulated surplus / (deficit)	Fair value reserves	Total
	Rupees in thousand			
Balance as at December 31, 2021	500	239,134	11	**239,645**
Deficit for the year	-	(39,657)	-	**(39,657)**
Other comprehensive deficit for the year	-	-	(11)	**(11)**
Total comprehensive deficit for the year	-	(39,657)	(11)	**(39,668)**
Balance as at December 31, 2022	500	199,477	-	**199,977**
Deficit for the year	-	(21,560)	-	**(21,560)**
Other comprehensive surplus for the year	-	-	13,473	**13,473**
Total comprehensive deficit for the year	-	(21,560)	13,473	**(8,087)**
Balance as at December 31, 2023	500	177,917	13,473	**191,890**

The annexed notes from 1 to 40 form an integral part of these financial statements.

Umer Mansha	Shaikh Muhammad Jawed	Muhammad Arif Hameed	Muhammad Asim Nagi	Muhammad Ali Zeb
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

Window Takaful Operations

Cash Flow Statement

For the Year Ended 31 December 2023

	Operator's Takaful Fund		Participants' Takaful Fund	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	Rupees in thousand			
Operating cash flows				
(a) Takaful activities				
Contributions received	-	-	3,078,280	2,251,913
Wakala fee / mudarib fee received / (paid)	822,556	697,141	(822,556)	(697,141)
Retakaful / co-takaful paid	-	-	(423,492)	(331,019)
Claims paid	-	-	(1,779,154)	(1,124,086)
Commissions paid	(231,766)	(183,809)	-	-
Commissions received	-	-	97,179	78,183
Management expenses paid	(244,085)	(187,671)	-	-
Other underwriting payments	-	-	(75,099)	(46,472)
Net cash inflows from takaful activities	346,705	325,661	75,158	131,378
(b) Other operating activities				
Income tax paid	(106,045)	(123,634)	(28,386)	(28,332)
Other payments	-	-	44,179	(77,828)
Net cash outflows from other operating activities	(106,045)	(123,634)	15,793	(106,160)
Total cash inflows from operating activities	240,660	202,027	90,951	25,218
(c) Investment activities				
Profit received on bank deposits and investments	101,436	63,127	134,432	103,107
Payment for investments	(494,370)	(301,052)	(297,820)	(3,761,561)
Proceeds from disposal of investments	75,000	39,387	37,500	3,655,186
Fixed capital expenditure	(10,081)	(28,509)	-	-
Total cash outflows from investing activities	(328,015)	(302,047)	(125,888)	(3,268)
(d) Financing activities				
Qard-e-Hasna paid from Operator's Fund	-	-	-	75,000
Total cash inflows from financing activities	-	-	-	75,000
Net Cash (outflows) / inflows from all activities	(87,355)	(100,020)	(34,937)	96,950
Cash and cash equivalent at the beginning of the year	164,215	264,235	619,465	522,515
Cash and cash equivalent at the end of the year	76,860	164,215	584,528	619,465
Reconciliation to profit and loss account				
Operating cash flows	240,660	202,027	90,951	25,218
Depreciation	(6,200)	(3,992)	-	-
Amortization	(4,758)	(5,486)	-	-
Increase / (Decrease) in assets other than cash	12,610	63,312	(181,764)	364,621
(Increase) / Decrease in liabilities other than cash	(101,496)	(106,842)	(99,918)	(535,777)
Investment income	125,025	22,797	100,464	56,053
Return on bank deposits	28,884	48,280	68,707	50,228
Net profit / (loss) for the year	294,725	220,096	(21,560)	(39,657)

	Operator's Fund		Participants' Takaful Fund	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Attributed to	Rupees in thousand			
Operator's Takaful Fund	294,725	220,096	-	-
Participants' Takaful Fund	-	-	(21,560)	(39,657)
	294,725	220,096	(21,560)	(39,657)

The annexed notes from 1 to 40 form an integral part of these financial statements.

Umer Mansha Chairman	**Shaikh Muhammad Jawed** Director	**Muhammad Arif Hameed** Director	**Muhammad Asim Nagi** Chief Financial Officer	**Muhammad Ali Zeb** Managing Director & Chief Executive Officer

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2023

1 Legal status and nature of business

Adamjee Insurance Company Limited ('the Operator') is a public limited company incorporated in Pakistan on September 28, 1960 under the Companies Act, 1913 (now the Companies Act, 2017). The Operator is listed on Pakistan Stock Exchange and is engaged in general takaful business comprising fire & property, marine aviation & transport, motor, accident & health and miscellaneous. The registered office of the Operator is situated at Adamjee House, 80/A, Block E-1, Main Boulevard, Gulberg-III, Lahore. The Operator operates 3 (2022: 3) branches within Pakistan.

The Operator was granted authorization on December, 23 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations ("WTO") in respect of general takaful products by the Securities and Exchange Commission of Pakistan ("SECP").

For the purpose of carrying on the Takaful business, the Operator has formed a Waqf (Participants' Takaful Fund (PTF)) on January 01, 2016 under the Waqf deed with a ceded money of Rs.500,000. The Waqf deed govern the relationship of Operator and Participants' for management of Takaful operations.

2 Basis of preparation and 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 Standards Board (IASB) as are notified under the Companies Act, 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountant of Pakistan (ICAP) as or notified under companies act 2017; and

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

Where the provisions of and directives issued under the Companies Act, 2017 differ, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, General Takaful Accounting Regulations 2019 and the Takaful Rules, 2012 shall prevail.

2.1 Basis of measurement

These financial statements have been prepared under historical cost convention except for available for sale investments carried at fair value and retirement benefit obligation under employees' benefits carried at present value. All transaction reflected in these financial statements are on accrual basis except for those reflected in cash flow statements.

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 functional currency"). The financial statements are presented in Pak Rupees, which is the Operator's functional and presentation currency. All the financial information presented in Rupees has been rounded off to the nearest thousand in rupee, unless otherwise stated.

2.3 Amendments to accounting and reporting standards as applicable in Pakistan that are effective in current year

The following amendments of accounting and reporting standards that will be effective for accounting periods beginning on or after January 01, 2023:

Standards or Interpretations

Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction

Amendments to IAS 12 ' Income taxes' - International Tax Reform — Pillar Two Model Rules

2.4 Amendments and IFRS interpretations that are not yet effective

The following amendments are effective for accounting periods, beginning on or after the date mentioned against each of them:

Standards or Interpretations	Effective from accounting period beginning on or after:
'Amendments to IFRS 16 ' Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with Convents along with Classification of liabilities as current or non-current	January 01, 2024
'Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements	January 01, 2024
'Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

The Securities and exchange commission of pakistan vide SRO 1715 (I) / 2023 dated November 21, 2023 has directed the companies engaged in insurance/takaful and re-insurance/re-takaful to follow IFRS 17 from January 01, 2026.

There are certain other new and amended standards and interpretations that are mandatory for the insurance accounting periods beginning on or after January 01, 2023 but are considered either not to be relevant or do not have any significant impact on these financial statements.

IFRS 9 - Financial Instruments

IFRS 9 'Financial Instruments' has become applicable, however as an insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance.

3 Summary of material accounting policies

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

3.1 Property and equipment

Owned operating assets, other than freehold land which is not depreciated and capital work-in-progress, are stated at cost, signifying historical cost, less accumulated depreciation and any provision for accumulated impairment.

Cost comprises of purchase price including import duties and non-refundable purchase taxes after deducting trade discounts, rebates and includes other costs directly attributable to the acquisition or construction including expenditures on the material, labor and overheads directly relating to constructions, and installation of operating assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Operator and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit and loss account as and when incurred.

Depreciation is charged to profit and loss applying reducing balance method depending upon the nature of the asset, at the rates specified for calculation of depreciation after taking into account residual value, if any. The useful lives, residual values and depreciation method are reviewed, and adjusted if appropriate, at each statement of financial position date.

Depreciation on additions is charged from the month the assets are available for use while on disposals, no depreciation is charged in the month in which the assets are disposed off.

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

An item of equipment is derecognized upon disposals when no future economic benefits are expected from its use or disposals. Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the assets disposed off. These are taken to profit and loss account.

3.2 Intangible assets

These are stated at cost less accumulated amortization and any provision for accumulated impairment, if any.

Amortization is calculated from the month the assets are available for use using the straight-line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Operator. The useful life and amortization methods are reviewed, and adjusted if appropriate, at each statement of financial position date.

Software development costs are only capitalized to the extent that future economic benefits are expected to be derived by the Operator.

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

3.3 Takaful contracts

Takaful contracts are based on the principles of Wakala. Takaful contracts so agreed usually inspire concept of tabarru (to donate benefits to others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty.

Takaful contracts are those contracts whereby the PTF has accepted significant takaful risk from the participants' by agreeing to compensate the participants' if a specified uncertain future event (the takaful event) adversely affects the participants'. Once a contract has been classified as a takaful contract, it remains a Takaful contract for the remainder of its lifetime, even if takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

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

Takaful contracts issued by the PTF are generally classified in five basic categories i.e. Fire & property, Marine aviation and transport, Motor, Accident & health and Miscellaneous.

- Fire & property Takaful contracts generally cover the assets of the participants against damages by fire, earthquake, riots and strike, explosion, atmospheric disturbance, flood, electric fluctuation and impact, burglary, loss of profit followed by the incident of fire, contractor's all risk, erection all risk, machinery breakdown and boiler damage, etc. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the takaful properties in their business activities.

- Marine aviation and transport Takaful contracts generally provide cover for loss or damage to cargo while in transit to and from foreign land and inland transit due to various insured perils including loss of or damage to carrying vessel, etc.

- Motor Takaful contracts provide indemnity for accidental damage to or loss of insured vehicle including loss of or damage to third party and other comprehensive car coverage.

- Accident & health Takaful contracts mainly compensate hospitalization and out-patient medical coverage to the participant.

- Miscellaneous Takaful contracts provide variety of coverage including cover against burglary, loss of cash in safe, cash in transit and cash on counter, fidelity guarantee, personal accident, workmen compensation, travel and crop, etc.

In addition to direct takaful, the PTF also participates in risks under co-takaful contracts from other takaful funds and also accepts risks through re-takaful inward by way of facultative acceptance on case to case basis provided such risks are within the underwriting policies of the Operator. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

3.4 Deferred commission expense/ acquisition cost

Deferred commission expense represents the portion of commission expense relating to the unexpired period of Takaful contract and is recognized as an asset. It is calculated in accordance with the pattern of its related provision for unearned contribution.

3.5 Unearned contributions

Unearned contribution is determined as the ratio of the unexpired period of the policy and the total period, both measured to the nearest day except for marine cargo, where unearned contribution is determined as a ratio of the unexpired shipment period to the total expected shipment period, both measured to the nearest day.

Administrative surcharge is recognized as a contribution at the time the policies are written and is included in above mentioned calculations.

3.6 Contribution deficiency reserve

The Operator maintains a provision in respect of contribution deficiency (also called unexpired risk reserve) for the class of business where the unearned contribution liability is not adequate to meet the expected future liability, after re-takaful, from claims and other supplementary expenses expected to be incurred after the date of financial statements in respect of the unexpired takaful policies in that class of business at the statement of financial position date.

For this purpose, contribution deficiency reserve is determined by independent actuary. The actuary determines the prospective loss ratios for each class of business and applies factors of unearned and earned contributions and uses assumptions appropriate to arrive at the expected claims settlement cost which when compared with Unearned Contribution Reserve (UCR) shows whether UCR is adequate to cover the unexpired risks. If these ratios are adverse, contribution deficiency is determined.

Based on actuary's advice, the management has created a reserve for the same in these financial statements. The movement in the contribution deficiency reserve is recorded as an expense / income in profit and loss account for the year.

3.7 Re-Takaful contracts held

These are contracts entered into by the Operator with re-takaful operators for compensation of losses suffered on Takaful contracts issued. These Re-Takaful contracts include both facultative and treaty arrangement contracts and are classified in same categories of Takaful contracts for the purpose of these financial statements. The Operator recognizes the entitled benefits under the contracts as various re-takaful assets and liabilities.

Re-takaful Contribution is recognized as an expense at the time the re-takaful is ceded. Rebate from re-takaful is recognized in accordance with the policy of recognizing contribution revenue. The portion of re-takaful contribution not recognized as an expense is shown as a prepayment.

Re-takaful assets represent balances due from re-takaful operators and re-takaful recoveries against outstanding claims. Due from re-takaful operators are carried at cost less any provision for impairment (if any). Cost represents the fair value of the consideration to be received. Re-takaful recoveries against outstanding claims are measured at the amount expected to be received.

Re-takaful liabilities represent balances due to re-takaful operators and are primarily re-takaful contributions payable for Re-Takaful contracts and are recognized at the same time when re-takaful contributions are recognized as an expense.

Re-takaful assets are not offset against related takaful liabilities. Income or expense from Re-Takaful contracts are not offset against expenses or income from related Takaful contracts.

Re-takaful assets/liabilities are derecognized when the contractual rights are extinguished or expired.

An impairment review of re-takaful assets is performed at each statement of financial position date. If there is an objective evidence that the asset is impaired, the Operator reduces the carrying amount of that re-takaful asset to its receivable amount and recognize the impairment loss in profit and loss account.

3.8 Receivables and payables related to Takaful contracts

Receivables and payables, other than claim payables, relating to Takaful contracts are recognized when due. The claim payable is recorded when an intimation is received. These include contributions due but unpaid, contribution received in advance, contributions due and claims payable to participants. These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any.

If there is an objective evidence that any contribution due but unpaid is impaired, the Operator reduces the carrying amount of that contribution receivable and recognize the loss in profit and loss account.

3.9 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments.

A business segment is a distinguishable component of the Operator that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Operator accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, the Insurance Rules, 2017, Insurance Accounting Regulations, 2017 and Takaful Rules, 2012. The reported operating segments are also consistent with the internal reporting framework provided to Board of Directors who are responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

Based on its classification of takaful contracts issued, the Operator has five primary business segments for reporting purposes namely Fire & property, marine aviation & transport, motor, accident & health and others including miscellaneous. The nature and business activities of these segments are disclosed in note 3.3 of these financial statements. Since the operation of the Operator are predominantly carried out in Pakistan, information relating to geographical segment is not considered relevant.

The accounting policies of operating segment are the same as those described in the summary of significant accounting policies.

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

3.10 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 comprise of cash in hand, policy stamps and bank balances.

3.11 Revenue recognition

3.11.1 Contribution

Contribution including administrative surcharge under a Takaful contracts are recognized as written from date of issuance to the date of attachment of risk to the policy / cover note. Where contributions for a policy are payable in installments, full contribution for the duration of the policy is recognized as written, where the first such installment has been duly received by the Takaful operator, at the inception of the policy and related assets is recognized for contribution receivable.

Revenue from contribution(s) is determined after taking into account the unearned portion of contributions. The unearned portion of contribution income is recognized as a liability.

Re-takaful contribution is recognized as expense after taking into account the proportion of deferred contribution expense which is recognized as a proportion of the gross re-takaful contribution of each policy, determined as the ratio of the unexpired period of the policy and the total period, both measured to the nearest day. The deferred portion of contribution expense is recognized as a prepayment.

3.11.2 Rebate from re-takaful operators

Rebate from re-takaful operators is deferred and recognized as revenue in accordance with the pattern of recognition of the re-takaful contribution ceded to which it relates.

3.11.3 Investment income

- Gain / loss on sale of available-for-sale investments is recognized in profit and loss account in the year of sale.
- Dividend income is recognized when the Operator's right to receive the dividend is established.
- Profit on saving accounts is recognized on accrual basis.

3.12 Investments

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs. These are recognized and classified as follows:

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

The classification depends on the purpose for which the financial assets were acquired. The Operator does not have any 'investment at fair value through profit and loss account' at the statement of financial position date.

3.12.1 Available-for-sale

Investments which are not eligible to be classified as 'fair value through profit and loss account' or 'held to maturity' are classified as 'available-for-sale'. These investments are intended to be held for an indefinite period of time which may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available-for-sale.

Quoted

Subsequent to initial recognition, these investments are re-measured at fair value. Gains or losses on investments on re-measurement of these investments are recognized in statement of comprehensive income.

Unquoted

Fair value of unquoted investments is determined on the basis of appropriate valuation techniques as allowed by IAS 39 'Financial Instruments: Recognition and Measurement'. Where fair value cannot be measured reliably, these are carried at cost.

3.12.2 Fair / market value measurements

For investments in Mutual funds fair / market value is determined by reference to rates quoted by Mutual Fund Association of Pakistan (MUFAP). For investments in quoted marketable securities, other than Term Finance Certificates, fair / market value is determined by reference to the Pakistan Stock Exchange limited quoted market price at the close of business on reporting date. The fair market value of Term Finance Certificates is as per the rates issued by the MUFAP.

3.12.3 Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognized at the trade date. Trade date is the date on which the Operator commits to purchase or sell the investment -

3.13 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Operator has legal enforceable right to set off the recognized amount and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

3.14 Creditors, accruals, provisions and contingencies

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

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

Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

3.15 Provision for outstanding claims including incurred but not reported (IBNR)

The Operator recognizes liability in respect of all claims incurred up to the statement of financial position 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 the Takaful contract(s). The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR), expected claims settlement costs, and any adjustments to claims outstanding from previous years.

SECP through its circular 9 of 2016, dated March 09, 2016, issued 'SEC guidelines for estimation of incurred but not reported (IBNR) claims reserve 2016' ('Guidelines') and the Operator is required to comply with all provisions of these guidelines with effect from July 01, 2016.

The Guidelines require that estimation for provision for claims incurred but not reported for each class of business, by using prescribed method “Chain Ladder Method (CLM)” and other alternate method as allowed under the provisions of the Guidelines. The CLM involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level to derive an IBNR estimate.

As required under the guidelines, the Operator uses CLM by involving an actuary for determination of provision against IBNR. Accordingly, the actuarial valuation as at December 31, 2022 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 (as explained in preceding paragraph) that may include a margin for adverse deviation as required / allowed by the circular 9 of 2016. The methods used, and the estimates made, are reviewed regularly.

3.16 Taxation

Current

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

Deferred

Deferred taxation is accounted for using the statement of financial position liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred taxation is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the Statement of Financial Position date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to Statement of Comprehensive Income in which case it is included in Statement of Comprehensive Income.

3.17 Employees' benefit

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by employees of the Operator and measured on an undiscounted basis. The accounting policy for employees retirement benefits is described below:

3.17.1 Defined contribution plan

The Operator operates an approved contributory provident fund scheme for all its eligible employees at entity level. Equal monthly contributions to the fund are made by the WTO and its employees at the rate of 8.33% of basic salary.

3.17.2 Defined benefit plans

The Operator operates a funded gratuity scheme for its employees at end of service benefits. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

3.17.3 Employees' compensated absences

The Operator accounts for these benefits in the period in which the absences are earned.

Employees are entitled to 30 days earned leave in a calendar year. They can accumulate up to 60 days leave. At the end of each calendar year, excess of leave balance over 60 days lapse. Employee must take 1 period of annual leave of at least 10 days in one stretch each calendar year. Encashment of leave is allowed at 1/30 of monthly gross salary per day. Serving employee can encase leave accumulated over 20 days. Minimum encashment is 16 calendar days and the ratio of encash leave can not exceed 4:1. Separating employees can encash 100% of their accumulated leave.

3.18 Impairment of assets

Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Non-financial assets

The carrying amounts of Operator's non-financial assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

3.19 Claims expense

Claims are charged against PTF income as incurred based on estimated liability for compensation owed under the Takaful contracts. It includes claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

3.20 Takaful surplus

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

3.21 Management expenses

Expenses of management allocated to the underwriting business represent directly attributable expenses and indirect expenses allocated to the various classes of business on the basis of gross contribution written. Expenses not allocable to the underwriting business are charged as other expenses. Management expense of the Operator are charged to the Operator's Takaful Fund.

3.22 Financial instruments

Financial assets and liabilities are recognized at the time when the Operator becomes a party to the contractual provisions of the instrument and de-recognized when the Operator loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the de-recognition of the financial assets and liabilities is included in the profit and loss account.

Financial instruments carried in the statement of financial position include cash and bank, loans, investments, contribution due but unpaid, amount due from other takaful / re-takaful, contribution and claim reserves retained by cedants, accrued investment income, re-takaful recoveries against outstanding claims, sundry receivables, provision for outstanding claims, amounts due to other takaful / re-takaful, accrued expenses, other creditors and accruals. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.23 Commission expense / acquisition cost

Commission expenses incurred in obtaining and recording takaful policies is deferred and recognized in Operator's Takaful Fund as an expense in accordance with pattern of recognition of contribution revenue.

3.24 Wakala fee

The Operator manages the general takaful operations for the participants and charge wakala fee to PTF on gross contribution written including administrative surcharge to meet the general and administrative expenses of the operator including commission to agents at following rates:

Wakala fee is recognized on issuance of takaful contract. Wakala fee is recognized as income in OTF on the same basis on which the related contribution revenue is recognized in PTF. Unearned portion of Wakala fee is recognized as a liability in OTF and an asset in PTF.

Class	2023	2022
	Percentage	
Fire & property	**28.0%**	28.0%
Marine aviation & transport	**35.0%**	35.0%
Motor	**32.5%**	32.5%
Accident & health	**25.0%**	25.0%
Miscellaneous	**25.0%**	25.0%

3.25 Qard-e-Hasna

If there is a deficit of admissible assets over liabilities in PTF, the Operator from the Operators Fund may provide Qard-e-Hasna to PTF so that PTF may become solvent as per Takaful Rules, 2012.

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

3.26 Mudarib's fee

The Operator manages the participants' investment as Mudarib and charges 20% of the investment income earned by the PTF as Mudarib's fee. It is recognized on the same basis on which related revenue is recognized.

4 Critical accounting estimates and judgements

4.1 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgment and complexity, or areas where assumptions and estimates are significant to these financial statements or judgment was exercised in application of accounting policies, are as follows:

		Note
-	Employee benefit	3.17
-	Provision for outstanding claims (including IBNR) and re-takaful recoveries there against	3.15
-	Residual values and useful lives of property and equipment	3.1
-	Residual values and useful lives of intangible assets	3.2
-	Taxation	3.16
-	Segment reporting	3.9

4.2 Changes in material accounting policies

4.2.1 Material accounting policy information

During the year, the Company adopted Disclosure of Accounting Policies (Amendments to IAS 1) from January 01, 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

4.2.2 Recognition of Debt Securities

The Company has decided to change valuation method of investment in debt securities from fair value model to amortized cost. According to "IAS 39 Financial Statements: Recognition and Measurement" held-to-maturity investments are measured at amortized cost using the effective interest method. Considering this change as a change in accounting policy as per IAS-8 “Accounting Policies, Changes in Accounting Estimates and Errors”, adjustment has been made in financial statements.

The impact is not material to the financial statements, therefore no restatement has been made and the adjustment is made in current year's figures

The impact on Statement of Financial Position of OPF and PTF is an increase of Rs. 1,974 thousand in investment in debt securities and a corresponding increase in investment income for the year ended December 31, 2023 in Statement of Profit or Loss Account.

5 Property and equipment

	December 31, 2023									
	Cost				Depreciation				Book value	
	As at 01 Jan 2023	Additions	Disposals	As at 31 Dec 2023	As at 01 Jan 2023	Charge for the year	On disposal	As at 31 Dec 2023	As at 31 Dec 2023	Rate
	Rupees in thousand									
Motor vehicles	47,865	4,824	(3,697)	**48,992**	13,092	5,666	(2,198)	**16,560**	**32,432**	15%
Office equipment	873	-	-	**873**	296	78	-	**374**	**499**	15%
Computer and related accessories	2,707	669	-	**3,376**	1,652	408	-	**2,060**	**1,316**	30%
Furniture and Fixture	631	-	-	**631**	305	49	-	**354**	**277**	15%
Total	52,076	5,493	(3,697)	**53,872**	15,345	6,201	(2,198)	**19,348**	**34,524**	

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2023

	December 31, 2022									
	Cost				Depreciation				Book value	
	As at 01 Jan 2022	Additions	Disposals	As at 31 Dec 2022	As at 01 Jan 2022	Charge for the year	On disposal	As at 31 Dec 2022	As at 31 Dec 2022	Rate
	Rupees in thousand									
Motor vehicles	27,809	22,305	(2,334)	47,865	10,444	3,547	(899)	13,092	34,773	15%
Office equipment	691	182	-	873	228	68	-	296	577	15%
Computer and related accessories	2,024	683	-	2,707	1,332	320	-	1,652	1,055	30%
Furniture and Fixture	631	-	-	631	248	57	-	305	326	15%
Total	31,155	23,170	(2,334)	52,076	12,252	3,992	(899)	15,345	36,731	

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

Description	Cost	Acc. Depreciation	Book Value	Sale Proceeds	Mode of disposal	Relationship	Particulars of purchaser
	Rupees in thousand						
Motor vehicles (Owned)							
Suzuki Cultus LEC-17A-2363	1,277	721	556	506	Negotiation	Parent company	Adamjee Insurance Company Limited
Honda City I-VTEC Manual AFS614	1,605	997	608	608	Negotiation	Parent company	Adamjee Insurance Company Limited
Suzuki Mehran AFF-815	815	480	335	335	Negotiation	Parent company	Adamjee Insurance Company Limited
Grand Total	**3,697**	**2,198**	**1,499**	**1,449**			

	Note	2023	2022
		Rupees in thousand	
6 Intangible assets			
Intangible assets	6.1	**10,072**	6,047
Capital advances for intangiles	6.2	**6,850**	9,631
		16,922	15,678
6.1 Operating Assets-Intangible			
Opening balance - net book value		**6,047**	10,409
Transfer from Capital work-in-progress		**8,631**	-
Addition during the year		**184**	1,124
Book value of disposal during the year		**-**	-
Amortization charged during the year		**(4,790)**	(5,486)
		(4,790)	(5,486)
Closing balance		**10,072**	6,047
6.2 Capital work in progress			
Opening balance		**9,631**	3,980
Additions during the year		**5,850**	5,651
Transfer to property and equipment		**-**	-
Transfer to intangibles		**(8,631)**	-
Closing balance		**6,850**	9,631

This represent amount advanced to Centegy Technologies (Private) Limited for digital platform of motor Takaful.

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2023

	Note	No. of Units			Value of Units	
		December 31, 2023	December 31, 2022	Face Value	December 31, 2023	December 31, 2022
		---------- Rupees in thousand ----------				
7 Investments in equity securities						
Operator's Takaful Fund						
Available for sale						
Mutual fund						
HBL Islamic Money Market Fund		874,058	746,052	101.173	88,431	75,481
NBP Islamicdaily Dividend Fund		8,820,907	7,457,521	10.00	88,209	75,413
ABL Islamic Cash Fund		5,863,028	5,010,464	10.00	58,630	50,105
Al Ameen Islamic Cash Fund Plan 1		585,783	500,532	100.000	58,578	50,053
Unrealized gain on revaluation					-	-
					293,848	251,052
These represent investment in Mutual Funds which carries profit ranging from 18.50% to 19% per annum.						
Participants' Takaful Fund						
Available for sale						
Mutual fund						
Al Hamra Islamic Income Fund		1,528,303	1,484,733	110.2312	168,466	147,746
AL Habib Islamic Munafa Fund		2,021,732	-	101.7463	205,643	-
Al Hamra Daily Dividend Fund		180	155	100	18	16
Unrealized gain on revaluation	**7.1**				22,086	-
					396,213	147,762

7.1 The fair value reserve represents the net cumulative unrealized gain / (loss) on available for sale investments held by the Company as at December 31, 2023. These Mutual Funds carry profit ranging from 18.50% to 20.05% per annum.

	No. of Certificates			Value of Certificates	
	December 31, 2023	December 31, 2022	Face Value	December 31, 2023	December 31, 2022
	---------- Rupees in thousand ----------				
8 Investments in debt securities					
Operator's Takaful Fund					
Held - to - maturity					
Sukuk certificates					
Pak Electron Limited (PEL)	-	75	1,000,000	-	75,000
K-Electric*	500	500	100,000	**51,974**	50,000
				51,974	125,000
Participants' Takaful Fund					
Held - to - maturity					
Sukuk certificates					
The Hub Power Company Limited (HUBCO)	-	375	100,000	-	37,500
				-	37,500

* These represent placement in Sukuks with K-Electric having tenure of five years with return of 3M KIBOR+ 1.7% and will be mature at November 01,2027.

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2023

		Operator's Takaful Fund		Participants' Takaful Fund	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
		Rupees in thousand			
9	**Investments in Term Deposits**				
	Held - to - maturity				
	Deposit Maturing within one month	**500,000**	-	**252,000**	150,000
		500,000	-	**252,000**	150,000

These represent placement in Term Deposit Receipts with financial institutions having tenure from one to five years with returns ranging from 19.50% to 20.5% per annum (2022: 14.15% to 15% per annum).

		2023	2022
		Rupees in thousand	
10	**Qard-e-Hasna**		
	Opening balance	**221,460**	146,460
	Qard-e-Hasna transferred from OPF during the year	**-**	75,000
	Closing balance	**221,460**	221,460

		Operator's Takaful Fund		Participants' Takaful Fund	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
		Rupees in thousand			
11	**Loans and other receivables - Considered good**				
	Federal excise duty	**-**	-	**37,492**	94,097
	Accrued income	**9,898**	7,830	**11,754**	7,561
	Loan to employees	**2,785**	3,356	**-**	-
	Security deposits	**310**	310	**-**	-
	Bid money for tenders	**-**	-	**88,489**	59,507
	Advances	**4,627**	3,121	**-**	-
		17,620	14,617	**137,735**	161,165

		Participants' Takaful Fund	
		2023	2022
		Rupees in thousand	
12	**Takaful / Re - takaful receivables - Unsecured and considered good**		
	Due from takaful participants' holders	**357,599**	548,748
	Less: provision for impairment of takaful participants' holder	**-**	-
		357,599	548,748
	Due from other takaful / re - takaful operator's	**104,883**	104,676
	Less: provision for impairment of due from other takaful / re - takaful operator's	**-**	-
		104,883	104,676
		462,482	653,424

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2023

	Participants' Takaful Fund	
	2023	2022
	Rupees in thousand	
13 Prepayments		
Prepaid re - takaful contribution ceded	**179,332**	131,491
Prepaid monitoring charges (Tracking device)	**8,919**	12,608
Prepaid Expense	**-**	-
	188,251	144,099

	Note	Operator's Takaful Fund		Participants' Takaful Fund	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
14 Cash and bank					
Cash and cash equivalents:		Rupees in thousand			
Cash in hand		**175**	175	**-**	-
Current and other accounts:					
Profit or loss accounts	**14.1**	**76,685**	164,040	**584,528**	619,465
		76,860	164,215	**584,528**	619,465

14.1 Saving accounts carry expected profit rates ranging from 7% to 19.37% (2022: 7% to 14%).

	Participants' Takaful Fund	
	2023	2022
	Rupees in thousand	
15 Takaful / re - takaful payables		
Due to takaful participants' holders	**71,188**	21,899
Due to other takaful / re - takaful operator's	**123,914**	164,687
	195,102	186,586

	Operator's Takaful Fund		Participants' Takaful Fund	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
16 Deferred taxation	Rupees in thousand			
Deferred tax credits arising for tax depreciation allowance	**1,502**	1,431	**-**	-
Deferred tax credits arising for Investments - Available for sale	**-**	-	**8,613**	-
	1,502	1,431	**8,613**	-

	Operator's Takaful Fund		Participants' Takaful Fund	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
17 Other creditors and accruals	Rupees in thousand			
Agents commission payable	**73,399**	67,378	**-**	-
Federal excise duty	**-**	-	**-**	-
Federal insurance fee	**-**	-	**5,040**	4,927
Sales tax payable	**2,173**	3,017	**-**	-
Income tax deducted at source	**2,909**	3,162	**56,210**	39,767
Accrued expenses	**8,316**	8,761	**-**	-
Others	**20,565**	11,125	**16,867**	31,334
	107,362	93,443	**78,117**	76,028

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2023

18 Contingencies and commitments

There has been no contingencies and commitments as at December 31, 2023.

	2023	2022
	---------- Rupees in thousand ----------	
19 Net contribution revenue		
Gross contribution written	**2,865,889**	2,513,854
Wakala fee	**(811,869)**	(724,163)
Contribution net of wakala fee	**2,054,020**	1,789,691
Unearned contribution reserve - opening	**663,817**	441,519
Unearned contribution reserve - closing	**(602,178)**	(663,817)
Contribution earned	**2,115,659**	1,567,393
Less:		
Re - takaful contribution ceded	**531,229**	437,462
Prepaid re - takaful contribution ceded - opening	**131,492**	109,704
Prepaid re - takaful contribution ceded - closing	**(179,332)**	(131,492)
Re - takaful expense	**483,389**	415,674
Net contribution	**1,632,270**	1,151,719
20 Re - takaful rebate		
Re - takaful rebate received	**97,179**	78,183
Unearned re - takaful rebate - opening	**25,251**	22,466
Unearned re - takaful rebate - closing	**(34,276)**	(25,251)
Net re-takaful rebate	**88,154**	75,398
21 Net Takaful Claims		
Claims Paid	**1,779,154**	1,124,086
Outstanding claims including IBNR - closing	**616,699**	524,563
Outstanding claims including IBNR - opening	**(524,563)**	(354,540)
Claims expense	**1,871,290**	1,294,109
Less:		
Re - takaful and other recoveries received	**99,428**	(20,867)
Re - takaful and other recoveries in respect of outstanding claims net of impairment (if any) closing	**240,662**	226,770
Re - takaful and other recoveries in respect of outstanding claims net of impairment (if any) opening	**(226,770)**	(190,936)
Re-takaful and other recoveries revenue	**113,320**	14,967
Net claims expense	**1,757,970**	1,279,142

21.1 Net Takaful Claims

The following table shows the development of fire, marine and others including miscellaneous claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. For other classes of business the uncertainty about the amount and timings of claims payment is usually resolved within a year. Further, claims with significant uncertainties are not outstanding as at December 31, 2023.

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2023

	Accident year					
	2019 & prior	2020	2021	2022	2023	Total
	Rupees in thousand					
Estimate of ultimate claims cost						
At end of accident year with IBNR	760,440	1,369,784	863,161	1,503,060	2,123,402	**6,619,847**
One year later	209,695	364,741	181,376	268,546		**1,024,358**
Two years later	24,701	(42,843)	2,277			**(15,865)**
Three years later	4,010	3,332				**7,342**
Four years later	(1,722)					**(1,722)**
Current estimate of cumulative claims	(1,722)	3,332	2,277	268,546	2,123,402	**2,395,835**
Less: Cumulative payments to date	1,419	182	2,718	(210,278)	(1,573,195)	**(1,779,154)**
Liability recognized in the statement of financial position	(303)	3,514	4,995	58,268	550,207	**616,681**

	Participants' Takaful Fund	
	2023	2022
	Rupees in thousand	
22 Other Direct Expenses		
Monitoring charges	**29,160**	34,095
Other taxes	**16,674**	56
Inspection charges	**11,770**	7,413
Bank charges	**436**	271
Others	**6,280**	6,042
	64,320	47,877

	Operator's Fund	
	2023	2022
	Rupees in thousand	
23 Commission Expense		
Commission paid or payable	**237,788**	203,740
Deferred commission - opening	**74,339**	45,347
Deferred commission - closing	**(76,608)**	(74,339)
Net commission expense	**235,519**	174,748
24 Wakala Fee		
Gross Wakala fee	**811,869**	724,163
Unearned Wakala fee - Opening	**274,883**	191,460
Unearned Wakala fee - Closing	**(255,479)**	(274,883)
Net wakala fee	**831,273**	640,740

The Operator manages the general takaful operations for the participants' and charges 28 % (2022: 28 %) for Fire & Property, 35 % (2022: 35 %) for Marine, Aviation & Transport, 32.5 % (2022: 32.5 %) for Motor, 25 % (2022: 25%) for Health and 25 % (2022: 25 %) for Miscellaneous classes, of gross contribution written including administrative surcharge as wakala fee against the services.

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2023

	Note	Operator's Takaful Fund 2023	Operator's Takaful Fund 2022
		Rupees in thousand	
25 Management Expenses			
Employee benefit cost	25.1	179,810	137,203
Depreciation		6,200	3,992
Amortization		4,758	5,486
Advertisement and sales promotion		4,954	3,518
Rent, rates and taxes		4,452	3,797
Communication		1,081	1,314
Legal and professional charges - business related		600	469
Travelling and conveyance expenses		2,001	1,900
Shared expenses		26,116	26,926
Entertainment		3,712	2,857
Printing, stationery and postage		807	775
Annual supervision fee SECP		2,328	2,429
Bank charges		35	98
Repair and maintenance		2,165	1,996
Others		18,957	13,085
		257,976	205,845
25.1 Employee benefit cost			
Salaries, allowances and other benefits		175,152	132,968
Charges for post employment benefit		4,658	4,235
		179,810	137,203

	Operator's Takaful Fund December 31, 2023	Operator's Takaful Fund December 31, 2022	Participants' Takaful Fund December 31, 2023	Participants' Takaful Fund December 31, 2022
	Rupees in thousand			
26 Investment Income				
Profit on				
Mutual funds - Dividend Income	50,400	3,236	30,546	10,700
Mutual funds - Capital Gain	-	1,620	-	-
Term Deposits	54,467	4,661	65,913	29,933
Sukuks	20,158	13,280	4,005	15,420
	125,025	22,797	100,464	56,053
27 Other Income				
Profit on bank deposits	27,534	46,509	63,193	47,484
Other Income	1,350	1,771	5,514	2,744
	28,884	48,280	68,707	50,228

	Note	Operator's Fund 2023	Operator's Fund 2022
		Rupees in thousand	
28 Direct Expenses			
Auditors' remuneration	28.1	942	778
Shariah audit fee		3,088	3,080
		4,030	3,858

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2023

	Operator's Fund	
	2023	2022
	Rupees in thousand	
28.1 Auditors remuneration		
Annual audit fee	**444**	404
Half year review fee	**176**	160
Shariah's compliance report	**190**	173
Out of pocket expense	**43**	39
	853	776

	Operator's Takaful Fund		Participants' Takaful Fund	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	Rupees in thousand			
29 Taxation				
Current tax:				
- for the year	198,244	111,541	**58,140**	31,373
- for prior year	14,710	5,571	**1,902**	1,546
Deferred tax:				
- for the year	71	1,369	**-**	-
	213,025	118,481	**60,042**	32,919
29.1 Tax Charge Reconciliation				
Tax at the applicable rate of 39% (2022: 33%)	39%	33%	**33%**	33%
Prior year	4%	2%	**1.63%**	1.63%
Effective tax rate (Percentages)	**43%**	35%	**34.63%**	35%

	Executives	
	2023	2022
	Rupees in thousand	
30 Executives remuneration		
Managerial remuneration	**53,920**	31,808
Leave encashment	**123**	907
Bonus	**5,567**	4,501
Rent and house maintenance	**24,339**	13,559
Medical	**5,392**	3,013
Conveyance	**12,474**	6,686
Contribution to defined contribution plan	**3,402**	2,269
Incentives	**-**	1,101
Other perquisites and allowances	**29,657**	13,375
	134,874	77,219
Number of persons	**51**	27

There has been no payments made to the directors / chief executive officer during the year 2023 (2022 : nil) from OPF .

31 Number of employees		
As at December	**96**	107
Average during the year	**115**	90

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2023

32 Transactions with related parties

The Operator has related party relationship with its associates, subsidiary company, employee retirement benefit plans, key management personnel and other parties. All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions. Balances and transactions with related party are disclosed in relevant notes to these financial statements.

		2023	2022
		---------- Rupees in thousand ----------	
i)	**Transactions**		
	Subsidiary Company		
	Contribution underwritten	**6,409**	4,928
	Contribution received	**7,220**	5,091
	Claims paid	**29**	2,448
	Other related parties		
	Contribution underwritten	**233,909**	231,202
	Contribution received	**239,443**	279,706
	Claims paid	**6,226**	98,879
	Income on bank deposits	**2,104**	9,374
ii)	**Period end balances**		
	Subsidiary Company		
	Balances payable	**748**	236
	Balances receivable	**203**	561
	Contribution received in advance	**1**	1
	Other related parties		
	Balances receivable	**25,353**	1,569
	Balances payable	**29,214**	28,820
	Cash and bank balances	**176,137**	36,178
	Contribution received in advance	**53**	465

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2023

33 Segment Information

Each class of business has been identified as reportable segment. Class of business wise revenue and results have been disclosed in the profit and loss account prepared in accordance with the requirements of the Insurance Ordinance, 2000. The following is a schedule of class of business wise assets and liabilities.

33.1

	Participants' Takaful Fund					
	December 31, 2023					
	Fire & Property Damage	Marine, Aviation & Transport	Motor	Accident & Health	Miscellaneous	Total
	Rupees in thousand					
Contribution receivable (inclusive of Federal excise duty, Federal insurance fee and Administrative surcharge)	428,571	104,142	1,055,291	1,303,427	85,356	**2,976,787**
Less : Federal excise duty	(10,829)	(6,693)	(74,139)	(1,013)	(5,615)	**(98,289)**
Federal insurance fee	(718)	(465)	(5,356)	(5,682)	(388)	**(12,609)**
Gross direct written contribution (inclusive of administrative surcharge)	417,024	96,984	975,796	1,296,732	79,353	**2,865,889**
facultative inward contribution	-	-	-	-	-	**-**
Gross Contribution Written	417,024	96,984	975,796	1,296,732	79,353	**2,865,889**
Wakala fee	(116,770)	(33,945)	(317,133)	(324,183)	(19,838)	**(811,869)**
Contribution net of wakala fee	300,254	63,039	658,663	972,549	59,515	**2,054,020**
Contribution earned	259,522	62,580	666,868	1,066,487	60,202	**2,115,659**
Takaful contribution ceded to retakaful	(310,576)	(77,980)	(32,180)	-	(62,653)	**(483,389)**
Net takaful contribution	(51,054)	(15,400)	634,688	1,066,487	(2,451)	**1,632,270**
Re-takaful rebate	71,191	16,447	-	-	516	**88,154**
Net underwriting income	20,137	1,047	634,688	1,066,487	(1,935)	**1,720,424**
Takaful claims	(75,183)	(12,324)	(395,767)	(1,357,394)	(30,622)	**(1,871,290)**
Re - takaful and other recoveries	76,143	9,397	(322)	-	28,102	**113,320**
Net claims	960	(2,927)	(396,089)	(1,357,394)	(2,520)	**(1,757,970)**
Contribution deficiency reserve				(7,411)	(1,319)	**(8,730)**
Direct expenses	(4,643)	(718)	(48,361)	(9,872)	(726)	**(64,320)**
Net takaful claims and expenses	(3,683)	(3,645)	(444,450)	(1,374,677)	(4,565)	**(1,831,020)**
(Deficit) / surplus before investment income	16,454	(2,598)	190,238	(308,190)	(6,500)	**(110,596)**
Other income						**100,464**
Investment income						**68,707**
Mudarib fee						**(20,093)**
Surplus transferred to Balance of PTF						**38,482**
Corporate segment assets	327,289	25,399	243,282	209,273	77,237	**882,480**
Corporate unallocated assets	-	-	-	-	-	**1,379,392**
Total assets	**327,289**	**25,399**	**243,282**	**209,273**	**77,237**	**2,261,872**
Corporate segment liabilities	332,868	26,601	600,783	676,639	84,404	**1,721,295**
Corporate unallocated liabilities	-	-	-	-	-	**348,687**
Total liabilities	**332,868**	**26,601**	**600,783**	**676,639**	**84,404**	**2,069,982**

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2023

33.1.1

	December 31, 2022					
	Fire & Property Damage	Marine, Aviation & Transport	Motor	Accident & Health	Miscellaneous	Total
	Rupees in thousand					
Contribution receivable (inclusive of Federal excise duty, Federal insurance fee and Administrative surcharge)	307,406	106,261	1,106,991	1,012,987	82,015	2,615,660
Less : Federal excise duty	(10,829)	(6,693)	(74,139)	(1,013)	(5,615)	(98,289)
Federal insurance fee	(718)	(465)	(5,356)	(5,682)	(388)	(12,609)
Gross direct written contribution (inclusive of administrative surcharge)	295,859	99,103	1,027,496	1,006,292	76,012	2,504,762
facultative inward contribution	1,007	85	-	-	8,000	9,092
Gross Contribution Written	296,866	99,188	1,027,496	1,006,292	84,012	2,513,854
Wakala fee	(82,935)	(34,717)	(333,936)	(251,573)	(21,002)	(724,163)
Contribution net of wakala fee	213,931	64,471	693,560	754,719	63,010	1,789,691
Contribution earned	194,943	64,205	638,119	603,116	67,010	1,567,393
Takaful contribution ceded to retakaful	(216,718)	(92,313)	(33,807)	-	(72,836)	(415,674)
Net takaful contribution	(21,775)	(28,108)	604,312	603,116	(5,826)	1,151,719
Re-takaful rebate	44,121	17,923	(797)	-	14,151	75,398
Net underwriting income	22,346	(10,185)	603,515	603,116	8,325	1,227,117
Takaful claims	(2,956)	(13,881)	(497,102)	(768,744)	(11,426)	(1,294,109)
Re - takaful and other recoveries	(46,808)	9,910	41,948	-	9,917	14,967
Net claims	(49,764)	(3,971)	(455,154)	(768,744)	(1,509)	(1,279,142)
Contribution deficiency reserve				(587)	(1,319)	(1,906)
Direct expenses	(2,832)	14	(42,937)	(2,186)	64	(47,877)
Net takaful claims and expenses	(52,596)	(3,957)	(498,091)	(771,517)	(2,764)	(1,328,925)
(Deficit) / surplus before investment income	(30,250)	(14,142)	105,424	(168,401)	5,561	(101,808)
Other income						56,053
Investment income						50,228
Mudarib fee						(11,211)
Deficit transferred to Balance of PTF						(6,738)
Corporate segment assets	285,726	36,804	362,252	261,566	65,340	1,011,688
Corporate unallocated assets	-	-	-	-	-	1,128,497
Total assets	285,726	36,804	362,252	261,566	65,340	2,140,185
Corporate segment liabilities	272,026	28,925	679,036	591,197	62,695	1,633,879
Corporate unallocated liabilities	-	-	-	-	-	306,329
Total liabilities	272,026	28,925	679,036	591,197	62,695	1,940,208

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2023

33.1.2

	Operator's Takaful Fund					
	December 31, 2023					
	Fire & Property Damage	Marine, Aviation & Transport	Motor	Accident & Health	Miscellaneous	Total
	Rupees in thousand					
Wakala fee income	100,929	33,698	321,084	355,495	20,067	**831,273**
Less : Commission expense	(53,236)	(14,944)	(80,682)	(79,140)	(7,517)	**(235,519)**
Management expenses	(58,312)	(16,369)	(88,375)	(86,687)	(8,234)	**(257,977)**
	(10,619)	2,385	152,027	189,668	4,316	**337,777**
Mudarib's share of PTF investment income						**20,093**
Investment income						**125,025**
Direct expenses						**(4,030)**
Other income						**28,884**
Profit before tax						**507,749**
Taxation expense						**(213,025)**
Profit after taxation						**294,725**
Corporate segment assets	57,034	10,516	77,595	80,422	6,861	**232,428**
Corporate unallocated assets	-	-	-	-	-	**1,213,208**
Total assets	**57,034**	**10,516**	**77,595**	**80,422**	**6,861**	**1,445,636**
Corporate segment liabilities	53,799	727	152,067	45,298	3,588	**255,479**
Corporate unallocated liabilities	-	-	-	-	-	**230,985**
Total liabilities	**53,799**	**727**	**152,067**	**45,298**	**3,588**	**486,464**

33.1.3

	December 31, 2022					
	Fire & Property Damage	Marine, Aviation & Transport	Motor	Accident & Health	Miscellaneous	Total
	Rupees in thousand					
Wakala fee income	75,551	34,573	307,242	201,039	22,335	640,740
Less : Commission expense	(42,165)	(12,466)	(63,230)	(48,344)	(8,543)	(174,748)
Management expenses	(49,668)	(14,684)	(74,481)	(56,949)	(10,063)	(205,845)
	(16,282)	7,423	169,531	95,746	3,729	260,147
Mudarib's share of PTF investment income						11,211
Investment income						22,797
Direct expenses						(3,858)
Other income						48,280
Profit before tax						338,577
Taxation expense						(118,481)
Profit after taxation						220,096
Corporate segment assets	38,813	10,631	87,839	77,207	6,263	220,753
Corporate unallocated assets	-	-	-	-	-	828,667
Total assets	38,813	10,631	87,839	77,207	6,263	1,049,420
Corporate segment liabilities	37,958	480	156,018	76,610	3,817	274,883
Corporate unallocated liabilities	-	-	-	-	-	110,090
Total liabilities	37,958	480	156,018	76,610	3,817	384,973

34 Management of takaful and financial risk

The Operator's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk, price risk and currency risk).The Operator's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall risks arising from the Operator's financial assets and liabilities are limited. The Operator consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below. The Board of Directors has overall responsibility for the establishment and oversight of Operator's risk management framework. The Board is also responsible for developing the Operator's risk management policies.

The individual risk wise analysis is given below :

34.1 Takaful risk

The principal risk that the Operator faces under takaful contracts is that the actual claims and benefit payments or the timing thereof may differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Operator is to ensure that sufficient reserves are available to cover these liabilities. The above risk exposure is mitigated by diversification across a large portfolio of takaful contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of retakaful arrangements. Further, strict claims review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims and similar procedures are put in place to reduce the risk exposure of the Operator. The Operator further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Operator.

Amounts recoverable from retakaful are estimated in a manner consistent with the outstanding claims provision and are in accordance with the retakaful contracts.

Although the Operator has retakaful arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded takaful, to the extent that any retakaful operator is unable to meet its obligations assumed under such retakaful agreements. The Operator's placement of retakaful is diversified such that it is neither dependent on a single retakaful operator nor are the operations of the Operator substantially dependent upon any single retakaful contract. Retakaful contracts are written with approved retakaful operators on either a proportionate basis or non-proportionate basis. The retakaful operators are carefully selected and approved and are dispersed over several geographical regions.

Experience shows that larger the portfolio is in similar retakaful contracts, smaller will be the relative variability about the expected outcome. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Operator has developed its takaful underwriting strategy to diversify the type of takaful risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The Operator principally issues the general takaful contracts e.g. fire and property damage, marine,aviation and transport, motor, accident & health and other miscellaneous. Risks under non-life takaful contracts usually cover twelve month or lesser duration. For general takaful contracts the most significant risks arise from accidental fire, atmospheric disaster and terrorist activities . Takaful contracts at times also cover risk for single incidents that expose the Operator to multiple takaful risks.

34.1.1 Geographical concentration of takaful risk

To optimize 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 risks with reference to the geographical location, the most important of which is risk survey.

34.1.2 Retakaful arrangements

Keeping in view the maximum exposure in respect of key zone aggregate, a number of proportional and non-proportional retakaful arrangements are in place to protect the net account in case of a major catastrophe. Apart from the adequate event limit which is the multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above limit would be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Operator.

	Participants' Takaful Fund					
	Gross sum covered		Re-takaful		Net	
	2023	2022	2023	2022	2023	2022
Class	Rupees in thousand					
Fire and property	**412,854,878**	323,532,751	**352,228,770**	273,408,731	**60,626,108**	50,124,020
Marine, aviation and transport	**159,589,198**	257,841,929	**131,147,739**	147,117,353	**28,441,459**	110,724,576
Motor	**66,992,514**	61,448,006	**2,292,628**	2,078,820	**64,699,886**	59,369,186
Accident and health	**81,859,296**	53,898,062	**-**	-	**81,859,296**	53,898,062
Miscellaneous	**8,232,555**	6,745,181	**6,641,090**	5,212,172	**1,591,465**	1,533,009
	729,528,441	703,465,929	**492,310,227**	427,817,076	**237,218,214**	275,648,853

34.1.3 Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the statement of financial position date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. Considerable judgment by management is required in the estimation of amounts due to participants arising from claims made under takaful contracts. Such estimates are necessary based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty, and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as judicial decisions and government legislation affect the estimates.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the statement of financial position date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the statement of financial position date.

34.1.4 Neutral assumptions for claim estimation

The process used to determine the assumptions for calculating the outstanding claim reserves is intended to result in neutral estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed in separate, case to case basis, with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and updated as and when new information is available.

The estimation of IBNR is generally subject to a greater degree of uncertainty that the estimation of the cost of settling claims already notified to the Operator, in which case the information about the claim event is available. IBNR provision is initially estimated at a gross level and a separate calculation is carried out to estimate the size of the retakaful recoveries.

The estimation process takes into account the past claims reporting pattern and details of retakaful programs. The contribution liabilities have been determined such that the total contribution liability provisions (unearned contribution reserve and contribution deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of statement of financial poition date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

34.1.5 Sensitivity analysis

The risks associated with the takaful contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Operator makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Operator considers that the liability for insurance claims recognized in the statement of financial position is adequate. However, actual experience may differ from the expected outcome.

As the Operator enters into short term takaful contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on surplus/(deficit), net of retakaful.

	2023	2022
	---------- Rupees in thousand ----------	
10% increase in claims liability		
Net:		
Fire	**96**	(4,979)
Marine	**(293)**	(397)
Motor	**(39,609)**	(45,515)
Accident & Health	**(135,739)**	(76,874)
Miscellaneous	**(252)**	(151)
	(175,797)	(127,916)
10% decrease in claims liability		
Net:		
Fire	**(96)**	4,979
Marine	**293**	397
Motor	**39,609**	45,515
Accident & Health	**135,739**	76,874
Miscellaneous	**252**	151
	175,797	127,916

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2023

34.2 Financial Risk

Maturity profile of financial assets and liabilities:

	Particiapnts' Takaful fund						
	December 31, 2023						
	Markup bearing			Non-markup bearing			Total
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
Financial assets	---------- Rupees in thousand ----------						
Investments - Equity securities	-	-	-	-	396,213	396,213	396,213
Investments - Debt Securities	-	-	-	-	-	-	-
Investments - Term Deposits	252,000	-	252,000	-	-	-	252,000
Loans and other receivables	-	-	-	100,243	-	100,243	100,243
Takaful / retakaful receivables- unsecured and considered good	-	-	-	462,482	-	462,482	462,482
Retakaful recoveries against outstanding claims	-	-	-	163,403	-	163,403	163,403
Salvage recoveries accrued	-	-	-	77,260	-	77,260	77,260
Cash and bank	584,528	-	584,528	-	-	-	584,528
	836,528	-	836,528	803,388	396,213	1,199,601	2,036,129
Financial liabilities							
Outstanding claims (including IBNR)	-	-	-	616,699	-	616,699	616,699
Takaful / retakaful payables	-	-	-	195,102	-	195,102	195,102
Wakala and mudarib fee payable	-	-	-	155,820	-	155,820	155,820
Other creditors and accruals	-	-	-	16,867	-	16,867	16,867
	-	-	-	984,488	-	984,488	984,488
	836,528	-	836,528	(181,100)	396,213	215,113	1,051,641

	Particiapnts' Takaful fund						
	December 31, 2022						
	Markup bearing			Non-markup bearing			Total
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
Financial assets	---------- Rupees in thousand ----------						
Investments - Equity Securities	-	-	-	-	-	-	-
Investments - Debt Securities	-	37,500	37,500	-	-	-	37,500
Investments - Term Deposits	150,000	-	150,000	-	-	-	150,000
Loans and other receivables *	-	-	-	67,068	-	67,068	67,068
Takaful / retakaful receivables- unsecured and considered good	-	-	-	653,424	-	653,424	653,424
Retakaful recoveries against outstanding claims *	-	-	-	147,898	-	147,898	147,898
Salvage recoveries accrued	-	-	-	78,872	-	78,872	78,872
Cash and bank	619,465	-	619,465	-	-	-	619,465
	769,465	37,500	806,965	947,262	-	947,262	1,754,227
Financial liabilities							
Outstanding claims (including IBNR)	-	-	-	524,563	-	524,563	524,563
Takaful / retakaful payables	-	-	-	186,586	-	186,586	186,586
Wakala and mudarib fee payable	-	-	-	146,414	-	146,414	146,414
Other creditors and accruals	-	-	-	31,334	-	31,334	31,334
	-	-	-	888,897	-	888,897	888,897
	769,465	37,500	806,965	58,365	-	58,365	865,330

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2023

	Operator's Takaful fund						
	December 31, 2023						
	Markup bearing			Non-markup bearing			Total
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
	Rupees in thousand						
Financial assets							
Investment - Equity securities	-	-	-	293,848	-	293,848	293,848
Investments - Debt securities	-	51,974	51,974	-	-	-	51,974
Loans and other receivables *	-	-	-	17,620	-	17,620	17,620
Wakala and mudarib fee receivable	-	-	-	155,820		155,820	155,820
Cash and bank	76,685	-	76,685	175	-	175	76,860
	76,685	51,974	128,659	467,463	-	467,463	596,122
Financial liabilities							
Other creditors and accruals	-	-	-	102,280	-	102,280	102,280
	-	-	-	102,280	-	102,280	102,280
	76,685	51,974	128,659	365,183	-	365,183	493,842

	Operator's Takaful fund						
	December 31, 2022						
	Markup bearing			Non-markup bearing			Total
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
	Rupees in thousand						
Financial assets							
Investment - Equity securities	-	-	-	251,052	-	251,052	251,052
Investment - Debt securities	-	125,000	125,000	-	-	-	125,000
Loans and other receivables *	-	-	-	14,617	-	14,617	14,617
Wakala and mudarib fee receivable				146,414	-	146,414	146,414
Cash and bank	164,215	-	164,215	-	-	-	164,215
	164,215	125,000	289,215	412,083	-	412,083	701,298
Financial liabilities							
Other creditors and accruals	-	-	-	87,264	-	87,264	87,264
	-	-	-	87,264	-	87,264	87,264
	164,215	125,000	289,215	324,819	-	324,819	614,034

34.2.1 Profit rate risk

Profit rate risk is the risk that the value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market profit rates. Sensitivity to profit rate risk arises from mismatching of financial assets and liabilities that mature or repaid in a given period. The Operator manages this mismatch through risk management strategies where significant changes in gap position can be adjusted. At the statement of financial position date the mark-up rate profile of the Operator's significant profit bearing financial instruments was as follows:

	Effective interest rate (%)		Carrying amounts	
	2023	2022	2023	2022
			Rupees in thousand	
Floating rate financial instruments				
Financial assets:				
Cash at bank - saving account	7% - 18.5%	7% - 14%	661,213	783,505

34.2.2 Sensitivity analysis

The Operator does not have any fixed rate financial assets and liabilities. For cash flow sensitivity analysis of variable rate instruments, a hypothetical change of 100 basis points in profit rates at the statement of financial position date would have decreased / (increased) profit for the year by the amounts shown below. It is assumed that the changes occur immediately and uniformly to each category of instrument containing profit rate risk. Variation in market profit rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Effect on profit before tax		Effect on funds	
	Increase	Decrease	Increase	Decrease
	Rupees in thousand			
As at 31 December 2023 - Fluctuation of 100 bps				
Cash flow sensitivity - variable rate financial liabilities				
Cash flow sensitivity - variable rate financial assets	**66,121**	**(66,121)**	**44,301**	**(44,301)**
As at 31 December 2022 - Fluctuation of 100 bps				
Cash flow sensitivity - variable rate financial liabilities				
Cash flow sensitivity - variable rate financial assets	78,351	(78,351)	52,495	(52,495)

Foreign currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Operator, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

Price risk

Price risk represents the risk that the fair value of financial instruments will fluctuate because of changes in the market prices (other than those arising from interest / mark-up rate risk or currency risk), whether those changes are caused by factors specific to individual financial instrument or its issuer, or factors affecting all or similar financial instrument traded in the market. The Operator is exposed to equity price risk that arises as a result of changes in the net asset value of mutual funds. The equity price risk arises from the Operator's investment in equity securities of mutual funds.

The Operator's strategy is to hold its strategic equity investments on a long term basis. Thus, Operator is not affected significantly by short term fluctuation in its strategic investments provided that the underlying business, economic and management characteristics of the investees remain favorable. The Operator strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity volatility. The Operator manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The Operator has investments in quoted equity securities amounting to Rs. 293,848 thousands (2022: Rs. 251,052 thousands) at the statement of financial position date. The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the statement of financial position date. Market prices are subject to fluctuation which may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions.

34.2.3 Sensitivity analysis

As the entire investment portfolio has been classified in the 'available-for-sale' category, a 10% increase / decrease in unit prices at year end would have increased / decreased Operator's fund as follows:

	December 31, 2023		December 31, 2022	
	Impact on profit before tax	Impact on operator's fund	Impact on profit before tax	Impact on operator's fund
	Rupees in thousand			
Effect of increase in unit price	**29,385**	**19,688**	25,105	16,820
Effect of decrease in unit price	**(29,385)**	**(19,688)**	(25,105)	(16,820)

34.3 Credit risk and concentration of 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 exposure by undertaking transactions with a large number of counterparties in various sectors and by continually assessing the credit worthiness of counterparties.

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result any change in economic, political or other conditions would affect their ability to meet contractual obligations in a similar manner. The Operator's credit risk exposure is not significantly different from that reflected in these financial statements. The management monitors and limits the Operator's exposure and makes conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

The carrying amount of financial assets represents the maximum credit exposure, as specified below:

	December 31, 2023			December 31, 2022		
	Operator's Fund	Participants' Takaful Fund	Aggregate	Operator's Fund	Participants' Takaful Fund	Aggregate
	Rupees in thousand					
Investment in equity securities	293,848	396,213	**690,061**	251,052	147,762	398,814
Investment in debt securities	51,974	-	**51,974**	125,000	37,500	162,500
Investment in term deposits	500,000	252,000	**752,000**	-	150,000	150,000
Loans and other receivable	17,620	100,243	**117,863**	14,617	67,068	81,685
Due from takaful contract holders	-	357,599	**357,599**	-	548,748	548,748
Due from other takaful / other retakaful	-	104,883	**104,883**	-	104,676	104,676
Retakaful recoveries against outstanding claims	-	163,403	**163,403**	-	147,898	147,898
Salvage recoveries accrued	-	77,260	**77,260**	-	78,872	78,872
Wakala and mudarib fee receivable	155,820	-	**155,820**	146,414	-	146,414
Bank deposits	76,685	584,528	**661,213**	164,040	619,465	783,505
	1,095,947	**2,036,129**	**3,132,076**	701,123	1,901,989	2,603,112

Provision for impairment is made for doubtful receivables according to the Operators's policy. The impairment provision is written off when the Operator expects that it cannot recover the balance due.

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2023

Age analysis of due from takaful contact holders (net of provision) other than related parties is as follows:

	2023	2022
	Rupees in thousand	
Upto one year	**328,584**	527,717
Above one year	**29,015**	4,457
	357,599	532,174
Less: provision for doubtful balances	**-**	-
	357,599	532,174

Age analysis of due from related parties against takaful contracts is as follows:

Upto one year	**25,159**	25,697
Above one year	**397**	67,916
	25,556	93,613
Less: provision for doubtful balances	**-**	-
	25,556	93,613

The credit quality of Participant's and Operator's bank balance can be assessed with reference to external credit rating as follows:

	Rating		Rating	2023	2022
	Short Term	Long Term	Agency	Rupees in thousand	
Dubai Islamic Bank Limited	A-1+	AA	JCR-VIS	**165,765**	647,820
MCB Islamic Bank Limited	A	A1	PACRA	**176,137**	36,178
Meezan Bank Limited	A-1+	AAA	JCR-VIS	**188,803**	91,438
Bank Islami Pakistan Limited	A1	AA-	PACRA	**117,180**	1,387
Faysal Islamic Bank Limited	A1+	AA	PACRA	**7,974**	4,574
UBL Ameen	A-1+	AA	JCR-VIS	**5,356**	2,108
				661,215	783,505

The credit quality of amount due from other co-takaful/retakaful operators (gross of provisions) can be assessed with reference to external credit rating as follows:

	Amounts due from other co-takaful / retakaful operators	Retakaful and other recoveries against outstanding claims	December 31, 2023	Amounts due from other co-takaful / retakaful operators	Retakaful and other recoveries against outstanding claims	December 31, 2022
	Rupees in thousand					
A or Above (including PRCL)	104,883	139,434	**244,317**	104,676	126,231	230,907
BBB	-	-	**-**	-	-	-
Others	-	23,969	**23,969**	-	21,667	21,667
Total	**104,883**	**163,403**	**268,286**	104,676	147,898	252,574

Capital adequacy risk

The Operator's objective when managing capital is to safeguard the Operator'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 in its businesses.

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2023

35 Fair values 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.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

		Participants' Takaful Fund									
		December 31, 2023									
		Carrying amount						Fair value			
	Note	Available -for-sale	Held to maturity	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		Rupees in thousand									
Financial assets measured at fair value											
Investments - Equity securities	7	396,213	-	-	-	-	**396,213**	396,213	-	-	**396,213**
Financial assets not measured at fair value											
Investments - Debt securities	8	-	-	-	-	-	-	-	-	-	-
Investments - Term Deposits	9	-	252,000				**252,000**	-	-	-	-
Loan and other receivables	11	-	-	100,243	-	-	**100,243**	-	-	-	-
Takaful / re - takaful receivables	12	-	-	462,482	-	-	**462,482**	-	-	-	-
Re - takaful recoveries against outstanding claims		-	-	163,403	-	-	**163,403**	-	-	-	-
Salvage recoveries accrued		-	-	77,260	-	-	**77,260**	-	-	-	-
Cash and bank deposits	14	-	-	-	584,528	-	**584,528**	-	-	-	-
		396,213	252,000	803,388	584,528	-	**2,036,129**	396,213	-	-	**396,213**
Financial liabilities not measured at fair value											-
Outstanding claims including IBNR	21	-	-	-	-	616,699	**616,699**	-	-	-	-
Takaful / re - takaful payables		-	-	-	-	195,102	**195,102**	-	-	-	-
Wakala and mudarib fee payable		-	-	-	-	155,820	**155,820**	-	-	-	-
Other creditors and accruals	17	-	-	-	-	16,867	**16,867**	-	-	-	-
		-	-	-	-	984,488	**984,488**	-	-	-	-

		Participants' Takaful Fund									
		December 31, 2022									
		Carrying amount						Fair value			
	Note	Available -for-sale	Held to maturity	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		Rupees in thousand									
Financial assets measured at fair value											
Investments - Equity securities	7	147,762	-	-	-	-	147,762	147,762	-	-	147,762
Financial assets not measured at fair value											
Investments - Debt securities	8	-	37,500	-	-	-	37,500	-	-	-	-
Investments - Term Deposits	9	-	150,000				150,000	-	-	-	-
Loan and other receivables	11	-	-	67,068	-	-	67,068	-	-	-	-
Takaful / re - takaful receivables	12	-	-	653,424	-	-	653,424	-	-	-	-
Retakaful recoveries against outstanding claims		-	-	147,898	-	-	147,898	-	-	-	-
Salvage recoveries accrued		-	-	78,872	-	-	78,872	-	-	-	-
Cash and bank deposits	14	-	-	-	619,465	-	619,465	-	-	-	-
		147,762	187,500	947,262	619,465	-	1,901,989	147,762	-	-	147,762
Financial liabilities not measured at fair value											
Outstanding claims including IBNR	21	-	-	-	-	524,563	524,563	-	-	-	-
Takaful / retakaful payables		-	-	-	-	186,586	186,586	-	-	-	-
Wakala and mudarib fee payable		-	-	-	-	146,414	146,414	-	-	-	-
Other creditors and accruals	17	-	-	-	-	31,334	31,334	-	-	-	-
		-	-	-	-	888,897	888,897	-	-	-	-

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2023

		Operator's Takaful Fund									
		December 31, 2023									
		Carrying amount						Fair value			
		Available -for-sale	Held to maturity	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Note	Rupees in thousand									
Financial assets measured at fair value											
Investments - Equity securities	7	293,848	-	-	-	-	**293,848**	293,848	-	-	**293,848**
Financial assets not measured at fair value											
Investments - Debt securities	10	-	51,974	-	-	-	**51,974**	-	51,974	-	**51,974**
Investments - Term Deposits	11	-	500,000	-	-	-	**500,000**				
Loan and other receivables	11	-	-	17,620	-	-	**17,620**	-	-	-	-
Wakala and mudarib fee receivable		-	-	155,820	-	-	**155,820**	-	-	-	-
Cash and bank deposits	14	-	-	-	76,860	-	**76,860**	-	-	-	-
		293,848	551,974	173,440	76,860	-	**1,096,122**	293,848	51,974	-	**345,822**
Financial liabilities not measured at fair value											
Other creditors and accruals	17	-	-	-	-	102,280	**102,280**	-	-	-	-
		-	-	-	-	102,280	**102,280**	-	-	-	-

		Operator's Takaful Fund									
		December 31, 2022									
		Carrying amount						Fair value			
		Available -for-sale	Held to maturity	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Note	Rupees in thousand									
Financial assets measured at fair value											
Investments - Equity securities	7	251,052	-	-	-	-	251,052	251,052	-	-	251,052
Financial assets not measured at fair value											
Investments - Debt securities	10	-	125,000	-	-	-	125,000	-	125,000	-	125,000
Loan and other receivables	11	-	-	-	-	-	-				
Wakala and mudarib fee receivable		-	-	14,617	-	-	14,617	-	-	-	-
Cash and bank deposits	14	-	-	146,414	-	-	146,414	-	-	-	-
		-	-	-	164,215	-	164,215	-	-	-	-
		251,052	125,000	161,031	164,215	-	701,298	251,052	125,000	-	376,052
Financial liabilities not measured at fair value											-
Other creditors and accruals	17	-	-	-	-	87,264	87,264	-	-	-	-
		-	-	-	-	87,264	87,264	-	-	-	-

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2023

36 Statement of Solvency - Participants' Takaful Fund

		31-Dec-23
		Rupees In thousand
Assets		
Investments		648,213
Loans and other receivables		137,735
Takaful / Retakaful receivables		462,482
Retakaful Recoveries against O/S benefits		163,403
Salvage recoveries accrued		77,260
Prepayments		188,251
Cash and Bank		584,528
Total Assets (A)		**2,261,872**
In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000		
Contribution due but unpaid more than 3 months Direct		146,214
Co-Takaful balances more than 3 months		39,419
Other Related Parties Balances Receivable		25,353
		210,986
Total of In-admissible assets (B)		
Total Admissible Assets (C=A-B)		**2,050,886**
Total Liabilities		
Outstanding benefits including IBNR		616,699
Unearned contribution reserves		602,178
Unearned commission income		34,276
Contribution deficiency reserves		23,218
Deferred taxation		8,613
Contributions received in advance		94,001
Takaful / Retakaful Payables		195,102
Wakala and mudarib fee payable		155,820
Other Creditors and Accruals		78,117
Taxation - provision less payments		40,498
Total Liabilities (D)		**1,848,522**
Total Net Admissible Assets (E=C-D)		**202,364**
Minimum Solvency Requirement (higher of following)		
Method A - U/s 36(3)(a)	150,000	
Method B - U/s 36(3)(b)	326,454	
Method C - U/s 36(3)(c)	211,095	**326,454**
Deficit in Net Admissible Assets over Minimum Requirements		**(124,090)**

Notes To and Forming Part of Financial Statements

For the Year Ended 31 December 2023

	Operator's Takaful Fund		Participants' Takaful Fund	
	Available for sale	Held to Maturity	Available for sale	Held to Maturity
	Rupees in thousand			
37 Movement in Investment				
At the beginning of previous year	38,326	75,000	53,900	175,000
Additions	251,052	50,000	147,746	150,000
Disposals	(38,326)	-	(53,884)	(137,500)
Fair value gain		-	-	-
(excluding net realized gain)				-
At the beginning of current period	**251,052**	**125,000**	**147,762**	**187,500**
Additions	42,796	-	226,365	252,000
Disposals	-	(75,000)	-	(187,500)
Fair value gain	-	-	22,086	-
(excluding net realized gain)				
At the end of current period	**293,848**	**50,000**	**396,213**	**252,000**

38 Subsequent events - non adjusting event

There are no significant events that need to be disclosed for the year ended December 31, 2023.

39 Date of authorization for issue

This financial information was authorized for issue on March 26, 2024 by the Board of Directors of the Operator.

40 General

Figures have been rounded off to the nearest thousand rupees unless other wise stated.

Umer Mansha	Shaikh Muhammad Jawed	Muhammad Arif Hameed	Muhammad Asim Nagi	Muhammad Ali Zeb
Chairman	Director	Director	Chief Financial Officer	Managing Director & Chief Executive Officer

OTHER INFORMATION



BCR Criteria

S.No.	BCR Criteria	Page No.
1	**Organizational Overview and External Environment**	
1.01	Mission, vision, code of conduct, ethics and values.	27 & 34
1.02	Principal business activities and markets (local and international) including key brands, products and services.	50 & 51
1.03	Geographical location and address of all business units including sales units and plants.	54, 55
1.04	Ownership, operating structure and relationship with group companies (i.e. subsidiary, associated undertaking etc.) and number of countries in which the organization operates. Name and country of origin of the holding company/subsidiary company, if such companies are a foreign company.	109 & 110
1.05	Disclosure of beneficial (including indirect) ownership and flow chart of group shareholding and relationship as holding company, subsidiary company or associated undertaking.	109 & 110
1.06	Organization chart indicating functional and administrative reporting, presented with legends.	57
1.07	Position of the reporting organization within the value chain showing connection with other businesses in the upstream and downstream value chain.	62
1.08	a) Explanation of significant factors effecting the external environment including political, economic, social, technological, environmental and legal environment that is likely to be faced in the short, medium and long term and the organization‟s response. b) The effect of seasonality on business in terms of production and sales.	60 67
1.09	The legislative and regulatory environment in which the organization operates.	66
1.10	The legitimate needs, interests of key stakeholders and industry trends.	114
1.11	SWOT Analysis of the company.	61
1.12	Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, relative strengths and weaknesses of competitors and customer demand and the intensity of competitive rivalry).	59
1.13	The political environment where the organization operates and other countries that may affect the ability of the organization to implement its strategy.	66
1.14	History of major events.	49
1.15	Details of significant events occurred during the year and after the reporting period.	156
2	**Strategy and Resource Allocation**	

S.No.	BCR Criteria	Page No.
2.01	Short, medium and long-term strategic objectives and strategies in place to achieve these objectives.	68
2.02	Resource allocation plans to implement the strategy. Resource mean „Capitals" including: a) Financial Capital; b) Human Capital; c) Manufactured Capital; d) Intellectual Capital; e) Social and Relationship Capital; and f) Natural Capital.	70 – 72
2.03	The capabilities and resources of the company to provide sustainable competitive advantage and as result value created by the business.	70 – 72
2.04	The effects of the given factors on company strategy and resource allocation: technological changes, ESG reporting and challenges, initiatives taken by the company in promoting and enabling innovation and resource shortages (if any).	74
2.05	Key performance indicators (KPIs) to measure the achievement against strategic objectives including statement as to whether the indicators used will continue to be relevant in the future.	69
2.06	The company"s sustainability strategy with measurable objectives/ targets.	173
2.07	Board"s statement on the significant plans and decisions such as corporate restructuring, business expansion, major capital expenditure or discontinuance of operations.	75
2.08	a) Information about defaults in payment of any debts with reasons and b) Board strategy to overcome liquidity problem and its plan to manage repayment of debts and meet operational losses.	75 75
3	**Risks and Opportunities**	
3.01	Key risks and opportunities (internal and external) affecting availability, quality and affordability of Capitals.	80-82
3.02	A Statement from Board for determining the following: a) company"s level of risk tolerance by establishing risk management policies. b) the company has carried out a robust assessment of the principal risks facing the company, including those that would threaten the business model, future performance and solvency or liquidity.	79 79
3.03	Risk Management Framework covering principal risk and uncertainties facing the company, risk methodology, risk appetite and risk reporting.	78-79
3.04	Specific steps being taken to mitigate or manage key risks or to create value from key opportunities by identifying the associated strategic objectives, strategies, plans, policies, targets and KPIs.	74
3.05	Disclosure of a risk of supply chain disruption due to an environmental, social or governance incident and company"s strategy	175

S.No.	BCR Criteria	Page No.
	for monitoring and mitigating these risks (is any).	
4	**Sustainability and Corporate Social Responsibility (CSR)**	
4.01	Board‟s statement for adoption of best practices for CSR.	4
4.02	Board‟s statement about the company‟s strategic objectives on ESG (environmental, social and governance)/ sustainability reporting.	172
4.03	A chairman‟s overview on how the company‟s sustainable practices can affect their financial performance.	36
4.04	Highlights of the company's performance, policies, initiatives and plans in place relating to the various aspects of sustainability and CSR as per best business practices including: a) environment related obligations applicable on the company; b) company progress towards ESG initiatives during the year; and c) company‟s responsibility towards the staff, health & safety.	175-179
4.05	Status of adoption/compliance of the Corporate Social Responsibility (Voluntary) Guidelines, 2013 issued by the SECP or any other regulatory framework as applicable.	178
4.06	Certifications acquired for best sustainability and CSR practices or have a membership of any environmental or social groups.	178
5	**Governance**	
5.01	Board composition: a) Leadership structure of those charged with governance. b) Name of independent directors indicating justification for their independence. c) Diversity in the board i.e. competencies, requisite knowledge & skills, and experience. d) Profile of each director including education, experience and involvement /engagement of in other entities as CEO, Director, CFO or Trustee etc. e) No. of companies in which the executive director of the reporting organization is serving as non-executive director.	40, 41, 42, 89
5.02	A brief description about role of the Chairman and the CEO.	43 & 47
5.03	A statement of how the board operates, including a high-level statement of which types of decisions are to be taken by the board and which are to be delegated to management.	110 – 111
5.04	Chairman‟s Review Report on the overall performance of the board and effectiveness of the role played by the board in achieving the company‟s objectives.	36
5.05	Annual evaluation of performance, along with description of criteria used for the members of the board including CEO, Chairman and board‟s committees.	111
5.06	Disclosure if the board‟s performance evaluation is carried out by an external consultant once in three years.	111
5.07	Details of formal orientation courses for directors.	111

S.No.	BCR Criteria	Page No.
5.08	Directors‟ Training Program (DTP) attended by directors, female executive and head of department from the institutes approved by the SECP and names of those who availed exemptions during the year.	112
5.09	Description of external oversight of various functions like systems audit or internal audit by an external specialist and other measures taken to enhance credibility of internal controls and systems.	111
5.10	Disclosure about related party transactions: a) Approved policy for related party transactions. b) Details of all related parties transactions, along with the basis of relationship describing common directorship and percentage of shareholding. c) Contract or arrangement with the related party other than in the ordinary course of business on an arm‟s length basis, if any along with the justification for entering into such contract or arrangement. d) Disclosure of director‟s interest in related party transactions. e) In case of conflict, disclosure that how such a conflict is managed and monitored by the board.	112
5.11	Disclosure of Board‟s Policy on the following significant matters: a) Governance of risk and internal controls. b) Diversity (including gender), any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives. c) Disclosure of director‟s interest in significant contracts and arrangements. d) Remuneration of non-executive directors including independent directors for attending board meetings and general meetings. e) Retention of board fee by the executive director earned by him against his services as non-executive director in other companies. f) Security clearance of foreign directors. g) Board meetings held outside Pakistan. h) Human resource management including preparation of succession plan. i) Social and environmental responsibility.	 113 113 112 113 113 113 113 114 166-169

S.No.	BCR Criteria	Page No.
	j) Communication with stakeholders. k) Investors‟ relationship and grievances. l) Employee health, safety and protection. m) Whistle blowing policy including mechanism to receive and handle complains in a fair and transparent manner and providing protection to the complainant against victimization and reporting in Audit Committee‟s report. n) Safety of records of the company. o) Company‟s approach to managing and reporting policies like procurement, waste and emissions.	114 175 115 115
5.12	Board review statement of the organization‟s business continuity plan or disaster recovery plan.	115
5.13	Compliance with the Best Practices of Code of Corporate Governance (No marks in case of any non-compliance).	103-107
5.14	a) Shares held by Sponsors / Directors / Executives; b) Distribution of shareholders (Number of shares as well as category, e.g. Promoter, Directors/Executives or close family member of Directors/Executives etc.) or foreign shareholding (if any).	109 423
5.15	Salient features of TOR and attendance in meetings of the board committees (Audit, Human Resource, Nomination and Risk management).	115-118
5.16	Timely Communication: within 40 days - 6 marks (within 50 days - 6 marks in case of holding company who has listed subsidiary /subsidiaries) within 60 days - 3 marks (Entities requiring approval from a Regulator before finalization of their financial statements would be provided a 20 days relaxation, on providing evidence to the Committee).	251
5.17	Audit Committee report should describe the work of the committee in discharging its responsibilities. The report should include: a) Composition of the committee with at least one member qualified as “financially literate and all members are non-executive / Independent directors including the Chairman of the Audit Committee. b) Committee‟s overall role in discharging its responsibilities for the significant issues in relation to the financial statements, and how	118

S.No.	BCR Criteria	Page No.
	these issues were addressed. c) Committee‟s overall approach to risk management and internal control, and its processes, outcomes and disclosure. d) Role of Internal Audit to risk management and internal control, and approach to Internal Audit to have direct access to Audit Committee and evaluation of Internal Auditor‟s performance. e) Review of arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommended instituting remedial and mitigating measures. f) An explanation as to how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor; and if the external auditor provides non-audit services, an explanation as to how auditor‟s objectivity and independence is safeguarded. g) If Audit Committee recommends external auditors other than the retiring external auditors, before the lapse of three consecutive years, reasons shall be reported. h) The Audit Committee‟s views whether the Annual Report was fair, balanced and understandable and also whether it provided the necessary information to shareholders to assess the company‟s position and performance, business model and strategy. i) Results of the self-evaluation of the Audit Committee carried out of its own performance. j) Disclosure of the number of whistle-blowing incidences reported to the Audit Committee during the year.	
5.18	Presence of the chairman of the Audit Committee at the AGM to answer questions on the Audit Committee‟s activities / matters that are within the scope of the Audit Committee‟s responsibilities.	
5.19	Board disclosure on Company‟s use of Enterprise Resource Planning (ERP) software including: a) how it is designed to manage and integrate the functions of core business processes/ modules like finance, HR, supply chain and inventory management in a single system; b) management support in the effective implementation and continuous updation; c) details about user training of ERP software;	128-129

S.No.	BCR Criteria	Page No.
	d) how the company manages risks or control risk factors on ERP projects; e) how the company assesses system security, access to sensitive data and segregation of duties.	
5.20	Where an external search consultancy has been used in the appointment of the Chairman or a non-executive director, a disclosure if it has any other connection with the company.	121
5.21	Chairman‟s significant commitments and any changes thereto.	121-122
5.22	Disclosure about the Government of Pakistan policies related to company‟s business/sector in Directors‟ Report and their impact on the company business and performance.	91
6	**Analysis of the Financial Information**	
6.01	Analysis of the financial and non-financial performance using both qualitative and quantitative indicators showing linkage between: a) Past and current performance; b) Performance against targets /budget; and The analysis should cover significant deviations from previous year in operating results and the reasons for loss, if incurred and future prospects of profits.	132
6.02	a) Analysis of financial ratios (Annexure I). b) Explanation of negative change in the performance against prior year.	Refer below 132-150
6.03	Vertical and horizontal analysis of Balance Sheet, Profit and Loss Account and summary of Cash Flow Statement for last 6 years.	133-135
6.04	Graphical presentation of 6.02 and 6.03 above.	137-141
6.05	Methods and assumptions used in compiling the indicators.	150
6.06	Cash Flow Statement based on Direct Method (separate Cash Flow for specific funds e.g. Zakat).	193
6.07	Segmental review and analysis of business performance including segment revenue, segment results, profit before tax, segment assets and liabilities.	236-237
6.08	a) Share price sensitivity analysis using key variables (i.e. selling price, raw material cost, interest rate and currency) with the consequent impact on the company‟s earning. b) Composition of local versus imported material and sensitivity analysis in narrative form due to foreign currency fluctuations.	151 152
6.09	Brief description and reasons for not declaring dividend despite earning profits and future prospects of dividend.	Not applicable
6.10	CEO presentation video on the company‟s business performance of the year covering the company business strategy to improve and future outlook. (Please provide relevant webpage link of the video in	121

S.No.	BCR Criteria	Page No.
	the company's annual report).	
7	**Business Model**	
7.01	Describe the business model including inputs, business activities, outputs and outcomes in accordance with the guidance as set out under section 4C of the International Integrated Reporting Framework.	64-65
7.02	Explanation of any material changes in the entity‟s business model during the year.	66
8	**Disclosures on IT Governance and Cybersecurity**	
8.01	The Board responsibility statement on the evaluation and enforcement of legal and regulatory implications of cyber risks and the responsibilities of the board in case of any breaches.	126-130
8.02	Disclosure related to IT governance and cybersecurity programs, policies and procedures and industry specific requirements for cybersecurity and strategy in place.	126-130
8.03	Disclosures about how cybersecurity fits into the board‟s risk oversight function and how the board is engaging with management on this issue.	126-130
8.04	Disclosure that at least one board-level committee is charged with oversight of IT governance and cybersecurity matters and how the board administers its IT risk oversight function related to these risks.	126-130
8.05	Disclosure about Company‟s controls and procedures about an “early warning system” that enables the company to identify, assess, address, make timely disclosures and timely communications to the board about cybersecurity risks and incidents.	126-130
8.06	Disclosure of policy related to independent comprehensive security assessment of technology environment, including third party risks and when last such review was carried out.	126-130
8.07	Disclosure about resilient contingency and disaster recovery plan in terms of dealing with a possible IT failure or cyber breach and details about company‟s cyber insurance.	126-130
8.08	Disclosure of advancement in digital transformation on how the organization has leveraged 4.0 Industrial revolution (RPA, Block Chain, AI, Cloud Computing etc.) to improve transparency, reporting and governance.	126-130
8.09	Disclosure about education and training efforts of the Company to mitigate cybersecurity risks.	126-130
9	**Future Outlook**	
9.01	Forward-looking statement in narrative and quantitative form including projections or forecasts about known trends and uncertainties that could affect the company‟s resources, revenues and operations in the short, medium and long term.	160-163
9.02	Explanation as to how the performance of the company meets the forward-looking disclosures made in the previous year.	160-163
9.03	Status of the projects in progress and were disclosed in the forward-looking statement in the previous year.	160-163
9.04	Sources of information and assumptions used for projections /	160-163

S.No.	BCR Criteria	Page No.
	forecasts in the forward-looking statement and assistance taken by any external consultant.	
10	**Stakeholders Relationship and Engagement**	
10.01	Stakeholders engagement policy of the company and how the company has identified its stakeholders.	166
10.02	Stakeholders‟ engagement process and the frequency of such engagements during the year. Explanation on how these relationships are likely to affect the performance and value of the company, and how those relationships are managed. These engagements may be with: a) Institutional investors; b) Customers & suppliers; c) Banks and other lenders; d) Media; e) Regulators; f) Local committees; and g) Analysts.	166-168
10.03	Steps taken by the management to encourage the minority shareholders to attend the general meetings.	168
10.04	Investors' Relations section on the corporate website.	168
10.05	Issues raised in the last AGM, decisions taken and their implementation status.	169
10.06	Statement of value added and its distribution with graphical presentation: a) Employees as remuneration; b) Government as taxes (separately direct and indirect); c) Shareholders as dividends; d) Providers of financial capital as financial charges; e) Society as donation; and f) Retained within the business.	73
10.07	Steps board has taken to solicit and understand the views of stakeholders through corporate briefing sessions and disclosure of brief summary of Analyst briefing conducted during the year.	169
10.08	Highlights about redressal of investors' complaints.	169
11	**Striving for Excellence in Corporate Reporting**	
11.01	Board‟s responsibility statement on full compliance of financial accounting and reporting standards as applicable in Pakistan (i.e. International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB)).	123
11.02	Adoption of International Integrated Reporting Framework by fully applying the „Fundamental Concepts‟, „Content Elements‟ and „Guiding Principles‟.	4-5
11.03	BCR criteria cross referred with page numbers of the annual report. (details can be maintained by companies on the Investor Relation section of the company‟s website).	408
12	**Specific Disclosures of the Financial Statements**	
12.01	Specific disclosures of the financial statements required under the	Refer below

S.No.	BCR Criteria	Page No.
	Companies Act, 2017 and IFRSs (**Annexure II**).	
13	**Assessment based on Qualitative Factors**	
13.01	Overall quality of information contained in the annual report based on the following qualitative factors: a) Clarity, simplicity and lucidity in presentation of Financial Statements Clarity, simplicity and lucidity in presentation of financial statements. b) Theme on the cover page. c) Effective use of presentation tools, particularly, effective use of diagrams, graphs, charts, smart arts, icons, tables and infographics in the annual report. d) Effectiveness and relevance of photos and graphs e) Effectiveness of the theme on the cover page.	
14	**Industry Specific Disclosures (if applicable)**	
b)	Disclosures required for Insurance Company (Annexure IV).	Refer below
Annexure I - Financial Ratios *(refer section 6 of the criteria)*		
	Financial Sector **Profitability Ratios** a) Profit before tax ratio b) Gross Yield on Earning Assets c) Gross Spread ratio d) Cost/Income ratio e) Return on Equity f) Return on Capital employed g) Shareholders' Funds h) Return on Shareholders' Funds i) Total Shareholder Return **Liquidity Ratios** a) Advances to deposits ratio b) Current ratio c) Quick / Acid test ratio d) Cash to Current Liabilities e) Cost of Funds f) Cash flow coverage ratio g) Net interest income as a percentage of w / Operating cost - Efficiency ratio h) Cash Reserve Ratio / Liquid Asset ratio i) Gross Non-Performing assets	136

S.No.	BCR Criteria	Page No.
	to gross advances j) Non-Performing loans to Total Loans **Investment / Market Ratios** a) Earnings per share (EPS) and diluted EPS b) Price Earnings ratio c) Price to Book ratio d) Dividend Yield ratio e) Dividend Payout ratio / Dividend Cover Ratio f) Cash Dividend per share / Stock Dividend per share g) Market value per share at the end of the year and high/low during the year h) Breakup value per share i. Without Surplus on Revaluation of property, plant and equipment ii. With Surplus on Revaluation of property plant and equipment including the effect of all Investments iii. Including Investment in Related Party at fair /market value and also with Surplus on Revaluation of property plant and equipment. i) DuPont Analysis j) Free Cash Flow k) Economic Value Added (EVA) **Capital Structure** a) Capital Adequacy ratio b) Earning assets to total assets ratio c) Weighted Average cost of deposit d) Statutory Liquidity Reserve (Ratio) e) Net assets per share f) Debt to Equity ratio (as per book and as per market value)	

S.No.	BCR Criteria	Page No.
	Non-Financial Ratios a) Staff turnover ratio b) Customer Satisfaction Index c) Employee Productivity Rate	
Annexure II - Specific Disclosures of the Financial Statements ***(refer section 12 of the criteria)***		
1	Fair value of Property, Plant and Equipment.	153
2	Particulars of significant / material assets and immovable property including location and area of land.	153
3	Capacity of an industrial unit, actual production and the reasons for shortfall.	Not applicable
4	Forced sale value in case of revaluation of Property, Plant and Equipment or investment property.	153
5	Specific disclosures required for shariah compliant companies/ companies listed on the Islamic Indices as required under clause 10 of the Fourth Schedule of the Companies Act, 2017.	Not Applicable
6	Disclosure requirements for common control transactions as specified under the Accounting Standard on „Accounting for common control transactions" developed by ICAP and notified by SECP (through SECP S.R.O. 53 (I)/2022 dated January 12, 2022)	Not Applicable
7	Disclosure about Human Resource Accounting (includes the disclosure of process of identifying and measuring the cost incurred by the company to recruit, select, hire, train, develop, allocate, conserve, reward and utilize human assets).	154
8	In financial statements issued after initial or secondary public offering(s) of securities or issuance of debt instrument(s) implementation of plans as disclosed in the prospectus /offering document with regards to utilization of proceeds raised till full implementation of such plans.	Not Applicable
9	Where any property or asset acquired with the funds of the company and is not held in the name of the company or is not in the possession and control of the company, this fact along with reasons for the property or asset not being in the name of or possession or control of the company shall be stated; and the description and value of the property or asset, the person in whose name and possession or control it is held shall be disclosed.	Not Applicable
Annexure IV - Specific Disclosures for Insurance Company		
1	Claims management and details of outstanding claims (IBNR & IBNER) with estimated liability and ageing thereof.	204-229
2	Highlights of segment revenue account.	236-237

S.No.	BCR Criteria	Page No.
3	Disclosure of outstanding premium/ unearned premium.	157
4	Details of claims under different categories of policies.	157
5	Disclosures pertaining to solvency margin.	155
6	Certificate of actuary giving details of the liabilities on account of live policies and estimates/assumptions made for the same.	
7	Following accounting ratios pertaining to insurance sector: • Claim ratio • Solvency ratio • Premium growth ratio • Claim settlement ratio • Combined ratio • Persistency ratio • Reinsurance premium ceded on gross premium (%) • Reinsurance claim recovery percentage • Retention ratio • External liability ratio	157
8	Review of assets quality.	156
9	Report of the life actuary (for life insurance).	Not applicable

Notice of 63rd Annual General Meeting

NOTICE is hereby given that the 63rd Annual General Meeting (AGM) of Adamjee Insurance Company Limited (the "Company") will be held on April 26, 2024 (Friday) at 10:00 A.M. at Nishat Hotel, Gulberg, Lahore and through video-link facility to transact the following business:

ORDINARY:

1. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended 31 December 2023, Directors', and Auditors' reports and the Chairman's Review Report.

   Pursuant to SRO 389(1)/2023 dated 21 March 2023 and approval of shareholders in EOGM on 16th June 2023 the financial statements of the Company have been up-loaded on the website of the Company which can be downloaded from the following weblink and or QR enabled code.

   https://www.adamjeeinsurance.com/investor-relation#financial-report

2. To declare and approve, as recommended by the directors, the payment of final cash dividend of Rs. 1.50 per share i.e., @ 15% in addition to 15% interim cash dividend already declared and paid i.e., total 30% for the year ended 31 December 2023.

3. To appoint auditors and fix their remuneration. The members are hereby notified that retiring auditors M/s Yousuf Adil, Chartered Accountants, have completed 5 years tenure and the Board of Directors and the Audit Committee have recommended the name of KPMG Taseer Hadi Chartered Accountants as auditors of the Company.

4. **Special:**

   To consider and if thought fit, to pass the following resolution as special resolution with or without modification(s), addition(s) or deletion(s).

   RESOLVED THAT "the validity of special resolution passed in the Extraordinary General Meeting of the Company held on May 28, 2016, for investment of up to Rs. 625 million for purchase of 5 million ordinary shares of Nishat Mills Limited, an associated company be and is hereby extended for further three years till May 28, 2027, to allow the Company to make balance investment with other terms and conditions of the investment to remain unchanged".

   RESOLVED FURTHER THAT "the Chief Executive and/or Company Secretary of the Company be and are hereby authorized and empowered on behalf of the Company to take all steps and actions necessary, ancillary and incidental for making the investment(s) in Nishat Mills Limited and sign, execute and amend such documents, papers, instruments etc., as may be necessary or expedient for the purpose of giving effect to the spirit and intent of the aforesaid resolution".

   (Attached to this Notice is a statement of material facts pursuant to the provisions of the Companies Act, 2017).

By Order of the Board

Tameez-ul-Haque
Company .Secretary

Lahore: April 05, 2024

N O T E S:

Book Closure

1. The share transfer books of the Company will remain closed from April 19, 2024, to April 26, 2024 (both days inclusive). Transfers received in order at the office of the Company's Independent Share Registrar, M/s CDC Share Registrar Services Ltd., CDC House, 99- B, S.M.C.H.S, Main Shahrah e Faisal, Karachi by the close of business (5:00 PM) on April 18, 2024 will be treated in time for the purposes of entitlement of members to the final cash dividend and for attending and voting at the AGM.

2. **Instrument of Proxy**

   A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote. The Instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarial attested copy of the power of attorney must be deposited at the registered office of the Company at least 48 hours before the time of the meeting. A proxy must be a member of the Company. A Company or a Corporation being a member of the Company may appoint a representative through a resolution of board of directors for attending and voting at the meeting. Proxy Forms, in English and Urdu languages, have been dispatched to the members along with the notice of AGM.

3. **Attendance**

   To attend the meeting through video link, the members and their proxies are requested to register themselves by providing the following information along with their Name, Folio Number, Cell No., and Number of Shares held, a valid copy of CNIC (both sides)/ passport attested copy of board resolution/power of attorney (in case of corporate shareholders) through email at zafar.iqbal@adamjeeinsurance.com and/or info@adamjeeinsurance.com by 18 April, 2024:

Name of Member/ proxyholders	CNIC No.	Folio No./ Participant Id/ Account No.	Cell No./ WhatsApp's No.	Email ID.

   The shareholders who are registered after the necessary verification shall be provided with a video link by the Company at the said email address. The login facility will remain open from the start of the meeting till its proceedings are concluded.

4. **Placement of Annual Reports, Financial Statements, AGM Notice**

   The annual report containing inter alia audited standalone and consolidated financial statements and mandatory reports and notice of AGM have been placed on the website of the Company www.adamjeeinsurance.com

5. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the applicable guidelines as laid down by the Securities and Exchange Commission of Pakistan in Circular No 1 of 2000.

6. Members are requested to be timely notified of any change in their addresses to our independent Share Registrar.

7. **Notice to Shareholders who have not provided CNIC:**

   The shareholders who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs (if not already provided) directly to our Independent Share Registrar at the address given in Note No.1.

8. **Payment of Cash Dividend Electronically:**

   Under the provision of Section 242 of Companies Act, 2017 and the Companies (Distribution of Dividends) Regulations, 2017, it is mandatory for a listed company to pay cash dividend to their shareholders only through electronic mode directly into the bank account designated by the entitled shareholders instead of issuing physical dividend warrant.

   In order to receive cash dividend directly into the designated bank account, shareholders are requested to fill and sign the "Mandate Form for E-DIVIDEND" available on the Company's website link: https://www.adamjeeinsurance.com/assets/e_mandate.pdf and send to the relevant Broker/Participants/Investor Account Services of the CDC/Share Registrar of the Company (as the case may be) before April 18, 2024 along with a copy of their valid CNICs. The aforesaid form is also available at the end of the Annual Report of the Company. In case of non-receipt or incorrect International Bank Account Number (IBAN) with other related details or non-availability of CNICs, the Company will withhold cash dividend of such members in terms of Section 242 of The Companies Act, 2017.

9. **Unclaimed Dividend:**

   Shareholders, who for any reason, could not claim their dividends/shares, if any, are advised to contact our Share Registrar to collect/ enquire about their unclaimed dividend/shares, if any.

10. Hardcopy of Annual Financials:

Shareholders have passed Special Resolution in EOGM held on June 16, 2023 to circulate annual report from 31st December 2023 onwards through QR enabled code and weblink in compliance of directive of SRO 389 (1)/ 2023 dated 21st March 2023. The annual report is emailed to shareholders who have provided their email address in terms of Section 223 (6) of the Companies Act, 2017. The shareholders who wish to receive hard copy of the aforesaid documents may send to the Company Secretary/Share Registrar, the Standard Request Form available on the website of the Company and the Company will supply hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand.

11. Deduction of Withholding Tax on the amount of Dividend:

Pursuant to Circular No.19/2014 dated October 24, 2014, SECP has directed all companies to inform shareholders about changes made in Section 150 of the Income Tax Ordinance, 2001. The Company, hereby advise to its shareholders, the important amendments, as under:

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

a) For filers of income tax returns 15%

b) For non-filers of income tax returns 30%

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

In the case of shares registered in the name of two or more shareholders, each joint-holder is to be treated individually as either a filer or non-Filer and tax will be deducted by the Company based on shareholding of each joint-holder as may be notified to the Company in writing. The joint-holders are, therefore, requested to submit their shareholdings otherwise each joint holder shall be presumed to have an equal number of shares. The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or its Independent Share Registrar address at Note No.1. The shareholders, while sending NTN or NTN certificates, must quote the company name and their respective folio numbers.

12. Zakat Declarations:

The members of the Company are required to submit a Declaration for Zakat exemption in terms of Zakat and Ushr Ordinance, 1980 to the Company.

13. Deposit of Physical Shares into CDC Account:

SECP through its letter No. CSD/ED/Misc/2016-639-640, dated March 26, 2021, has advised the listed companies to adhere with the provisions of the Section 72 of the Companies Act, 2017 (the "Act") requiring all the existing companies to replace physical shares issued by them with shares in book-entry form in a manner as may be specified by the SECP. Therefore, shareholders still carrying physical shares are requested to convert it into book-entry form by opening an account with the CDC. Members are apprised of the various advantages associated with holding shares in book-entry form, including secure and convenient custody, easy tradability, elimination of risks like loss or theft, no stamp duty is required on issuance of duplicate share certificates and transfer of shares, and the smooth crediting of bonus or right shares. We strongly advise members, in their best interest, to promptly undertake the conversion of their physical shares into book-entry form.

14. Procedure for e-Voting:

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

b) Details of e-Voting facility will be shared through e-mail with those members of the company who have valid cell numbers / e-mail addresses (Registered e-mail ID) available in the Register of Members of the Company by the end of business on April 18, 2024. Members who intend to exercise their right of vote through e-voting shall provide their valid cell numbers and email addresses on or before April 21, 2024. The web address, login details and password will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of CDC Share Registrar Services Limited (being e voting service provider).

c) Identity of the Members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.

d) Members shall cast vote for agenda item No. 4 online from April 23, 2024, till April 25, 2024 at 5:00 p.m. Voting shall close on April 25, 2024, at 5:00 p.m. A vote once cast by a Member shall not be allowed to be changed.

15. Procedure for Voting Through Postal Ballot

a) Members may alternatively opt for voting through postal ballot. For the convenience of the members, Ballot Paper is annexed to this notice and the same is also available on the Company's website www.adamjeeinsurance.com.

b) The members must ensure that the duly filled and signed ballot paper, along with a copy of Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post at the Company's Karachi Office, Adamjee House, 9th Floor, I.I. Chundrigar Road, Karachi, or email at info@adamjeeinsurance.com or zafar.iqbal@adamjeeinsurance.com one day before the AGM, i.e., on April 25,2024 before 5:00 p.m. A postal ballot received after this time / date shall not be considered for voting.

c) In case of an Individual. signature on Ballot Paper should match with signature on CNIC, NICOP/Passport (in case of foreigner); however, in case of a representative of a body corporate, corporation or Federal Government, the Ballot Paper must be accompanied by a copy of the CNIC of an authorized person, an attested copy of Board Resolution / Power of Attorney / Authorization Letter etc., in accordance with Section(s) 138/139 of the Act. In the case of foreign body corporate etc., all documents must be attested by the Consul General of Pakistan having jurisdiction over the member; and

d) Incomplete, unsigned, incorrect, defaced, torn, mutilated, overwritten Ballot Paper will be rejected.

16. Statement under Section 134(3) of The Companies Act 2017:

This statement sets out material facts concerning the special businesses, proposed to be transacted at the annual general meeting of the Company to be held on April 26, 2024:

Revalidation of period of equity investment in Nishat Mills Limited:

The members of the Company in their Extraordinary General Meeting held on 28 May 2016 had approved investment in the shares of Nishat Mills Limited, an associated company up to an amount of Rs. 625 million for the purchase of up to 5 million shares by 28 May 2019. The period of investment was revalidated up to 28 May 2022 in Annual General Meeting held on 29 April 2019 and up to 28 May 2024 in Extraordinary General Meeting held on 27 May 2022. The Company has made investment of Rs. 161.053 million upto December 31, 2023. It is now proposed to further extend the period of investment for three years up to 28 May 2027.

Section 199 of the Companies Act 2017 requires that no change in the terms and conditions of the investment shall be made except under the authority of a special resolution. Accordingly, the change in the period of investment is being presented to the shareholders for approval through the passing of a special resolution. Regulation 6 of Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2017 issued vide SRO 1240 (1)/2017 dated 6 December 2017 provides that special resolution authorizing investment in associated companies or undertakings shall be valid for a period of twelve months unless specifically authorized by the members in the general meeting. There is no change in other terms and conditions of investment.

The directors of the Company are not directly or indirectly concerned or interested in the aforesaid business except to the extent of Mr. Umer Mansha, who holds 12.60% shareholding in Nishat Mills Limited.

STATUS OF INVESTMENT UNDER REGULATION 4 (2) OF THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017:

Description	Nishat Mills Ltd	Pakgen Power Ltd
Date of approval	May 28, 2016	November 30, 2022
Total Investment	Rs 625 million	Rs 250 million
Amount of Investment made up to 31 December, 2023	Rs 161.053 million	-
Reasons for deviation from the approved timeline of investment, when investment decision was to be implemented in stipulated time	The special resolution is valid for 8 years, hence no deviation	The special resolution is valid for 3 years, hence no deviation
Material changes in financial statement since date of resolution passed		
a. Breakup value per share	Jun 2015 Rs 216.56	Dec 2021 Rs 60.64
	Dec 2023 Rs 294.01	Dec 2023 Rs 66.35
b. Earnings (loss) per share	Jun 2015 Rs 11.13	Dec 2021 Rs 2.82
	Dec 2023 Rs 16.02	Dec 2023 Rs 15.76
c. Balance Sheet footing	Jun 2015 Rs101.14 billion	Dec 2021 Rs 22,564 million
	Dec 2023 Rs 205.62 billion	Dec 2023 Rs 29,473 million

THE COMPANIES ACT 2017 - Section 227(2)(f)
THE COMPANIES REGULATIONS, 2024 / FORM 20
PATTERN OF SHAREHOLDING

1.1 Name of the Company ADAMJEE INSURANCE COMPANY LIMITED.

2.1 Pattern of holding of the shares held by the shareholders as at 31-12-2023

2.2 No. of Shareholders	Shareholdings			Total Shares Held
994	1	to	100	25,185
854	101	to	500	254,952
477	501	to	1000	390,372
1,740	1001	to	100000	20,995,187
84	100001	to	475000	18,580,711
28	495001	to	1151191	20,300,362
14	1195001	to	8395000	53,270,242
1	10485001	to	10490000	10,488,500
1	17105001	to	17110000	17,107,420
1	18505001	to	18510000	18,510,000
1	19210001	to	19215000	19,213,878
1	27875001	to	27880000	27,877,735
1	28515001	to	28520000	28,515,087
1	44470001	to	44475000	44,470,369
1	69995001	to	70000000	70,000,000
4,199				**350,000,000**

THE COMPANIES ACT 2017 - Section 227(2)(f)
THE COMPANIES REGULATIONS, 2024 / FORM 20
PATTERN OF SHAREHOLDING

	Categories of Shareholders	Number of Shareholders	Shares held	Percentage
2.3				
2.3.1	**Directors, Chief Executive Officer their spouses & minor children**			
	Ibrahim Shamsi	1	16,797	0.00
	Imran Maqbool Malik	1	7,073	0.00
	Khawaja Jalaluddin	2	8,589,000	2.45
	Mohammad Ali Zeb	1	7,073	0.00
	Mohammad Arif Hameed	1	2,500	0.00
	Sadia Younas Mansha	1	2,500	0.00
	Shaikh Muhammad Jawed	1	2,500	0.00
	Umer Mansha	1	60,335	0.02
				-
2.3.1(a)	**Executives**	1	104	0.00
				-
2.3.2	**Associated Companies, undertakings & related parties**			-
a)	MCB Bank Limited - Treasury	2	70,583,095	20.17
b)	Security General Insurance Co Ltd	1	28,515,087	8.15
c)	D.G. Khan Cement Company Limited	1	27,877,735	7.97
d)	Nishat Mills Limited	1	102,809	0.03
e)	Nishat (Aziz Avenue) Hotels And Properties Limited	1	1,267,000	0.36
f)	Roomi Holdings (Pvt.) Limited	4	18,901,000	5.40
g)	Roomi Fabrics Limited	3	10,539,000	3.01
h)	Masood Fabrics Limited	7	10,780,000	3.08
i)	Masood Holdings (Private) Limited	2	6,694,500	1.91
2.3.3	**NIT and ICP**	-	-	-
2.3.4	**Public Sector Companies & Corporation**	-	-	-
2.3.5	**Banks, Development Finance Institutions, Non-Banking Finance Companies**	11	3,211,445	0.92
2.3.6	**Insurance Companies**	4	2,727,434	0.78
2.3.7	**Modarabas and Mutual Funds**	16	3,687,345	1.05
2.3.8	Shareholders holding 5% or more voting interest (reflected in relevant category, reference given)			

i) MCB Bank Ltd (2.3.2a)	70,583,095	20.17
ii) Trustee-MCB Employees Pension Fund(2.4)	44,470,369	12.71
iii) Security General Insurance Co Ltd (2.3.2b)	28,515,087	8.15
iv) D.G. Khan Cement Company Limited (2.3.2c)	27,877,735	7.97
v) Anjum Nisar (2.3.9a)	19,213,878	5.49

2.3.9	**General Public**			
a)	Local-Individuals	4,002	71,399,409	20.40
b)	Foreign Individuals	8	840,000	0.24
c)	Foreign Companies/organizations(on repatriable basis)	10	10,572,896	3.02
				-
2.4	**Others:** (Joint Stock Cos., Pension/Provident Funds etc.)	116	73,613,363	21.03
		4,199	**350,000,000**	**100.00**

Shaikh Muhammad Jawed
Director

MUHAMMAD ALI ZEB
Managing Director & Chief Executive Officer

FOR YOUR IMMEDIATE ACTION

E-dividend mandate form for shareholders of Adamjee Insuracne Company Limited in Compliance of Section 242 of the Companies Act 2017

Please fill the following details & forward by e-mail/letter to any of the following three **(not to AICL)**:

1. Investor Account Services - Central Depository Company of Pakistan Limited. If you have an investor account in CDC, the email is mentioned below.

2. In case of a sub account with any of the broker participants, kindly convey information to your broker participant.

3. In case of Physical Shares, by post at the following address:

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

آپ کی فوری کارروائی کے لیے

آدمجی انشورنس کمپنی کے شیئر ہولڈرز کے لیے برقی ذریعہ سے منافع کی ادائیگی کا فارم - کمپنیز ایکٹ ۲۰۱۷ء کے سیکشن ۲۴۲ کے مطابق

فارم مکمل کرنے کے بعد ۳ میں سے کسی ایک کو ارسال کریں **(آدمجی انشورنس کو نہیں)**

(نمبر ۱) اگر آپ کا انویسٹر اکاؤنٹ سی ڈی سی میں ہے تو سی ڈی سی کے شعبۂ انویسٹر اکاؤنٹ کو (ای-میل نیچے درج ہے)

(نمبر ۲) اگر آپ کا سب اکاؤنٹ کسی بروکر کے پاس ہے تو ان کے ڈاک/ای-میل کے پتے پر (یہ آپ کے پاس موجود ہوگا)

(نمبر ۳) اگر آپ کے پاس فزیکل شیئر سرٹیفکیٹس موجود ہیں تو آدمجی انشورنس کے شیئر رجسٹرار کو دیے ہوئے پتے پر بذریعہ ڈاک ارسال کریں

سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ
شیئر رجسٹرار
آدمجی انشورنس کمپنی لمیٹڈ
سی ڈی سی ہاؤس، 99-B، بلاک بی، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی-74400

Participant ID																							
Investor / Sub Account No.																							
Folio In case of Physical Shareholder																							
Title of Account																							
IBAN Number																							
Bank Name																							
Branch																							
Branch Address																							
Mobile Number																							
Email address																							

آپ کے دستخط ہمارے ریکارڈ کے مطابق ہونے چاہئیں
(آپ کی درج شدہ ہدایات کے تحت)

Authorized Signatories
(to be signed as per operating instruction)

1) _____ 2) _____

3) _____ 4) _____

For information:

A) IBAN Number (24 Digit) : PK37 HABB 0000 0700 3333 9999
B) E-mail Investor Account Services CDC : ias-khi@cdcpak.com
C) CDC Participant : in case of a sub account with any of the broker participants, kindly convey information to your broker participants.

معلومات برائے سہولت:

ا) IBAN نمبر (24 ہندسے)
ب) ای میل انویسٹر اکاؤنٹ سروسز CDC
ج) CDC پارٹیسپینٹ: کسی بروکر پارٹیسپینٹ کے ساتھ سب اکاؤنٹ کی صورت میں براہِ کرم اپنے بروکر پارٹیسپینٹ کو معلومات پہنچائیں۔

For receipt of future dividend, the submission of this form is mandatory.

Form also available on website: **www.adamjeeinsaurance.com**

آئندہ منافع کی ادائیگی کے لیے اس فارم کا بھرنا اور فراہم کرنا لازمی ہے۔

فارم ویب سائٹ پر بھی دستیاب ہے: **www.adamjeeinsaurance.com**

THIS PAGE IS INTENTIONALLY LEFT BLANK

ADAMJEE INSURANCE COMPANY LIMITED

Registered Office: Adamjee House, 80/A, E-1, Main Boulevard, Gulberg-III, Lahore.

Form of Proxy

I/We _____ of _____ being a member of Adamjee Insurance Company Limited and holder of _____ shares as per Folio No. _____ CDC Participant ID No. _____ and Sub Account No. _____ / CDC Investors Account No. _____ hereby appoint Mr./Miss/Mrs. _____ of _____ (Folio No _____CDC Participant ID No. _____ and Sub Account No. _____ / CDC Investors Account No. _____) or failing him Mr./Miss/Mrs. _____ of _____ (Folio No. _____CDC Participant ID No. _____and Sub Account No. _____ / CDC Investors Account No. _____) as my/our Proxy to attend, speak and vote for me/us and on my/our behalf at the 63rd Annual General Meeting of the Company to be held on April 26, 2024 (Friday) at 10:00 a.m. at Nishat Hotel, Gulberg, Lahore and through video link facility and any adjournment thereof.

Signed this ._____ day of _____ 2024

Witness 1:

Signature _____

Name _____

CNIC No. or Passport No. _____

Address _____

Witness 2:

Signature _____

Name _____

CNIC No. or Passport No. _____

Address _____

Rupees 50/-
Revenue
Stamp

_____

Signature of Member

Notes

1. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote. The Instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarial attested copy of the power of attorney must be deposited at the registered office of the Company at least 48 hours before the time of the meeting. A proxy must be a member of the company. A Company or a Corporation being a member of the Company may appoint a representative through a resolution of board of directors for attending and voting at the meeting.

2. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan in Circular No 1 of 2000.

A. For Attending the Meeting:

   a. In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by attaching with proxy form his/her attested copies of CNIC or, Passport at the time of submitting the proxy.

   b. In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be provided (unless it has been provided earlier) before the Meeting.

B. For Appointing Proxies:

   a. In the case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirements.
   b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
   c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
   d. The proxy shall produce his/her or original passport at the time of the Meeting.
   e. In the case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

آدمجی انشورنس کمپنی لمیٹڈ

رجسٹرڈ آفس: آدمجی ہاؤس، 80/A، E-1، مین بلیوارڈ، گلبرک-III، لاہور

نمائندگی نامہ

میں/ہم ..... مقیم ..... ،آدمجی انشورنس کمپنی لمیٹڈ کے ایک ممبر اور ..... شیئرز کی ملکیت/فولیو نمبر .....
سی ڈی سی پارٹسپنٹ آئی ڈی نمبر ..... اور سب اکاؤنٹ نمبر ..... /سی ڈی سی انویسٹرز اکاؤنٹ نمبر ..... کے مطابق محترم/محترمہ .....
مقیم ..... (فولیو نمبر ..... سی ڈی سی پارٹسپنٹ آئی ڈی نمبر ..... اور سب اکاؤنٹ نمبر ..... /سی ڈی سی انویسٹرز اکاؤنٹ نمبر .....)
یا اُن کے شریک نہ ہونے پر محترم/محترمہ ..... مقیم ..... (فولیو نمبر .....
سی ڈی سی پارٹسپنٹ آئی ڈی نمبر ..... اور سب اکاؤنٹ نمبر ..... /سی ڈی سی انویسٹرز اکاؤنٹ نمبر .....) کو بذریعہ ہٰذا انشاط ہوٹل، گلبرگ، لاہور

میں بروز جمعہ مورخہ 26 اپریل 2024 بوقت صبح 10 بجے اور بذریعہ ویڈیو لنک منعقد ہونے والے 63 ویں سالانہ اجلاس عام میں شرکت ہونے، گفتگو کرنے اور ووٹ دینے کے لئے میرے / ہمارے نمائندے کے طور پر نامزد کرنا چاہتا / چاہتے ہیں۔

آج بروز ..... بتاریخ ..... 2024ء دستخط کیے گئے۔

گواہ 1

دستخط .....
نام .....
پتہ .....
قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر .....

۵۰/- روپے کی ریونیو اسٹیمپ

گواہ 2

دستخط .....
نام .....
پتہ .....
قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر .....

ممبر کے دستخط .....

ملاحظات (نوٹس):

1- سالانہ اجلاس عام میں شرکت اور رائے دہی کا حق رکھنے والا ممبر کسی دوسرے ممبر کو اپنی بجائے شرکت اور حق رائے دہی کے استعمال کیلئے اپنا نمائندہ (پروکسی) مقرر کرسکتا ہے۔ کوئی کارپوریشن یا کمپنی، بحیثیت کمپنی، بحیثیت کمپنی کی ممبر، اپنے افسران میں سے کسی کی تقرری بورڈ ریزولوشن کے ذریعے کرسکتی ہے۔ نمائندگی نامہ (Proxy(s) اس اجلاس کے انعقاد کے مقررہ وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں وصول ہوجانا چاہیے۔

2- ایسے ممبران جو سینٹرل ڈپازٹری کمپنی آف پاکستان میں شیئرز جمع کروا چکے ہیں وہ اصل کمپیوٹرائزڈ قومی شناختی کارڈ اور سی ڈی سی پارٹسپنٹ آئی ڈی نمبر ساتھ لائیں۔

3- CDC اکاؤنٹ ہولڈرز کو سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری کردہ درج ذیل ہدایات کی مزید پیروی کرنا ہوگی:

(A) اجلاس میں شرکت کیلئے:

i) افراد کی صورت میں، اکاؤنٹ یا سب اکاؤنٹ ہولڈر جس کی رجسٹریشن کی تفصیلات CDC ضوابط کے مطابق اپ لوڈ کی جا چکی ہیں، اجلاس میں شرکت کے وقت اپنی شناخت کی تصدیق کیلئے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ دکھائے گا۔

ii) کاروباری ادارے کی صورت میں اجلاس کے موقع پر بورڈ آف ڈائریکٹرز کی قرارداد/مختارنامہ نامزد نمائندے کے دستخط کے نمونے کے ساتھ پیش کرنا ہوگا (ماسوائے اس کے کہ وہ پہلے ہی پیش کیا جاچکا ہو)۔

(B) نمائندوں کی تقرری کیلئے:

i) افراد کی صورت میں، اکاؤنٹ یا سب اکاؤنٹ ہولڈر جس کی رجسٹریشن کی تفصیلات CDC ضوابط کے مطابق اپ لوڈ کی جا چکی ہیں، اجلاس میں شرکت کے وقت درج بالا تقاضوں کے مطابق نمائندگی نامہ (Proxy Form) جمع کروائے گا۔

ii) نمائندگی نامے پر دو افراد کی گواہی موجود ہونی چاہیے جن کے نام، پتے اور CNIC نمبر تقرری نامے میں درج ہوں۔

iii) نمائندگی نامے کے ہمراہ اصل مالکان (beneficial owner) اور نمائندے کے CNIC یا پاسپورٹ کی تصدیق شدہ نقول مہیّا کی جائیں۔

iv) نمائندے کو اجلاس کے موقع پر اپنا اصل CNIC یا اصل پاسپورٹ پیش کرنا ہوگا۔

v) کاروباری ادارے کی صورت میں، اجلاس کے موقع پر نمائندگی نامے کے ہمراہ بورڈ آف ڈائریکٹرز کی قرارداد/مختارنامہ نمائندے/اٹارنی کے دستخط کے نمونے کے ساتھ پیش کرنا ہوگا (ماسوائے اس کے کہ وہ پہلے ہی پیش کیا جاچکا ہو)۔

ADAMJEE INSURANCE COMPANY LIMITED

ANNUAL REPORT 2023

VANTAGE

adamjee insurance

Registered Office:
Adamjee House, 80/A, Block E-1, Main Boulevard, Gulberg III, Lahore - 54000, Pakistan
Phone: (92-42) 35772960-79, Fax (92-42) 35772868
Email: info@adamjeeinsurance.com, Web: www.adamjeeinsurance.com