

**DIVERSE
TOGETHER
STRONGER
FOREVER**

ANNUAL REPORT 2024




WHEN PEOPLE OF VARIOUS BACKGROUNDS, CULTURES AND PERSPECTIVES COME TOGETHER, THEY CREATE A DIVISIVE AND STRENGTHENING FORCE. DIVERSITY ISN'T A DIVISOR; IT'S A STRONGER FOUNDATION. BY BRINGING TOGETHER DIFFERENT IDEAS, EXPERIENCES AND KNOWLEDGE, WE CAN DRIVE INNOVATION, FOSTER GROWTH AND STRENGTHEN OUR ORGANIZATION. TOGETHER, WE CAN MAKE A DIFFERENCE.










Strength is not just about endurance – it is about unity. At Adamjee Insurance, we believe that progress is built when diverse minds, experiences and ambitions come together with a shared purpose. In a world of constant change, we don't just adapt; we lead with resilience, innovation, and an unwavering commitment to those who trust us.

This year's theme, **"Diverse Together, Stronger Forever,"** reflects our belief that inclusivity fuels growth, collaboration drives impact, and together, we create a future where security and opportunity go hand in hand. Beyond offering protection, we are partners in progress, empowering individuals, businesses, and communities to rise above challenges and embrace tomorrow with confidence. Because when we stand together; we don't just endure, we thrive.





ABOUT OUR ANNUAL REPORT 2024

COVERAGE & CONTENTS

Adamjee Insurance Company Limited (the Company) proudly presents its annual report for the year 2024. The Annual Report 2024 covers the twelve-month period from January 1, 2024 to December 31, 2024. Significant events, if any, that took place up to the date of authorization of financial statements and the date of directors' report i.e. March 3, 2025 have also been explained in relevant sections of the report. The most recent previous report of the Company was dated December 31, 2023.

The Company has included the following contents 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 about our business model, geographical presence, products & services, achievements and the external environment in which we operate.

Strategy and resource allocation

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

Risks and opportunities

This section enables the users to understand key risks the Company is facing and opportunities it has 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 of the functioning of Board Committees as well as various Governance Policies of the Company,

IT Governance & Cybersecurity

This section provides insights regarding IT Governance and Cybersecurity Framework 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 and strength 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 fulfill 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

**KPMG Taseer Hadi & Company
Chartered Accountants**

Independent Auditors' Report on Audit of Unconsolidated Financial Statements

**KPMG Taseer Hadi & Company
Chartered Accountants**

Independent Auditors' Report on Audit of Consolidated Financial Statements

**KPMG Taseer Hadi & Company
Chartered Accountants**

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

**KPMG Taseer Hadi & Company
Chartered Accountants**

Shariah Advisor's Report to the Board of Directors

Mufti Muhammad Hassaan Kaleem

Independent Auditors' Report on Audit of Window Takaful Operations

**KPMG Taseer Hadi & Company
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

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Rs **58.2** Billion
Gross Premium &
Contribution Written

RS **11.6**
Earning per share

Rs **5.2** BILLION
Investment Income

Rs **40.6** BILLION
Equity and Reserves

Rs **55** BILLION
Investment

Rs **31.2** Billion
Claims Paid

Rs **109.1** BILLION
Asset Base

Rs **4.1** BILLION
Profit after Tax

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A large blue circular graphic dominates the background. A thin orange line curves across the top right. On the left, a dark circular inset shows a person in a business suit. The text is centered in white, bold, uppercase letters.


ORGANIZATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT





Strength is not just about endurance – it is about unity. At Adamjee Insurance, we believe that progress is built when diverse minds, experiences and ambitions come together with a shared purpose. In a world of constant change, we don't just adapt; we lead with resilience, innovation, and an unwavering commitment to those who trust us.

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Foundations of success are built on **trust and protection.**

Great achievements rest on strong foundations. While you build the future, we safeguard the tools, machines, and industries that make progress possible, ensuring growth without setbacks.





Life's journey is better when we move together.

Through every twist and turn, we stand beside you, ensuring your travels are filled with confidence, not concern. Wherever the road leads, we stand by you, so you can embrace every journey with confidence.







A thriving harvest begins with care and protection.

Like the earth that nurtures every seed, we create a shield around the dreams of those who cultivate and grow. Together, we ensure that every season is a step toward prosperity, not uncertainty.



Every journey is a shared road.

Life can be unpredictable. With every turn and detour, we stand as your trusted shield, ensuring you reach your destination safely, no matter what lies ahead.





Health and security are stronger when nurtured together.

The well-being of one strengthens the whole.
We protect your loved ones like family, ensuring
that your future is built on care, support, and
unwavering security.







Foundations of success are built on **trust and protection.**

Great achievements rest on strong foundations. While you build the future, we safeguard the tools, machines, and industries that make progress possible, ensuring growth without setbacks.





adamjee
insurance



Homes are where futures take shape.

From humble beginnings to grand ambitions, every home and business is a testament to dreams in progress. We secure the spaces that shelter your aspirations, ensuring nothing stands in the way of your vision.





Boundless ambitions deserve seamless protection.

From the roads we travel to the places we build, from the dreams we nurture to the ambitions we chase, every step forward is stronger when we take it together. With trust as our foundation and protection as our promise, we stand by you, ensuring that no matter where life leads, security and success are always within reach.





Navigating Risks, Securing Success

In a world of endless possibilities, we ensure your cargo reaches its destination safely, whether by sea, air or land. As a trusted industry leader, we provide seamless protection, allowing you to focus on growth while we handle the uncertainties. Your journey, our commitment!



Vision & Mission

Our will is to **Explore, Innovate** and **Differentiate.**

Our Passion is to provide **Leadership** to the insurance industry.



GROWTH

VISION

TEAMWORK

PROFIT

STRATEGY

ACHIEVEMENT

SUCCESS

PLAN

INVESTMENT

IDEA

SOLUTION

STABILITY

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 productivity and reduce operational cost whilst ensuring risk mitigation and regulatory compliance



COMPANY INFORMATION

BOARD OF DIRECTORS

Umer Mansha	Chairman
Ibrahim Shamsi	Director
Imran Maqbool	Director
Khawaja Jalaluddin	Director
Mohammad 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

Mohammad Arif 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

KPMG Taseer Hadi & Company
351 Shadman-1, Jail Road. Lahore.

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 Shakra-e-Faisal, Karachi-74400
Tel: (92) 0800-23275
Fax: (92-21) 34326053

BANKERS

Askari Bank Limited
Abu Dhabi Commercial Bank, UAE
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 in spirit, 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).

A man with short dark hair, wearing a dark grey suit jacket, a white dress shirt, and a blue patterned tie, stands against a blue circular background. He is looking directly at the camera with a neutral expression. His hands are clasped in front of him.

**“ THIS YEAR, WE HAVE
ACCELERATED OUR DIGITAL
TRANSFORMATION
JOURNEY, HARNESSING
INNOVATION TO
STREAMLINE PROCESSES
AND ELEVATE THE
CUSTOMER EXPERIENCE.**

”

CHAIRMAN'S REVIEW

It is my pleasure to present a review of the company's performance during 2024, highlighting how the Board of Directors and management team addressed key matters throughout the year.

Resilience, innovation, and an unwavering commitment to progress define Adamjee Insurance Company Limited's journey in 2024. In a world of uncertainty, we see opportunity; in every challenge, we find the strength to move forward. It is with great pride that I share our achievements and vision with our valued shareholders.

The past year has been one of transformation. While economic volatility and geopolitical shifts presented challenges, they also tested our adaptability and strengthened our resolve. With a renewed sense of optimism following political and economic developments, we embraced change, leveraged technology, and deepened our commitment to customer-centric solutions. Our ability to anticipate and respond to market shifts has reinforced our leadership in Pakistan's insurance sector.

At the heart of our success is a dedicated team of professionals and a Board of Directors committed to sound governance, transparency, and strategic decision-making. We have continued to uphold the highest standards of risk management, ensuring that Adamjee Insurance remains a pillar of stability in the financial landscape. Our focus on ESG initiatives has further solidified our long-term sustainability agenda, integrating responsible

business practices into our core operations.

At Adamjee Insurance, sustainability is a strategic advantage that enhances financial performance, operational efficiency, and resilience. By integrating ESG principles, we optimize resources, reduce costs, and strengthen stakeholder trust while mitigating environmental, social, and regulatory risks. Our focus on sustainable insurance solutions unlocks new opportunities, driving long-term growth and market differentiation. We remain committed to embedding sustainability in our core operations, ensuring lasting value for our stakeholders and communities.

This year, we have accelerated our digital transformation journey, harnessing innovation to streamline processes and elevate the customer experience. By investing in technology, we are not only improving operational efficiency but also redefining the way insurance serves the modern consumer.

None of this would be possible without the dedication of our employees, whose hard work and resilience continue to be the driving force behind our success. Their commitment to excellence inspires us to reach new heights.

Looking ahead, we remain steadfast in our vision to lead the industry through innovation, service excellence, and sustainable growth. With the trust of our stakeholders and the passion of our team, Adamjee Insurance is well-positioned to shape the future of insurance in Pakistan and beyond.

On behalf of the Board of Directors, I extend my deepest gratitude to our customers, business partners, reinsurers, regulatory bodies, and shareholders. Your confidence fuels our ambition, and together, we will continue to build a future defined by strength, stability, and success.

Umar Mansha
Chairman

اس سال ہم نے اپنے ڈیجیٹل تبدیلی کے سفر کو تیز کیا ہے، جدت کو اپناتے ہوئے ہموار عملدآمد اور صارفین کے تجربات میں نت نئی اختراعات کا اضافہ کر رہے ہیں۔ ٹیکنالوجی میں سرمایہ کاری کر کے ہم نہ صرف اُموری کارکردگی کو بہتر بنا رہے ہیں بلکہ جدید صارفین کے لیے انشورنس سروس کے نئے طریقے بھی متعارف کروا رہے ہیں۔

ہماری ان تمام کاوشوں میں سے کچھ بھی ہمارے ملازمین کی لگن کے بغیر ممکن نہیں ہے، جن کی محنت اور لگن ہماری کامیابی کی کنجی ہے۔ ان کی انتھک محنت و جانفشانی ہمیں نئی بلندیوں کو چھونے پر آکھاتی ہے۔

منزل پر نظر جمائے، ہم جدت، خدمت میں عمدہ کارکردگی اور پائیدار ترقی کے ذریعے صنعت کی قیادت کرنے کے اپنے عزم پر ثابت قدم ہیں۔ اپنے اسٹیک ہولڈرز کے اعتماد اور عملے کی لگن اور جذبے کے ساتھ آدجی انشورنس نہ صرف پاکستان بلکہ اس سے باہر بھی انشورنس کا مستقبل وضع کرنے کے لیے مستحکم پوزیشن میں ہے۔

میں بورڈ آف ڈائریکٹرز کی جانب سے اپنے کسٹمرز، کاروباری شراکت داروں، ری انشورر، ریگولیٹری باڈیز اور شیئر ہولڈرز کا دل کی گہرائیوں سے شکریہ ادا کرتا ہوں۔ آپ کا اعتماد ہمارے عزائم کو قوت بخشتا ہے اور ہم مضبوطی و استحکام اور کامیابی سے مزین مستقبل کی تعمیر مل کر جاری رکھیں گے۔

عمر منشا

چیئر مین

چیرمین کا جائزہ

میرے لئے یہ امر باعث مسرت ہے کہ آپ کے سامنے سال ۲۰۲۴ کے دوران کمپنی کی کارکردگی کے متعلق اپنا جائزہ پیش کروں اور آپ کو شریک کروں۔ یہ بتانے میں کے بورڈ اور انتظامیہ نے کس طرح مختلف معاملات سرانجام دیئے ہیں۔

آدمجی انشورنس کمپنی لمیٹڈ کا ۲۰۲۴ء کا سفر، ابھرنے کی قوت، جدت، اور ترقی کے لیے ایک پختہ عزم سے عبارت ہے۔ ہر چیلنج ہمیں ایک موقع فراہم کرنا ہے اور یہی نظریہ ہمیں آگے بڑھنے کی طاقت دیتا ہے۔ یہ میرے لیے انتہائی قابل فخر ہے کہ میں ادارے کی دوراندیشیوں اور کامیابیوں میں اپنے قابل قدر شیئر ہولڈرز کو بھی شامل کروں۔

گزشتہ سال کئی تبدیلیاں رونما ہوئیں۔ جہاں معاشی اتار چڑھاؤ اور علاقائی سیاسی تبدیلیوں کی وجہ سے مشکلات درپیش رہیں وہیں ان مشکلات نے ہماری مطابقت و موافقت کو بھی جانچا اور ہمارے عزم کو مزید پختہ کیا۔ سیاسی اور معاشی ترقی کی پیروی میں ہم نے بھی تبدیلی کو قبول کیا، ٹیکنالوجی کا فائدہ اٹھایا، اور اپنے صارفین پر مبنی حل کے لیے اپنے عزم کو مزید مستحکم کیا۔ مارکیٹ کی بدلتے مزاج کا اندازہ لگانے اور اس سے نبرد آزما ہونے کی ہماری صلاحیت نے پاکستان کے انشورنس سیکٹر میں ہماری قیادت کو تقویت دی ہے۔

ہماری کامیابی کا مرکز و محور پیشہ ور افراد پر مبنی ایک پُر خلوص عملہ اور ایک بورڈ آف ڈائریکٹرز ہے جو بہتر رہنمائی، شفافیت اور مبنی بر حکمت فیصلہ سازی کے لیے پُر عزم ہے۔ ہم نے رسک مینجمنٹ کے اعلیٰ ترین معیارات کو برقرار رکھا ہے، اس بات کو یقینی بناتے ہوئے کہ آدمجی انشورنس مالیاتی منظر نامے میں ہمیں ایک مستحکم کی حیثیت سے قائم رہے۔ ماحولیاتی، سماجی اور دارہ جاتی یعنی ESG اقدامات پر ہماری توجہ نے ہمارے طویل مدتی پائیداری کے ارادے کو مزید مستحکم اور ہمارے بنیادی کاموں میں مدد دے دارانہ کاروباری طریقوں کو شامل کیا ہے۔

پائیداری آدمجی انشورنس میں ایک اہم ستون ہے جو مالی کارکردگی، اُموری کارکردگی اور ابھرنے کی صلاحیت و طاقت کو بڑھاتی ہے۔ ہم ESG اصولوں کو یکجا کر کے وسائل کو بہتر بناتے ہیں، اخراجات کو کم کرتے ہیں، اور ماحولیاتی، سماجی اور تنظیمی خطرات کو کم کرتے ہوئے اسٹیک ہولڈرز کے اعتماد کو مضبوط کرتے ہیں۔ دیرپا انشورنس سلوشنز پر ہماری توجہ نئے مواقع پیدا کرتی ہے، طویل مدتی ترقی کو آگے بڑھاتے اور مارکیٹ سے ممتاز کرتی ہے۔ ہم اپنے اسٹیک ہولڈرز اور سماجی حلقوں کے لیے پائیدار قدر و منزلت کو یقینی بناتے ہوئے، اپنے بنیادی کاموں میں استحکام پیدا کرنے کے لیے پُر عزم ہیں۔



**“
WE ARE COMMITTED
TO LEVERAGING THE
LATEST TECHNOLOGY
TO DELIVER SEAMLESS
ACCESS TO OUR
PRODUCTS AND
SERVICES, PRIORITIZING
SUPERIOR VALUE FOR
OUR CUSTOMERS.”**

CEO MESSAGE

It is with great pride that I present Adamjee Insurance's Annual Report for the financial year 2024.

In an ever-evolving economic and geopolitical landscape, Adamjee Insurance has remained steadfast, not only navigating challenges but turning them into opportunities for growth and leadership. Our unwavering commitment to innovation, customer-centricity, and operational excellence has propelled us to new heights, reinforcing our position as the market leader in Pakistan's insurance industry.

This year, we achieved an impressive 31% year-on-year growth in Written Premiums and 36% in Contribution Margin, reaching an all-time high of Rs. 58.2 billion (compared to Rs. 44.3 billion in 2023), the highest ever premiums by any general insurer in Pakistan. Our Profit Before Tax also saw significant growth to Rs. 6.71 billion (2023: Rs. 3.91 billion), strengthening our financial foundation and positioning us for sustained success.

At the heart of our success lies a bold strategic vision—one that integrates cutting-edge technology, streamlined processes, and deep customer engagement. By prioritizing transparency, trust, and innovation, we continue to set industry benchmarks, ensuring that Adamjee

Insurance remains the go-to provider for comprehensive insurance solutions.

We take immense pride in fostering an inclusive, ethical, and performance-driven work culture. Investing in talent development and embracing a forward-thinking mindset have empowered us to drive creativity, enhance professional growth, and elevate service standards. Our people are our greatest asset, and their passion fuels our continued success.

Looking ahead, our ambition is clear—to not only maintain but expand our leadership position. With a relentless focus on sustainable growth, technological advancement, and superior customer experiences, we are constantly striving to shape the future of insurance. As we continue to innovate and evolve, our mission remains the same: to deliver unmatched value, strengthen stakeholder trust, and redefine industry excellence.

I extend my deepest gratitude to our Chairman, Board of Directors, shareholders, regulators, banking partners, and employees for their unwavering support and dedication. Together, we move forward with confidence, resilience, and an unyielding commitment to excellence.

Muhammad Ali Zeb
Chief Executive Officer



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
- 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
- AFLAK Developers
- Agrohubs 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 Skyline Private Limited
- Dupak Tameer Limited
- Dupak Towers Private Limited
- Fortress Builder Private Limited
- Fortress Financials Services Pvt. Ltd.
- Fortress Square Services (Pvt) Limited
- Ibsal Properties Limited
- Joyland Construction Pvt Ltd.
- Joyland Entertainment (Pvt) Ltd
- Joyland Limited
- MCB Islamic Bank Ltd
- Siddiqsons Limited.
- Siddiqsons Tin Plate Limited
- Siddiqsons Energy Limited



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 served 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 an 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
- Export Import Bank of Pakistan
- Deposit Protection Corporation / subsidiary of State Bank of Pakistan.



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 a few corporate entities he is also actively involved in various philanthropic projects for the wellbeing of 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 Foods (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 and Nishat Sutas Dairy 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 M. 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
MD & 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 viewpoints 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, Code 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 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 meeting 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 30 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 27 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 32 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 32 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 36 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 Subcommittee 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.
- To ensure and uphold the positive image of the Company.

Board Committees

Audit Committee

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

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

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

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

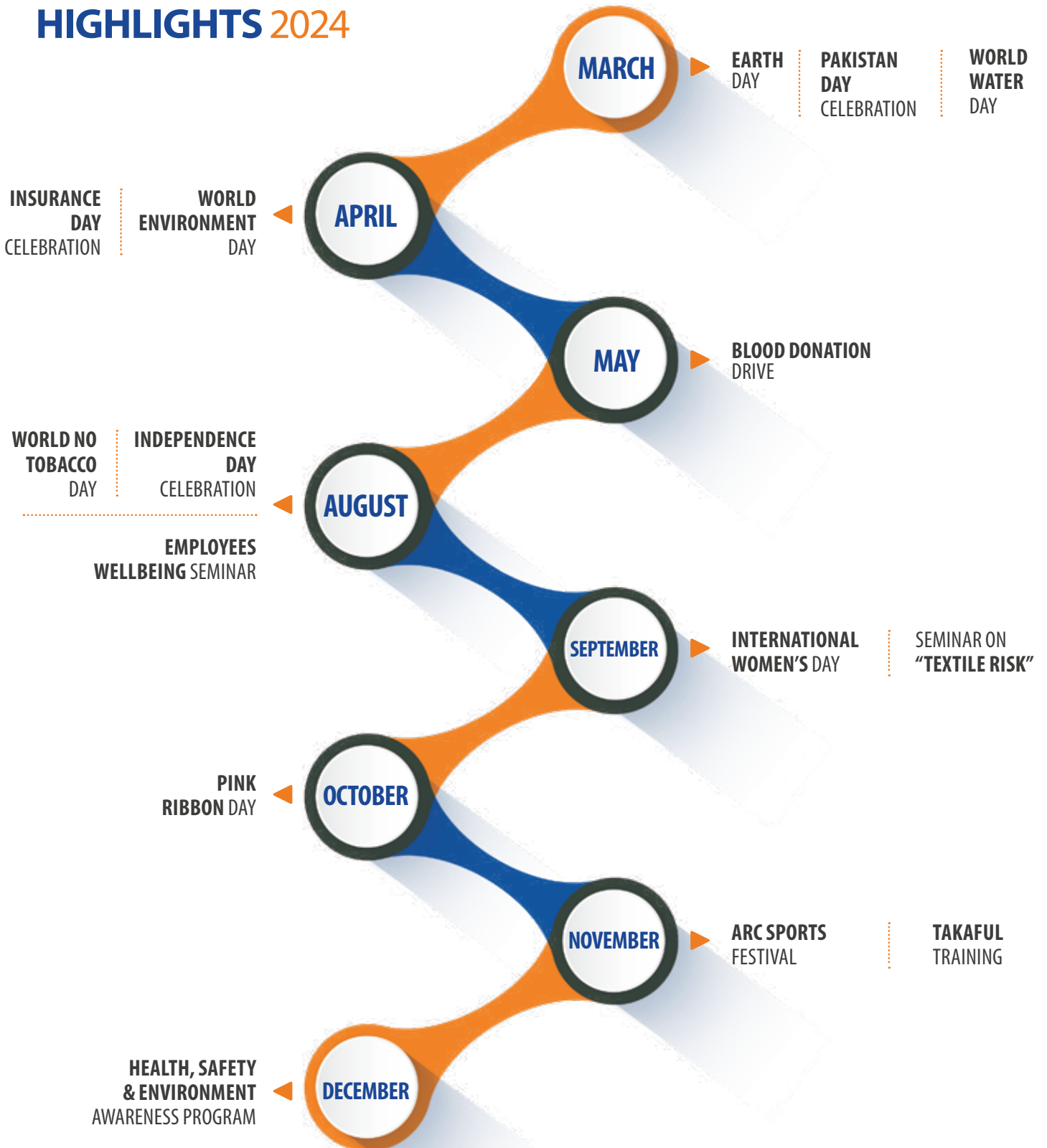
Risk Management & Compliance Committee

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

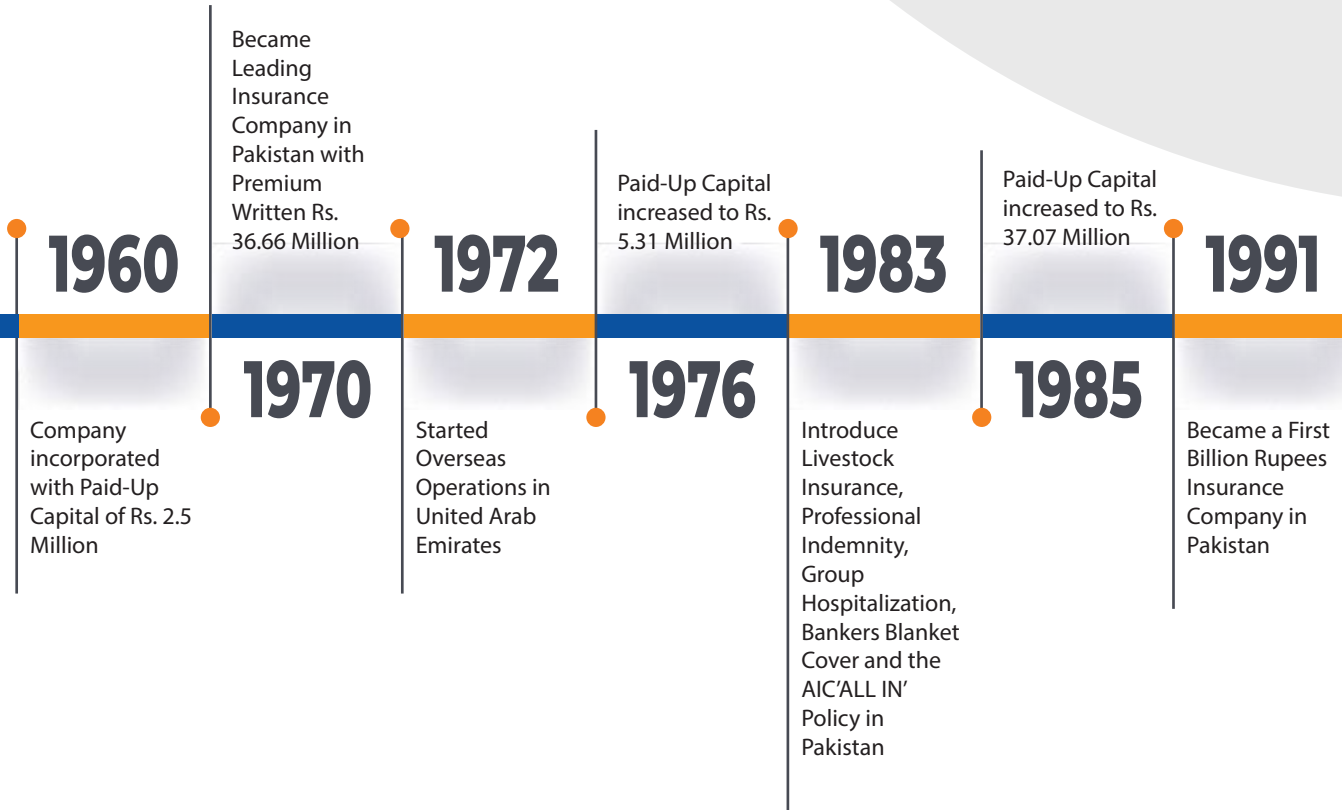
Reinsurance & Coinsurance Committee

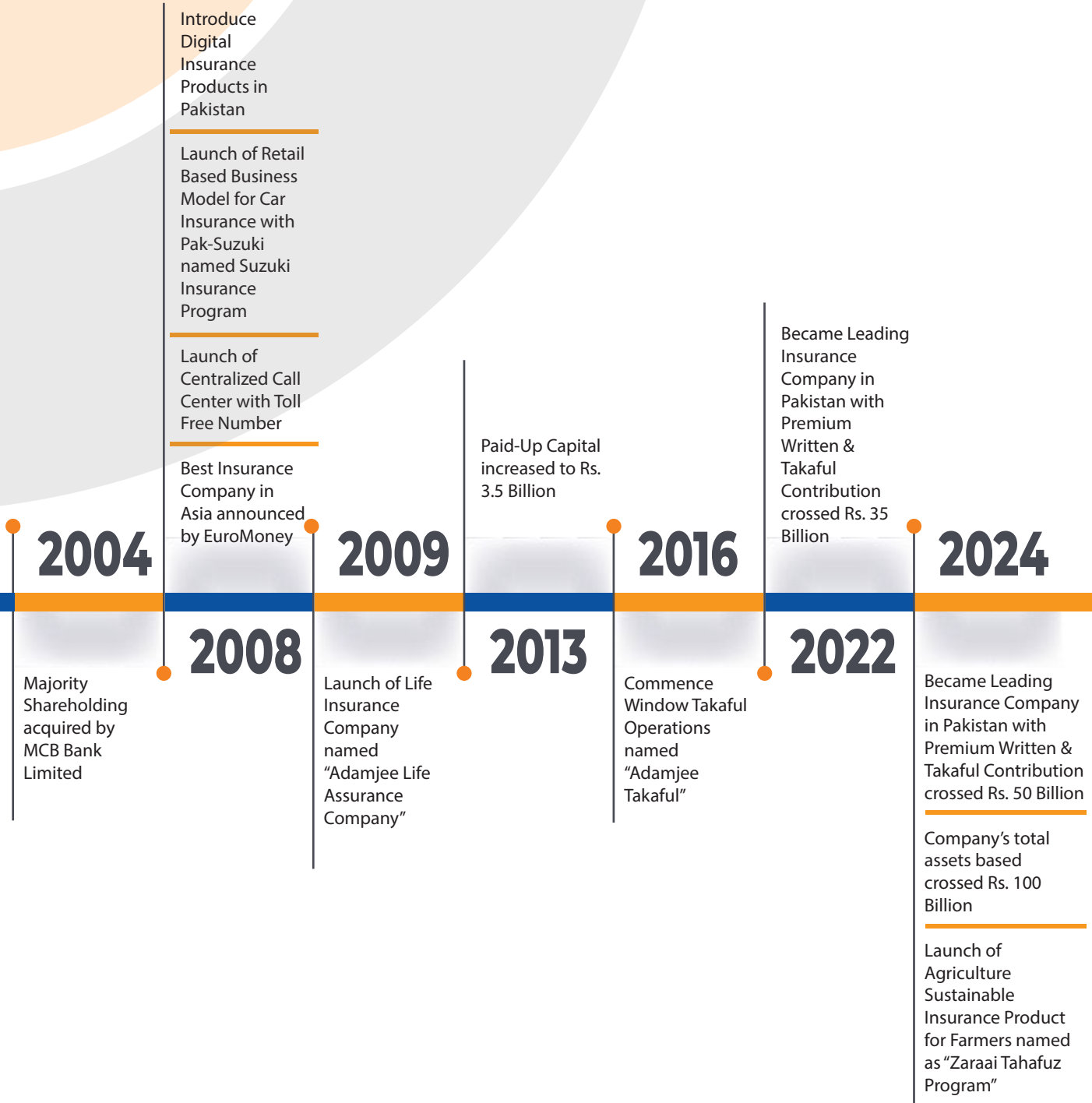
Muhammad Ali Zeb	Chairman
Muhammad Salim Iqbal	Head of Reinsurance
Asif Jabbar	Head of Underwriting
Adnan Ahmad Chaudhry	Head of Commercial

EVENTS HIGHLIGHTS 2024



OUR JOURNEY OVER THE YEARS







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



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



MISCELLANEOUS

- All Risk Valuable
- Bankers Policy
- Burglary
- Cash in Safe
- Cash in Transit
- Cellular Mobile Phone
- Contractual Liability
- Credit Card Travel Inconvenience 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



MARINE

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

AWARDS & ACCOLADES

2024

- First Position in Best Corporate & Sustainability Report 2023 Award by ICAP & ICMAP in Insurance Sector
- Bronze Awarded in Best Corporate & Sustainability Report 2023 Award by South Asian Federation of Accountants (SAFA)
- Top 25 Companies Award by Pakistan Stock Exchange (PSX)
- Digital Transformation Award 2024 by CXO Global
- Most Sustainable General Insurance Company Award 2024 by The Global Economic

2022

- First Position in Best Corporate & Sustainability Report 2021 Award by ICAP & ICMAP in Insurance Sector
- Bronze Awarded in Best Corporate & Sustainability Report 2021 Award by South Asian Federation of Accountants (SAFA)
- Silver Awarded in SAARC Anniversary Award 2021 by South Asian Federation of Accountants (SAFA)
- Top 25 Companies Award by Pakistan Stock Exchange (PSX)

2020

- Best General Insurance Company in Pakistan by World Finance
- Best Domestic General Insurer in Pakistan by Insurance Asia, Singapore

2023

- First Position in Best Corporate & Sustainability Report 2022 Award by ICAP & ICMAP in Insurance Sector
- Winner of Asia's Outstanding Insurance Company in Pakistan by Asia Money
- Certificate of Merit in Best Corporate & Sustainability Report 2022 Award by South Asian Federation of Accountants (SAFA)
- Best General Insurance Company in Pakistan by World Finance

2021

- First Position in Best Corporate & Sustainability Report 2020 Award by ICAP & ICMAP in Insurance Sector
- Certificate of Merit in SAARC Anniversary Award for Corporate Governance in 2020
- Winner of Asia's Outstanding Insurance Company in Pakistan 2020 by Asia Money
- Best General Insurance Company in Pakistan by World Finance

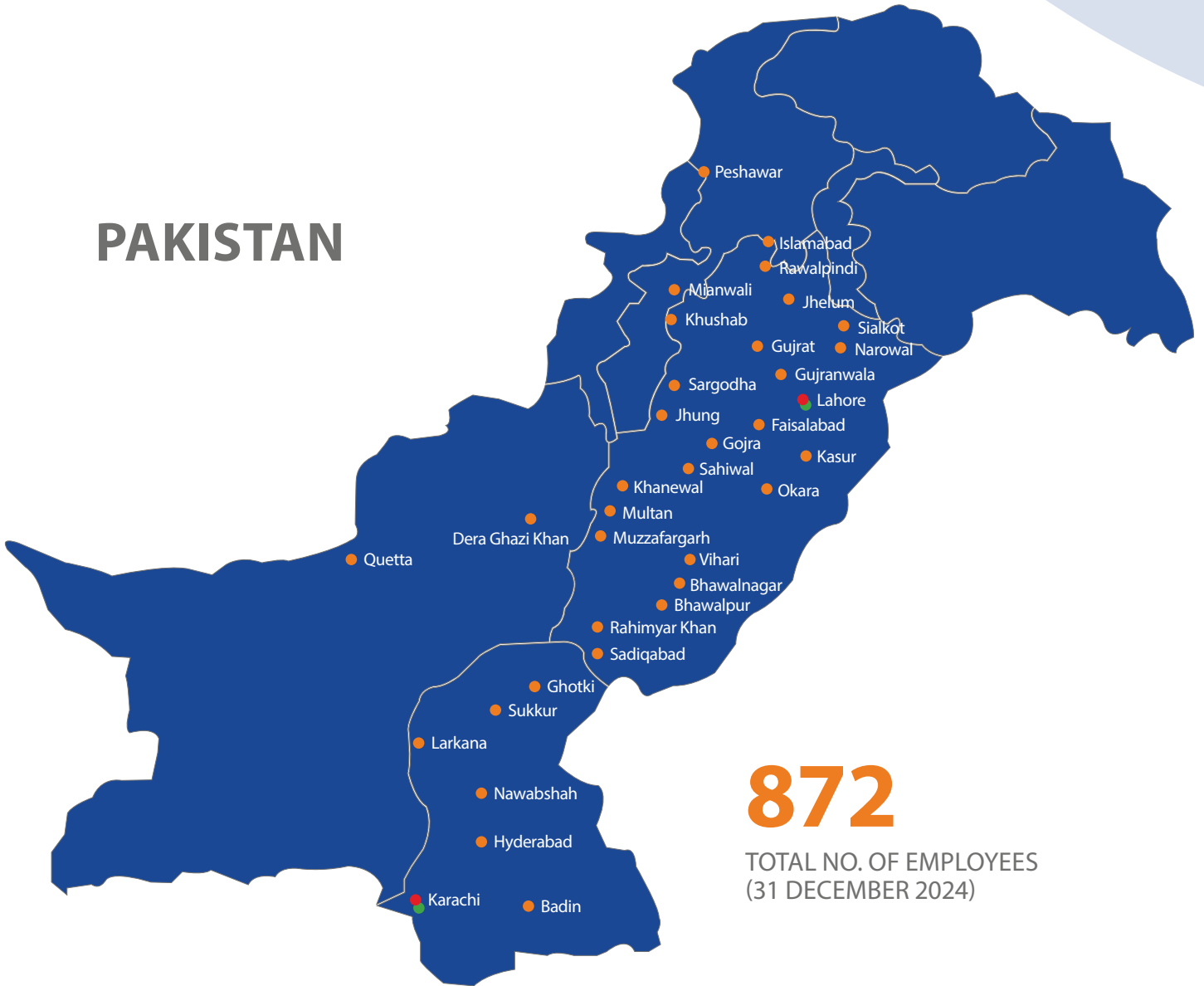
2019-18

- Best General Insurance Company in Pakistan by World Finance
- Breakthrough Insurer of the Year 2019 by YALLACOMPARE Banking and Insurance Awards UAE
- "Distinguished Insurance Company 2018 under One Belt One Road initiative" by Insurance Research Institute of Fudan University, China



OUR GEOGRAPHICAL PRESENCE

PAKISTAN

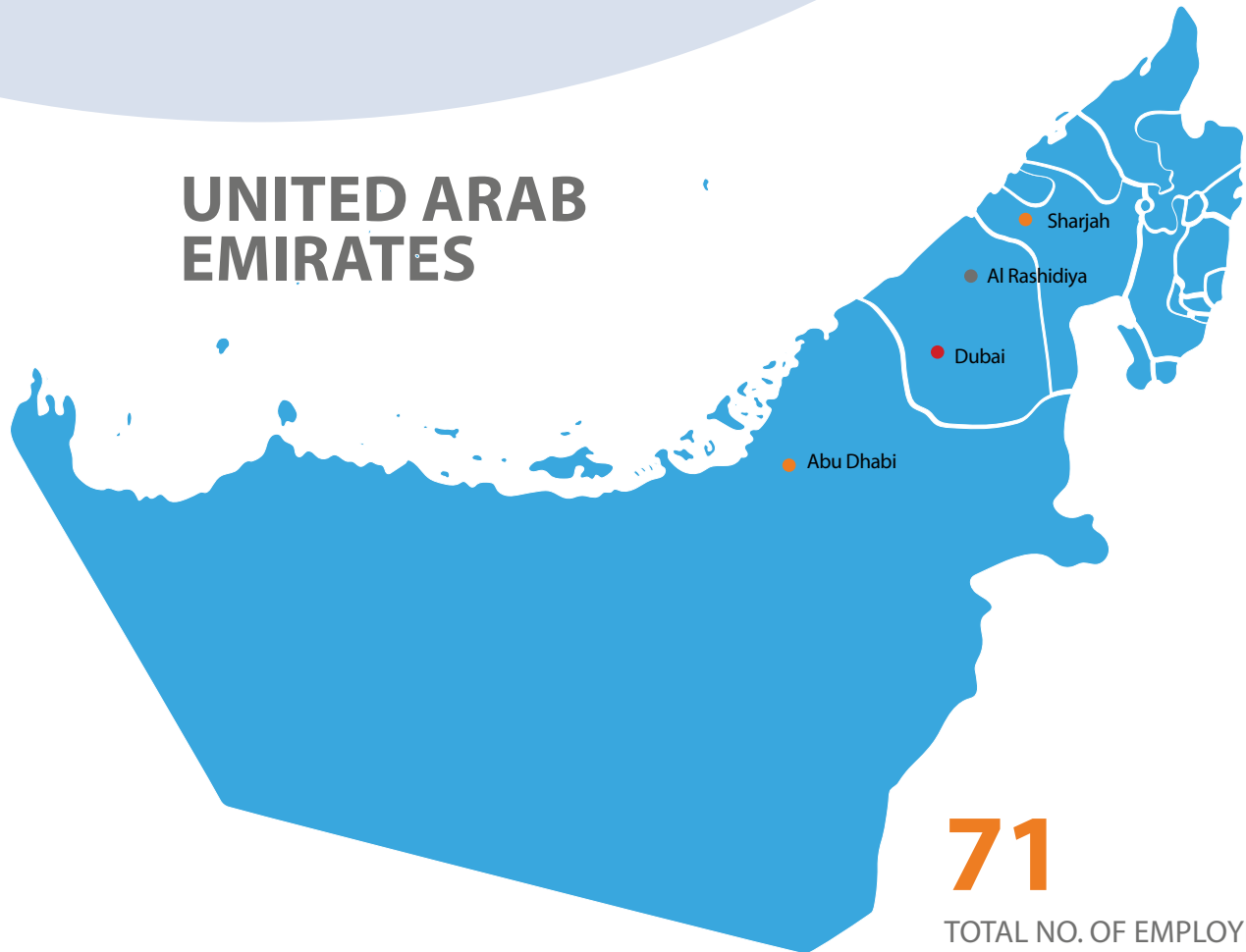


● Head Office and Registered Office

● Window Takaful Operations Zones/Branches

● Divisional Office, Branch Office & Specialised Product Branches

UNITED ARAB EMIRATES



71

TOTAL NO. OF EMPLOYEES
(31 DECEMBER 2024)

● Main Office Branch

● Branch Offices

● Claim Centre

**CREDIT
RATING**

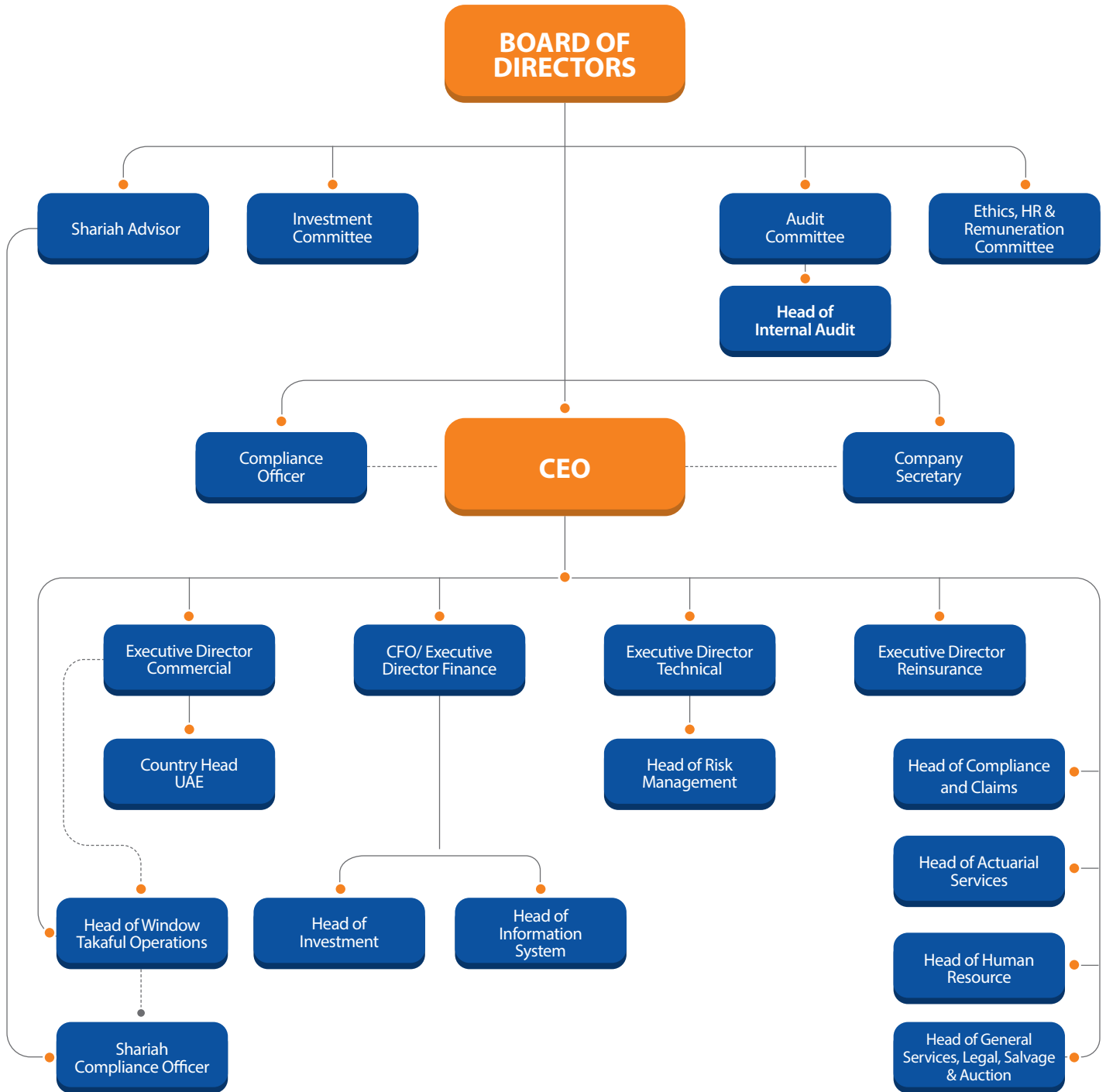
AA++

BY PACRA

B

BY AM BEST
- UK

ORGANIZATIONAL STRUCTURE



ISO 9001:2015 CERTIFIED



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

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



BARGAINING POWER OF SUPPLIERS

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.



THREAT OF SUBSTITUTE PRODUCTS

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.



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, tailor-made insurance plans and exceedingly prompt services have not only gained customer loyalties, but also provided us a competitive edge.

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

PESTEL ANALYSIS

PESTAL (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 affects the objectives of the organization.

Understanding each factor is important for the growth of the organization and plays pivotal role in planning the right strategies which helps the management in assessing the risk 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 basic for business planning process.



POLITICAL

Pakistan's political landscape in 2024 saw general elections and the formation of a coalition government, ensuring political stability. Judicial and governance reforms were introduced to enhance institutional efficiency. Despite challenges, political engagement remained strong, reflecting the country's active and evolving democratic environment.



ECONOMIC

Pakistan's economy showed signs of recovery in 2024, driven by political stability, lower inflation, and economic reforms. Inflation dropped from 29.7% to 4.1%, aided by strict fiscal policies. The IMF's \$7 billion loan boosted investor confidence, while the SBP cut interest rates from 22% to 13%, stimulating growth. The KSE-100 Index surged 84%, reflecting market optimism. With improved purchasing power and business activity picking up, sustained reforms remain key to long-term stability.



SOCIAL

In 2024, Pakistan's social landscape showed both progress and challenges. The population grew to 241.49 million, with a significant portion living below the poverty line. Efforts to improve education and healthcare were ongoing, with goals for 100% primary school enrollment and reductions in infant and maternal mortality. Social initiatives focused on women's digital rights and combating online harassment continued to gain momentum, contributing to the country's push for social improvement despite existing challenges.



ENVIRONMENT

In 2024, Pakistan faced severe environmental challenges, including devastating floods, a heatwave, and poor air quality, with cities like Lahore among the most polluted globally. Climate change also led to rising eco-anxiety. Pakistan joined international efforts to phase out fossil fuels and promote renewable energy to tackle these issues.



LEGAL

In 2024, Pakistan's insurance sector saw reforms including digital distribution of insurance, updated governance codes, and higher capital requirements for insurers. Efforts to digitize included new tools for policy tracking. The government promoted microinsurance and Takaful to enhance access and approved a disaster risk financing strategy to manage natural disasters, aiming to modernize and expand the sector.

SWOT ANALYSIS

STRENGTH

- 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

WEAKNESS

- Low insurance penetration in the country
- 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
- Natural disasters due to environmental changes may impact adversely
- Prevailing tense geopolitical situation of the region
- Frequent changes in regulatory environment
- Cut-throat competition in the industry

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



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



THE STRENGTH WITHIN
**OUR LEADING
BUSINESS
MODELS**



BUSINESS MODEL & VALUE CREATIONS

Mission, Vision, Code of Conduct & Ethics



INPUTS

OUTPUTS

OUTCOMES

FINANCIAL CAPITAL



- Paid-Up Capital: Rs 3.5 billion
- Total Asset: 109.1 billion
- Equity: 40.6 billion
- Combined Investment and Cash & Bank Portfolio: 62.1 billion

- Earnings per Share (EPS): Rs 11.57
- ROE: 10%
- Current Ratio: 1.7 times
- Liquid Assets / Total Assets: 65.8%

- Gross Written Premium & Contribution: Rs 58.1 billion
- Claims Paid: Rs 31.2 billion
- Total Investments: Rs 55.0 billion
- Profit after Tax: Rs 4.0 billion

HUMAN CAPITAL



- Total Employees: 943
- Highly Skilled, Experienced and Competent Employees
- Training & Development Programs
- Performance Management System

- Female staff Ratio: 14.7%
- Male Staff Ratio: 85.3%
- No. of Training Conducted; 12
- Employee Engagement Programs: 6

- More focus on customer centricity, Service excellence and customer engagement
- Increase innovation & Competitiveness
- Increase Employees Satisfaction

MANUFACTURED CAPITAL



- Property & Equipment Value is Rs 7.7 billion
- 2 Call Centers (Pakistan & UAE)
- 3 Dedicated Doctors Helplines (Karachi, Lahore & Islamabad)

- 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



- Technological Infrastructure is based on Centralized ERP and integrated with functional and technical departments.
- Dedicated Online Portals for Health, Travel, Motor and Window Takaful Operations .

- 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



- All Leading/ Regional Hospitals are on-board with Health Insurance.
- All Leading Auto- Assemblers, Workshops on-board for Motor Claims
- Partnerships with Local NGO's for Micro Insurance
- Dedicated Teams for CPEC & Special Projects
- Globally renowned and Reliable Re-Insurers/ Retakaful Partners
- Alliances with Digital Aggregators
- Largest distribution network with Partner Banks, and Auto Assemblers, Dealerships

- Edge for Presence in all remote locations of Pakistan
- Wellness Programs & Medical Camps
- Increase in Crop & Livestock

- Contribution to National Exchequer: Rs. 1.88 Billion
- Increased Wellness Programs

NATURAL CAPITAL



- Green Office Initiative
- Largest Insurer of Renewable Energy Projects
- Invested in Green Initiative Projects in Karachi and Lahore Head Office. i.e; Complete LED's based Electrical Infrastructure

- 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. Pakistan has gone through another sever political crisis in recent years. However, since the elections in 2024 the political horizon seems to have become somewhat stable. This stability is expected to also stabilize the economic environment of the country, which in turn is expected to positively

influence the performance of the Company. 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.

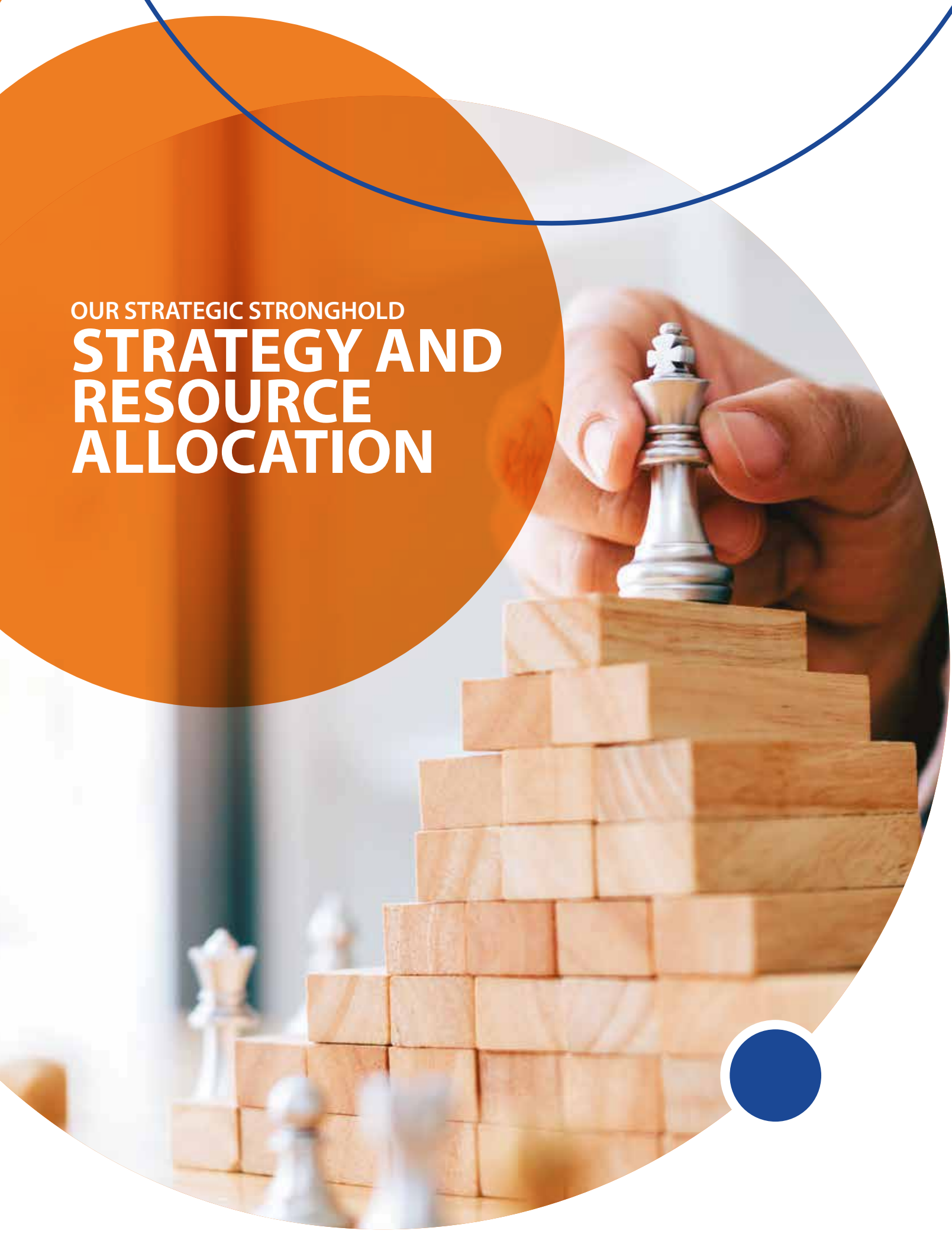
Travel insurance sales increase during holiday seasons.

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 follows:

 <p>SHORT TERM</p>	 <p>MEDIUM TERM</p>	 <p>LONG TERM</p>
<ul style="list-style-type: none"> Utilize technology to enhance our productivity, reduce operational costs, 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 customers 	<ul style="list-style-type: none"> 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 increasing the market share of Window Takaful Operations Improve our market positioning in UAE 	<ul style="list-style-type: none"> To lead insurance industry by providing outstanding customer service and maximizing long-term value for shareholders Expand our geographical presence beyond Pakistan

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 with 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 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Strengthen relationships with our business partners • Open new branches for Window Takaful Operations • Fulfill 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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
Improve our market positioning in UAE	<ul style="list-style-type: none"> • Introduction of motor insurance portal in UAE with new marketing strategy • Utilize AICL's close 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 and Positioning in UAE	This is an ongoing process and will remain relevant in future

Strategic Objectives	Strategies to achieve objectives	KPI	Future relevance of KPI
Expand our geographical presence beyond Pakistan	<ul style="list-style-type: none"> Explore and expand in other GCC Countries Our International experience gives us the edge to seek challenges in new geographical territories 	Geographical growth	This is an ongoing process and will remain relevant in future

Method, Assumptions in Compiling and Changes in KPIs

Key Performance Indicators (KPIs) are the benchmarks to measure the performance of an organization. The Company recognizes the importance of aligning the KPIs to the overall strategic objectives as otherwise the resources and efforts of the organization would not be directed to achieve those objectives. The Company identifies the KPIs, which correctly measure the performance towards achievement of the strategic objectives and regularly reviews those KPIs to ensure that these are the effective, accurate and relevant measures to gauge the performance of the company towards achieving strategic objectives.

Our Key Resources & Capabilities and Resource Allocation Plan

Organizational resources are the assets available with an organization for utilization in the production of goods and provision of services. Effective and efficient utilization of these resources is pivotal towards the 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, where it stands today, is the result of in-depth and well-thought-out resource allocation planning, careful implementation and continuous 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, day-to-day working capital requirements 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. The 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. 31,231 million (2023: Rs. 25,499 million) on account of claims to the insured & takaful participants and Rs. 1,037 million (2023: Rs. 1,037 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 the 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 the Investment Committee of the Board. Decisions regarding investments are taken by the Investment Committee.

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

c. Investment in Technology

Adamjee Insurance has invested substantially in technological infrastructure over the years and continues to do so to utilize technology to enhance customer satisfaction, reduce operational costs, enhance productivity and to introduce:

- Innovative products
- Digitalization in insurance industry
- Automation of policies and procedures
- Automation of operational and support processes

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 resources
- Continuous professional development through training to enhance skill set of human resource, especially to meet the requirements of digitalization and manage the remote / hybrid working environment
- Flexible culture that offers adequate opportunities for growth and work-life balance

The Company has a team of around 943 competent employees including development officers with adequate experience, skills and qualifications to manage the day-to-day operations. Market competitive remunerations along with adequate opportunities for growth are ensured to attract and retain skilled resources. Various on-job trainings are also conducted from time to time to enhance the skill set of the staff. Further, management takes keen interest in identifying and planning succession for all key positions.

Ethics, Human Resource and Remuneration Committee of the Board oversee 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.

The Business Continuity Plan is designed to ensure availability of required resources in the event of disruptions to keep the business activities up and running.

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 absorbing 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 a 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 a healthy relationship with customers, agents, surveyors, reinsurers, reinsurer brokers, vendors, banks and all other stakeholders. Further, the Company also engages in various CSR activities.

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 include 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:

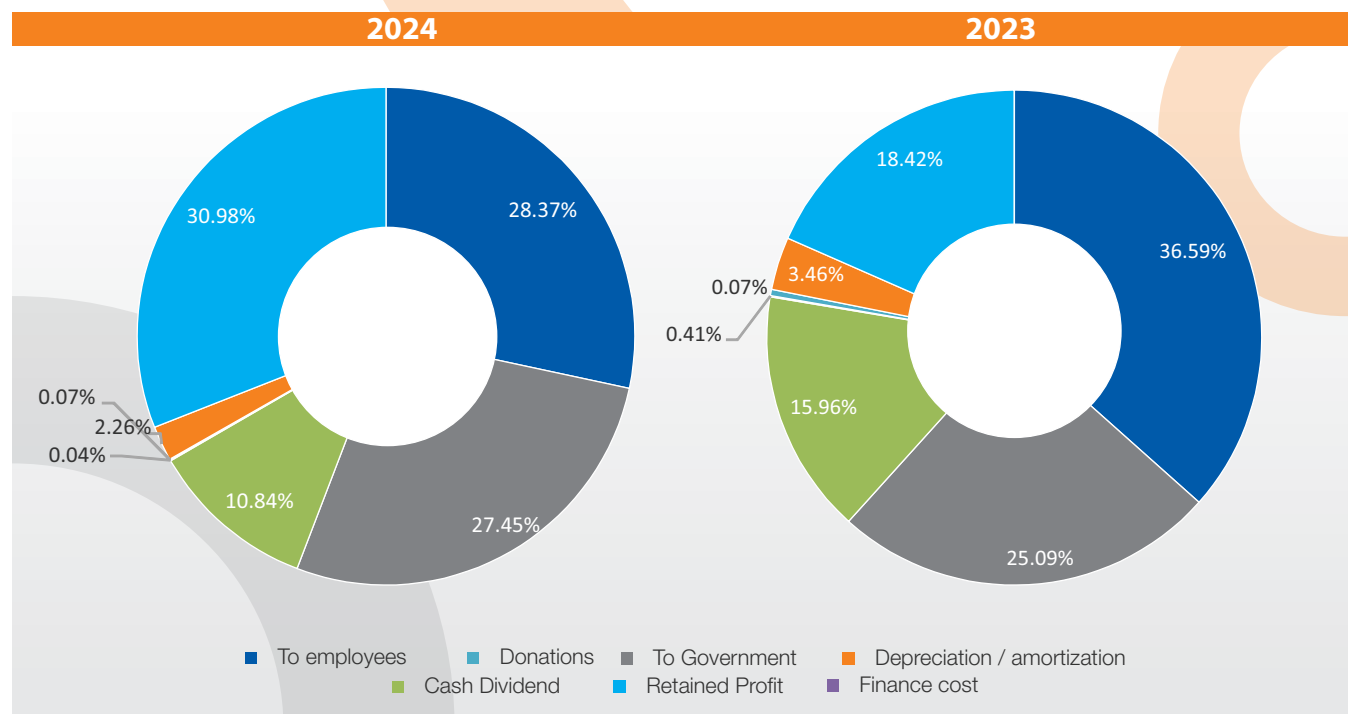
- To protect the environment by reducing carbon footprints
- To promote culture whereby natural resources are efficiently utilized

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 and energy to reduce wastage. The Company pledges to continue to work towards promoting green office environment.






STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

	2024		2023	
	(Rupees In '000')	%	(Rupees In '000')	%
WEALTH GENERATED				
Gross premium earned	48,537,838		38,481,110	
Investment and all other income	6,838,219		5,475,683	
	55,376,057		43,956,793	
Management and other expenses	(45,690,274)		(37,378,566)	
	9,685,783	100.00	6,578,227	100.00
WEALTH DISTRIBUTED				
To employees	2,747,813	28.37	2,407,084	36.59
To government	2,658,341	27.45	1,650,237	25.09
	5,406,154	55.82	4,057,321	61.68
To share holders				
Cash dividend	1,050,000	10.84	1,050,000	15.96
To providers of financial capital as finance cost	7,061	0.07	4,674	0.07
To society as donation	3,500	0.04	26,800	0.41
Retained in business				
Depreciation and amortization	218,866	2.26	227,402	3.46
Retained profit	3,000,202	30.97	1,212,030	18.42
	3,219,068	33.23	1,439,432	21.88
	9,685,783	100.00	6,578,227	100.00



Factors Affecting Strategy and Resource Allocation

Factors	Effect on Company's Strategy & Resource Allocation	Company's Response
 <p>Technological Changes</p>	<p>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.</p> <p>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.</p>	<p>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.</p> <p>Adamjee Insurance has embraced digital transformation with the launch of its Digital One Platform, revolutionizing the way customers purchase and manage insurance. Through our Customer App and Website, users can now seamlessly buy Travel, Health (Conventional), and Motor (Takaful) Insurance with just a few clicks—eliminating paperwork and long processes.</p> <p>But our commitment doesn't end at acquisition. The platform also integrates self-service features, allowing customers to manage policies, file claims, and access support effortlessly.</p> <p>With a vision to lead Pakistan's insurance industry into the future, Adamjee will continue expanding its digital offerings, adding more products to ensure a seamless, end-to-end experience for all customers.</p>
 <p>Societal Changes</p>	<p>We have analyzed the few of the impacts of societal changes as follows.</p> <ul style="list-style-type: none"> • 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 and its profits. 	<p>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.</p> <p>Our initiatives to overcome challenges of societal issues have been addressed in the Corporate Social Responsibility section.</p>
 <p>Environmental Changes</p>	<p>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.</p>	<p>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 farmers and agriculture communities to make the transition to a low-carbon one, but also protect crops against damage in the event of any adverse weather-related events.</p>

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 with 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 innovation throughout the organization. The Company has developed a centralized structure for innovation and has in place an 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 are also encouraged and deliberated at the forum of our Insurtech and Innovation Group.

Strategy on market, product and service development

Adamjee Insurance is committed to driving innovation and expanding its product portfolio to meet the evolving needs of the customers. The insurance market is witnessing a significant shift, with increasing demand for affordable, accessible, and tailored insurance solutions. In response, Adamjee Insurance is focusing on the

development of new products and services, with a particular emphasis on microinsurance, to cater to the needs of the underserved segments of the population.

Microinsurance is a cornerstone of Adamjee Insurance's strategy, aimed at providing financial protection to low-income individuals and families. This product is designed to be affordable, easy to understand, and accessible to the masses, particularly those in rural and semi-urban areas. By leveraging digital platforms and partnerships with microfinance institutions, Adamjee Insurance aims to simplify the enrolment process and ensure widespread adoption.

Adamjee Insurance is also investing in technology-driven solutions to enhance customer experience and accessibility. This includes user-friendly mobile apps, online claim processing, and AI-powered chatbots for instant customer support. These initiatives are designed to make insurance services more convenient and efficient, ensuring that customers can access support whenever and wherever they need it.

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 profitable organizations may find it difficult to run their operations smoothly in the 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 top rated scheduled banks (including balance subject to encumbrance) amounts to Rs. 7,023 million (2023: Rs. 5,253 million). Further, liquid assets ratio is 1.2 times as at 31 December 2024 (2023: 0.9 times).

The Company had no debt liability to repay during the year 2024.

Liquidity position is closely monitored 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
- Grow 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.



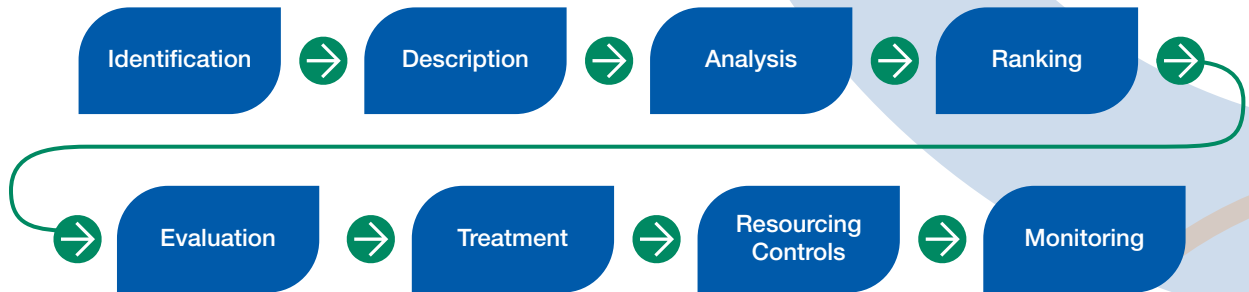
CAPITALIZING ON EVERY SITUATION

RISK AND OPPORTUNITY



ENTERPRISE RISK MANAGEMENT (ERM) FRAMEWORK

At Adamjee Insurance Company Limited (AICL), the Enterprise Risk Management (ERM) process is broken down into eight steps as 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 the 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/assign a Risk Management Committee/mandate to a Board Committee (in Adamjee Insurance case, its the audit committee) in pursuit of robust risk assessment of the principal risks facing the Company at management level which should comprise of 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 a 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 Risk Tolerance and Appetite on an annual basis. If there are sudden material changes in the circumstances, this activity is done on quarterly basis instead.

Board's Statement on Risk Tolerance and Risk Management

At Adamjee Insurance, we acknowledge that effective risk management is essential for maintaining financial stability, fulfilling our commitments to policyholders, and achieving sustainable growth.

As a non-life insurer, we encounter a wide range of risks, including underwriting, market, credit, operational, and emerging risks. To manage these exposures effectively, the Board has established a structured risk tolerance framework and comprehensive risk management policies.

Risk Tolerance Framework

- The Company adopts a moderate risk tolerance approach, striking a balance between growth opportunities and financial stability.
- Risk tolerance is defined as the level of risk we are prepared to accept while ensuring solvency, profitability, and adherence to regulatory requirements.
- Our risk appetite statement sets clear thresholds for key risk categories:
 - Underwriting risk: We aim to manage the combined ratio in line with our profitability objectives.
 - Market risk: We aim to manage investment portfolio volatility to ensure it remains within acceptable levels.

- Credit risk: We manage counterparty exposures to ensure appropriate diversification and risk mitigation.
- Operational risk: We maintain zero tolerance for fraud and significant compliance breaches.

Risk Management Policies

To implement our risk tolerance framework, we adhere to the following policies:

- Underwriting Policy: Stringent underwriting standards, data-driven pricing models, and portfolio diversification mitigate high-risk exposures.
- Reinsurance Policy: A structured reinsurance program provides protection against catastrophic losses and claims volatility.
- Investment Policy: The Company’s approach towards investment ensures asset-liability matching, liquidity management, and capital preservation.
- Regulatory Compliance Policy: We fully comply with applicable statutory and solvency requirements, with risk assessments aligned to IFRS 17 where applicable.
- Operational Risk Policy: Strong cybersecurity measures, internal controls, and governance frameworks are in place to mitigate operational risks.

Oversight and Review

- The Risk Management Committee oversees risk governance, ensuring risk-taking aligns with strategic objectives.
- Regular stress testing and scenario analysis are conducted to assess resilience in adverse conditions.
- The Company maintains a proactive risk management approach, reviewing and updating policies annually or as required in response to market and regulatory changes.

Through this structured risk management framework, Adamjee Insurance remains committed to financial resilience, policyholder protection, and long-term sustainability.

Board’s statement on assessment of Principal Risks

At Adamjee insurance, we recognize that effective risk management is critical to ensuring financial stability, regulatory compliance, and long-term sustainability. As a non-life insurance provider, we operate in a dynamic environment where various risks can impact our ability to meet obligations to policyholders and stakeholders. The Board, in collaboration with the Risk Management Committee, conducts a thorough assessment of principal risks as detailed below, to maintain a robust risk management framework.

Key Risks

The 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	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.

Risk No.	Business Activity	Risk Name	Internal or External	Risk Description	Consequences	Impact	Probability	Risk Rating	Control
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 reinsurers.
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	<p>Currency devaluation is already taking place which leads to high inflation.</p> <p>Continuous decrease in PKR value might result in increase in claim costs for AICL which will affect profitability.</p> <p>Additionally, a devalued currency will also lead to more volatility of foreign branch's profit and loss results.</p>	<p>Due to decrease in PKR value:</p> <ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<p>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.</p> <p>Moreover, insufficient pricing of unusual risks could result in unanticipated loss ratios.</p>	<p>Unanticipated claims will adversely impact the profitability of the company.</p> <p>Inadequate pricing will result in company not receiving adequate compensation for the risks it has signed up for.</p>	Significant	Moderate	High	<p>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.</p>
12	Strategic and Financial	Climate Change Risk	External	<p>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.</p>	<p>Due to change in climate:</p> <ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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 to avoid operations disruption through technology, by offering online solutions to customers, and by empowering the human resource to work remotely when required.
13	Strategic and Financial	Climate Change Risk	External	<p>Increased frequency and severity of extreme weather events due to climate change, leading to higher claims costs and operational disruptions.</p>	<ol style="list-style-type: none"> 1. Rising claim costs due to damages from extreme weather events. 2. Increased insurance premiums impacting affordability. 3. Potential operational disruptions due to severe weather conditions. 	Significant	High	High	<ol style="list-style-type: none"> 1. Maintain adequate catastrophe cover from reinsurers. 2. Develop and implement risk-based pricing strategies that account for climate risks. 3. Strengthen operational resilience through digital transformation and alternative work arrangements.

Risk No.	Business Activity	Risk Name	Internal or External	Risk Description	Consequences	Impact	Probability	Risk Rating	Control
14	Governance & Compliance	Regulatory Non-Compliance	External	Failure to comply with ESG (Environmental, Social, and Governance) regulations may result in legal penalties, reputational damage, and operational restrictions.	1. Financial penalties and legal actions for non-compliance. 2. Reputational damage, leading to loss of investor and customer confidence. 3. Potential regulatory intervention or operational restrictions.	Significant	High	High	1. Implement a comprehensive ESG compliance framework. 2. Conduct regular internal audits to ensure adherence to evolving regulations. 3. Engage with regulators proactively to stay updated on compliance requirements. 4. Provide ongoing training to employees on ESG policies and best practices.

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

Opportunity	Internal or External	Description	Consequence	Strategy	Probability	Impact
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 in the process of enhancing and modernizing its Enterprise Risk Management (ERM) framework. A parallel structure is being implemented while the existing framework remains operational to ensure a seamless transition.

Key highlights of the revamped ERM framework include:

Redefined Risk Categories

The primary and secondary risk categories have been restructured in alignment with the recommendations of the Institute and Faculty of Actuaries.

Expanded Risk Register

The risk register has been enhanced with additional fields to improve risk assessment and monitoring:

- Credible Worst-Case Scenario (CWCS)
- Likelihood of CWCS over a one-year period
- Severity of CWCS in terms of impact on the Profit & Loss statement
- Expected Loss associated with CWCS
- Risk Category Decision, classifying risks as:

- Key Risk
- Monitor with Key Risk Indicators
- No Action Required
- Key Risk Indicator (KRI) Descriptions and Thresholds

Enhanced Risk Monitoring

Moving forward, key risk indicator values will be evaluated against predefined thresholds on a quarterly basis to ensure proactive risk management.

Advanced Capital Modeling

Capital models have been integrated using a globally recognized subscription-based platform for major lines of business, providing comprehensive Profit & Loss distributions to support strategic decision-making.

Extensive stress testing of financial and solvency position is carried out for all business segments. Idiosyncratic as well as systemic scenarios are tested to make sure that projected solvency is adequate under all regulatory regimes that the company is exposed to.

Extensive financial recovery planning is also carried out. The purpose of this exercise is to make sure that the Company has suitable financial recovery options and plans in case there is a stress to the financial or solvency position.

This revamped ERM framework aims to strengthen risk governance, enhance financial resilience, and align risk-taking activities with the Company's long-term objectives.

Adequacy of Capital Structure

Share Capital and Reserves	2024	2023	2022
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	14,941,400	7,963,751	3,527,175
Unappropriated Profit	22,183,838	19,156,318	17,891,764
Total Equity	40,625,238	30,620,069	24,918,939
Cash and Bank – Conventional Business*	7,023,251	5,252,776	5,276,694
Cash and Bank – WTO Operator’s Fund	295,515	76,860	164,235

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.

*Including bank balance subject to encumbrance (please refer note 15 in unconsolidated financial statements)

Managing ESG-Related Supply Chain Risks at Adamjee

The Company operates through an extensive and complex supply chain to produce and distribute insurance products across various regions and jurisdictions. This supply chain encompasses both internal operations and a wide array of external parties, including third-party administrators, brokers, hospitals, motor workshops, surveyors, and reinsurers. Given the extensive network of partnerships and operational touchpoints, the Company recognizes the need for robust Environmental, Social, and Governance (ESG) policies that not only govern its internal operations but also extend across the entire supply chain. By integrating ESG principles into its risk management framework, the Company aims to enhance sustainability, mitigate reputational risks, and foster long-term resilience in the face of evolving regulatory and ethical expectations.

Currently, the company is exposed to the following ESG risks:

Environmental Compliance and Regulatory Risks

- The introduction of new environmental regulations can necessitate the restructuring of physical operations, leading to increased compliance costs and potential disruptions. Non-compliance with these regulations can expose the Company to legal

penalties, operational inefficiencies, and reputational damage.

- The Company must proactively monitor regulatory changes and ensure that all its physical operations and those of its partners align with evolving environmental standards.

Workplace Safety and Equity Risks

- Any lapses in workplace safety or equity, whether within the Company or at external partner locations, can lead to reputational damage and potential legal liabilities.
- Ensuring fair labor practices, diversity, and inclusivity across the supply chain is essential to maintaining the Company’s credibility and social responsibility commitments.

Corporate Governance and Ethical Conduct Risks

- As an insurance provider, the Company operates in a business environment that is fundamentally built on trust. Any failures in corporate governance, whether due to lack of oversight, unethical decision-making, or weak internal controls, could lead to significant reputational loss and financial repercussions.
- A strong governance framework is critical to ensuring ethical business practices, compliance with laws, and transparency in decision-making.

Fraud and Mis-Selling Risks

- The insurance industry is particularly vulnerable to fraudulent activities and mis-selling practices, especially as distribution through external parties increases. If external partners engage in fraudulent activities or mislead customers, the Company could face regulatory penalties, financial losses, and reputational damage.
- It is essential to implement stringent due diligence and monitoring mechanisms to prevent such activities and uphold the Company's integrity.

Corruption and Money Laundering Risks

- Corruption and money laundering within the supply chain could not only disrupt business operations but also expose the Company to legal liabilities and reputational risks.
- Ensuring strict compliance with anti-money laundering (AML) regulations and anti-corruption policies is necessary to safeguard the Company's reputation and operational stability.

Cybersecurity and Data Privacy Risks

- With an increasing reliance on digital platforms and data-driven decision-making, the risk of cybersecurity breaches and data privacy violations remains ever-present.
- Any breach in the Company's internal systems or those of external partners could result in financial losses, regulatory penalties, and erosion of customer trust.
- Protecting sensitive data and ensuring compliance with data privacy laws is a priority for maintaining customer confidence and operational security.

The organization is diligently integrating Environmental, Social, and Governance (ESG) principles into its Enterprise Risk Management (ERM) framework to enhance sustainable business practices. It continuously monitors evolving regulations to ensure full compliance with legal and industry standards. In addition, workplace safety remains a key priority, upheld through dedicated committees that oversee and enforce safety protocols across all operational levels.

Before entering into any partnerships or contractual agreements with external entities, the Company adheres to stringent due diligence measures, including comprehensive "Know Your Customer" (KYC) procedures. This approach helps mitigate risks associated with third-party engagements, ensuring transparency and accountability in business dealings.

Recognizing the increasing threat of cyber risks, the Company has also made substantial investments in cybersecurity initiatives. These efforts are aimed at strengthening its digital infrastructure, preventing data breaches, and safeguarding sensitive information from potential cyber threats. By proactively enhancing its cybersecurity framework, the Company reinforces its commitment to data protection and risk mitigation in an increasingly digital landscape.

Overall, the Company's strategic focus on ESG integration, regulatory compliance, workplace safety, third-party risk management, and cybersecurity reflects its commitment to sustainable growth, operational resilience, and corporate responsibility.

Sustainability Risks & Opportunities

The Company is committed to reducing its exposure to sustainability related risks and to leveraging sustainability related opportunities.

Sustainability related risks and opportunities along with their potential impact on financial performance are given below

Name	Risk or Opportunity	Description	Potential Impact	Mitigation or Extension
Access to human capital	Risk	The company operates in a highly specialized service industry and relies almost entirely on a quality workforce to deliver quality insurance products and services. If the current exodus of human capital from Pakistan continues, it will become more and more challenging to attract and retain the right talent.	If this risk materializes the Company will not be able to deliver quality products and services that it is currently delivering.	Various initiatives are taken to retain employees that are both financial and non-financial. Regular surveys are also conducted to make sure that employee satisfaction is high.
Access to clean air	Risk	Smog levels in various cities in Pakistan have been increasing every year. During some weeks of the year employees are unable to commute to work.	If smog levels continue to rise the company will have to make permanent changes to the way operations are conducted. This could include work from home arrangements during early winter months when smog levels are at their highest.	Mitigation by company in isolation is not possible. This is something that will have to be taken up by regulatory bodies.
Data privacy	Risk	The company uses and stores vast amounts of customer data. Any potential data breach from an internal or external source can be considered an incident.	Any data breach is likely to result in significant reputational loss to the company.	The company has made significant investments in cybersecurity systems and experts to avert the realization of this risk.
Green products and services	Opportunity	As the sustainable energy market is growing, the company is finding opportunities to market new products such as solar panel insurance.	This will ultimately benefit the company from a financial perspective.	The company completes regular surveys of insurance products in markets where sustainable solutions have already been implemented.
Cost savings from sustainable energy	Opportunity	Sustainable energy consumption is likely to increase operational efficiency and reduce costs. This is possible because of unusually high energy costs from traditional sources in Pakistan.	This will ultimately benefit the company from a financial perspective.	The company is exploring ways of incorporating sustainable energy solutions at its premises.
Investor alignment	Opportunity	As the company moves towards ESG best practices, the expectation is that investor confidence will increase.	This will ultimately have a positive impact on the Company's corporate value.	Various ESG initiatives are being taken by the company.





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 64th Annual Report of your Company together with the audited unconsolidated financial statements for the year ended 31 December 2024.

ECONOMIC OVERVIEW

The fiscal year 2024 witnessed some positive signs for the economy after several challenging years, especially in the form of political stability after general elections in February 2024. Inflation has been a major concern for the last couple of years and 2024 witnessed a significant reduction in CPI inflation which reduced to 4.1% in December 2024 from 29.7% in December 2023 YoY basis, owing to strict monetary and fiscal measures. Pakistan also entered into USD 7 billion loan arrangement with International Monetary Fund (IMF) under the Extended Fund Facility (EFF) which confirms its commitment to the necessary structural reforms. The State Bank of Pakistan (SBP) gradually reduced the policy rate to 13% till December 2024 which was 22% in December 2023.

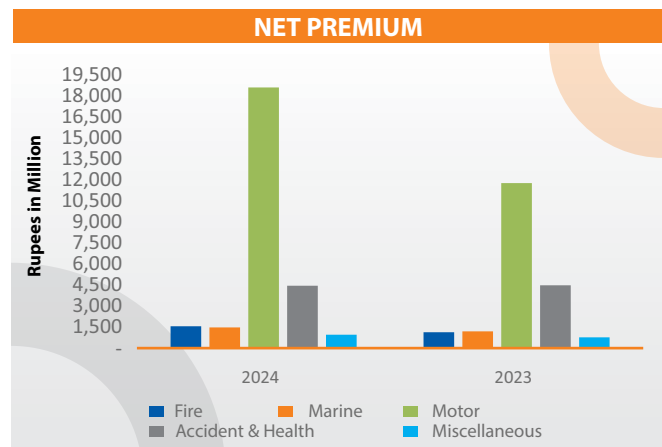
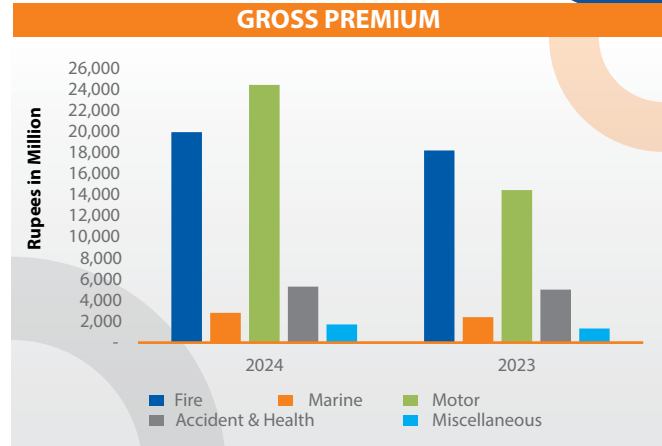
Concerning Pakistan Stock Exchange (PSX), the KSE-100 Index posted 84% return during 2024 closing at 115,127 in the year 2024 as compared to 62,451 in the year 2023.

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

COMPANY PERFORMANCE REVIEW

The Company performed well in 2024 as we closed the year delivering sound financial results with a premium growth of 31% in Conventional Business and contribution growth of 36% in Window Takaful Operations over the preceding year. We continued to follow the strategy of sustainable growth by focusing on further strengthening the risk and compliance management.

In 2024, the gross premium increased to Rs. 54,266 million (excluding Rs. 3,898 million contributions generated through Window Takaful Operations) as compared to Rs. 41,463 million in 2023 (excluding Rs. 2,866 million contributions generated through Window Takaful Operations). The net insurance premium revenue was 50% (Rs. 26,983 million) of the total gross premium underwritten as compared to the net insurance premium revenue of 47% (Rs. 19,319 million) in 2023.



The net claims ratio decreased to 66% of net premium revenue as compared to last year's ratio of 70% per annum primarily due to decrease in loss ratio of UAE Operations. Net Commission and other acquisition costs increased to 15% of net premium revenue in 2024 as compared to 13% in 2023 and Management expenses decreased to 19% of net premium revenue in 2024 as compared to 24% in 2023.

Consequently, the underwriting results reported a profit of Rs. 152 million in 2024 as against a loss of Rs. 1,365 million in 2023.

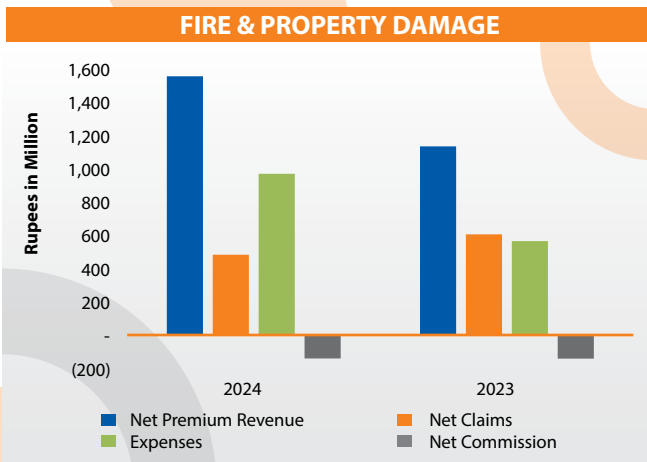
The return-on-investment portfolio was 9% in 2024 as compared to 11% in 2023.

Profit before tax amounted to Rs. 6,709 million in the year 2024 recording an increase of 71% against the preceding year's profit of Rs. 3,912 million. Profit after tax also increased by 79% to Rs. 4,050 million as against profits of Rs. 2,262 million in the preceding year.

PORTFOLIO ANALYSIS

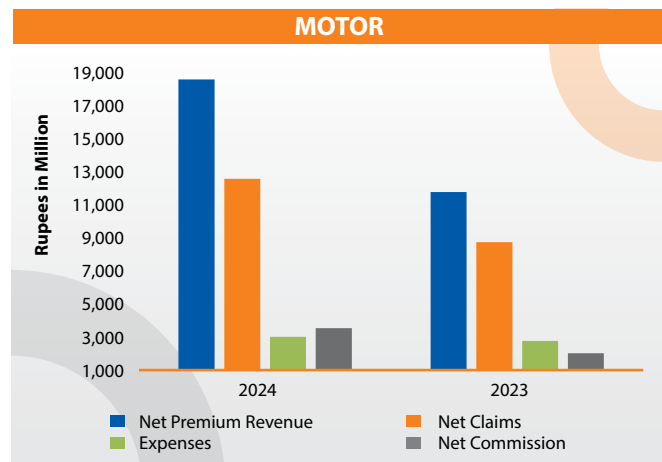
Fire & Property Damage

Fire and property class of business constituted 37% of the total portfolio. During the year, the Company has underwritten a gross premium of Rs. 19,963 million (2023: Rs. 18,222 million). Net claims to net premium ratio decreased to 31% in 2024 as compared to 53% in 2023. As a result, fire and property class posted underwriting profit of Rs. 244 million in 2024 as compared to Rs. 106 million in 2023.



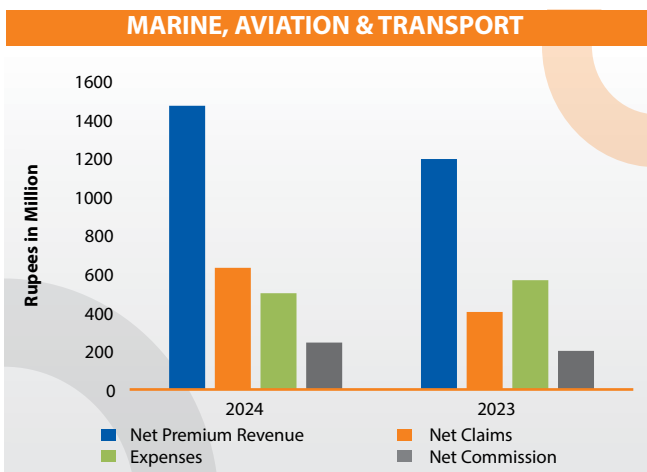
Motor

Motor class of business constituted 45% of the total portfolio. During the year, the Company has underwritten a gross premium of Rs. 24,433 million (2023: Rs. 14,463 million). Net claims to net premium ratio decreased to 68% in 2024 as compared to 74% in 2023. As a result, Motor class underwriting loss reduced to Rs. 526 million in 2024 as compared to a loss of Rs. 1,748 million in 2023.



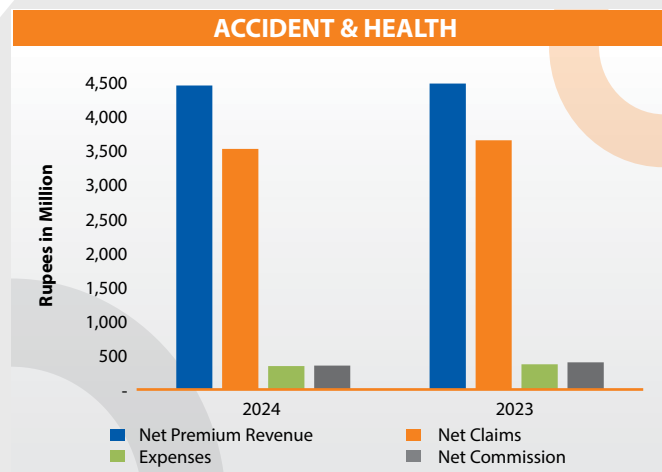
Marine, Aviation & Transport

Marine, Aviation & Transport class of business constituted 5% of the total portfolio. During the year, the Company has underwritten a gross premium of Rs. 2,831 million (2023: Rs. 2,415 million). Net claims to net premium ratio was 43% in 2024 as compared to 34% in 2023. This portfolio showed underwriting profit of Rs. 98 million in 2024 as compared to Rs. 26 million in 2023.



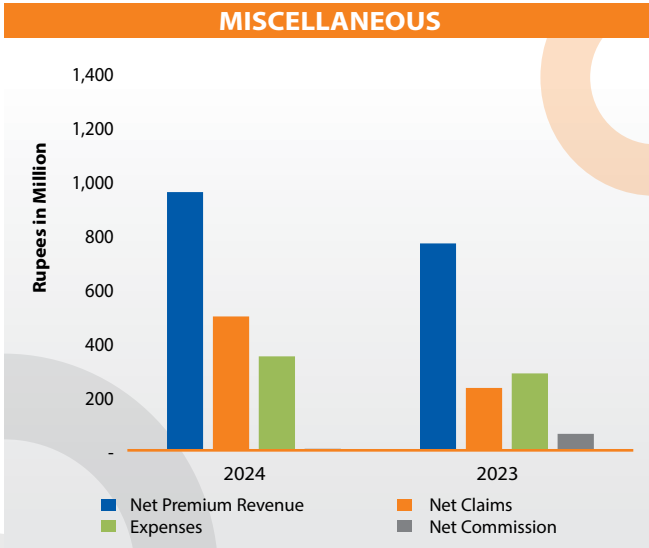
Accident & Health

Accident & Health class of business constituted 10% of the total portfolio. During the year, the Company has underwritten a gross premium of Rs. 5,313 million (2023: Rs. 5,023 million). Net claims to net premium ratio decreased to 79% in 2024 as compared to 81% in 2023. As a result, this portfolio showed underwriting profit of Rs. 229 million (2023: Rs. 60 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. 1,725 million (2023: Rs. 1,341 million). Net claims to net premium ratio increased to 52% in 2024 as compared to 30% in 2023. As a result, miscellaneous portfolio's underwriting profit decreased to Rs. 107 million in 2024 as compared to Rs. 190 million in 2023.



INVESTMENT INCOME

Investment income of the Company witnessed an increase of 32% in 2024 over the preceding year.

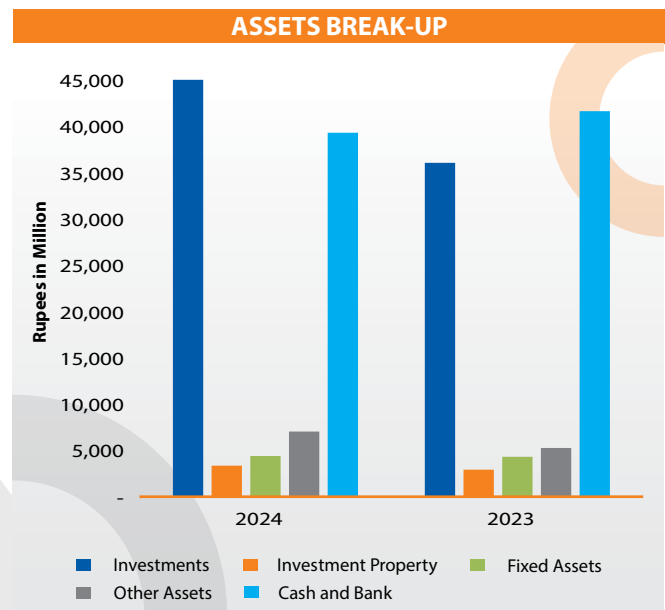
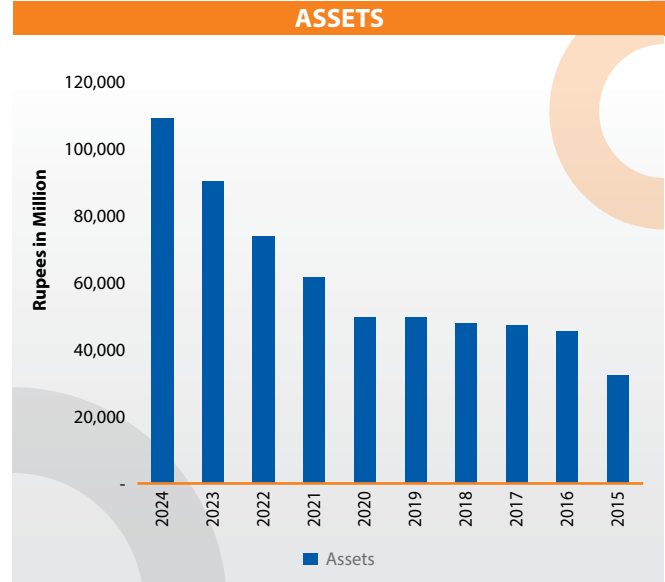
The break-up of investment income is as under:

	2024	2023
	(Rupees in million)	
Dividend income	3,550	3,348
Return on fixed income securities	650	272
Income from term deposits	547	348
Gain/(Loss) on sale of 'available-for-sale' investments (net of impairment)	404	(65)
Net investment income	<u>5,151</u>	<u>3,903</u>

COMPANY'S ASSETS

Total assets of the Company as on 31 December 2024 amounted to Rs. 109,124 million as against Rs. 90,128

million in 2023. Total investments increased by 53% to Rs. 55,082 million as compared to Rs. 36,039 million in 2023. 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 36% in gross contribution written at Rs. 3,898 million as compared to Rs. 2,866 million in 2023 and has made a profit after tax of Rs. 349 million as compared to profit of Rs. 295 million in 2023.

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 significant growth of 78% in Written Gross Premium (2023: 27%). Net claims to net premium ratio also decreased to 70% in 2024 as compared to 82% in 2023. As a result, Outside Pakistan Operations reported a profit before tax amounting to Rs. 223 million in 2024 as compared to a loss of Rs. 1,349 million in 2023.

PROSPECTS FOR 2025

Amid the current political and economic environment, the prospects for the upcoming year 2025 are presenting both opportunities and challenges. Initiation of the IMF program, reduction in inflation and interest rates are positive signs for the economy while internal, regional, and global geopolitical landscape can present severe challenges.

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 moderate growth trajectory in Insurance Sector during the year 2025.

DIRECTORS

Total number of directors was 8 during the year 2024 and comprises as under:

1. Total Number of Directors:

- i. Male 7
- ii. Female 1

2. Composition of Board:

- i. **Independent directors** **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 with the Board. The meeting fee of Rs. 25,000/- per meeting is paid to each director. 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 38 of the Unconsolidated Financial Statements.

BOARD MEETINGS & ATTENDANCE

During the year 2024, four meetings of the Board of Directors were held and attended by the Directors as under:

Directors	Meeting Attended
Umer Mansha	3
Ibrahim Shamsi	2
Imran Maqbool	4
Khawaja Jala Uddin	2
Mohammad Arif Hameed	3
Sadia Younas Mansha	3
Shaikh Muhammad Jawed	4
Muhammad Ali Zeb – CEO	4

BOARD COMMITTEES & ITS MEMBERS

The Board has formed the following committees:

AUDIT COMMITTEE

Mohammad 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 116.

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 assets/risks 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 analyses the perils to which these 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 aim in 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, the Securities and Exchange Commission of Pakistan (SECP) have made various enactments, rules and regulations to regulate the Insurance Sector in Pakistan. 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 462. 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 2024. 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 was Rs. 11.57/- (2023: Rs. 6.46/-). Detailed working has been reported in Note 37 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 the 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 2024 have been separately mentioned in the annual report at page 188.

IMPACT OF COMPANY'S BUSINESS ON ENVIRONMENT

The impact of the Company's business on the environment is actually next to nothing, since Adamjee Insurance does not have any manufacturing and/or energy-resource-based business set-up. With around 943 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 encourage our staff to act 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 with 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 2024 is inspiring in the Company.

ISO 9001:2015 CERTIFICATION

Adamjee Insurance has always strived to enhance customer satisfaction through continually improving 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 enhanced organized operating environment, better working conditions, increased job satisfaction and enhanced 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 (ALIFE) is a subsidiary company of Adamjee Insurance Company Limited having 90% stake in the paid-up capital of ALIFE. A brief description of ALIFE is given below for the historical record.

ALIFE 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. ALIFE 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 ALIFE.

In February 2020, the Company acquired the remaining stake of 25.72% in ALIFE 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 ALIFE. These shares were subscribed to by the Company. The paid-up capital of ALIFE after issue of rights was raised to Rs. 2,500 million.

10% stake in ALIFE, 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 of 2022 ALIFE was listed on Pakistan Stock Exchange.

A maiden interim dividend of 10% was declared by the Board of Directors of ALIFE with 30 June 2023 Financial Statements followed by a final dividend of 10% (2023). In 2024, the same rate of dividend, 10% interim and 10% final was maintained.

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) (2023: @ 15% [Rupee 1.5 per share]) was paid during the year. The Board recommended final cash dividend @ 15% (Rupees 1.5 per share) (2023: @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 2024, 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 2024, is as follows:

Provident Fund
Gratuity Fund

(Rupees in '000)**1,703,906****527,450**

AUDITORS

The Board of Directors, on the suggestion of the Audit Committee, recommended the appointment of Riaz Ahmed & Company, Chartered Accountants as statutory auditors for the next term in place of retiring auditors KPMG Taseer Hadi & Company Chartered Accountants.

STATUS OF PENDING INVESTMENT DECISION

The decision to make investment in Nishat Mills Ltd and Pakgen Power Ltd under the authority of resolution passed on May 28, 2016, and November 30, 2022, respectively was not implemented fully. The status of decision is explained to members as under as required vide Regulation 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulation 2017.

STATUS OF INVESTMENT UNDER REGULATION 4 (2) OF THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017:

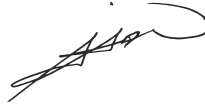
Description	Nishat Mills Ltd	Pakgen Power Ltd
Date of approval	May 28, 2016	November 30, 2022
Total Investment	Rs 625 million	Rs 250 million
Amount of Investment made up to 31 December, 2024	Rs 161.053 million	-
Reasons for deviation from the approved timeline of investment, when investment decision was to be implemented in stipulated time	The special resolution is valid for 11 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 2024 Rs 357.52	Dec 2021 Rs 60.64 Dec 2024 Rs 71.48
b. Earnings per share	Jun 2015 Rs 11.13 Dec 2024 Rs 11.78	Dec 2021 Rs 2.82 Dec 2024 Rs 12.01
c. Balance Sheet footing	Jun 2015 Rs 101.14 billion Dec 2024 Rs 250.71 billion	Dec 2021 Rs 22,564 million Dec 2024 Rs 27,350 million

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.

For and on behalf of the Board



Shaikh Muhammad Jawed
Director



Muhammad Ali Zeb
MD & CEO

Lahore: March 03, 2025

زیر التواء سرمایہ کاری کے فیصلے کی حیثیت

بالترتیب 28 مئی 2016 اور 30 نومبر 2022 کو منظور کی گئی قرارداد کے تحت نشاط ملز لمیٹڈ اور پائلنگم پاور لمیٹڈ میں سرمایہ کاری کرنے کے فیصلے پر مکمل عمل دہا مد نہیں کیا گیا۔ کمپنیوں کے ضابطہ 4(2) کے تحت ارکان کو فیصلے کی حیثیت کی وضاحت کی گئی ہے (ایسوسی ایٹڈ کمپنیوں یا ایسوسی ایٹڈ انڈر ٹیکنگز میں سرمایہ کاری) ریگولیشن 2017۔ کمپنیوں کے ریگولیشن 4(2) کے تحت سرمایہ کاری کی حیثیت (وابستہ کمپنیوں یا ایسوسی ایٹڈ انڈر ٹیکنگز میں سرمایہ کاری) ریگولیشنز، 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, 2024	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 11 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 2024 Rs 357.52	Dec 2021 Rs 60.64 Dec 2024 Rs 71.48
b. Earnings per share	Jun 2015 Rs 11.13 Dec 2024 Rs 11.78	Dec 2021 Rs 2.82 Dec 2024 Rs 12.01
c. Balance Sheet footing	Jun 2015 Rs 101.14 billion Dec 2024 Rs 250.71 billion	Dec 2021 Rs 22,564 million Dec 2024 Rs 27,350 million

اعتراف:

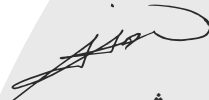
کمپنی اپنے شیئر ہولڈرز کے ہم پر اظہار اعتماد کیلئے ان کا شکریہ ادا کرنا چاہے گی ہم اپنے کسٹمرز، ملازمین، اسٹریٹیجک شرکاء، داروں، ویٹڈرز اور سپلائرز کا تہہ دل سے شکریہ ادا کرتے ہیں۔ ہم سال بھر کے دوران سیورٹیز اینڈ ایگزیکیوٹو کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی طرف سے فراہم کردہ مسلسل تعاون اور رہنمائی کو بھی سراہتے ہیں۔

بورڈ کیلئے اور اس کی جانب سے



محمد علی زاید

مینیجنگ ڈائریکٹر اور چیف ایگزیکٹو آفیسر



شیخ محمد جاوید

ڈائریکٹر

لاہور: 03 مارچ 2025ء

منافع منقسمہ کیلئے سفارش:

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 کی 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 برسوں کا کلیدی آپریٹنگ اور فنانشل 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 2024ء تک بقایا ہیں، سوائے ان مالیاتی گوشواروں کے جن کا انکشاف کیا گیا ہے۔

31 دسمبر 2024ء کو غیر آڈٹ شدہ کھاتوں کی بنیاد پر پروویڈنٹ اور گریجویٹی فنڈز کی جمع شدہ آمدنی سمیت سرمایہ کاری کی قیمت درج ذیل ہے:

(روپے '000 میں)

1,703,906

527,450

پروویڈنٹ فنڈ

گریجویٹی فنڈ

آڈٹرز:

بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی تجویز پر ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو ریٹائر ہونے والے آڈیٹر کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی جگہ اگلی مدت کے لیے قانونی آڈیٹرز کے طور پر تعینات کرنے کی سفارش کی ہے۔

ایک عبوری منافع منقسمہ 15% (1.5 روپے فی شیئر) کی شرح سے (2023ء: @) 15% [1.5 روپیہ فی شیئر] سال کے دوران ادا کیا گیا۔ بورڈ نے حتیٰ نقد منافع 15% (1.5 روپے فی شیئر) کی شرح سے (2023ء: @) 15% [1.5 روپیہ فی شیئر] کی سفارش کی ہے۔

ادارہ جاتی اور مالیاتی رپورٹنگ فریم ورک کا گوشوارہ:

ادارہ جاتی قوانین، قواعد و ضوابط جو وہاں بنائے گئے ہیں، کمپنی کے بورڈ آف ڈائریکٹرز کے مجموعی امور کو بیان کرتے ہیں۔ بورڈ اپنی کارپوریٹ ڈسٹے داریوں سے پوری طرح واقف ہے جیسا کہ کمپنیز ایکٹ 2017ء، کوڈ آف کارپوریٹ گورننس برائے بیمہ کنندگان 2016ء اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019ء (کوڈز) کے تحت احاطہ کیے گئے ہیں اور درج ذیل گوشواروں کی فراہمی پر اظہار 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 کے مناسب کھاتوں 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۔

ذیلی کمپنی

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

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

فروری 2020ء میں، کمپنی نے IVM سے ALIFE میں 25.72% کا بقیہ حصہ حاصل کر لیا ہے، جس نے اسے کمپنی کا مکمل ملکیتی ذیلی ادارہ بنا دیا ہے۔

سال 2021ء کے دوران ALIFE 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 اجراء کے بعد ALIFE کا ادا شدہ سرمایہ بڑھا کر 2,500 ملین روپے کر دیا گیا۔

بک بلڈنگ کے ذریعے ALIFE میں 25 ملین شیئرز کے مساوی 10% حصص فروخت کرنے کیلئے انتظامات جاری ہیں۔ 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 جائیں گے۔ 2022ء کی پہلی سہ ماہی کے دوران ALIFE کو پاکستان اسٹاک ایکسچینج پر درج کیا گیا تھا۔

ALIFE کے بورڈ آف ڈائریکٹرز کی طرف سے 30 جون 2023ء کے مالیاتی گوشواروں کی منظوری کے ساتھ 10% کے پہلے عبوری منافع منقسمہ کا اعلان کیا گیا جس کے بعد 30 جون 2024ء کو ختم ہونے والی ششماہی کے لیے 10% (2023ء) کا حتمی منافع منقسمہ اور دوبارہ 10% عبوری منافع منقسمہ دیا گیا۔

بیلنس شیٹ کی تاریخ کے بعد کے واقعات:

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

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 2024ء کیلئے کمپنی کا ٹرن اوور بھی متاثر کن ہے۔

ISO 9001:2015 سرٹیفیکیشن

آدجی 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، آدجی 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 ہو گا۔ یہ اپ گریڈ شدہ معیار Lloyd's Register Quality Assurance کے ذریعے دیا گیا ہے۔

سرٹیفیکیشن 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 ذمے 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 رسک ایڈجسٹ کیپٹل سٹریٹجی کی نشاندہی کرتا ہے۔

اندرونی مالیاتی کنٹرول اور اس کی موزونیت

بورڈ نے اپنے کاروبار کے منظم اور موثر طرز 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 قابل اعتماد مالیاتی اکتشافات 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 2024ء کے دوران اٹھائے گئے CSR اقدامات کا صفحہ 188 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 آدھجی کے پاس کوئی مینوفیکچرنگ اور/یا توانائی کے وسائل پر مبنی کاروبار کا سیٹ اپ نہیں ہے۔ تقریباً 943 ملازمین کے ساتھ، ہم محسوس کرتے ہیں کہ ماحولیاتی تحفظ بھی ہماری ذمہ 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/توانائی کے استعمال اور پانی کے استعمال کو بچانے کیلئے اپنے عملے میں ماحول دوست انداز میں برتاؤ کرنے کیلئے احساس پیدا کر رہے ہیں۔

انسانی وسائل

آدھجی انشورنس میں، ہم سمجھتے ہیں کہ انسانی سرمایہ ہمارا بنیادی اثاثہ ہے۔ ہم اپنے لوگوں کی وجہ سے ترقی اور پھلنے پھولنے کے بیچوں کی پرورش کرتے ہیں، جو پوری کوششوں کے ذریعے قدر میں اضافہ کرتے رہتے ہیں۔ ہمارا مقصد ترقی کے مواقع فراہم کرنا اور کارکردگی پر مبنی ثقافت لانا ہے جہاں ہمارے ملازمین کی حوصلہ افزائی کیلئے انعامات منسلک ہوں۔ اسی

کمپنی کے پاس ایک بہت ہی موثر انشورنس ٹریڈ پروگرام ہے جو فیکٹوریوں پر سبک دہانے کیلئے استعمال کیا جاتا ہے۔

حکومت پاکستان کی پالیسیز اور ان کے اثرات:

حکومت 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۔ حکومت پاکستان کی پالیسیز شفافیت کو حاصل کرنے اور انشورنس کاروبار کے تمام پہلوؤں میں بہترین طریقوں کو اپنانے کو فروغ دیتی ہیں۔

شیر ہولڈنگ کا بیٹرن

شیر ہولڈنگ کا بیٹرن صفحہ 462 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۔

'ایگزیکٹو' کی کیٹگری کیلئے بورڈ آف ڈائریکٹرز نے سال 2024ء 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 'ایگزیکٹو' کے زمرے میں شامل ہیں۔ بورڈ ہر سال حد کا جائزہ لیتا ہے۔

فی حصص آمدنی

زیر نظر سال کے دوران فی حصص آمدنی (2023: 6.46/- روپے) 11.57/- روپے رہی۔ اس سلسلے میں غیر جامع مالیاتی گوشواروں کے نوٹ 37 میں تفصیلی کام کی اطلاع دی گئی ہے۔

بورڈ کمیٹیز اور اس کے ممبرز:

بورڈ نے درج ذیل کمیٹیوں کی تشکیل دی ہیں:

آڈٹ کمیٹی

محمد عارف حمید	آزاد ڈائریکٹر	چیئر مین
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 الدین	آزاد ڈائریکٹر	چیئر مین
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	چیئر مین
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 کوڈ (ز) کے ساتھ تعمیل کا گوشوارہ

کارپوریٹ گورننس کے ضابطوں کی تعمیل کا گوشوارہ صفحہ 116 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۔ آد جی انشورنس میں خطرے کو کم کرنے میں ایک اہم کام بیمہ کیلئے پیش کیے جانے والے فلسفہ اثاثوں کا فزیکل رسک مینجمنٹ ہے، چاہے صنعتی، انفراسٹرکچر، کمرشل ہو یا پرائیویٹ ڈویلپنگ۔ رسک مینجمنٹ میں مختلف حصوں، عمل اور محکموں کا جائزہ شامل ہوتا ہے اور یہ ان خطرات کا تجزیہ کرتا ہے جن سے یہ مقررہ اثاثے سامنے آتے ہیں۔ آد جی انشورنس رسک سروے کرتا ہے جو ہمارے انڈر رائٹرز کو خطرات کے پہلے سے طے شدہ زمروں اور ان خطرات کے بارے میں بصیرت فراہم کرتا ہے جو بعض مالیاتی حدود کو عبور کرتے ہیں، بعض اوقات انشورنس کو ٹیشن اور / یا انشورنس پالیسی جاری کرنے سے پہلے بھی۔ یہی وجہ ہے کہ ہمارے پاس قابل اور تجربہ کار رسک سرویٹرز کی ایک سرشار ٹیم ہے جو صنعت میں ہر سال سب سے زیادہ رسک سروے کرتی ہے۔ خطرے کے بارے میں زیادہ سے زیادہ معلومات سے لیس انڈر رائٹرز اس کے بعد زیادہ یقین اور اعتماد کے ساتھ خطرے کو قبول یا مسترد کرنے کیلئے بہتر پوزیشن میں ہوتے ہیں۔

ایک بار جب انڈر رائٹنگ کیلئے خطرہ قبول کر لیا جاتا ہے، تو ہمارے قابل قدر صارفین کے فائدے کیلئے ایک صحیح قیمت اور مناسب شرائط فراہم کی جاتی ہیں۔ رسک سرویٹرز 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 حصے کی حفاظت کرنا ہے۔ یہ ایکسپوزر 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 پروٹوکولوں کو لیز میں رسک کیڈنگ انٹریشن گروڈ، 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 میٹرز کیلئے پالیسی اور رسک ایکسپوزر 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 کلیئر ایڈجسٹمنٹس اور ایگزیکٹو ڈائریکٹر ری انشورنس کرتے ہیں۔ خطرے کی درجہ بندی کا گروڈ بہت زیادہ خطرات، زیادہ خطرات، درمیانے خطرات اور کم خطرات کے زمرے کی وضاحت کرتا ہے۔

4	ii	غیر ایگزیکٹو ڈائریکٹرز - مرد - ابراہیم شمس - عمران مقبول - شیخ محمد جاوید - عمر منشا
1	iii	غیر ایگزیکٹو ڈائریکٹر - خاتون - سعدیہ پونس منشا
1	iv	ایگزیکٹو ڈائریکٹر - محمد علی زیب

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 رہائش لیں۔ معاوضے کی مجموعی رقم کا ذکر غیر جامع مالیاتی گوشواروں کے نوٹ 38 میں کیا گیا ہے۔

بورڈ میٹنگز اور حاضری:

سال 2024ء کے دوران، بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے اور ان میں ڈائریکٹرز نے حسب ذیل شرکت کی:

ڈائریکٹرز شرکت کردہ اجلاس

عمر منشا	شرکت کردہ اجلاس
عمر منشا	3
ابراہیم شمس	2
عمران مقبول	4
خواجہ جلال الدین	2
محمد عارف حمید	3
سعدیہ پونس منشا	3
شیخ محمد جاوید	4
محمد علی زیب - سی ای او	4

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

پاکستان کی تین مکمل طور پر فعال شاخیں ہیں جو دبئی، شارجہ اور ابو ظہبی میں واقع ہیں اور ایک براؤچ 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 (2023ء میں 27% میں 78% شاندار بہتری دیکھنے میں آئی۔ بہر حال خالص دعویوں کے خالص پریمیم کے تناسب میں 2023ء کے 82% کے مقابلے میں 2024ء میں 70% کمی بھی دیکھنے میں آئی۔ نتیجتاً 2024ء میں بیرون پاکستان آپریشنز میں 2023ء کے 1,349 ملین روپے خسارے کے مقابلے میں 223 ملین روپے کا قبل از ٹیکس منافع ہوا۔

2025ء کے امکانات:

موجودہ سیاسی اور معاشی ماحول کے درمیان آئندہ سال 2025ء کے امکانات مواقع اور چیلنجز دونوں پیش کر رہے ہیں۔ آئی ایم ایف پروگرام کا آغاز، افراط زر اور شرح سود میں کمی معیشت کے لیے مثبت اشارے ہیں جبکہ اندرونی، علاقائی اور عالمی جغرافیائی سیاسی منظر نامے شدید چیلنجز پیش کر سکتے ہیں۔

پاکستان میں انشورنس انڈسٹری نے حالیہ برسوں میں کئی اتر چڑھانوں کا سامنا کیا۔ تاہم، یہ کامیابی سے معیشت اور صنعت کے دیگر شعبوں کی ترقی کے ساتھ رفتار برقرار رکھنے میں کامیاب رہا۔ موجودہ میکرو اکنامک اور سیاسی ماحول میں ہم سال 2025ء کے دوران انشورنس سیکٹر کی معتدل نمو کی پیش گوئی کرتے ہیں۔

ڈائریکٹرز

سال 2024ء 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 الدین	
-	محمد عارف حمید	

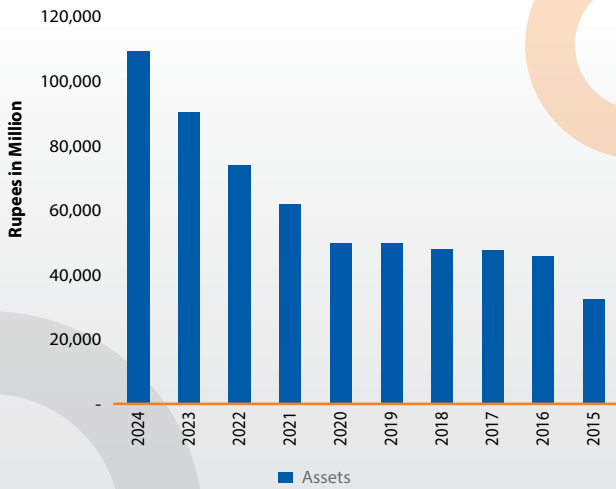
متفرق:

کاروبار کی متفرق کلاس گل پورٹفولیو کے 3% کی تشکیل کرتی ہے۔ سال کے دوران کمپنی نے 1,725 ملین روپے (2023ء: 1,341 ملین روپے) کا مجموعی پرمییم ظاہر کیا ہے۔ خالص دعویوں کے خالص پرمییم کے تناسب 2023ء کے 30% کے مقابلے میں 2024ء میں بڑھ کر 52% ہو گیا۔ نتیجے کے طور پر 2024ء میں متفرق پورٹفولیو کا انڈر رائٹنگ منافع 2023ء کے 190 ملین روپے کے مقابلے میں کم ہو کر 107 ملین روپے ہو گیا۔

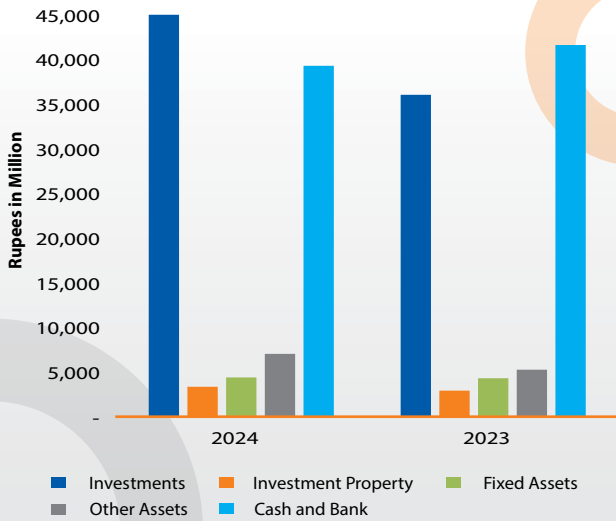
کمپنی کے اثاثے:

31 دسمبر 2024ء تک کمپنی کے کل اثاثے 109,124 ملین روپے جبکہ گزشتہ برس یعنی 2023ء میں 90,128 ملین روپے تھے۔ کل سرمایہ کاری 53% بڑھ کر 55,082 ملین روپے ہو گئی جو کہ سال 2023ء میں 36,039 ملین روپے تھی۔ انتظامیہ کی حکمت عملی سرمایہ کاری کے منافع کو زیادہ سے زیادہ کرنے کیلئے طویل مدتی سرمایہ کاری کے آئف پی فنڈز کے استعمال کو بہتر بنانا ہے۔

ASSETS



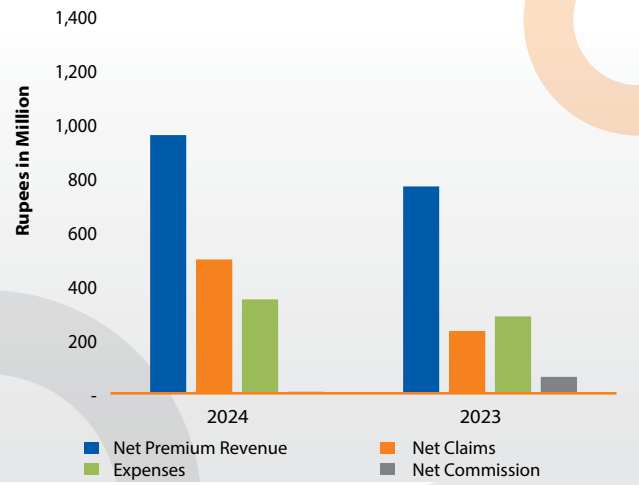
ASSETS BREAK-UP



ونڈو تکافل آپریشنز:

کمپنی کے ونڈو تکافل آپریشنز - آپریٹرز فنڈ نے اس سال مجموعی تحریری شراکت میں 36% اضافے کے ساتھ سال 2023ء کے 2,866 ملین روپے کے مقابلے میں 3,898 ملین روپے جبکہ سال 2023ء کے 295 ملین روپے منافع کے مقابلے میں 349 ملین روپے کا بعد از ٹیکس منافع کمایا۔

MISCELLANEOUS



سرمایہ کاری کی آمدنی:

کمپنی کی سرمایہ کاری کی آمدنی میں پچھلے سال کے مقابلے 2024ء میں 32% کا اضافہ دیکھا گیا۔

سرمایہ کاری کی آمدنی کی تفصیل درج ذیل ہے:

2023ء 2024ء
(روپے ملین میں)

3,348 3,550

272 650

348 547

(65) 404

3,903 5,151

ڈیویڈنڈ آمدنی

فلکسڈ انکم سیوریٹیز پرواہی

ٹرم ڈپازٹس سے آمدنی

دستیاب برائے فروخت سرمایہ کاری

کی فروخت پر فائدہ / نقصان (خالص نقصان)

خالص سرمایہ کاری آمدنی

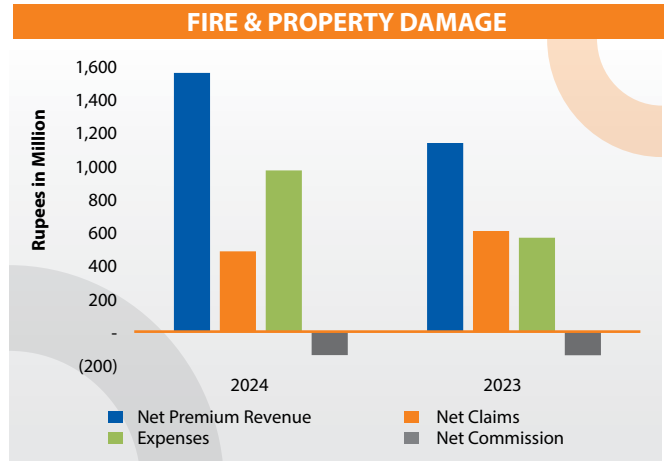
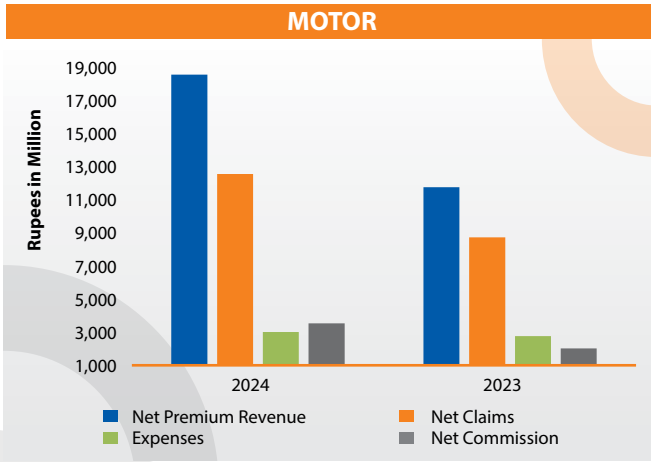
پورٹ فولیو تجزیہ

آگ اور جائیداد

موٹر:

کاروبار کی موٹر کلاس گل پورٹ فولیو کا 45% ہے۔ سال کے دوران، کمپنی نے 2024ء میں 24,433 ملین روپے (2023ء: 14,463 ملین روپے) کا مجموعی پریمیم ظاہر کیا ہے۔ 2023ء کے 74% کے مقابلے میں 2024ء میں خالص پریمیم کے خالص دعووں کا تناسب کم ہو کر 68% ہو گیا۔ نتیجے کے طور پر موٹر کلاس میں 2024ء میں خسارہ کم ہو کر 526 ملین روپے رہ گیا جو کہ 2023ء میں 1,748 ملین روپے تھا۔

کلاس آگ اور جائیداد گل کاروباری پورٹ فولیو کا 37% ہے۔ سال کے دوران کمپنی نے 19,963 ملین روپے کا مجموعی پریمیم درج کیا (2023: 18,222 ملین روپے)۔ خالص دعووں کا خالص پریمیم کا تناسب 2023ء کے 53% کے مقابلے میں 2024ء میں 31% ہو گیا۔ نتیجتاً فائر اینڈ پراپرٹی کلاس نے 2023ء کے 106 ملین روپے کے مقابلے میں 2024ء میں 244 ملین روپے کا انڈر رائٹنگ منافع حاصل کیا۔

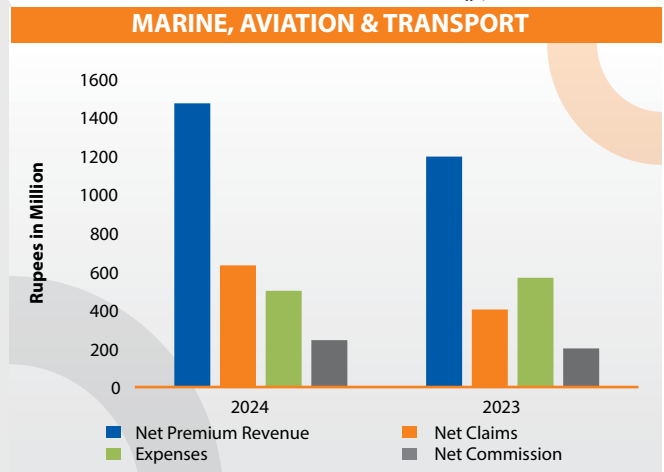
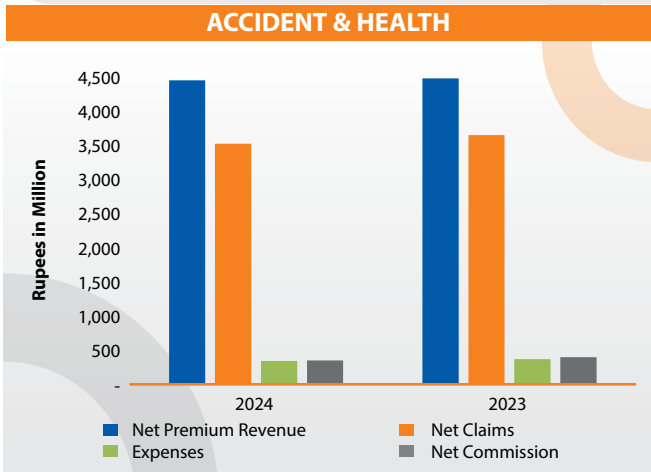


حادثہ اور صحت:

ایکسیڈنٹ اینڈ ہیلتھ کلاس گل بزنس پورٹ فولیو کا 10% ہے۔ سال کے دوران، کمپنی نے 5,313 ملین روپے (2023ء: 5,023 ملین روپے) کا مجموعی پریمیم درج کیا ہے۔ خالص دعووں کے خالص پریمیم کا تناسب 2023ء کے 81% کے مقابلے میں 2024ء میں 79% ہو گیا۔ نتیجے کے طور پر اس پورٹ فولیو نے 2023ء میں 229 ملین روپے (2023ء: 60 ملین روپے) کا انڈر رائٹنگ منافع ظاہر کیا ہے۔

میرین، ایوی ایشن اور ٹرانسپورٹ:

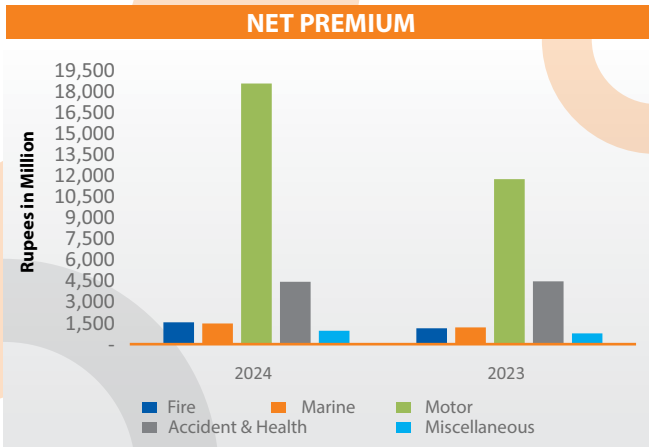
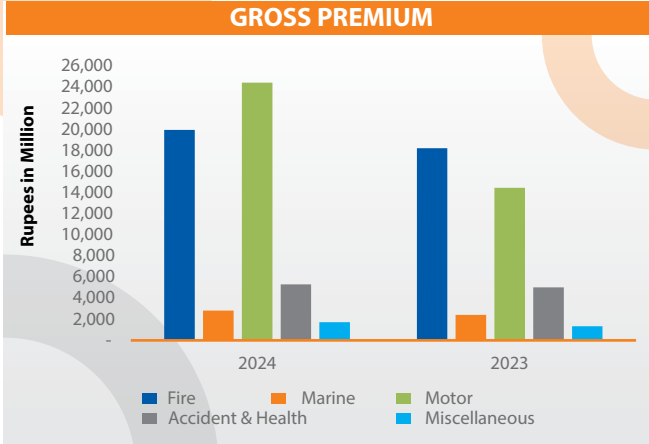
میرین، ایوی ایشن اور ٹرانسپورٹ گل پورٹ فولیو کا 5% ہے۔ کمپنی نے موجودہ سال کے دوران 2,831 ملین روپے (2023ء: 2,415 ملین روپے) کا مجموعی پریمیم ظاہر کیا ہے۔ خالص دعووں کا تناسب 2024ء میں 43% رہا جو 2023ء میں 34% تھا۔ اس پورٹ فولیو نے 2023ء کے 26 ملین روپے کے مقابلے میں 2024ء میں 98 ملین روپے کا انڈر رائٹنگ منافع ظاہر کیا۔



ڈائریکٹر کی رپورٹ

غیر اشتهال شدہ حسابات پر ممبران کو ڈائریکٹر کی رپورٹ

2023ء کے 47% (19,319 ملین روپے) کے خالص انشورنس پر بیمہ منافع کے مقابلے میں 50% (26,983 ملین روپے) تھا۔



گزشتہ سال کے 70% سالانہ تناسب کے مقابلے میں نیٹ کلیمز کا تناسب 66% تک کم ہو گیا ہے جس کی بنیادی وجہ یو اے ای آپریشنز کے نقصان کے ریشو میں کمی ہے۔ نیٹ کمیشن اور دیگر حصول کے اخراجات 2023ء کے 13% کے مقابلے میں 2024ء میں بڑھ کر 15% ہو گئے اور انتظامی اخراجات 2023ء کے 24% کے مقابلے میں 2024ء میں کم ہو کر 19% ہو گئے ہیں۔

نتیجتاً، انڈر رائٹنگ کے نتائج نے 152 ملین روپے کا منافع ظاہر کیا جو کہ سال 2023ء کے 1,365 ملین روپے کے خسارے کے مقابلے میں رپورٹ کیے گئے۔

سرمایہ کاری پر منافع کا پورٹ فولیو 2023ء کے 11% کے مقابلے میں 2024ء میں 9% تھا۔

6,709 ملین روپے کی رقم کا قبل از ٹیکس منافع سال 2024ء میں پچھلے سال کے 3,912 ملین روپے منافع کے مقابلے میں 71% اضافہ ریکارڈ کیا گیا۔ بعد از ٹیکس منافع میں بھی 79% اضافہ ہوا اور پچھلے سال کے 2,262 ملین روپے کے مقابلے میں 4,050 ملین روپے ہو گیا۔

بورڈ آف ڈائریکٹرز کی طرف سے، ہمیں 31 دسمبر 2024ء کو ختم شدہ سال کیلئے آڈٹ شدہ غیر جامع مالیاتی گوشواروں کے ہمراہ آپ کی کمپنی کی 64 ویں سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

معاشی جائزہ:

مشکلات سے بھرپور کئی برسوں کے بعد مالی سال 2024ء میں معیشت کے لیے کچھ مثبت اشارے خاص طور پر فروری 2024ء میں عام انتخابات کے بعد سیاسی استحکام کی صورت میں دیکھنے کو ملے۔ مہنگائی گزشتہ چند برسوں سے ایک بڑی تشویش رہی ہے اور 2024ء میں CPI انفریٹرز میں نمایاں کمی دیکھنے میں آئی جو سال بہ سال کی بنیاد پر سخت مالیاتی اور مالیاتی اقدامات کی وجہ سے دسمبر 2023ء کے 29.7% سے کم ہو کر دسمبر 2024ء میں 4.1% ہو گئی۔ پاکستان نے توسیعی قرض سہولت یعنی ایکسٹینڈڈ فنڈ فیسیلیٹی (EFF) کے تحت انٹرنیشنل مانیٹری فنڈ (IMF) کے ساتھ 7 بلین امریکی ڈالر کے قرض کا انتظام بھی کیا جو ضروری ڈھانچہ جاتی اصلاحات کے عزم کی تصدیق کرتا ہے۔ اسٹیٹ بینک آف پاکستان (SBP) نے دسمبر 2024ء تک پالیسی ریٹ کو بتدریج 13% تک کم کر دیا جو دسمبر 2023ء میں 22% تھا۔

پاکستان سٹاک ایکسچینج (PSX) کے حوالے سے، KSE-100 انڈیکس نے 2024ء کے دوران 84% منافع ظاہر کیا جو سال 2023ء کے 62,451 کے مقابلے میں 115,127 پر بند ہوا۔

اسٹیٹرزڈ اینڈ پورنر نے پائیدار توقع کے ساتھ پاکستان کی طویل مدتی کریڈٹ ریٹنگ سی سی سی پلس ('CCC+') کی تصدیق کی ہے۔

کمپنی کی کارکردگی کا جائزہ:

کمپنی نے 2024ء میں اچھی کارکردگی کا مظاہرہ کیا کیونکہ ہم نے سال کے اختتام پر روایتی کاروبار میں 31% پر بیمہ نمو اور ونڈو تکافل آپریشنز میں پچھلے سال کے مقابلے میں 36% کے شرابی اضافے کے ساتھ اچھے مالیاتی نتائج فراہم کیے تھے۔ ہم نے خطرے اور کپیلائنس مینجمنٹ کو مزید مضبوط بنانے پر توجہ مرکوز کرتے ہوئے پائیدار ترقی کی حکمت عملی پر عملدرآمد جاری رکھا۔

2024ء میں مجموعی پر بیمہ 2023ء کے 41,463 ملین روپے (علاوہ 2,866 ملین روپے جو ونڈو تکافل آپریشنز کے ذریعے حاصل کیے گئے) کے مقابلے میں بڑھ کر 54,266 ملین روپے (علاوہ 3,898 ملین روپے جو ونڈو تکافل آپریشنز کے ذریعے حاصل کیے گئے) ہو گیا۔ کل انڈر رائٹنگ مجموعی پر بیمہ کا خالص انشورنس پر بیمہ منافع

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 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 on payment of any loan to a banking company, a DFI or NBFI or, being a member of the stock exchange, has been declared as a defaulter by a stock exchange.
4. No casual vacancies occurred on the Board during the year 2024.

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 the 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 the 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 an Orientation course(s)/training program after election of directors in May 2022 for its directors to appraise them of their duties and responsibilities. Up to the year 2022, directors have complied with the Regulation of Directors Training Program.
12. The Board has approved the appointment of the Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Code and 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 the ones 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
Mohammad 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 was as per the following.
- Audit Committee: quarterly meetings.
 - Ethics, Human Resource and Remuneration Committee: Twice a year.
 - Investment Committee: quarterly meetings
 - 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 qualifications 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 Muhammad 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 Salim Iqbal	Head of Reinsurance
Asif Jabbar	Head of Risk Management
Syed Ameer Hassan Naqvi	Head of Grievance Dept.
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 2024. AM Best has assigned Long Term Insurer Credit Rating as "bb (Fair) and Financial Strength Rating as "B(fair)" in August 2024.
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. Explanations 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	Sustainability Committee	10A(5)	The Sustainability Committee has not been constituted and the functions shall be performed by the Ethics, Human Resources & Remuneration Committee.
2	Nomination Committee	29 (1)	Currently, the Board has not constituted a separate Nomination Committee, and the functions are being performed by the Ethics, Human Resource & Remuneration Committee.

By Order of the Board



Umer Mansha
Chairman

Date: March 03, 2025

INDEPENDENT AUDITORS' REVIEW REPORT

TO THE MEMBERS OF ADAMJEE INSURANCE COMPANY LIMITED

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019 and Code of Corporate Governance for Insurers, 2016

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Code of Corporate Governance for Insurers, 2016 (both herein referred to as "the Regulations") prepared by the Board of Directors of Adamjee Insurance Company Limited ("the Company") for the year ended 31 December 2024 in accordance with the requirements of regulation 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and provision LXXVI of the 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. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

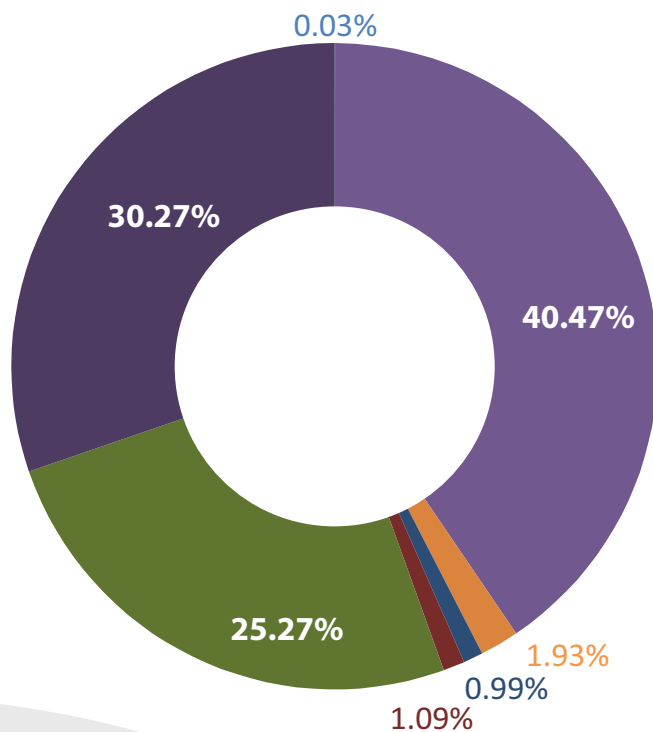
Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2024.

Lahore
Date: 27 March 2025

UDIN: CR2024101145OGc6qNyl

KPMG Taseer Hadi & Co.
KPMG Taseer Hadi & Co.
Chartered Accountants

OWNERSHIP / SHAREHOLDING STRUCTURE



- Directors
- Chief Executive Officer
- Executives / Executives' Spouses
- Associated Companies, Undertakings & Related Parties
- NIT & ICP
- Banks, DFIs and NBFIs
- Insurance Companies
- Modaraba and Mutual Funds
- General Public
- Others

CATEGORIES OF SHAREHOLDERS

Directors
 Chief Executive Officer
 Executives / Executives' Spouses
 Associated Companies, Undertakings & Related Parties
 NIT & ICP
 Banks, DFIs and NBFIs
 Insurance Companies
 Modaraba and Mutual Funds
 General Public
 Others

Number of Shares Stake %

Category	Number of Shares	Stake %
Directors	119,705	0.03
Chief Executive Officer	7,073	0.00
Executives / Executives' Spouses	104	-
Associated Companies, Undertakings & Related Parties	141,655,080	40.47
NIT & ICP	-	-
Banks, DFIs and NBFIs	6,771,186	1.93
Insurance Companies	3,478,934	0.99
Modaraba and Mutual Funds	3,803,478	1.09
General Public	88,228,844	25.21
Others	105,935,596	30.27
Total	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 junior staff, have been defined and are available for each employee.

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 practiced to a large extent.

Relationship with Group companies & its nature

Adamjee Life Assurance Company Limited (ALIFE) is a subsidiary of Adamjee Insurance Company Limited (AICL) with AICL holding 90% in ALIFE. Common directorship of Directors among other companies is the main basis of relationship, such companies are categorized as related parties / associated companies, of AICL. A complete list of such companies has been provided in note 39.1 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 with the above Regulations (CCG) and the Act, the below two directors were selected:

- Mr. Khawaja Jalal Uddin
- Mr. Mohammad Arif Hameed

Statement on how the 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, the 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. The 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 review operations and performance of the Company.

Decisions taken by the Board

The following are the important decisions which are taken by the Board of Directors.

- To issue shares.
- To borrow money.
- 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 the superior authority, in such cases the CEO refers to the Chairman of the Board who either suggests way to resolve or refers the matter to Board of Directors, depending upon the nature of the issue.

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

The Board of Directors constituted a committee comprising of two non-executive directors, namely Ibrahim Shamsi and Shaikh Muhammad Jawed, to evaluate the performance of the Chairman, Board Members, Board Committees and the CEO. The Committee conducted a meeting which was coordinated by the Company Secretary, to evaluate the aforementioned and during the meeting various points were explained by the Secretary. The Committee submitted their 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 an external consultant, to evaluate the 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 the board meeting, briefed the directors about their duties, responsibilities, and about other matters.

Directors Training Program

No director attended Directors' Training Program during the year 2024 as all the directors have already complied with the Regulation of Directors Training Program.

External oversight of functions

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

External Audit

KPMG Taseer Hadi & Co., Chartered Accountants, being statutory auditors of the Company, performed audit of unconsolidated financial statements, consolidated financial statements and financial statements of window takaful operations along with related information system. They expressed their opinion on these financial statements and also provided a Management Letter wherein control deficiencies, if any, identified during their course of audit were highlighted and responded to by the management.

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

KPMG Taseer Hadi & Co., Chartered Accountants, the statutory auditors of the Company, performed review, 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 at the year end.

Compliance with Shariah Principles

With respect to the Window Takaful Operations of the Company, the external auditors KPMG Taseer Hadi & Co., Chartered Accountants examined the 'Statement of

Compliance with Shariah Principles' and expressed their opinion as to whether the statement presented fairly the status of compliance of Takaful Operations with the Takaful Rules, 2012.

ISO 9001:2015 Certification

Adamjee Insurance holds ISO 9001:2015 certification, signifying its commitment to quality assurance. The certification entails the establishment of robust procedures that adhere to stringent standards. Regular audits, conducted biannually by 'Lloyd's Register Quality Assurance', ensure ongoing compliance with these 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 the ordinary course of business on an 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, 15, 16, 18, 31, 38 and 39 of the unconsolidated financial statements.

Policy for actual and perceived conflict of Directors' 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 a 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

The 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 Insurance, 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 meetings 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 Limited

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 2024, all the Board meetings were convened in Pakistan at the Company's Registered Office and also by using video-link facility.

Human Resource Management Policies

Human Resource (HR) plays a pivotal role in smooth running of the routine operations of an organization and in achieving its goals. Therefore, Adamjee Insurance recognizes the importance of efficient and effective management of HR. The Company's talent acquisition policies stem from unbiased criteria to hire individuals from any background provided they match the qualification and experience requirements. Adamjee Insurance also arranges various training, 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.

Preparation of succession plan

At Adamjee Insurance, we are committed to cultivating internal talent to secure the organization's long-term success. Our structured succession planning framework is designed to identify and develop high-potential employees, equipping them with the necessary mentorship, training, and growth opportunities to step into key leadership roles.

In 2024, we reinforced our commitment to leadership development through targeted programs, skill enhancement initiatives, and well-defined career progression pathways. By investing in our employees' professional growth, we ensure seamless transitions for critical positions, fostering organizational resilience, business continuity, and sustainable success.

Merit based recruitment

At Adamjee Insurance, we are dedicated to fostering a fair and transparent recruitment process rooted in meritocracy. By prioritizing skills, qualifications, and performance, we attract top-tier talent, enhance organizational efficiency, and cultivate a culture of excellence.

In 2024, we continued to strengthen our merit-driven hiring practices, reinforcing our position as an employer of choice. Our commitment to fairness and transparency not only enhanced workforce capability but also contributed

to reducing turnover, ensuring sustainable growth and long-term success.

Performance based appraisal system

At Adamjee Insurance, we cultivate a performance-driven culture where employee contributions are assessed through a fair and objective appraisal system. Our merit-based approach recognizes individual potential and achievements, fostering higher engagement, productivity, and professional growth.

In 2024, our performance management framework played a pivotal role in aligning employee efforts with organizational goals, ensuring the successful attainment of key performance indicators and business targets.

Promotion, reward and motivation

At Adamjee Insurance, our employees are the driving force behind our success. We are dedicated to fostering a workplace culture that values their contributions, celebrates achievements, and rewards excellence. Our commitment to fairness, transparency, and growth ensures that every employee has the opportunity to thrive.

In 2024, we reinforced this commitment by upholding a clear, merit-based promotion structure, offering competitive rewards, that recognize and appreciate our employees' dedication.

Training and development

At Adamjee Insurance, we are committed to fostering a culture of continuous learning and professional development. We believe that investing in our employees' growth not only enhances their individual capabilities but also strengthens our organization's long-term success.

In 2024, we expanded our training initiatives to equip employees with necessary industry knowledge, technical expertise, and leadership skills. Through various workshops, certifications, digital learning platforms, and hands-on training, we empowered our workforce to adapt and excel in an evolving business landscape.

By continuously investing in our people, we cultivate an engaged, innovative, and future-ready workforce—driving sustainable success for both our employees and the Company.

Gender and race diversity

At Adamjee Insurance, we are committed to creating a workplace that embraces diversity, promotes equity, and

fosters inclusion. We believe that a diverse workforce—where individuals of different genders, backgrounds, and perspectives feel valued and empowered—drives innovation, strengthens collaboration, and fuels long-term success.

In 2024, we reinforced our commitment to diversity and inclusion by implementing initiatives that support women's leadership, mentorship programs, and inclusive hiring practices. We continue to promote equal opportunities at all levels, ensuring fair representation and a supportive work environment.

By embracing diverse experiences and perspectives, we cultivate a culture of innovation and continuous growth. Our inclusive recruitment strategies and workplace policies create an environment where every employee can thrive, contribute meaningfully, and drive positive change. At our core, we celebrate diversity as a key driver of our success—both within our organization and in the communities we serve.

Employee engagement

At Adamjee Insurance, we recognize the importance of cultivating a collaborative and dynamic workplace culture. In line with our core values, we actively organize events that bring employees together, foster team spirit, and promote a positive and inclusive work environment.

In 2024, we hosted a variety of events, including the Annual Cricket Tournament, Women's Day celebrations, Breast Cancer Awareness sessions, and Independence Day festivities. These initiatives not only strengthened workplace relationships but also reinforced our commitment to employee well-being, diversity, and team bonding.

By integrating meaningful and engaging activities into our organizational culture, we continue to create an environment where employees feel valued, motivated, and inspired to contribute to the Company's success.

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 conducted. 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 reputation and as a learning for better service delivery in future.

The Company has provided on its website all necessary details regarding lodging 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, customers, 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 2024, 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 damage. 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 integrity 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 include:

- 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 auditors.
- 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.

Four 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
Mohammad Arif Hameed	Chairman (Independent director)	3
Ibrahim Shamsi	Member (non-executive director)	2
Shaikh Muhammad Jawed	Member (non-executive director)	4
Umer Mansha	Member (non-executive director)	3

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
Mohammad 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 four meetings during the year 2024.

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 the 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 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.

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 the current year as well. As part of the quarterly Committee meetings, the Chief Financial Officer (CFO) apprised 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, became globally applicable from January 01, 2023. However, in Pakistan, IFRS 17 is applicable from January 01, 2026 as notified 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, evaluated the Company's level of preparedness to adopt and implement IFRS 17. CFO apprised the Committee regarding measures being taken by the Company for smooth implementation of IFRS 17 in Pakistan and explained to the Committee that complete transition to reporting as per IFRS 17 has already been done in UAE in 2023.

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

For Pakistan Operations:

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

Phase	Deliverables	Timeline	AICL's Progress
1	Gap analysis	September 30, 2021	Completed
2	Financial Impact Assessment 1	June 30, 2022	Completed
	Financial Impact Assessment 2	September 30, 2022	Completed
	Financial Impact Assessment 3	December 30, 2022	Completed
3	System design and methodology	September 30, 2024	Completed
4	Parallel Run and Implementation – Dry Run 1	June 30, 2025	To commence
	Parallel Run and Implementation – Dry Run 2	October 31, 2025	To commence

For UAE Operations:

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

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

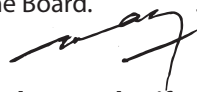
Whistle Blowing mechanism

As part of its review of the whistle blowing mechanism and any instances reported, the Committee noted that no whistle blowing instance was reported to the Committee during the year 2024.

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 the context of Audit Committee, considers various factors including the quality of the Audit Committee's report as well as various recommendations forwarded by the Audit Committee to the Board.



Mohammad Arif Hameed
Chairman Audit Committee
Adamjee Insurance Company Limited
Lahore

Ethics, Human Resources and Remuneration Committee (EHRRC)

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

- Recommendation to the Board for consideration and approval of 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.
- Undertaking, annually, a formal process of evaluation of performance of the Board as a whole and its Committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the Directors' Report disclosing therein name and qualifications of such consultant and major terms of his / its appointment.
- Recommending human resource management policies to the Board.
- Recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) of 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	1

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, 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 the 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

Presence of the Chairman of Audit Committee in AGM

The Chairman of the Audit Committee remains present at the AGM to answer questions on the Audit Committee's activities and matters within the scope of the Audit Committee's responsibilities.

Use of external search consultancy in appointment of chairman or non-executive director

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

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, for the purpose of solvency requirement, 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 Combating the Financing of Terrorism and Countering Proliferation Financing

Anti-Money Laundering and Combating the Financing of Terrorism and Countering Proliferation Financing (AML/CFT/CPF) form the base line steps for the economies of this modern world, especially among the players of financial sector. Money Laundering (ML) and Terrorism Financing (TF) have harmful and injurious implications for any country's economic stability and good governance.

Throughout the past decade, the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP) have been issuing various guidelines and circulars for proper and vigorous enforcement, providing sufficient clarifications in improving domestic and international compliance.

Despite the fact that the risk level for AML/CFT/CPF 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/CPF 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/CPF 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/CPF 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 2024 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

Shareholders' enquiries about their shares, dividends and share certificate can be directed to the 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's 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

The Board and the management recognize their responsibility for 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 the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards 'IFRS' issued by the International Accounting Standards Board 'IASB' as 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 2024 financial statements are duly audited by the statutory auditors of AICL in accordance with the International Standards on Auditing as applicable in Pakistan. Statutory auditors have 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.

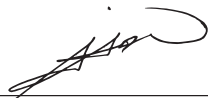
STATEMENT UNDER SECTION 46(6) OF THE INSURANCE ORDINANCE, 2000

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 2024 signed by Muhammad Ali Zeb, Shaikh Muhammad Jawed and approved by the Board of Directors is part of the Annual Report 2024 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.



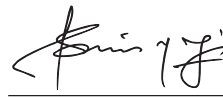
Umer Mansha
Chairman



Shaikh Muhammad Jawed
Director



Muhammad Arif Hameed
Director



Muhammad Asim Nagi
Chief Financial Officer



Muhammad Ali Zeb
Managing Director &
Chief Executive Officer

A hand is shown holding a globe. Overlaid on the globe is a large padlock icon. The letters 'GDPR' are written in a white, serif font across the top of the globe. The background is dark with various light effects, including a blue arc at the top and several red stars. A large orange circle is positioned in the lower right, containing the main title.

GDPR

**IT GOVERNANCE
AND
CYBERSECURITY**

ENTERPRISE INFORMATION TECHNOLOGY AND CYBERSECURITY GOVERNANCE

At Adamjee Insurance Company Limited IT governance aligns leadership, organizational structures, and processes to achieve and sustain organizational objectives through effective use of information technology. In recent years, AICL has diligently established robust IT governance, enhancing the prioritization and optimization of IT investment decisions.

IT governance encompasses all key stakeholders, including executive management, the Board of Directors, staff, customers, investors, and regulators.

IT Governance Policy

Information governance serves as a framework for accountability and decision-making, ensuring that the creation, storage, use, disclosure, archiving, and destruction of information comply with legal requirements and maximize operational efficiency. This framework includes processes, roles, policies, and standards that ensure the compliant and effective use of information to enable the organization to achieve its goals.

AICL's IT governance policy outlines high-level principles of information governance across the organization and highlights key information and related policies to employees.

The primary goals of IT governance are focused on:

- Enhancing stakeholder value from business investments in IT
- Ensuring financial transparency
- Fostering a customer-oriented service culture
- Responding agilely to a changing business environment
- Optimizing service delivery costs
- Improving operational and staff

productivity

- Ensuring compliance with internal policies
- Cultivating a culture of product and business innovation

Cybersecurity Policy

In Pakistan's highly competitive insurance sector, securing the information technology environment with strong security governance, advanced technologies, and a security-focused mindset is essential. This necessity has positioned AICL as a market leader in safeguarding policyholder data through secure architecture, skilled resources, and stringent processes.

The Securities and Exchange Commission of Pakistan (SECP) issued the Guidelines on Cybersecurity Framework for the Insurance Sector in 2020, effective from July 1, 2020. Proactively, AICL began adopting this framework prior to its official implementation, aiming to protect policyholder data and Company's infrastructure from potential threats. The following steps have been taken to comply with the SECP's cybersecurity guidelines:

- **Development of a Cybersecurity Strategy:** AICL has formulated a cybersecurity strategy based on SECP's guidelines, aligned with the Company's vision.
- **Implementation of a Cybersecurity Framework:** AICL has adopted the National Institute of Standards and Technology (NIST) Cybersecurity Framework, providing a blueprint for meeting regulatory requirements and defending against cyber-attacks.
- **Appointment of a Virtual Chief Information Security Officer (vCISO):** AICL has appointed a vCISO

to develop and manage the implementation of its cybersecurity program.

- **Utilization of ISO/IEC 27001:** AICL employs ISO/IEC 27001 standards for drafting information security policies and procedures.
- **Conducting IT Risk Assessments:** Regular IT risk assessments are performed to identify and address vulnerabilities, integrating these assessments with the organization's enterprise risk management.
- **Third-Party Vulnerability Assessments and Penetration Testing (VAPT):** AICL engages third-party services to conduct VAPT, identifying gaps and strengthening the Company's security posture.
- **Implementation of Security Information and Event Management (SIEM):** AICL has deployed a SIEM solution to enhance security monitoring.
- **Cybersecurity Awareness Program:** A comprehensive cybersecurity awareness program has been developed and rolled out for all employees, fostering a security-conscious culture. These training programs emphasize information and data security, privacy, and social engineering, enabling employees to act as a human firewall against malicious attempts.

By embedding cybersecurity protocols into its core operations, AICL aims to effectively and efficiently combat security threats or incidents.

Board's Role and Responsibilities in IT Governance & Cybersecurity

At Adamjee Insurance Company Limited (AICL), the Board of Directors holds a

pivotal role in overseeing IT governance and cybersecurity, ensuring alignment with business objectives, regulatory compliance, and resilience against cyber threats.

Strategic Oversight of IT Governance

The Board ensures that the Company's IT strategy is in harmony with its overall business goals by:

- **Approving IT Policies & Frameworks:** Establishing robust IT governance structure that complies with the Securities and Exchange Commission of Pakistan's (SECP) cybersecurity guidelines.
- **Evaluating IT Investments:** Reviewing and sanctioning significant IT infrastructure enhancements and cybersecurity budgets.
- **Overseeing Digital Transformation Initiatives:** Monitoring the integration of advanced technologies such as AI-driven automation, cloud computing, and blockchain within insurance operations.

Cybersecurity Risk Oversight

In response to escalating cyber threats, the Board actively engages in cybersecurity governance through:

- **Regular Cybersecurity Reporting:** Requiring periodic briefings from the Virtual Chief Information Security Officer (CISO) and IT leadership.
- **Incident Response & Data Protection:** Ensuring the maintenance of Business Continuity Plans (BCP) and Disaster Recovery Plans (DRP) to counteract cyber threats.
- **Regulatory Compliance:** Overseeing adherence to SECP's cybersecurity directives and Pakistan's Personal Data Protection Bill.

Engagement with Management on IT Risks

To facilitate effective cybersecurity implementation, the Board collaborates closely with management by:

- **Mandating Cybersecurity Audits & Risk Assessments:** Requiring regular penetration testing and vulnerability evaluations.
- **Reviewing Cyber Incident Reports:** Overseeing post-incident analyses and endorsing corrective measures.
- **Enhancing Employee Awareness & Cybersecurity Training:** Promoting ongoing cybersecurity education programs to mitigate risks associated with human error.
- **Vendor & Third-Party Risk Management:** Ensuring that IT service providers comply with the Company's security and regulatory standards.

Future Readiness & Continuous Improvement

The Board is dedicated to proactively managing IT risks by:

- **Investing in Emerging Cybersecurity Technologies:** Supporting the adoption of AI-driven threat detection, encryption solutions, and zero-trust security models.
- **Aligning with Global Cybersecurity Standards:** Encouraging the implementation of frameworks such as ISO 27001, NIST, and COBIT.
- **Participating in Industry Collaborations:** Engaging with SECP, insurance associations, and cybersecurity forums to remain abreast of emerging threats.

All cybersecurity matters are monitored periodically by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO). In the event of potential cyber threats, immediate updates are provided by the CISO. The Board is also informed

about the current cybersecurity posture during board meetings.

Board Responsibility Statement on Cyber Risk Management and Regulatory Compliance in Pakistan's Insurance Industry

The Board of Directors acknowledges its fiduciary duty in overseeing cybersecurity risk management, ensuring compliance with regulatory mandates specific to Pakistan's insurance industry, and safeguarding stakeholders against potential cyber threats. This statement outlines the Board's commitment to cyber risk governance, regulatory enforcement, and breach response strategies.

Cybersecurity as a Core Risk Management Component

The Board ensures that cybersecurity is an integral part of the Company's risk management framework, in line with SECP guidelines. It oversees the development and implementation of cybersecurity policies, risk frameworks, and controls designed to identify, mitigate, and manage cyber threats while ensuring regulatory compliance with:

- Pakistan's Personal Data Protection Bill
- Insurance Ordinance, 2000
- Other applicable national and international cybersecurity standards

Regulatory Compliance & Continuous Oversight

The Board is responsible for ensuring the Company's strict adherence to cybersecurity laws, data protection regulations, and SECP-issued directives governing the insurance sector. This includes:

- Periodic reviews and updates of cybersecurity policies to align with

evolving regulatory requirements and emerging cyber risks.

- Implementation of cybersecurity audits, ensuring proactive penetration testing, vulnerability assessments, and incident response drills in compliance with SECP's cybersecurity framework for financial institutions.
- Ensuring business continuity through effective disaster recovery mechanisms, safeguarding critical insurance data and digital infrastructure.

Commitment to Strengthening Cybersecurity Governance

Recognizing cybersecurity as a fundamental business risk, the Board remains committed to strengthening governance practices and fostering a robust cybersecurity culture across the organization. This involves:

- Continuous enhancement of cyber risk management strategies to safeguard sensitive information, digital assets, and operational integrity.
- Alignment with global cybersecurity best practices, ensuring that Company remains resilient against emerging threats.
- Ongoing investment in cybersecurity awareness and capacity-building initiatives, equipping employees and stakeholders with the knowledge to mitigate cyber risks effectively.

The Board will continue enforcing comprehensive cybersecurity measures to protect the Company, its policyholders, and stakeholders while ensuring compliance with Pakistan's evolving regulatory landscape for cybersecurity in the insurance sector.

Board's IT Risk Oversight Function

The Board administers its IT risk oversight function through the following mechanisms:

- **Regular Reporting:** Management provides periodic updates on cybersecurity risks, IT investments, and compliance with regulatory frameworks.
- **Cybersecurity Audits & Assessments:** Conducting regular IT audits, penetration testing, and vulnerability assessments.
- **Employee Awareness & Training:** Ensuring company-wide cybersecurity awareness programs and executive training sessions.
- **Investment in Cybersecurity Measures:** Approving budgets for IT infrastructure enhancements, threat detection systems, and data protection measures.
- **Post-Incident Review & Lessons Learned:** Reviewing major cybersecurity incidents to implement corrective actions and improve response strategies.

By integrating cybersecurity into its broader risk management framework, the Board ensures proactive governance, regulatory compliance, and protection of customer data and business operations.

Disclosure of Cybersecurity in the Board's Risk Oversight Function

Integration of Cybersecurity into Risk Oversight

The Board of Directors recognizes cybersecurity as a critical component of the Company's overall risk management framework. As cyber threats evolve, the Board actively oversees the organization's cybersecurity strategy, ensuring robust protection of customer data, financial assets, and IT infrastructure. Cybersecurity risk is assessed alongside operational, financial, regulatory, and reputational risks to ensure a comprehensive risk management approach.

Board Engagement with Management on Cybersecurity

The Board ensures effective cybersecurity governance by engaging with the management through the following key mechanisms:

Dedicated Board-Level Oversight

- The IT Governance & Cybersecurity Committee is responsible for cybersecurity oversight.
- The Committee meets regularly to review cybersecurity policies, threat assessments, and regulatory compliance.

Regular Cybersecurity Reporting

- The Chief Information Security Officer (CISO) presents quarterly reports on cybersecurity risks, incidents, and mitigation strategies.
- These reports include updates on threat intelligence, penetration testing results, and compliance with SECP cybersecurity regulations.

Incident Response & Crisis Management

- The Board ensures that the Company maintains a Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) to manage cyber incidents.
- In case of a data breach, the Board is immediately notified and oversees incident response, regulatory reporting, and stakeholder communication.

Investment in Cybersecurity Measures

- The Board approves annual cybersecurity budgets to enhance IT infrastructure, threat detection systems, and employee training programs.

Compliance with Regulatory Frameworks

- The Board ensures compliance with SECP's cybersecurity guidelines and

Pakistan's Personal Data Protection Bill.

- It mandates regular cybersecurity audits and third-party risk assessments to ensure regulatory alignment.

Cybersecurity Awareness & Training

- The Board encourages management to conduct periodic cybersecurity training for employees to reduce risks from phishing, ransomware, and insider threats.
- Directors themselves participate in cybersecurity briefings and simulations to enhance their understanding of emerging risks.

Continuous Improvement & Future Cybersecurity Strategy

The Board remains committed to proactive cybersecurity governance by:

- Staying informed about evolving cyber threats and emerging technologies.
- Encouraging management to adopt advanced security frameworks like ISO 27001, NIST, and COBIT.
- Strengthening cross-industry collaborations to share cybersecurity best practices.

By embedding cybersecurity into the Board's risk oversight function, the Company ensures resilience against cyber threats, regulatory compliance, and enhanced trust with stakeholders.

Early Warning System

AICL operates a 24/7 Security Operation Center (SOC), serving as both a frontline defense and an early warning system. The SOC is integrated with all critical applications and devices. Additionally, a Network Operations Center (NOC) is established to monitor network-level traffic.

Independent Security Assessment

In alignment with the Company's cybersecurity policies, an annual independent security assessment of the technology environment is conducted by a third-party. This assessment evaluates the Company's security posture and identifies areas for improvement.

Resilient Contingency and Disaster Recovery

AICL's Disaster Recovery Plan (DRP) is founded on IT governance best practices, offering a comprehensive set of baseline controls. The DRP provides guidelines for emergency situations, ensuring that vital technical and organizational functions are restored within stipulated timeframes.

The primary objectives of the DRP include:

- Assessing the impact of prolonged interruptions to computing facilities.
- Identifying the adverse effects of data loss.
- Evaluating recovery times following critical server failures.
- Guiding decision-making processes based on the nature of disasters.
- Clearly defining roles and responsibilities for all aspects of cyber events.
- Developing, testing, and refining procedures, programs, or systems during recovery phases.

Advancements in Digital Transformation

To capitalize on the opportunities presented by the Fourth Industrial Revolution and enhance transparency, reporting, and governance, the Company has undertaken the following

digital transformation initiatives:

- **Unified Digital Platform:** Establishing a single, integrated platform to cater to all digital requirements across the organization.
- **AI-Powered Optical Character Recognition (OCR):** Implementing AI-based OCR solutions to enhance data input accuracy and efficiency.
- **Robotic Process Automation (RPA) for Data Verification:** Utilizing RPA technology to streamline and automate data verification processes.
- **Automated Endorsements Processing:** Leveraging RPA to automate the endorsement process, reducing manual efforts and improving operational efficiency.
- **AI-Driven Vehicle Survey & Damage Assessment:** Developing and implementing AI-powered solutions for vehicle inspections and damage assessments to enhance accuracy and decision-making.

These initiatives are aimed at improving operational efficiency, reducing manual intervention, and ensuring more seamless customer experience.

Employee Education and Cybersecurity Training

Recognizing that human error is a significant vulnerability in cybersecurity, the Company has developed a comprehensive security awareness program for all employees. This program, overseen by the Chief Information Security Officer (CISO), is conducted regularly to ensure ongoing education and awareness. Participation in these sessions is mandatory for all employees. The training equips staff with the knowledge to recognize potential cybersecurity threats and respond effectively, fostering a more secure digital environment within the organization.

Board Disclosure on the Company's Use of Enterprise Resource Planning (ERP) Software

Investment in IT Infrastructure and ERP Upgrades

Over the years, the Company has made substantial investments in its IT infrastructure to enhance operational efficiency, support digital transformation, and meet evolving stakeholder requirements. Leveraging its six decades of experience, the Company continually upgrades its Enterprise Resource Planning (ERP) systems to fulfill information needs and streamline business processes.

Integration of Core Business Processes & Modules

The Company has implemented various enterprise solutions, ensuring seamless integration across its core business functions:

- **PREMIA** – Serves as the core business application for conventional insurance operations, covering essential modules.
- **GTS (by Centegy Technologies)** – The primary application for takaful business, supporting all core takaful operations.
- **Harmony (by Sofcom)** – A dedicated application for managing human resource operations.
- **IBM Cognos BI** – A business intelligence solution consolidating data from multiple systems to provide a single, reliable source of information.
- **Portals** – Digital platforms facilitating operations for call centers, dealerships, surveyors, tracker companies, workshops, part suppliers, banks, and back-office functions.
- **Mobility Solutions** – Enhancing accessibility and operational efficiency through mobile-enabled services.

Management Support for ERP Implementation & Continuous Updates

The Company acknowledges the importance of continuously enhancing and effectively implementing its technological solutions. The Information Technology Steering Committee (ITSC) oversees all IT initiatives, ensuring the selection of appropriate solutions, assignment of capable teams, and timely implementation.

ERP User Training

To maximize the effectiveness of the ERP system, the Company conducts periodic and on-demand training sessions, particularly for newly recruited staff. Additionally, a dedicated Helpdesk is available to address user concerns and ensure seamless operation.

Risk Management in ERP Implementation & Operation

AICL follows a structured approach to managing risks associated with ERP projects, adhering to the six-step Project Management Body of Knowledge (PMBok) risk management framework:

1. Risk Management Planning
2. Risk Identification
3. Qualitative Risk Analysis
4. Quantitative Risk Analysis
5. Risk Response Planning
6. Risk Monitoring & Control

System Security, Data Access, and Segregation of Duties

To maintain system security and prevent unauthorized access to sensitive data, the Company has implemented the following controls:

- **Strong password policies** with secure password update mechanisms.
- **Mandatory periodic password changes** with encryption for added security.
- **Restricted access to the database** to prevent unauthorized modifications.

- **Role-based user IDs** ensuring appropriate access levels.
- **Audit logs enabled** for monitoring user activities.
- **Regular review of user authorization matrix** to maintain compliance.

Additionally, an independent third-party security assessment is conducted to evaluate the technology environment and address potential risks, on need basis.

Key Capabilities of the Company's IT Infrastructure

The Company's robust IT infrastructure is built on industry-leading technologies, including:

- **Tier-3 Compliant Data Center** ensuring high availability and reliability.
- **Cloud-based collaboration solutions** via Microsoft Office 365.
- **IBM Cognos Microsoft and Power BI** for enhanced data-driven decision-making.
- **Oracle-based end-to-end core business applications** supporting insurance operations.
- **Cisco-based network infrastructure** for secure connectivity.
- **Enterprise-grade storage solutions** from IBM, HP, and Sangfor.
- **Security Information & Event Management (SIEM)** for proactive cybersecurity monitoring.
- **Endpoint Detection & Response (EDR)** to identify and mitigate cyber threats on endpoint devices.
- **Cisco Identity Services Engine (ISE)** for centralized identity management across multiple applications and devices.

By continuously enhancing its ERP and IT capabilities, the Company remains committed to improving operational efficiency, data security, and digital innovation in alignment with its strategic objectives.



A FORCE TO BE RECKONED WITH
**PERFORMANCE
AND POSITION**

The image features a hand holding a document with four stacked bar charts. Each bar is divided into three segments: blue at the bottom, orange in the middle, and grey at the top. The document is slightly blurred, and the background is a bright, out-of-focus scene. A large blue circle is overlaid on the bottom left, containing the text. A thin orange line curves across the bottom of the image.

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 functional heads 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, as 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 both in Pakistan and UAE.

INVESTMENT INCOME

Current year witnessed increase in investment income of 32% from the corresponding period. This is mainly due to the increase in dividend income derived from the equity portfolio of the Company and reversal of Rs. 266 million impairment value. 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 138% from last year as the Company increased its investment in debt securities during the year.

OPERATIONAL PROFITABILITY

The underwriting results of the Company generated a profit of Rs. 152 million during the current year after having losses in the last two years. 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 Rs. 575 million to the overall profitability of the Company. Takaful operations showed strong growth of 13% in terms of overall profit which resulted an increase in profitability of the Company during the current year. Other income decreased from last year as return on savings accounts dropped due to reduction in policy rate by the State Bank of Pakistan in the later half of the year.

SIX YEARS FINANCIAL PERFORMANCE (2019 - 2024)

		2024	2023	2022	2021	2020	2019
Balance Sheet							
Paid Up Capital	Rs. Mln	3,500	3,500	3,500	3,500	3,500	3,500
Reserves	""	14,941	7,964	3,527	5,487	4,487	4,555
Equity	""	40,625	30,620	24,919	25,390	22,235	21,380
Surplus on revaluation of fixed assets	""	30	31	-	-	-	-
Shareholder's funds (Equity & Surplus on revaluation of fixed assets)	""	40,655	30,651	24,919	25,390	22,235	21,380
Investments (Book Value)	""	35,352	27,969	25,535	25,966	22,589	21,781
Investments (Market Value)	""	55,082	36,039	26,991	31,069	26,596	25,888
Investment Property	""	3,343	2,914	2,427	1,632	787	402
Fixed Assets	""	4,383	4,308	4,356	4,339	4,171	4,301
Cash & Bank Deposits	""	7,023	5,253	5,277	2,174	1,312	1,177
Other Assets	""	39,293	41,614	34,716	22,426	16,654	17,770
Total Assets	""	109,124	90,128	73,766	61,641	49,520	49,538
Total Liabilities	""	68,469	59,477	48,847	36,251	27,285	28,158

Operating Data - Conventional

Gross Premium	""	54,266	41,463	32,677	23,320	18,279	22,507
Net Premium	""	26,983	19,319	16,980	12,552	13,295	15,434
Net Claims	""	17,677	13,606	11,285	7,204	7,987	9,877
Net Commission	""	3,991	2,531	2,072	1,523	1,833	1,507
Underwriting Result	""	152	(1,365)	(209)	672	376	654
Financial Charges	""	7	5	35	50	15	8
Total Expenses	""	5,438	4,761	4,087	3,212	3,161	3,100
Investment Income	""	5,151	3,903	2,128	2,469	1,093	1,372
Profit Before Tax	""	6,709	3,912	3,147	4,405	1,910	2,533
Profit After Tax	""	4,050	2,262	2,585	3,136	1,876	1,813

Window Takaful Operations

Gross contribution written	""	3,898	2,866	2,514	1,465	1,526	1,213
Net contribution revenue	""	1,886	1,632	1,152	654	745	617
Net takaful claims - reported / settled	""	(2,111)	(1,767)	1,281	610	692	531
Underwriting Result - PTF	""	(157)	(111)	(102)	39	46	72
Surplus / (Deficit) - PTF	""	62	38	(7)	78	92	110
Wakala fee	""	989	831	641	431	409	324
Profit before taxation	""	575	508	339	139	164	108
Profit after taxation	""	349	295	220	99	116	77

Cash Flow Summary

Operating activities	""	5,124	(2,976)	627	1,402	648	(93)
Investing activities	""	(2,205)	3,611	4,450	(259)	280	3
Financing activities	""	(1,060)	(1,058)	(2,058)	(282)	(793)	(944)

Share Information

No. of Shares (Million)		350	350	350	350	350	350
Net Assets per share / Break-Up Value Per Share (Rs.)		116.16	87.57	71.20	72.54	63.53	61.09
Share Price at Year End (Rs.)		49.95	34.17	28.17	40.00	39.32	42.09
Highest Share Price During Year (Rs.)		57.20	37.39	38.34	47.22	47.45	47.70
Lowest Share Price During Year (Rs.)		31.50	22.05	20.66	32.66	24.10	26.00
KSE 100 Index		115,126	62,451	40,420	44,596	43,755	40,735
Market Price To Break-Up Value - P/B Ratio (Times)		0.43	0.39	0.40	0.55	0.62	0.69
Face Value (Rs. per share)		10.00	10.00	10.00	10.00	10.00	10.00
Market Capitalization - Amount in million		17,483	11,960	9,860	14,000	13,762	14,732

Distribution

Dividend Per Share (Rs.)		3.00	3.00	3.00	2.75	2.75	2.50
Total Dividend - Amount in Million		1,050.00	1,050.00	1,050.00	962.50	962.50	875.00
Cash Dividend %		30.00	30.00	30.00	27.50	27.50	25.00
Bonus Shares %		-	-	-	-	-	-
Total Dividend %		30.00	30.00	30.00	27.50	27.50	25.00

SIX YEARS FINANCIAL PERFORMANCE (2019 - 2024)

Horizontal Analysis - Balance Sheet and Income Statement

	2024	2023	2022	2021	2020	2019	2024	2023	2022	2021	2020	2019
	Rupees in million						% increase /(decrease) over preceding year					
Balance sheet												
Assets												
Cash and Bank Deposits	7,023	5,253	5,277	2,174	1,312	1,177	33.70	(0.45)	142.73	65.70	11.5	(46.8)
Loans to Employees	54	60	65	52	45	49	(10.00)	(7.69)	25.00	15.56	(9.1)	10.0
Investments	55,082	36,039	26,991	31,069	26,596	25,888	52.84	33.52	(13.13)	16.82	2.7	7.4
Current Assets-others	37,157	40,108	33,601	21,651	16,020	17,295	(7.36)	19.37	55.19	35.15	(7.4)	(1.2)
Fixed Assets	4,383	4,308	4,356	4,339	4,171	4,301	1.74	(1.10)	0.39	4.03	(3.0)	19.7
Investment Property	3,343	2,914	2,427	1,632	787	402	14.72	20.07	48.71	107.37	95.8	100.0
Total assets of Window Takaful	2,082	1,446	1,049	724	589	426	43.98	37.85	44.89	22.92	38.2	11.6
Total Assets	109,124	90,128	73,766	61,641	49,520	49,538	21.08	22.18	19.67	24.48	(0.0)	3.5
Equity and Liabilities												
Total Equity	40,625	30,620	24,919	25,390	22,235	21,380	32.67	22.88	(1.86)	14.19	4.0	8.7
Surplus on revaluation of fixed assets	30	31	-	-	-	-	(3.23)	100.00	-	-	-	-
Underwriting Provisions	49,756	46,247	36,089	23,937	19,380	20,848	7.59	28.15	50.77	23.52	(7.0)	0.3
Deferred Taxation	8,602	3,693	806	2,031	1,375	1,330	132.93	358.19	(60.32)	47.67	3.4	40.9
Deferred Liabilities	192	176	201	270	212	225	9.09	(12.44)	(25.56)	27.36	(5.8)	13.1
Borrowings	-	-	-	927	166	-	-	-	(100.00)	457.20	100.0	-
Creditors and Accruals	3,453	3,407	3,197	2,446	1,806	1,719	1.35	6.57	30.70	35.42	5.1	(22.1)
Other Liabilities	5,693	5,468	8,169	6,361	4,103	3,840	4.11	(33.06)	28.42	55.04	6.8	0.5
Total liabilities of Window Takaful	773	486	385	279	243	196	59.05	26.23	37.99	14.91	24.0	(14.8)
Total Equity and Liabilities	109,124	90,128	73,766	61,641	49,520	49,538	21.08	22.18	19.67	24.48	(0.0)	3.5
Profit and Loss Account												
Revenue account												
Net Premium Revenue	26,983	19,319	16,980	12,552	13,295	15,434	39.67	13.78	35.27	(5.58)	(13.9)	11.8
Net claims	17,677	13,606	11,285	7,204	7,987	9,877	29.92	20.57	56.65	(9.80)	(19.1)	17.8
Underwriting Expenses	5,163	4,548	3,833	3,153	3,099	3,397	13.52	18.65	21.55	1.76	(8.8)	2.2
Net Commission	3,991	2,531	2,072	1,523	1,833	1,507	57.68	22.15	36.06	(16.92)	21.6	17.8
Underwriting Result	152	(1,366)	(210)	672	376	654	111.13	(550.48)	(131.24)	78.97	(42.5)	(19.9)
Investment Income	5,151	3,903	2,128	2,469	1,093	1,372	31.98	83.41	(13.83)	126.03	(20.4)	6.8
Rental Income	199	182	162	131	113	30	9.34	12.35	23.28	16.59	275.2	329.1
Other income	481	545	223	141	243	69	(11.74)	144.39	58.39	(42.03)	254.3	(27.8)
Change in fair value of investment property	433	358	794	961	-	12	20.95	(54.91)	(17.39)	100.00	(100.0)	100.0
Other / General And Administration Expenses	275	213	254	59	62	(297)	29.11	(16.14)	331.68	(5.60)	121.0	(506.5)
Finance Charges	7	5	35	50	15	8	40.00	(85.71)	(30.15)	233.07	80.1	100.0
Profit before tax from Window Takaful	575	508	339	139	164	108	13.19	49.85	143.42	(14.96)	52.1	36.3
Profit Before Tax	6,709	3,912	3,147	4,405	1,910	2,533	71.50	24.31	(28.56)	130.63	(24.6)	16.5
Provision for Taxation	2,659	1,650	562	1,269	34	720	61.15	193.59	(55.71)	3,667.81	(95.3)	(23.0)
Profit After Tax	4,050	2,262	2,585	3,136	1,876	1,813	79.05	(12.50)	(17.58)	67.14	3.5	46.3

SIX YEARS FINANCIAL PERFORMANCE (2019 - 2024)

Vertical Analysis - Balance Sheet and Income Statement

2024		2023		2022		2021		2020		2019	
Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%

Balance sheet

	2024		2023		2022		2021		2020		2019	
	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%
Assets												
Cash and Bank Deposits	7,023	6.4	5,253	5.8	5,277	7.2	2,174	3.5	1,312	2.6	1,177	2.4
Loans to Employees	54	0.0	60	0.1	65	0.1	52	0.1	45	0.1	49	0.1
Investments	55,082	50.5	36,039	40.0	26,991	36.6	31,069	50.4	26,596	53.7	25,888	52.3
Current Assets-others	37,157	34.1	40,108	44.5	33,601	45.6	21,651	35.1	16,020	32.4	17,295	34.9
Fixed Assets	4,383	4.0	4,308	4.8	4,356	5.9	4,339	7.0	4,171	8.4	4,301	8.7
Investment Property	3,343	3.1	2,914	3.2	2,427	3.3	1,632	2.6	787	1.6	402	0.8
Total assets of Window Takaful	2,082	1.9	1,446	1.6	1,049	1.4	724	1.2	589	1.2	426	0.9
Total Assets	109,124	100.0	90,128	100.0	73,766	100.0	61,641	100	49,520	100.0	49,538	100.0
Total Equity	40,625	37.2	30,620	34.0	24,919	33.8	25,390	41.2	22,235	44.9	21,380	43.2
Underwriting Provisions	49,756	45.6	46,247	51.3	36,089	48.9	23,937	38.8	19,380	39.1	20,848	42.1
Deferred Taxation	8,602	7.9	3,693	4.1	806	1.1	2,031	3.3	1,375	2.8	1,330	2.7
Deferred Liabilities	192	0.2	176	0.2	201	0.3	270	0.4	212	0.4	225	0.5
Borrowings	-	-	-	-	-	-	927	1.5	166	0.3	-	-
Creditors and Accruals	3,453	3.2	3,407	3.8	3,197	4.3	2,446	4.0	1,806	3.6	1,719	3.5
Other Liabilities	5,693	5.2	5,468	6.1	8,169	11.1	6,361	10.3	4,103	8.3	3,840	7.8
Total liabilities of Window Takaful	773	0.7	486	0.5	385	0.5	279	0.5	243	0.5	196	0.4
Total Equity and Liabilities	109,124	100.0	90,128	100.0	73,766	100.0	61,641	100	49,520	100.0	49,538	100.0

Profit and Loss Account

	2024		2023		2022		2021		2020		2019	
	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%	Rupees in million	%
Revenue account												
Net Premium Revenue	26,983	100.0	19,319	100.0	16,980	100.0	12,552	100.0	13,295	100.0	15,434	100.0
Net Claims	17,677	65.5	13,606	70.4	11,285	66.5	7,204	57.4	7,987	60.1	9,877	64.0
Underwriting Expenses	5,163	19.1	4,548	23.5	3,833	22.6	3,153	25.1	3,099	23.3	3,397	22.0
Net Commission	3,991	14.8	2,531	13.1	2,072	12.2	1,523	12.1	1,833	13.8	1,507	9.8
Underwriting Result	152	0.6	(1,366)	(7.1)	(210)	(1.2)	672	5.4	376	2.8	654	4.2
Investment Income	5,151	19.1	3,903	20.2	2,128	12.5	2,469	19.7	1,093	8.2	1,372	8.9
Rental Income	199	0.7	182	0.9	162	1.0	131	1.0	113	0.8	30	0.2
Other income	481	1.8	545	2.8	223	1.3	141	1.1	243	1.8	69	0.4
Change in fair value of investment property	433	1.6	358	1.9	794	4.7	961	7.7	-	-	12	0.1
General And Administration Expenses	275	1.0	213	1.1	254	1.5	59	0.5	62	0.5	(297)	(1.9)
Finance Charges	7	0.0	5	0.0	35	0.2	50	0.4	15	0.1	8	0.1
Profit before tax from Window Takaful	575	2.1	508	2.6	339	2.0	139	1.1	164	1.2	108	0.7
Profit Before Tax	6,709	24.9	3,912	20.2	3,147	18.5	4,405	35.1	1,910	14.4	2,533	16.4
Provision for Taxation	2,659	9.9	1,650	8.5	562	3.3	1,269	10.1	34	0.3	720	4.7
Profit After Tax	4,050	15.0	2,262	11.7	2,585	15.2	3,136	25.0	1,876	14.1	1,813	11.7

SIX YEARS FINANCIAL PERFORMANCE (2019 - 2024)

Financial Ratios

	2024	2023	2022	2021	2020	2019
Profitability Ratios						
Underwriting Result / Gross Premium (%)	0.3	(3.3)	(0.6)	2.9	2.1	2.9
Underwriting Result / Net Premium (%)	0.6	(7.1)	(1.2)	5.4	2.8	4.2
Combined Ratio (%)	99.4	107.1	101.2	94.6	97.2	95.8
Total Expenses / Gross Premium (%)	10.0	11.5	12.5	13.8	17.3	13.8
Total Expenses / Net Premium (%)	20.2	24.6	24.1	25.6	23.8	20.1
Management Expenses / Net Premium (%)	19.1	23.5	22.6	25.1	23.3	22.0
Other Expenses / Net Premium (%)	1.0	1.1	1.5	0.5	0.5	(1.9)
Net Claims / Net Premium (%) - Claim Ratio	65.5	70.4	66.5	57.4	60.1	64.0
Net Commission / Net Premium (%)	14.8	13.1	12.2	12.1	13.8	9.8
Investment Income / Net Premium (%)	19.1	20.2	12.5	19.7	8.2	8.9
Gross Yield on Earning Assets - (%)	10.1	12.0	8.6	10.7	4.6	5.3
Shareholders' Funds - (Shareholder Funds/Total Assets) (%)	37.3	34.0	33.8	41.2	44.9	43.2
Return on Investment (%)	9.0	11.0	8.0	8.0	4.0	5.0
Total Shareholder Return (%)	55.0	31.9	(22.1)	8.7	(0.0)	6.1

Overall Profitability

Profit Before Tax / Gross Premium (%)	12.4	9.4	9.6	18.9	10.4	11.3
Profit After Tax / Gross Premium (%)	7.5	5.5	7.9	13.4	10.3	8.1
Profit Before Tax / Net Premium (%)	24.9	20.2	18.5	35.1	14.4	16.4
Profit After Tax / Net Premium (%)	15.0	11.7	15.2	25.0	14.1	11.7
Profit Before Tax / Total Income (%)	19.9	15.8	15.3	26.9	12.8	14.9
Profit After Tax / Total Income (%)	12.0	9.1	12.5	19.1	12.6	10.6

Return To Shareholders

Return On Equity - PBT (%)	16.5	12.8	12.6	17.3	8.6	11.8
Return On Equity - PAT (%)	10.0	7.4	10.4	12.4	8.4	8.5
Return On Total Assets (%)	3.7	2.5	3.5	5.1	3.8	3.7
Earnings Per Share (Rs.)	11.57	6.46	7.39	8.96	5.36	5.18
Dividend Yield (%)	6.0	8.8	10.6	6.9	7.0	5.9
Dividend Payout (%)	25.92	46.44	40.60	30.69	51.3	48.3
Dividend Cover (Times)	3.9	2.2	2.5	3.3	1.9	2.1
Earnings Growth (%)	79.1	(12.6)	(17.5)	67.2	3.5	46.3
P/E Ratio (Times)	4.3	5.3	3.8	4.5	7.3	8.1
Price to Book ratio (%)	0.4	0.4	0.4	0.6	0.6	0.7

Breakup value per share

Without Surplus on Revaluation of property, plant and equipment (Rs.)	116.07	87.49	71.20	72.54	63.53	61.09
With Surplus on Revaluation of property plant and equipment (Rs.)	116.16	87.57	71.20	72.54	63.53	61.09

Performance/ Liquidity

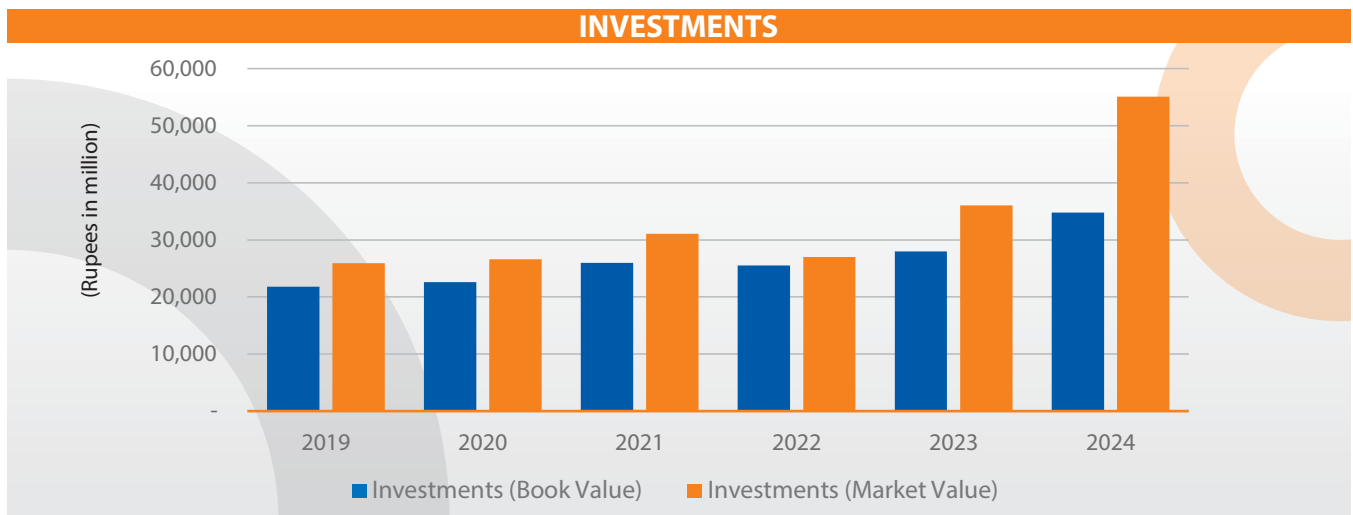
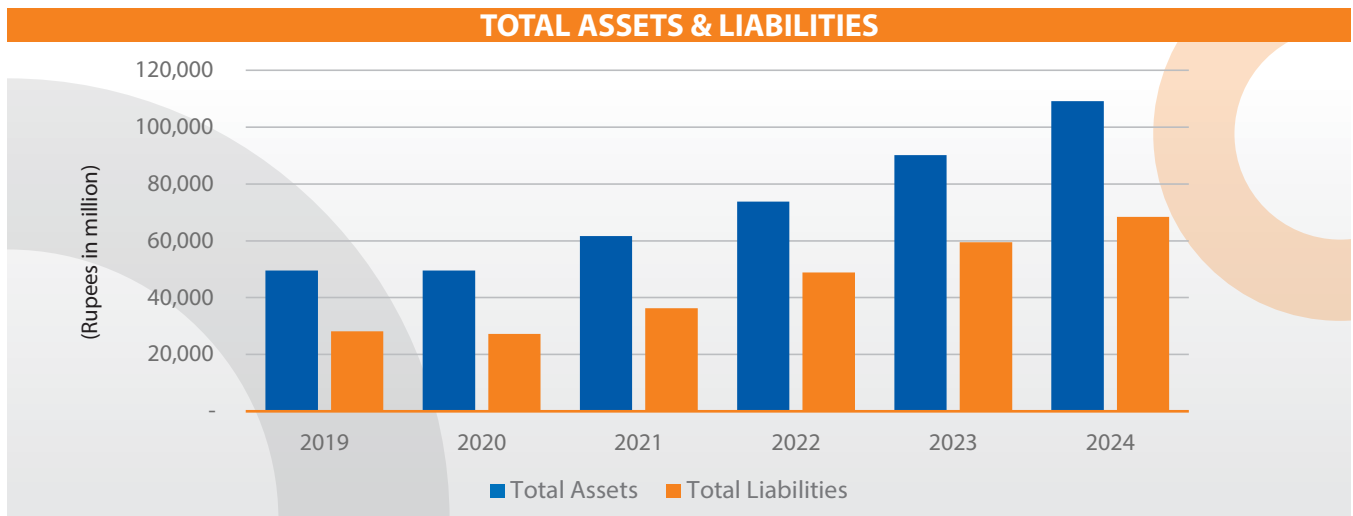
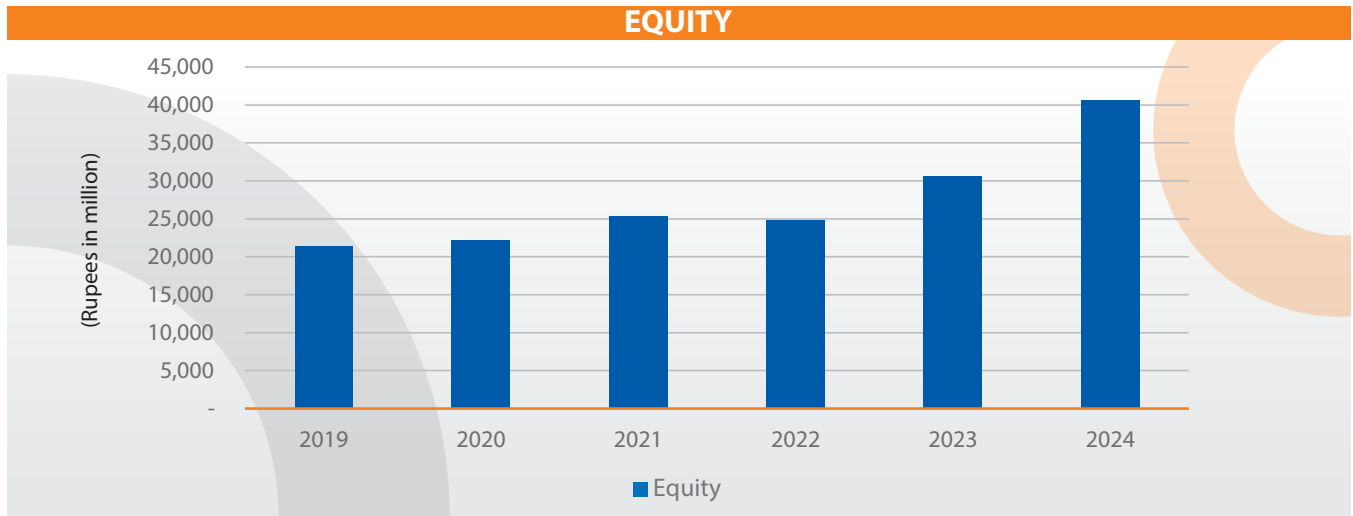
Current Ratio (Times)	1.7	1.5	1.4	1.6	1.7	1.7
Liquid Ratio (Times)	1.2	0.9	0.9	1.2	1.3	1.2
Cash / Current Liabilities (%)	12.3	9.6	11.4	7.2	6.0	4.8
Total Assets Turnover (Times)	0.2	0.2	0.2	0.2	0.3	0.3
Fixed Assets Turnover (Times)	6.2	4.5	3.9	2.9	3.2	3.6
Liquid Assets / Total Assets (%)	65.8	55.4	56.2	66.2	66.5	66.7
Earning Assets / Total Assets (%)	56.0	46.8	42.1	54.9	57.7	55.3
Equity / Total Assets - Shareholders' Funds ratio (%)	37.2	34.0	33.8	41.2	44.9	43.2
Debt to Equity - Book Value (%)	-	-	-	-	0.34	-
Paid Up Capital / Total Assets (%)	3.2	3.9	4.7	5.7	7.1	7.1
Return On Capital Employed (%)	16.5	12.8	12.8	17.5	8.6	11.9

SIX YEARS FINANCIAL PERFORMANCE (2019 - 2024)

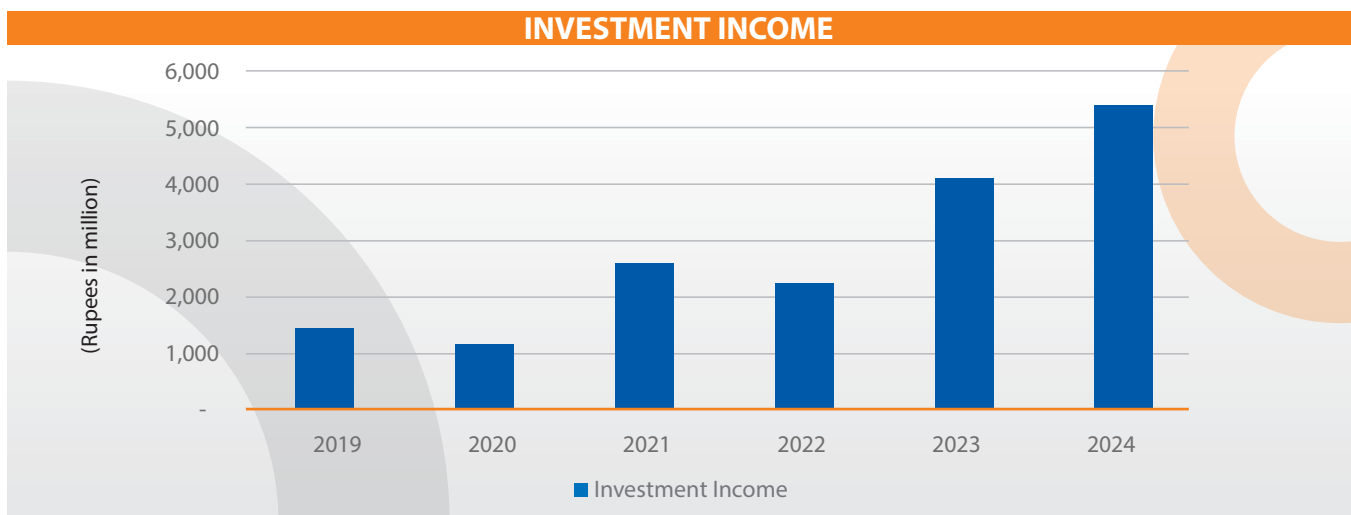
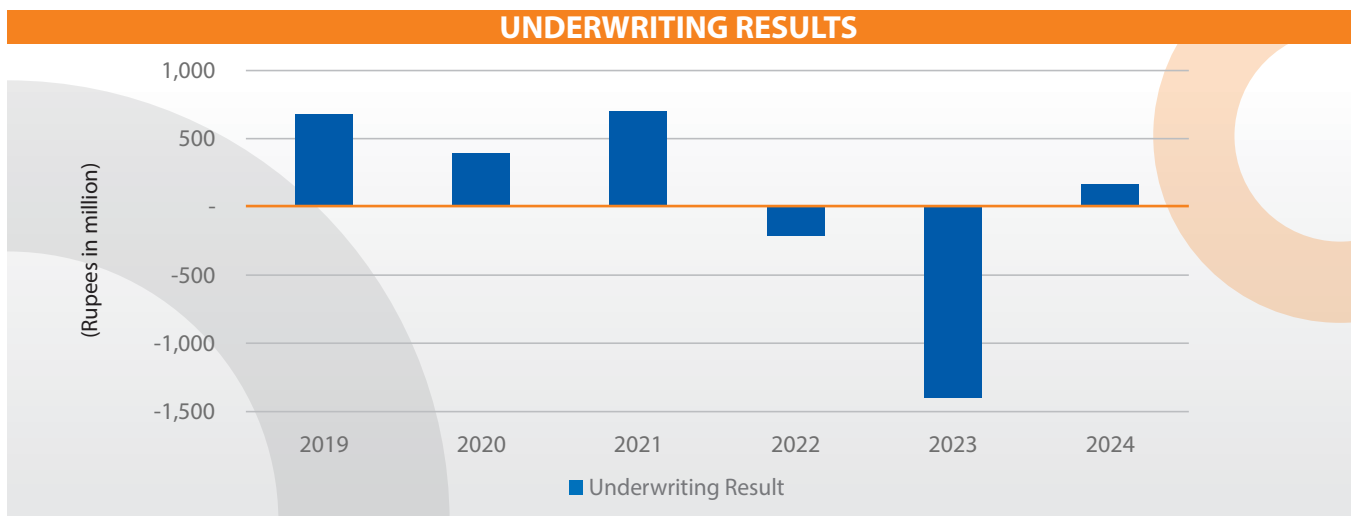
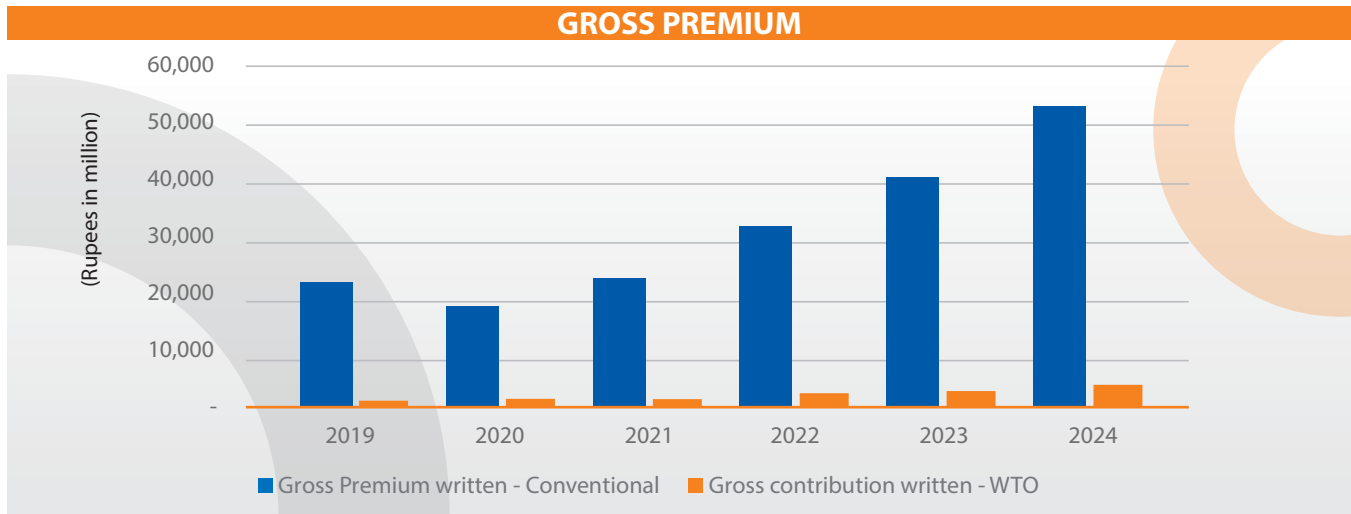
Financial Ratios

	2024	2023	2022	2021	2020	2019
Non-Financial Ratios						
Staff turnover ratio (%)	11.9	17.9	12.9	12.0	9.0	10.9
Employee Productivity Rate						
Revenue per Employee - Amount in Million	58.8	46.2	35.4	25.6	19.7	23.5
PBT per Employee - Amount in Million	0.6	0.6	0.4	0.2	0.2	0.1
Insurance Sector Specific Ratios						
Claim ratio	66%	70%	66%	57%	60%	64%
Solvency ratio	101%	48%	56%	99%	154%	69%
Premium growth ratio	31%	27%	40%	28%	-19%	10%
Claim settlement ratio	82%	85%	82%	77%	88%	83%
Combined ratio	99%	107%	101%	95%	97%	96%
Persistency ratio (renewable business)	71%	74%	63%	61%	70%	67%
Reinsurance premium ceded on gross premium (%)	40%	50%	45%	42%	37%	36%
Reinsurance claim recovery percentage	35%	50%	56%	43%	34%	29%
Retention ratio	56%	50%	57%	60%	65%	68%
External liability ratio	0%	0%	0%	4%	1%	0%

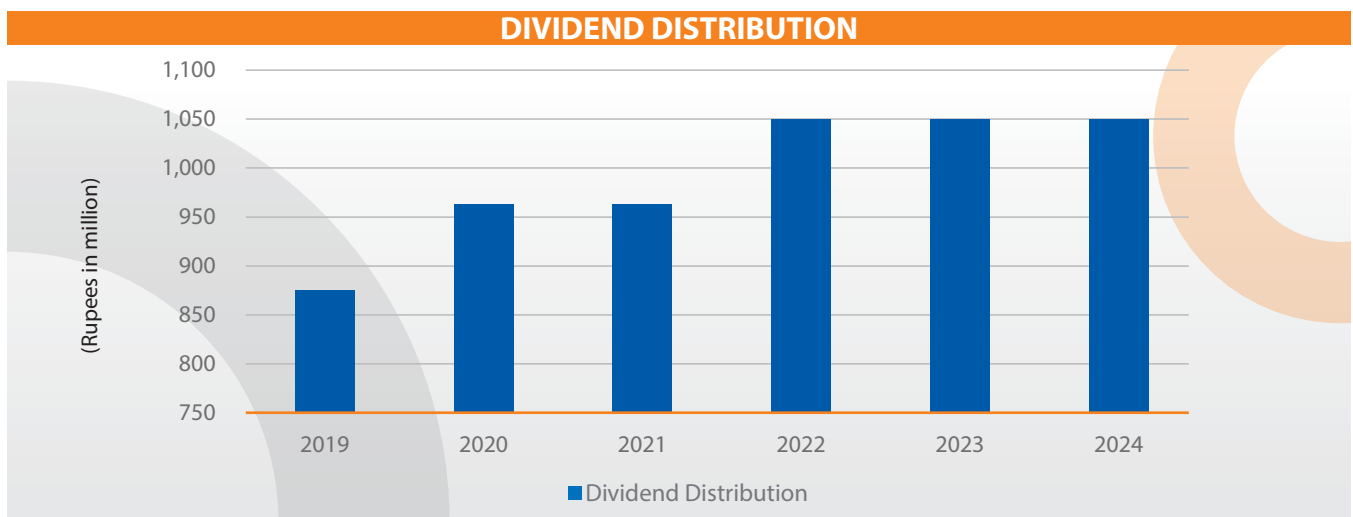
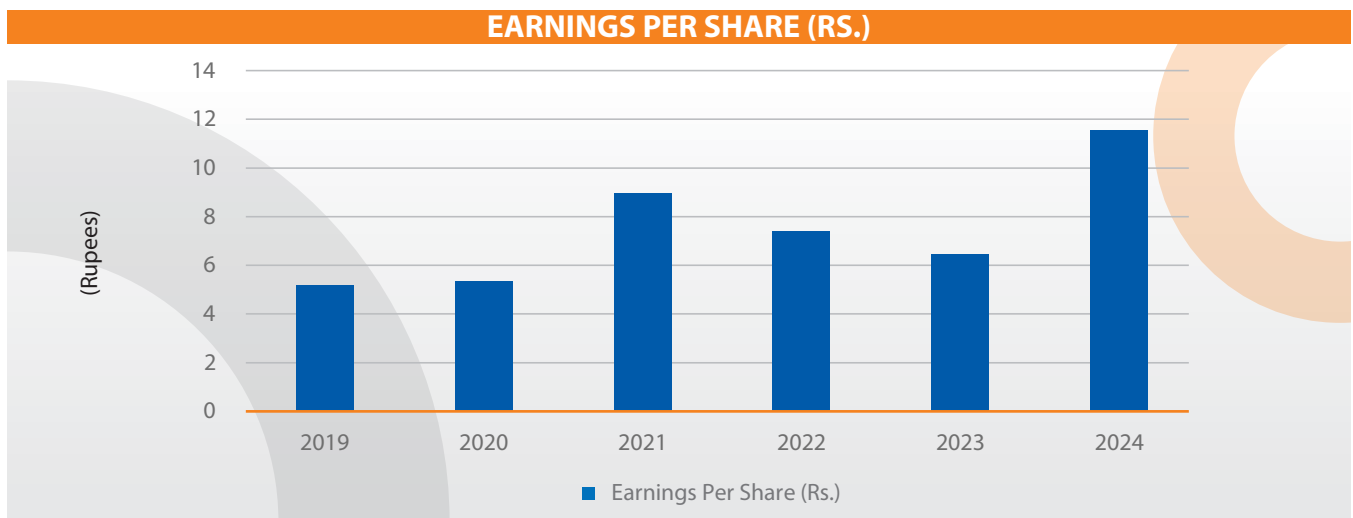
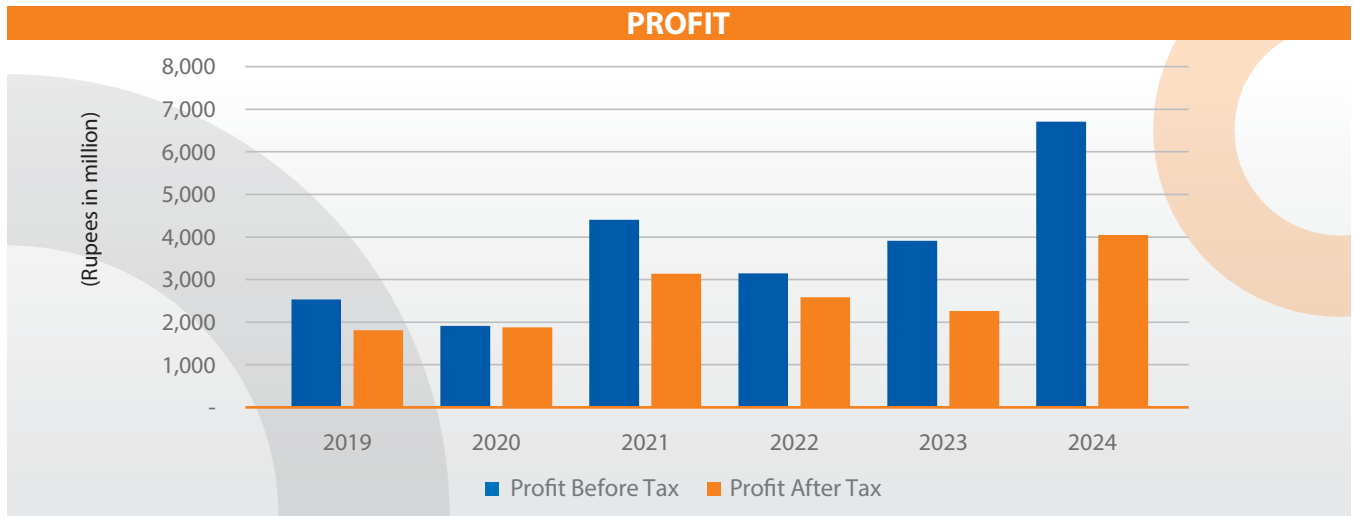
SIX YEARS FINANCIAL PERFORMANCE (2019 - 2024)



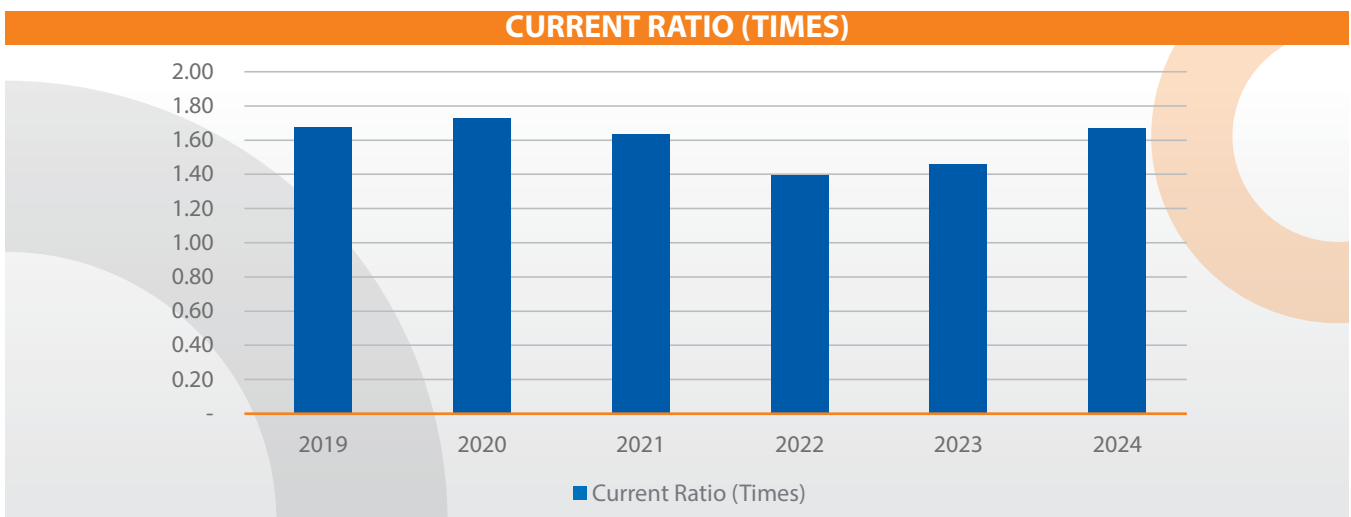
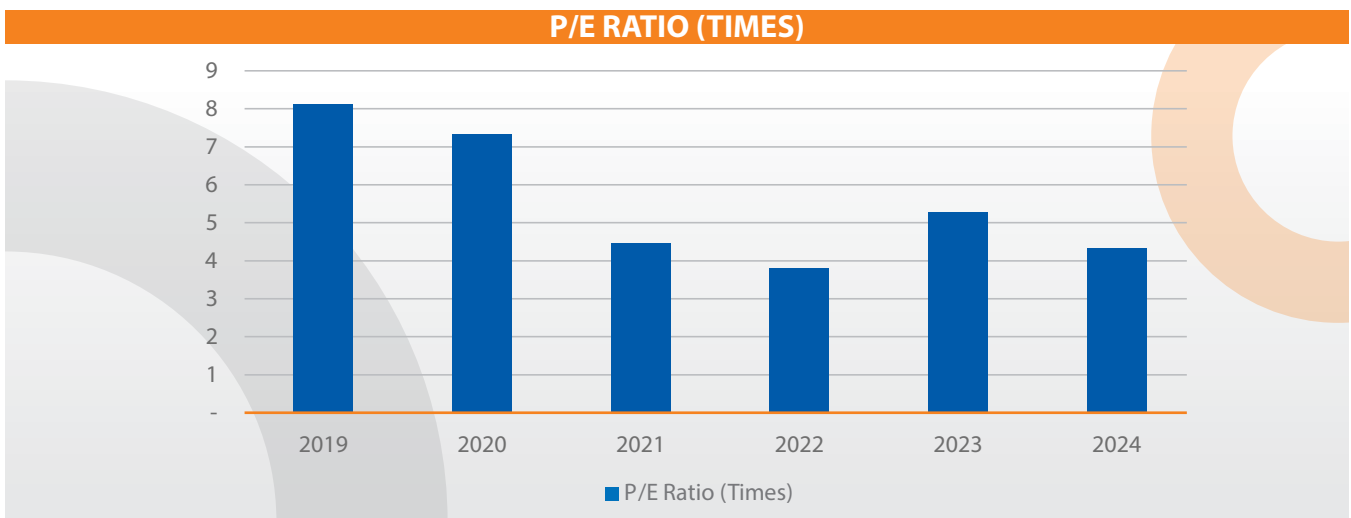
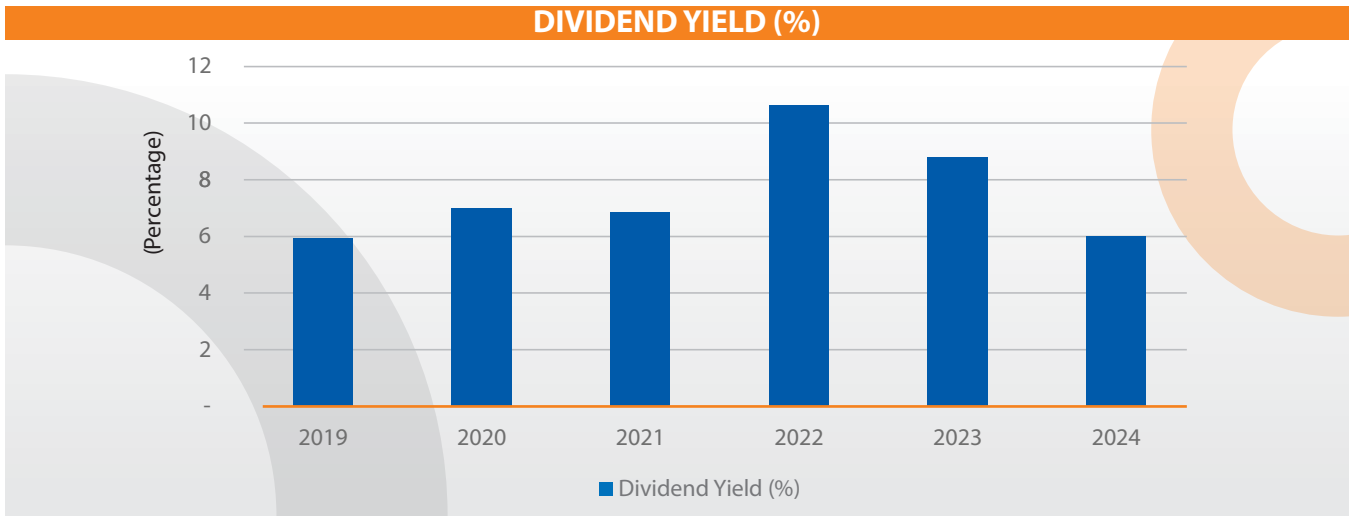
SIX YEARS FINANCIAL PERFORMANCE (2019 - 2024)



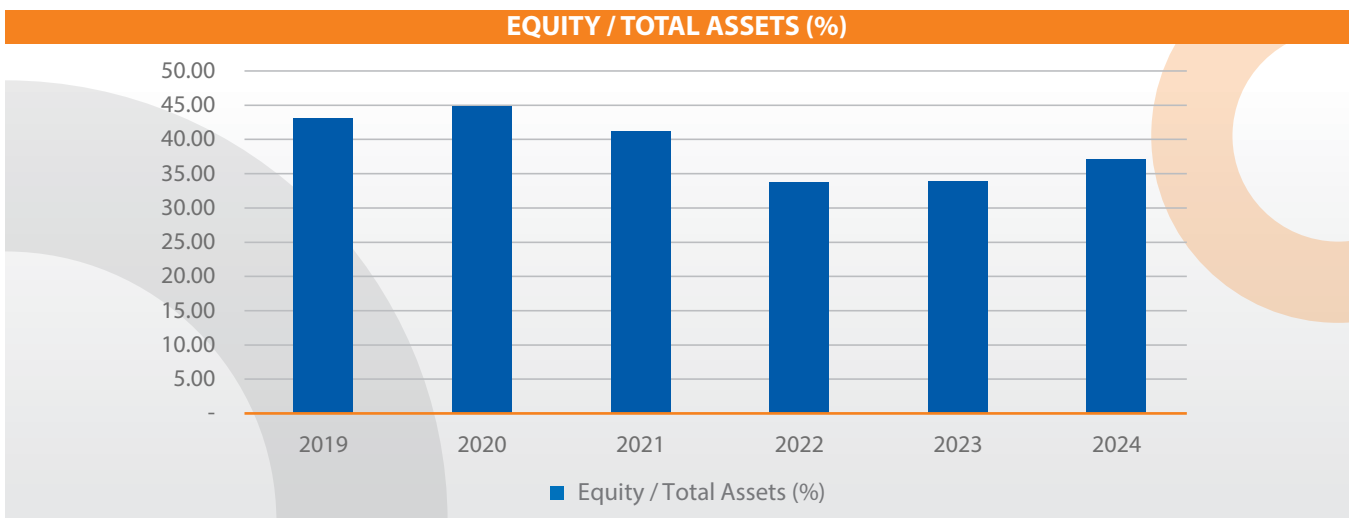
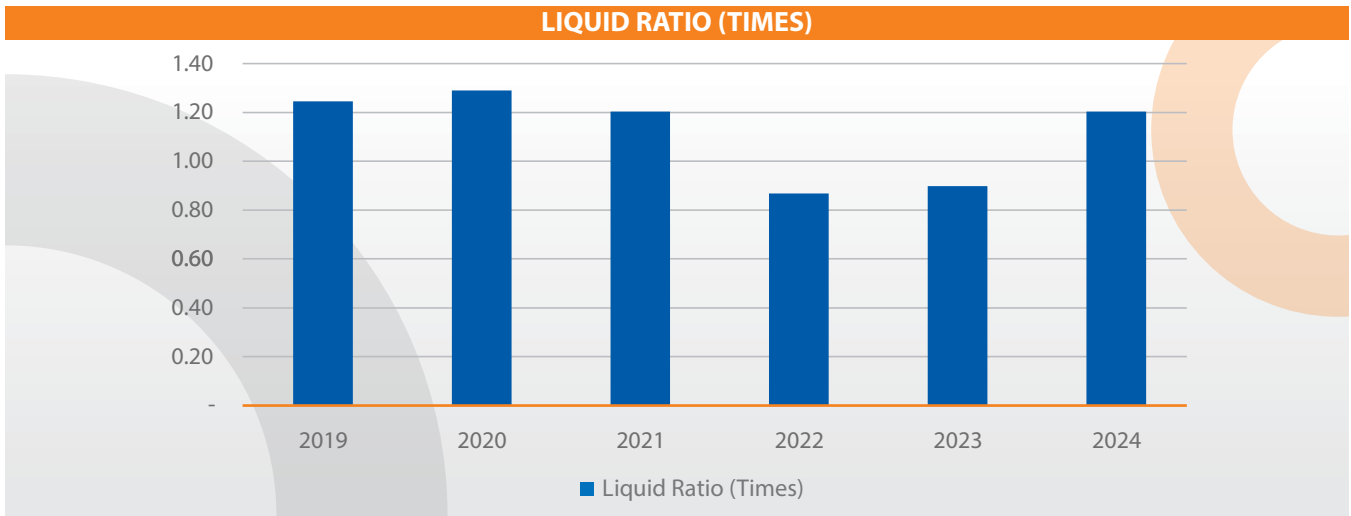
SIX YEARS FINANCIAL PERFORMANCE (2019 - 2024)



SIX YEARS FINANCIAL PERFORMANCE (2019 - 2024)



SIX YEARS FINANCIAL PERFORMANCE (2019 - 2024)

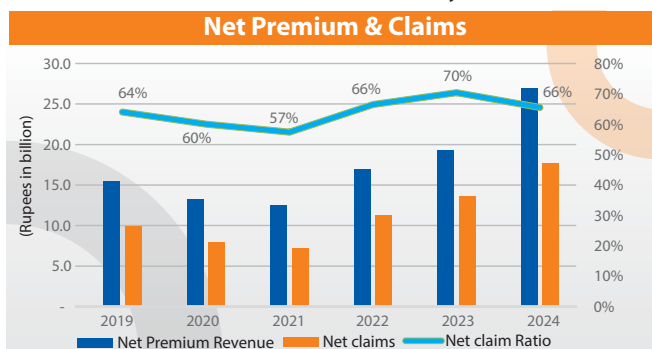


COMMENTS ON HORIZONTAL AND VERTICAL ANALYSIS

Profit & Loss Account

During the period from 2019 to 2024, the company experienced a dynamic and fluctuating profit trend. In 2019, profits were relatively modest, but they dipped further in 2020 due to a 29% decrease in dividend income, owing to the temporary restriction on the distribution of dividends imposed by the State Bank of Pakistan. This restriction, implemented amid the COVID-19 situation, prevented banks from distributing dividends for two quarters. However, 2021 marked a significant surge when the restrictions on dividends were lifted by the State Bank of Pakistan. This upward momentum was briefly interrupted by a moderate decline in 2022, when the net claims ratio increased to 66% compared to the previous year's ratio of 57% per annum, due to rain flooding in Pakistan and heavy losses in operations outside Pakistan. Nevertheless, the Company quickly regained its footing in 2023, achieving steady gains. The Company performed exceptionally well in 2024, with a 31% increase in Gross Premium Written and a 40% rise in Net Premium Revenue, showcasing its resilience and ability to capitalize on market opportunities.

The company's conventional business saw a significant 31% increase in Gross Written Premium from the previous year, while Window Takaful Operations grew by 36%, indicating robust growth in core business operations. Both domestic and international operations demonstrated strong growth in Gross Written Premium, suggesting that the Company's expansion was not limited to the domestic market but also extended internationally.



Despite the increase in claim expense, the claim ratio decreased to 66% in the current year, compared to 70% in the previous year.

Management and underwriting expenses increased by 14% in the current year compared to 2023. Overall, the increase in both net claims expense and management/underwriting expenses highlights the

inflationary impacts on the Company during the current year.

The underwriting result of the Company increased by 111% in the current year. Additionally, the investment income of the Company increased by 32% during the year.

On the other hand, the Window Takaful Operations (WTO) of the Company showed growth in Gross Contributions, which increased to Rs. 3.89 billion in 2024, up from Rs. 2.86 billion in 2023. The WTO Operator's Fund contributed Rs. 575 million towards the profit before tax, adding to the overall profits of the Company.

Profit after tax for the year 2024 increased by 79%, amounting to Rs. 4,050 million, compared to Rs. 2,262 million in 2023. This resulted in an Earnings Per Share (EPS) of Rs. 11.57 in the current year, up from Rs. 6.46 in the previous year.

Balance Sheet

The Company has strong capital base of Rs. 3,500 million.

The overall asset base of the Company increased by 21% (Rs. 18,996 million) reaching at Rs. 109,124 million as compared to Rs. 90,128 million in 2023.

Investments are the largest asset, constituting approximately 50% of the Company's total assets. The Company's investments have registered an increase in value of 53%, rising from Rs. 36,039 million to Rs. 55,082 million at the end of the year.

Cash and Bank balance of the Company increased by 33.70% amounting to Rs. 7,023 million in current year as against Rs. 5,253 million in 2023.

Equity & Reserves increased by over 33% year on year, reaching Rs. 40,625 million at current year end as against Rs. 30,620 million in 2023. This is mainly attributable to fair value gains of Rs. 7,005 million against available for sale investments.

Underwriting liabilities increased by 8% year on year, reaching to Rs. 49,756 million at current year end as against Rs. 46,247 million in 2023.

Net Assets of the Company's 'Window Takaful Operations - Operator's Fund' increased significantly from Rs. 960 million to Rs. 1,309 million registering a growth of 36% year on year.

COMMENTS ON RATIOS

Profitability Ratios

Underwriting results improved from -7.1% of net premium revenue last year to 0.6% in the current year. Investment income as a percentage of net premium slightly reduced from 20.2% last year to 19.1% in the current year. Profit after tax ratio increased from 11.7% last year to 15.0% in the current year. This suggests that the Company's overall profitability has been improved. Despite the increase in insurance claims and acquisition expenses by Rs. 5,531 million from last year, the Company has recorded an underwriting profit of Rs. 152 million and profit after tax of Rs. 4,050 million.

Return to Shareholders Ratios

The rise in profitability has impacted year-on-year profits, leading to an increase in return to shareholders/investors' ratios. 'Return on equity' increased to 10.0% in the current year as against 7.4% in last year. While 'Return on total assets' increased to 3.7% in the current year as against 2.5% 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 2023 and Rs. 1.5 per share as an interim dividend related to the year 2024. 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

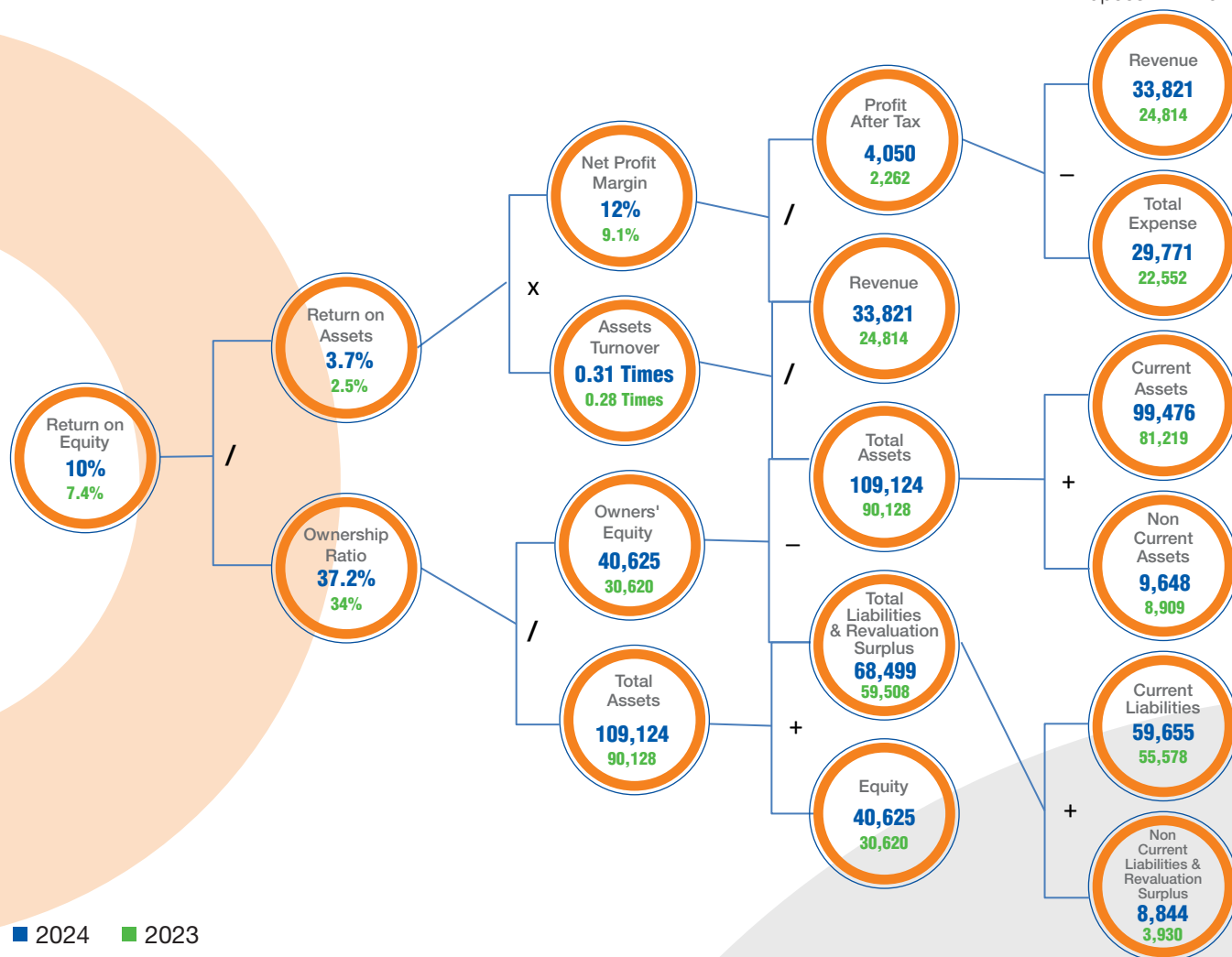
Overall, the liquidity ratios of the Company remained stable, reflecting effective working capital and cash flow management. While the current liabilities ratio increased slightly. The increase in the proportion of earning assets to total assets suggests improved income-generating potential.

The Company was able to achieve current ratio at 1.7 times while cash and bank balance to current liabilities ratio increased to 12.3% in current year as against 9.6% last year.

The proportion of 'Earning assets' to 'Total assets' has increased to 56.0% as against 46.2% while the proportion of 'Liquid assets' to 'Total assets', also increased to 65.8% in current year as against 55.4% last year.

DUPONT ANALYSIS

Rupees in Million



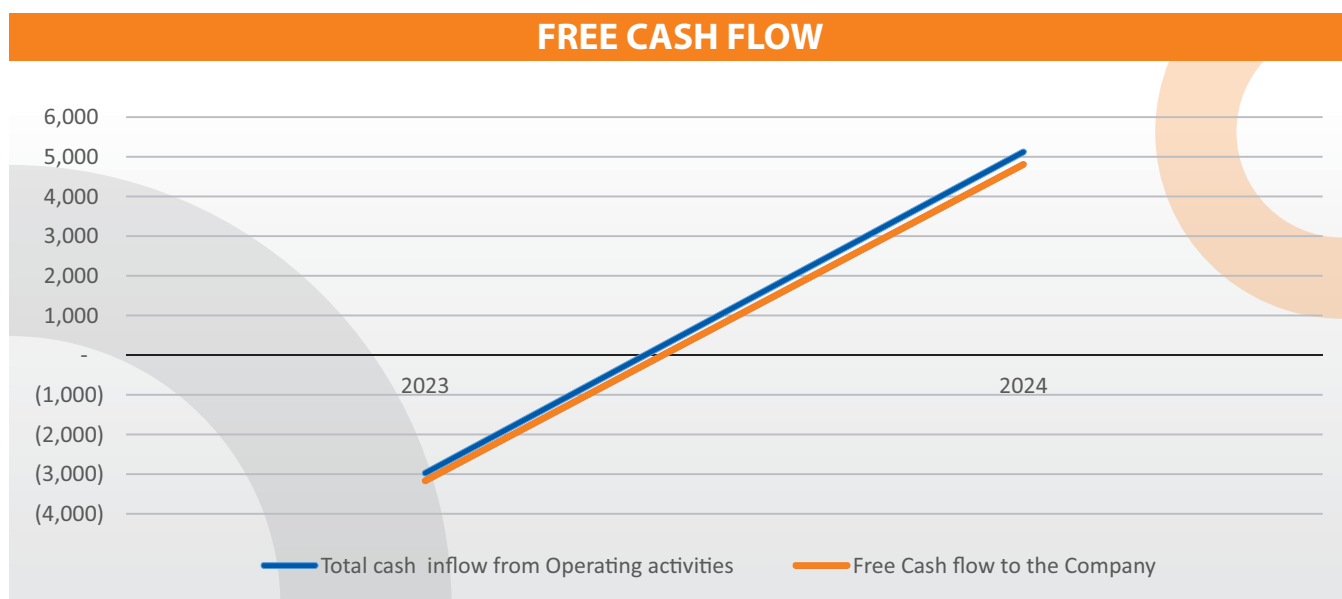
■ 2024 ■ 2023

Analysis

- Net Profit Margin has risen by 31% compared to the previous year, driven by strong underwriting performance and higher investment income.
- Return on Assets (ROA) and Return on Equity (ROE) have increased by 1.2% and 2.3%, respectively, compared to the previous year, reflecting the Company's enhanced profitability and operational efficiency.
- Owners' equity has grown during the current year, and the ownership ratio has also risen compared to the previous year. This improvement is primarily attributed to a significant increase in owners' equity and total assets, driven largely by investments.
- The Company has demonstrated substantial growth in profitability compared to the previous year, reflecting improved operational performance and financial strength.

FREE CASHFLOWS TO THE COMPANY

	2024	2023
	----- Rupees in Million -----	
Net cash flows generated from Underwriting activities	7,136	(2,062)
Net cash flows generated from Other operating activities	(2,012)	(914)
Total cash inflow from Operating activities	5,124	(2,976)
Less: Capital Expenditure	(314)	(191)
Free Cash flow to the Company	4,810	(3,167)



Comments on Free Cash Flow:

The operating cashflows of the Company have improved to Rs. 5,124 million from Rs. (2,976) million mainly due to the increase in collection of due outstanding premiums as a result of regular monitoring and control of credit policies adopted by the management.

SIX YEARS' SUMMARY OF CASHFLOW STATEMENTS

Cashflow Summary

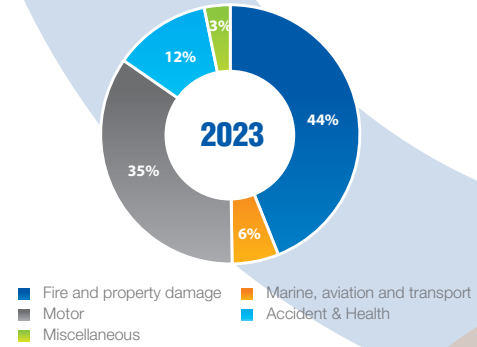
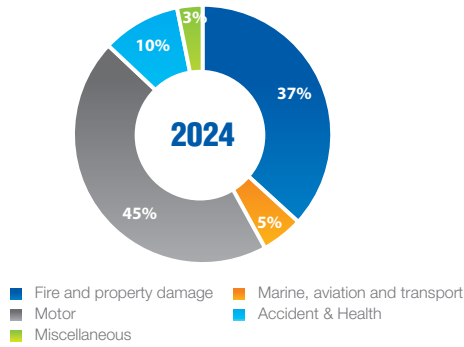
	2024	2023	2022	2021	2020	2019
	Rupees in Million					
Cash inflow / (outflow) from operating activities	5,124	(2,976)	627	1,402	648	(93)
Cash (outflow) / inflow from investing activities	(2,205)	3,611	4,450	(259)	280	3
Cash outflow from financing activities	(1,060)	(1,058)	(2,058)	(282)	(793)	(944)
Net cash inflow / (outflow) from all activities	1,859	(423)	3,019	862	135	(1,034)
Cash and cash equivalents at beginning of the year	2,124	2,547	2,258	1,312	1,177	2,211
Cash and cash equivalents at end of the year	3,983	2,124	5,277	2,174	1,312	1,177

Analysis

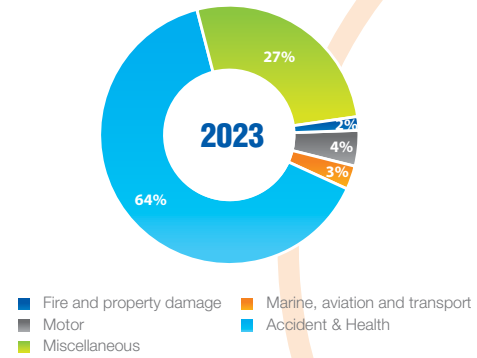
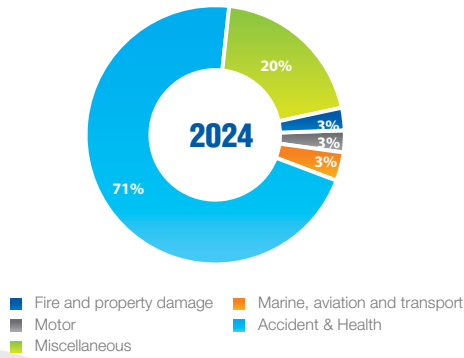
Over the past six years, the Company has consistently demonstrated effective liquidity management, ensuring that it has adequate cash and highly liquid assets to meet its short-term financial obligations. This consistency indicates the Company's commitment to maintaining a strong financial position and its ability to adapt to the 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

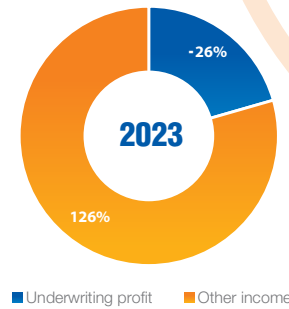
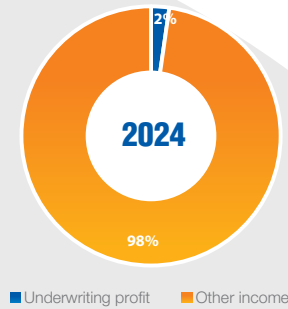
Gross Premium Written



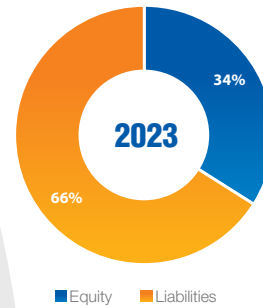
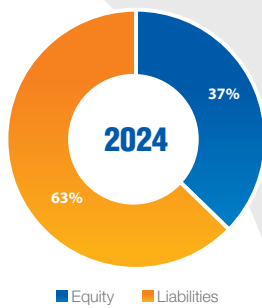
Net Claims



Analysis of Income



Total Equity and Liabilities



GRAPHICAL PRESENTATION OF FINANCIAL STATEMENTS

Net Premium Revenue



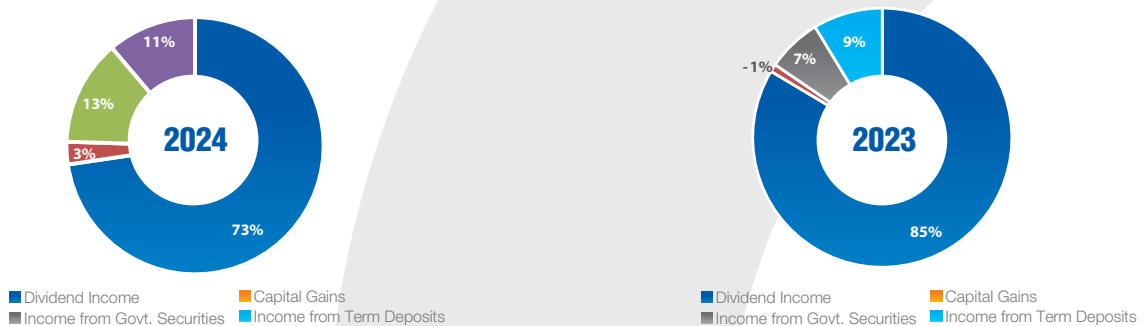
Combined Expenses



Total Assets



Investment Income

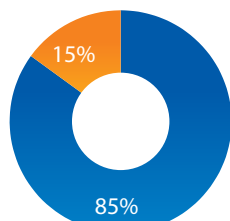


Our Market Share

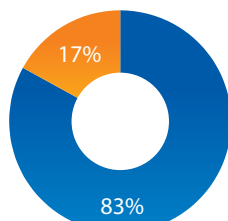
Market share of Adamjee Insurance Company Limited's conventional business is 18% and window takaful operations is 13% in Pakistan as of 30 September 2024.

Conventional business in Pakistan

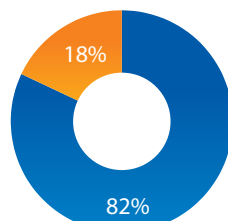
	2020	2021	2022	2023	Sept 2024
AICL	15%	17%	18%	18%	18%
Rest of Industry	85%	83%	82%	82%	82%



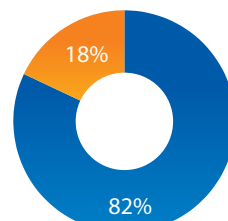
CY 20



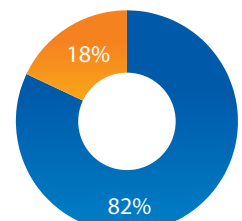
CY 21



CY 22



CY 23

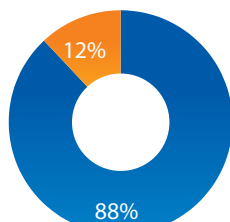


CY 24

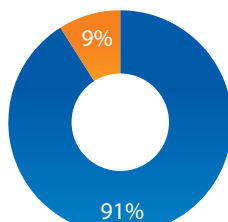
■ AICL ■ Rest of the industry

Window Takaful Operation

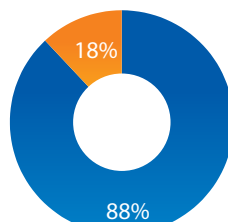
	2020	2021	2022	2023	Sept 2024
AICL	12%	9%	12%	11%	13%
Rest of Industry	88%	91%	88%	89%	87%



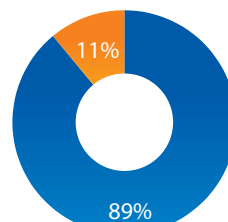
CY 20



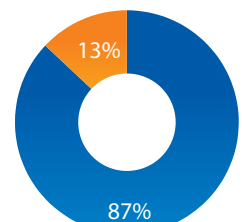
CY 21



CY 22



CY 23

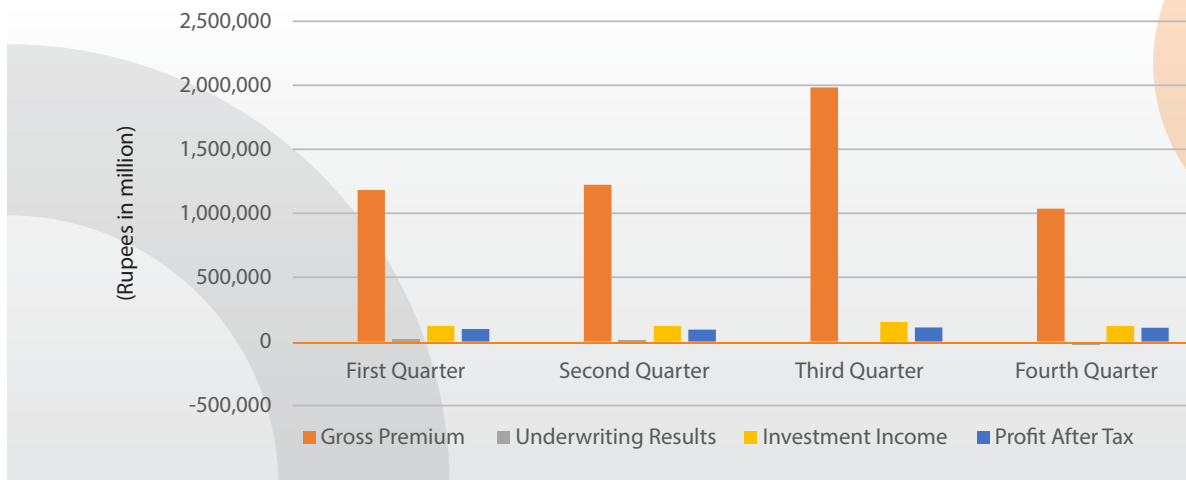


CY 24

■ AICL ■ Rest of the industry

QUARTERLY PERFORMANCE ANALYSIS 2024

QUARTERLY ANALYSIS 2024



Gross Premium

The third quarter proved to be a major contributor to the Gross Premium Written for the current year, accounting for 37% of the total Gross Premium Written during the year. The Gross Premium Written at the entity level increased by 31% from last year, due to a 10% increase in Gross Premium Written for inside Pakistan operations and a 78% increase for outside Pakistan operations. This is a testament to strong recovery and continued business growth, consistent with previous years' trends.

Underwriting results

Overall performance in terms of underwriting results generated a profit of Rs. 152 million, an increase by 111% from last year mainly due to 39.7% increase in Net Premium Revenue.

Investment Income

Increase in investment income is primarily driven by dividend income and income from debt securities. The investment income has surged by 32% compared to the

previous year. This increase is attributed to slight increase in dividend income by 6% along with reversal of Rs. 266 million in impairment value. Rise in Income from Debt Securities and Term Deposits have experienced a remarkable increase of 93%. This surge is mainly due to a substantial increase in investment in Debt Securities by Rs. 7,032 million throughout the year.

In conclusion, both dividend income and income from debt securities have played crucial roles in driving the 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 third and last quarters. Each quarter contributed to the overall profitability, 24%, 23%, 27% and 26%, respectively. The cumulative contribution from all four quarters resulted in a total profit of Rs. 4,050 million for the year. The Company attributes its profitability to the efforts of the management, who focused on regular performance reviews and implemented 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

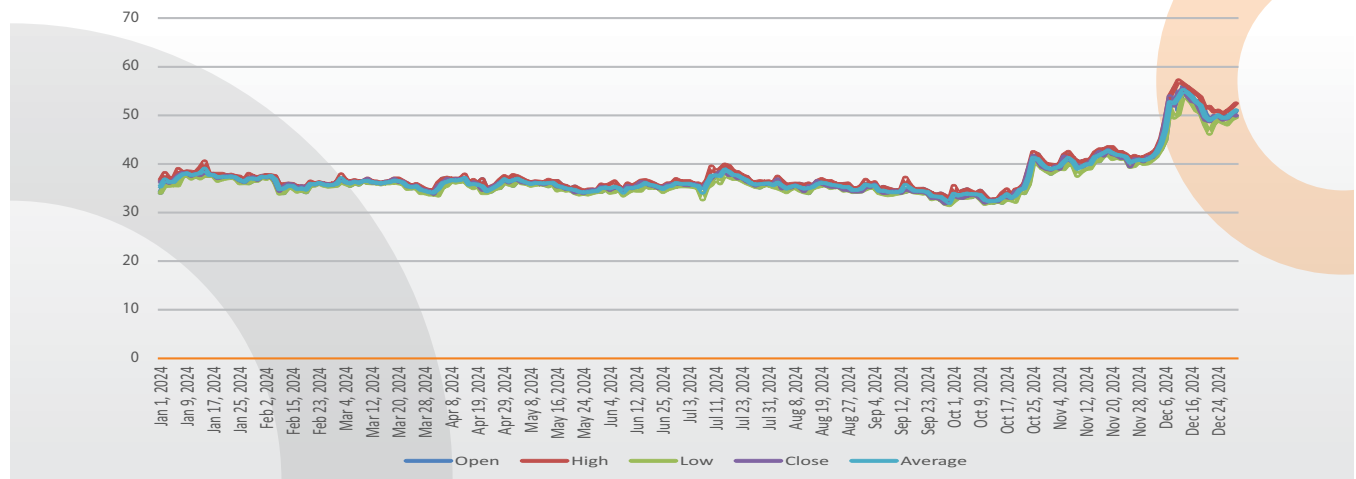
The performance measures are subject to periodic reviews and are regularly updated to help management scale the competitive environment. Revised KPIs are agreed with functional managers to ensure management / employees have their buy-in.

MARKET STATISTICS OF AICL SHARE

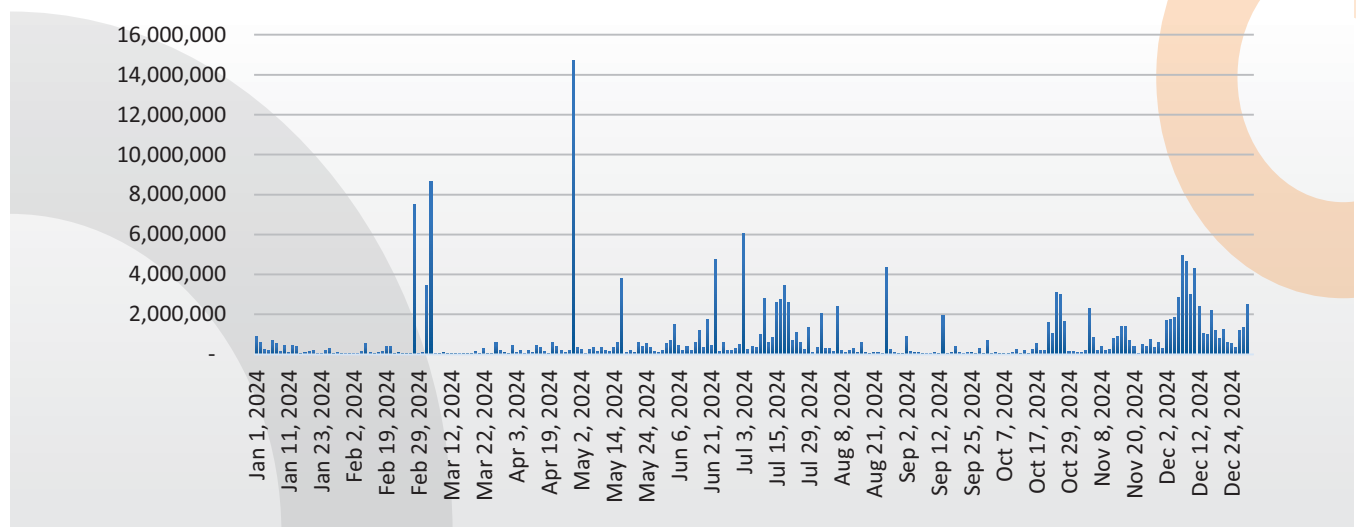
AICL's share price along with daily trading volume from Pakistan Stock Exchange (PSX) on key dates during the year 2024 are given below:

	High	Low	Closing	Daily trading Volume
	Rupees			No of Shares
December 31, 2024	52.46	49.61	49.95	2,474,201
September 30, 2024	32.43	31.50	32.42	23,733
June 28, 2024	36.90	35.32	35.91	190,493
March 29, 2024	34.65	33.71	34.44	65,500

SHARE PRICE IN 2024



TRADING VOLUME IN 2024



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, 2024 (PSX)	Rs. 49.95
Market capitalization on year end, 2024	Rs. 17,483 million
10% change in share price would have the following impact on the market capitalization of AICL:	
10% increase	Rs. 1,748 million
10% decrease	Rs. (1,748) 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. 314 million (2023: Rs. 191 million) on capital items relating to both tangible and intangible infrastructure. Major portion of this expenditure was incurred on the items of motor vehicles, machinery and equipment and IT related projects. Most of these expenditures were incurred based on the requirement for the new motor vehicles, computer related items and office equipment in addition to new IT initiatives for which costs were capitalised during the year.

The Company had planned capital expenditure for the year 2025. This expenditure primarily related 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. 3,026 million. The fair value estimated of these land and building assets amounts to Rs. 5,799 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.	197,435
Dubai Office	Unit 301,302, 303 and 304, 3rd floor, One Business Bay by Omniyat, Business Bay, Dubai.	9,617

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. 5,151 million (2023: Rs. 3,903 million) which is due to the demonstration of managing high yielding equity portfolios of the Company which yielded large amounts of dividend in addition to considerable increase in income derived from debt investments as part of the Company's increased exposure in debt instruments. The investment income showed 32% increase from last year.

The Company has recognised gain on fair value measurement of its Investment property amounting to Rs. 433 million (2023: Rs. 358 million) during the year which has helped in achieving the profitability objectives of the Company.

With a significant 31% growth in insurance premiums, driven by impactful transactions and strategic expansions throughout the year, we have successfully enhanced our market presence and network partnerships.

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 emirates of Abu Dhabi, Dubai and Sharjah. The foreign branches provide services through Fire & property damage, Marine, aviation & transport, Motor, Accident & Health and Miscellaneous classes of business with motor class being the dominant class of business.

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 professionals with sound understanding of the insurance business. 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 decreased to 11.88% compared with 17.92% 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. 58.79 million (2023: Rs. 46.17 million) showing an increase of 27% 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 26 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 the 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 2024, the Company has excess net admissible assets over minimum requirement by Rs. 7,013 million (2023: Rs. 2,459 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 101% (2023: 48%) excess solvency margin over the solvency requirement i.e. net admissible assets are 2.01 times (2023: 1.48 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 6.24% (2023: 4.19%) of the Company for the year 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

credit and 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, 76% (2023: 82%) of the amounts due from other insurers and reinsurers on a gross basis are recoverable from entities rated A or above (including PRCL) based on 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 99.84% (2023: 99.79%) of the bank deposits are placed with banking institutions which are rated A1 or higher on the basis of short term rating.

Financial Events during the year

Financial results	Announcement Data	Dividend Declared/Proposed
First Quarter Ended 31 March 2024	26 April 2024	Nil
Half Year Ended 30 June 2024	26 August 2024	@ 15% (Rs. 1.50 per share)
Third Quarter Ended 30 September 2024	21 October 2024	Nil
Year Ended 31 December 2024	03 March 2025	@ 15% (Rs. 1.50 per share)

Investor Relations Events	Date
Corporate briefing session held on	30 December 2024
64th Annual General Meeting Scheduled on	29 April 2025

Disclosure of outstanding premium/ unearned premium

During the year, the Company witnessed double digit increase in Unearned Premium Reserve in line with the 31% increase in Gross Premium Written whereas outstanding premium only increased by 6% 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 8% decrease in its outstanding claims including IBNR. However, the Company has adequate reinsurance recoveries against these claims which would help it pay off its claim liabilities.

Dividend Policy

The Company has consistently maintained stable dividend payouts to its shareholders while ensuring compliance

with applicable regulatory requirements, tax laws, and pronouncements. In addition to adhering to regulations, the Board has been regularly advised by Management on capital retention needs, shareholder expectations, and the Company's commitment to optimizing shareholder value. This includes current and projected profitability trends, cash flow requirements and forecasts, long-term strategic objectives requiring cash flow injections, and the current and future economic environment.

The dividend approvals and subsequent payments are approved as per the requirements of the regulatory framework wherein, the interim dividends are approved by the Board in the Board meeting and final dividends are approved by the shareholders in Annual General Meetings.

Over the past 6 years, the Company has annually distributed dividends ranging from 25% (i.e. Rupees 2.5/- share) to 30% (i.e. Rupees 3/- share), ranging in amounts from Rs. 875 million to Rs. 1,050 million. This appropriation has resulted in dividend payouts ranging from 25.92% to 51.3% over the past 6 years maintaining average of 40.54% payout of earned profits after tax.

The Board, with the support of the Company's Management, is committed to a dividend distribution strategy that is both prudent and focused on balancing adequate returns and value for shareholders, while also meeting regulatory requirements and retaining the necessary capital to fuel the Company's growth objectives.

Actuarial assumptions in compliance with the applicable regulations

The non-life insurance companies are required to record provision relating to claims Incurred But Not Reported (IBNR) as per the SECP requirement. SECP had issued guidelines for estimation of the said IBNR provision requiring complete compliance. The Guidelines require the estimation for provision for claims Incurred But Not Reported for each class of business, by using prescribed methodology, namely 'Chain Ladder Method' and any other alternate method as allowed under the provisions of the Guidelines. The actuarial valuation as at December 31, 2024 has been carried out by independent firm of actuaries for determination of IBNR for each class of business in compliance with the requirement.

Further, the Insurance Ordinance requires the non-life insurance companies to assess and maintain a Premium Deficiency Reserve (PDR) 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, PDR is determined by independent actuaries in compliance with the requirement of Insurance Ordinance. No provision for PDR has been made as the Unearned Premium Reserve for each class of business as at the year end is adequate to meet the expected future liability after reinsurance from claims and other expenses, expected to be incurred after the reporting date in respect of policies in force at reporting date.

In addition to the above mentioned requirements pertaining to Inside Pakistan operations, the Company is also fully compliant with certain additional local actuarial valuation requirements for its operations in U.A.E.

Information about business segment

Information about business segments is disclosed in the financial statements in accordance with the requirements of the applicable reporting framework, as specified in the Insurance Rules, 2017. Information regarding five lines of business—Fire & Property Damage, Marine, Aviation & Transport, Motor, Accident & Health, and Miscellaneous—has been separately disclosed. If the business included in the Miscellaneous category individually constitutes 10% or more, separate disclosure is required. The Company regularly reviews the premium amounts written for its business products to ensure that they are always compliant with the financial reporting requirements.

Information on Company's contribution to the National Exchequer and the Economy

During the year, the Company paid Rs. 1,877 million (2023: Rs. 932 million) in income taxes, demonstrating its commitment to contributing to the national exchequer.

The Company also incurred employee benefit costs of Rs. 2,748 million (2023: Rs. 2,407 million), reflecting a 14% increase. This increase underscores the Company's strong resolve to invest in its employees, create new jobs, and retain staff by rewarding performance. Additionally, the Company made donations totaling Rs. 3.5 million (2023: Rs. 26.8 million), highlighting its dedication to enhancing healthcare facilities and providing state-of-the-art services to the people of Pakistan.

Group structure and Performance review

The consolidated financial statements (i.e. the Group) comprise of Adamjee Insurance Company Limited ('the Parent Company') and Adamjee Life Assurance Company Limited ('the Subsidiary Company'). Equity of the Subsidiary Company held by the Parent Company is 89.99% (2023: 89.99%). The Parent Company is engaged in general insurance business while the Subsidiary Company is engaged in life assurance business.

Over the past year, the Group has achieved exceptional growth in profitability, with Profit After Tax rising by 82% to Rs. 4,953 million (2023: Rs. 2,717 million), resulting in an EPS of Rs. 13.71 (2023: Rs. 7.50). Similarly, the Subsidiary Company has reported a 71% increase in Profit After Tax, reaching Rs. 1,554 million (2023: Rs. 908 million) and an EPS of Rs. 6.22 (2023: Rs. 3.63). This success is largely driven by a 33% growth in Net Premium/Contribution Revenue, amounting to Rs. 30,285 million (2023: Rs. 22,686 million), reflecting the Management's commitment to a growth-focused strategy and stringent operational oversight.

In addition, the Subsidiary Company distributed a 20% dividend (Rs. 2 per share) this year, totaling Rs. 500 million, compared to last year's 10% dividend (Rs. 1 per share) of Rs. 250 million. Since the Subsidiary is listed on PSX, this increased dividend payout enhances investor confidence, ensuring adequate returns and added value to their investments. The dividend payout has remained consistent, at 32% for the current year compared to 28% last year, balancing regulatory requirements, capital retention for growth, and shareholder expectations.

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

The external environment in which the Company operates has the ability to significantly affect the Company's strategy, available capital and resources, and financial performance. The Company's expectations regarding the outlook of the 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 in Pakistan is expected to be stable while law & order situation has been satisfactory and is expected to remain so.
- The Company envisages the economic outlook of Pakistan to improve, especially due to the following reasons:
 - GDP of Pakistan grew at 2.50% in FY 2023-24 as against a contraction of 0.22% in FY 2022-23 (source: Pakistan Bureau of Statistics).
 - Inflation has been a major concern for the last couple of years and 2024 witnessed a significant reduction in CPI inflation which reduced to 4.1% in December 2024 from 29.7% in December 2023 YoY basis, owing to strict monetary and fiscal measures.

- Pakistan also entered into a USD 7 billion loan arrangement with International Monetary Fund (IMF) under the Extended Fund Facility (EFF) which confirms its commitment to the necessary structural reforms.
- The State Bank of Pakistan (SBP) gradually reduced the policy rate to 13% till December 2024 which was 22% in December 2023.
- GDP of Pakistan is expected to grow at 3% in FY 2024-25 as per IMF while SBP estimates the GDP to grow in the range of 2.5% to 3.5%.
- There is an ever-growing awareness about health, protection, work-life balance and gender equality at the workplace. These factors have urged people to look more closely at the matters of health and general wellbeing. The Company does not expect significant changes in social environment.
- Innovative digital solutions are taking over the insurance market and have a positive impact on 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 such as global warming and extreme weather conditions pose significant risk to the insurance business as they affect the severity and likelihood of the insurance claims. For example, Dubai witnessed one of the most catastrophic rains and floods in history in the 2024. The Company foresees that climate change can pose significant risk in coming years.
- The legal and regulatory environment is expected to become stricter to achieve 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 mechanisms 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 2025 is to continue 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 Robotic Process Automation (RPA), the Company is committed to redefine customer experience by providing a superior interface with convenience. Further, the Company is growing and diversifying its business portfolio in the UAE market as well.

The Company’s investment policy is focused on maximizing investment returns and increasing 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 in empowering employees through performance-based rewards, employee training and engagement activities.

Quantitative Projections for 2025

Quantitative projections for 2025 along with associated risks that may pose challenges in achieving these projections are as below:

Targets	Associated Risk
<p>Growth trends in Premiums would continue in 2025, however, growth trajectory would remain lower from 2024</p>	<p>The following major factors can pose challenges in achieving the growth target:</p> <ul style="list-style-type: none"> • Political instability. • Any adverse development in law and order situation • Higher inflation can affect the ability of our customers, especially retail customers, to buy our insurance products. • Cut-throat competition in the market to retain existing and acquire new business.
<p>Claim ratio to remain at around last 3 years’ average</p>	<p>The following major factors can cause the claim ratio to be higher than projected:</p> <ul style="list-style-type: none"> • Underwriting high risk business, against underwriting philosophy of the Company. • Adverse law and order situation, especially for motor line of business. • Natural perils and adverse changes in climate (e.g., floodings, earthquakes, etc.)

Targets	Associated Risk
Operational expense percentage growth to remain moderate	<p>The following are the major factors which can result in operational expenses to be significantly higher in 2025 compared to 2024:</p> <ul style="list-style-type: none"> • Higher inflation • Adverse fluctuations in exchange rates • Outdated technologies / resistance to technological upgrades • Inefficient processes • Lack of monitoring of the actual expenses against budgeted targets and taking remedial measures on a timely basis where budgetary targets are being overrun
Improvement in investment income	<p>The following major factors that can cause the investment income to deteriorate in 2025:</p> <ul style="list-style-type: none"> • Stock market volatility • Significant reduction in interest rates (e.g., return on fixed income securities would be affected)
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 achieving quantitative targets for 2025.

Key Projects to Support Future Performance of Company

1. Quotation Management System
2. Agriculture Insurance Portal for Distributors

Uncertainties that could impact our resources, revenue and operations

In addition to various other factors and matters, the following are important factors that, in the view of the Company, can affect the Company’s resources, revenues and operations and can cause actual results to differ materially from our expectations:

- Instability in Political environment, deterioration in Law & Order situation and regional geopolitical environment can affect the availability of the resources, revenues and operations of the Company in short and in long term. Further, deterioration in the

Law & Order situation can also have effects on the insurance claims liability of the Company.

- Changes in laws, regulations or judicial interpretations to which the Company is subject to, including those involving taxes, safety, employment, climate change, etc., can affect the revenues, operations and profits of the Company in the short as well as in the long term.
- The Company’s ability to estimate accurately the timing of resources required to meet the targets can have effects on the revenues and operations in the short to medium term.
- Changes in economic conditions, including inflationary pressures and global, national or regional recessions along with their effect on demand and customers’ ability to pay for the Company’s products and services can affect revenues and increase operational costs of the Company in the short to medium term.
- The creditworthiness or performance of the Company’s key suppliers, customers and

- counterparties can negatively affect the Company in the short to medium term.
- The impact of information technology disruptions, cybersecurity or data security breaches.
 - Frequency, severity and development of the insurance claims.
 - Unexpected volatility in the stock market can affect revenues in the short to medium term.

Performance against forward looking statement of 2024 disclosed in 2023

The Company disclosed the following quantitative projections for 2024 in its Annual Report 2023:

Targets set for 2024	Performance in 2024
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 31% growth in premiums. Gross Premium increased to Rs. 54,266 million in 2024 as compared to Rs. 41,463 million in 2023. Window Takaful Operations achieved 36% growth in Gross Contribution which increased to Rs. 3,898 million in 2024 as compared to Rs. 2,866 million in 2023.
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 2024. However, the net claim ratio was 66% in 2024 which is higher than the last five years' average by 2% approximately.
Operational expenses percentage growth to remain moderate	There has been significant pressure on operational expenses during the year 2024. However, the management successfully achieved this target.
Improvement in Investment income	Investment income increased to Rs. 5,151 million in 2024 as compared to Rs. 3,903 million in 2023 registering a growth of 32%. Return on investment portfolio, however, decreased to 9% in 2024 as compared to 11% in 2023. This decrease in percentage terms is mainly attributable to the high unrealized gains on the investments as disclosed in Note 9 in Unconsolidated Financial Statements.
Stable dividend payout	During the year 2024, the Company proposed and approved a cumulative dividend of Rs. 1,050 million (2023: Rs. 1,050 million) to the shareholders.

Status of Projects Disclosed in Annual Report 2024

Project Details	Status
One Digital Platform – Phase 2 Field Apps	Completed
Quotation Management System	Completed
E-Learning Platform	In process

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 the 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 a significant impact on the Company's strategies and 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 these uncertainties.

Disclosure about Company's future Research & Development initiatives

As the insurance industry navigates a transformative phase, the Company remains steadfast in its commitment to maintaining a competitive edge by strategically investing in technology and embracing the evolving digital landscape. The Company is dedicated to delivering excellence, ensuring seamless customer experiences, and fostering innovative digital solutions.

To reinforce its market position and ensure sustained competitiveness, the Company has implemented the following strategic initiatives:

Enhanced Customer Digital Experience

Adamjee Insurance has accelerated its efforts to optimize both external and internal customer acquisition and service journeys through advanced digital platforms. These include, but are not limited to, Mobile Applications, Web Portals, Digital Dashboards, and Lead Management Systems (LMS).

Integrated Digital Communication Channels

To ensure seamless service delivery and effective complaint resolution, Adamjee Insurance leverages multi-platform servicing channels such as WhatsApp, Chatbots, Email, and Contact Centers. These channels are designed to bridge communication gaps, which are critical to building and maintaining customer trust.

Artificial Intelligence (AI) & Machine Learning (ML)

As part of its forward-looking strategy, Adamjee Insurance is exploring the integration of AI and ML technologies to enhance technical underwriting and claim settlement processes. These advancements are expected to improve functional efficiency and elevate overall productivity.

Adamjee Insurance envisions a future where innovation, security, and customer experience excellence solidify its leadership in the insurance sector. By embracing emerging challenges and leveraging advanced technologies, Adamjee Insurance aims to deliver superior insurance services and maintain its position as a trusted industry leader.

GROWING STRONGER TOGETHER

STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT



STAKEHOLDERS' 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 is ought to 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.

Stakeholders' 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 resolve their complaints as early as possible

Stakeholders' engagement process & frequency

Healthy and sustained relationship with the stakeholders' is important for any organization to perform well and achieve its strategic objectives in the long term. The table below highlights 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
 <p>Shareholders, Investors / Lenders and Analysts</p>	<ul style="list-style-type: none"> • 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, if any.	Quarterly, half yearly and annually. As and when required.

Stakeholder	What matters to them	Reasons to engage them	Engagement method	Effect on Company's performance & value	Frequency of engagement
 Customers	<ul style="list-style-type: none"> • 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.
 Employees	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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

Stakeholder	What matters to them	Reasons to engage them	Engagement method	Effect on Company's performance & value	Frequency of engagement
 Suppliers & Service Providers	<ul style="list-style-type: none"> • Business opportunity • Fair dealing • Sustained business relationship 	Suppliers and service providers including insurance agents, reinsurers & reinsurance brokers 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
 Society	<ul style="list-style-type: none"> • 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. 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 2024, one general meeting of the Company was convened for which 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 companies, 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 a 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 the 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 April 26, 2024, 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 December 30, 2024. 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 participants.


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 reputation image and as a learning for better service delivery in future.

Investors usually complain about non-receipt of dividends which is resolved by the Company at the earliest.





STEADYING THE WORLD AROUND US

**SUSTAINABILITY
AND CORPORATE
SOCIAL
RESPONSIBILITY**

SUSTAINABILITY STATEMENT

At Adamjee Insurance, we give due significance 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 carefully analyze emerging challenges and make every effort to integrate 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 environment, 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 and forward-thinking organization, Adamjee Insurance is committed to reducing our operational impact on environment, whilst formulating socially responsible and compliant business practices. We aim to incorporate ESG considerations into our investment strategy and are working towards developing underwriting guidelines that reflect ESG principles. Our people-centric culture, rooted in diversity, equity, and inclusion, fosters resilience and growth among our employees.

01



ENVIRONMENTAL

We are committed to minimizing our operational impact on the environment, ensuring that environmental considerations play a pivotal role in all our strategic business decisions, as we endeavor to create a more sustainable future

SOCIAL

We emphasize our commitment for sustained brand trust through advocating stakeholder centricity and socially responsible business practices



02

03



GOVERNANCE

As responsible stewards, we uphold the highest standards of ethics, transparency, and accountability, surpassing statutory compliance requirements to foster stronger institutions

ENVIRONMENT, SOCIAL, GOVERNANCE AND OUR CONTRIBUTION

ESG



ENVIRONMENT

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 agriculture sector.

SOCIAL

As a responsible Company, we have an important role to play in delivering a positive societal impact on our employees and people associated with us. 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 improved pay structures year on year while also supporting our people in every way possible to tide over the high inflationary years. 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.

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 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. 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.

ESG CORE CONTENTS

This section contains Adamjee Insurance's first voluntary Climate-related Disclosure as per by the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Adamjee Insurance recognizes the growing impact of climate change on the insurance sector and is committed to addressing climate risks through sustainable business practices, risk mitigation strategies, and responsible investment policies. The following climate-related disclosures highlight our approach in line with governance, strategy, risk management, and metrics & targets.

GOVERNANCE



The Board has delegated responsibility for climate-related risks and opportunities to the Ethics, Human Resource & Remuneration Committee, as per Regulation 10A(5) of the Listed Companies (Code of Corporate Governance) 2019. Climate risks are integrated into the company's governance framework through board oversight, policy alignment, and internal controls, ensuring compliance with SECP, TCFD, and relevant SDG targets.

STRATEGY



Adamjee Insurance ESG Strategy underscores its commitment to sustainable growth, ethical governance, and social responsibility while aligning with SECP guidelines, SDGs, and global ESG frameworks. By integrating environmental sustainability, social impact, and strong governance into its core operations, Adamjee aims to drive responsible insurance solutions, foster financial inclusion, and mitigate climate risks. This strategy focuses on short-term compliance, medium-term operational transformation, and long-term industry leadership, ensuring a resilient, future-ready business that creates lasting value for stakeholders, communities, and the environment.

Strategic Term	Goals	Key Areas
Short Term	Establish ESG fundamentals and ensure regulatory compliance.	<p>REGULATORY COMPLIANCE & REPORTING</p> <ul style="list-style-type: none"> Align ESG disclosures with SECP 2023 guidelines. Develop an ESG reporting framework for annual sustainability reports. Implement transparent governance policies and ethical business <p>PRODUCT & PROCESS OPTIMIZATION</p> <ul style="list-style-type: none"> Introduce paperless policies & digital claims processing to reduce carbon footprint. Strengthen data security & cybersecurity policies for digital insurance services. Develop internal ESG awareness programs for employees. <p>STAKEHOLDER ENGAGEMENT & COMMUNITY INITIATIVES</p> <ul style="list-style-type: none"> Enhance diversity, equity, and inclusion (DEI) programs in the workforce. Support CSR initiatives in education, healthcare, and financial literacy. Engage with investors & regulators to establish ESG accountability.
Medium Term	Strengthen ESG integration across business operations.	<p>SUSTAINABLE INSURANCE SOLUTIONS</p> <ul style="list-style-type: none"> Launch Green Insurance Products (e.g., climate risk insurance, EV insurance). Expand microinsurance offerings to underserved communities. Develop parametric insurance for disaster-prone regions. <p>OPERATIONAL SUSTAINABILITY & RISK MANAGEMENT</p> <ul style="list-style-type: none"> Reduce operational carbon footprint through energy-efficient offices. Implement sustainable procurement policies for eco-friendly operations. Strengthen ESG risk assessment in underwriting policies. <p>ESG-LINKED INVESTMENTS & FINANCIAL SUSTAINABILITY</p> <ul style="list-style-type: none"> Integrate ESG criteria into investment portfolios. Explore green bonds & sustainable finance options. Establish an ESG performance-based executive compensation model.
Long Term	Position Adamjee Insurance as a regional ESG leader in the insurance industry.	<p>INDUSTRY LEADERSHIP IN ESG</p> <ul style="list-style-type: none"> Aim for ESG & sustainability awards (ICAP, SAFA, SECP recognition). Advocate for industry-wide ESG best practices and policy reforms. Establish partnerships with global ESG organizations (e.g., UNGC, PRI). <p>NET-ZERO & CLIMATE COMMITMENT</p> <ul style="list-style-type: none"> Implement a Net-Zero Carbon Strategy for company operations. Develop nature-based solutions to offset insurance-related carbon impacts. Support renewable energy projects via insurance coverage. <p>TECH-DRIVEN ESG INNOVATIONS</p> <ul style="list-style-type: none"> Leverage AI & Big Data for ESG risk modeling in insurance. Implement blockchain for transparent ESG reporting. Invest in InsurTech startups focusing on sustainability.

RISK MANAGEMENT



Adamjee Insurance integrates climate-related risk management into its Enterprise Risk Management (ERM) framework, ensuring resilience against physical and transition risks. Physical risks, such as floods and extreme weather events, impact insured assets and claims, while transition risks arise from policy shifts and regulatory changes toward a low-carbon economy. The company employs scenario analysis, stress testing, and reinsurance strategies to mitigate these risks, ensuring financial stability and sustainable underwriting practices.

In compliance with SECP's ESG disclosure guidelines and the TCFD framework, Adamjee Insurance reports its climate-related risks, mitigation strategies, and stakeholder engagements transparently. Future commitments include developing climate-resilient insurance solutions, enhancing predictive risk modeling, and aligning investments with sustainable opportunities, reinforcing the company's long-term sustainability strategy.

METRICS & TARGETS



Adamjee Insurance is committed to measuring and managing climate-related risks through defined metrics and targets that align with SECP's ESG disclosure guidelines and the Task Force on Climate-related Financial Disclosures (TCFD) framework.

S.No.	Metrics	Targets
1	Carbon Footprint of Operations – Measurement of direct and indirect emissions (Scope 1, 2, and 3) from company facilities and activities.	Reduce Scope 1 and Scope 2 emissions by 20% by 2030, and establish a pathway to reduce Scope 3 emissions through supply chain engagement by 2035.
2	Stakeholder engagement on climate strategy	Engage employees on climate-related topics through 2 sessions per year starting 2025.
3	Awareness of climate risks in key departments	Conduct training on climate risks for senior management and relevant teams by 2025.
4	Alignment with national/international climate goals	Align business strategy with Pakistan Vision 2025 and SDG 13 (Climate Action) by 2025

CLIMATE RELATED RISK & OPPORTUNITIES

CLIMATE-RELATED RISKS

Physical Risks – Increased frequency of extreme weather events (floods, cyclones, heatwaves) can lead to higher claim payouts and impact underwriting profitability.

Transition Risks – Regulatory changes, carbon taxes, and the shift towards a low-carbon economy may affect investment portfolios and require policy adjustments.

Market Risks – Changing customer preferences for sustainable insurance solutions could lead to decreased demand for traditional policies.

Operational Risks – Rising energy costs and stricter environmental regulations may increase operational expenses and require investment in green infrastructure.

CLIMATE-RELATED OPPORTUNITIES

Sustainable Insurance Products – Expansion of weather-indexed insurance, renewable energy coverage, and climate-resilient policies can tap into new markets.










Green Investments – Allocating funds to low-carbon projects and ESG-compliant assets can enhance long-term financial returns.

Operational Efficiency – Adopting energy-efficient practices and reducing carbon footprints can lead to cost savings and regulatory incentives.

Brand Differentiation & Customer Trust – Leadership in climate-conscious insurance solutions strengthens market positioning and attracts environmentally aware clients and investors.

Adamjee Insurance is committed to mitigating climate-related risks while leveraging emerging opportunities to drive long-term sustainability and business growth.

SUSTAINABLE DEVELOPMENT GOALS (SDGS) AND THE COMPANY'S CONTRIBUTION

SDG Goal No.	Adamjee Insurance's Contribution
3 GOOD HEALTH AND WELL-BEING 	<ul style="list-style-type: none"> Offers health insurance products that provide financial security for medical treatments. Supports community healthcare initiatives and employee wellness programs.
4 QUALITY EDUCATION 	<ul style="list-style-type: none"> Provides insurance educational support programs for employees. Conducts training and capacity-building initiatives for employees and business partners.
5 GENDER EQUALITY 	<ul style="list-style-type: none"> Encourages women's inclusion in leadership roles. Promotes diversity and equal pay policies within the organization.
8 DECENT WORK AND ECONOMIC GROWTH 	<ul style="list-style-type: none"> Offers employment opportunities and fosters professional growth. Implements sustainable business practices to contribute to economic development.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	<ul style="list-style-type: none"> Invests in digital transformation (e.g., online insurance services, Buy through App and fintech partnerships). Supports SMEs with tailored insurance solutions to safeguard their businesses.
11 SUSTAINABLE CITIES AND COMMUNITIES 	<ul style="list-style-type: none"> Provides insurance coverage for climate-related risks, protecting communities from natural disasters. Engages in initiatives that support safer infrastructure and urban resilience.
13 CLIMATE ACTION 	<ul style="list-style-type: none"> Implements green policies to reduce its carbon footprint. Offers products like agriculture Insurance.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	<ul style="list-style-type: none"> Ensures ethical governance and transparency in corporate operations. Strengthens risk management and compliance measures to align with regulatory standards.
17 PARTNERSHIPS FOR THE GOALS 	<ul style="list-style-type: none"> Collaborate with government bodies, NGOs, and private sector partners to drive sustainability initiatives. Participate in industry-wide forums on ESG and sustainability reporting.



SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY

For Adamjee Insurance, sustainable insurance means more than just financial success. For us, profitable insurance truly involves balancing social and environmental responsibilities with financial returns. A key element of our present-day, value-driven strategy is the concept 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

Delivering consistent shareholder value and making this the centre of our sustainability strategy

Valuing our commitment to ethics and integrity at all times

Being responsive and proactive in our citizenship activities

Serving our customers in true spirit of meeting their requirements

Developing our human resources and building holistic capabilities

Nurturing a collaborative and congenial workplace environment

Inclusive work culture



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.



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

Providing Confidence to Our Customers For over 6 decades, we have been in the business of making and keeping promises. We continue to evolve our products to better serve customers by expanding coverage, simplifying claims processes, and offering flexible premium payment options. In both Pakistan and the United Arab Emirates, we support our customers in securing their future through smart products and targeted services.

We have developed innovative solutions, incubated new technologies, and established strategic partnerships that create value locally and globally. Our continued investment in advanced insights enhances digital customer experiences, while our focus on thought leadership translates customer feedback into meaningful trends and expertise that benefit all.

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



INTERNATIONAL WOMENS DAY

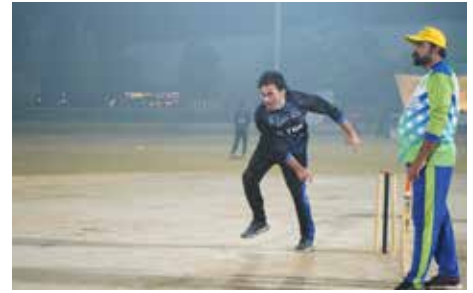
As an equal opportunity employer, Adamjee Insurance remains committed to fostering an inclusive and diverse workplace. We strongly advocate for gender equality and firmly oppose discrimination based on race, religion, or color. In line with our core values, we actively support women's empowerment and professional growth within our organization. On International Women's Day, we reiterated our dedication to creating a work environment where women are encouraged to excel, ensuring equal opportunities for all. Our commitment aligns with global diversity and inclusion standards, reinforcing our pledge to a more equitable corporate culture.





SPORTS ACTIVITIES

At Adamjee Insurance, we played a key role in promoting employee engagement and well-being, recognizing that our dynamic and responsive team is the cornerstone of our thriving organization. We supported employees in reaching their full potential by fostering an environment that prioritized their health and happiness. Key events such as Independence Day, Pakistan Day, and other festive occasions were celebrated as a family festivals, with activities like cake-cutting ceremonies that encouraged employee participation alongside their families. Additionally, we provided numerous opportunities for staff to engage in sports like cricket, badminton, table tennis, and women's cricket & badminton, creating a sense of community and fostering team cohesion in a fun, family-friendly environment.





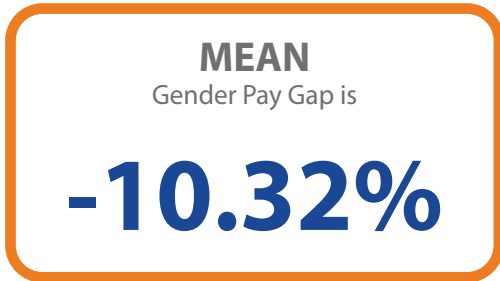
INDEPENDENCE DAY CELEBRATION

Adamjee Insurance celebrated Pakistan's Independence Day with a vibrant flag hoisting ceremony, where employees came together to honor the nation's achievements. The event included speeches reflecting on the significance of independence, fostering a sense of pride and unity. Employees were encouraged to participate in various activities that celebrated Pakistan's heritage and values, reinforcing our collective responsibility to contribute to the nation's progress. This celebration not only marked a national occasion but also strengthened employee engagement, inspiring a shared commitment to Adamjee Insurance's vision and corporate social responsibility initiatives.



GENDER PAY GAP ANALYSIS

AS PER SECP CIRCULAR NO. 10 OF 2024



Negative sign indicates higher pay for female employees.



ESG VOLUNTARY INFORMATION

ENVIRONMENT

At Adamjee Insurance, we recognize the importance of protecting the environment for future generations. Our environmental strategy focuses on reducing our carbon footprint, enhancing energy efficiency, and managing resources sustainably. We are dedicated to addressing climate change through both mitigation and adaptation initiatives, ensuring responsible environmental stewardship.



By integrating sustainable practices into our operations, we aim to contribute to a greener, more resilient future while aligning with global sustainability standards.

<p>GHG Emissions</p>	<p>At Adamjee Insurance, we remain committed to tracking and reducing greenhouse gas (GHG) emissions as part of our broader sustainability strategy.</p> <p>For the year under review, we have evaluated Scope 1 & 2 emissions, specifically for Adamjee House in Lahore and Karachi, while we continue to consolidate data from our remaining operations. We are also actively working on assessing Scope 1 & 2 and Scope 3 emissions to enhance transparency, measure our environmental impact, and implement effective mitigation strategies.</p> <p>As we progress, the transition to renewable energy and sustainable resource management will remain key priorities in our commitment to reducing our carbon footprint.</p> <ul style="list-style-type: none"> ● Scope 1 (Direct Emissions): 64.51 of metric tonnes of CO² ● Scope 2 (Indirect Emissions): 1,449.27 metric tonnes of CO² <p>(Data represents Adamjee House in Lahore and Karachi; consolidation of other operations is in progress.)</p>
<p>Energy Usage</p>	<p>At Adamjee Insurance, we are dedicated to optimizing energy consumption and integrating sustainable energy solutions as part of our broader environmental strategy.</p> <p>For the year under review, our energy consumption was as follows:</p> <ul style="list-style-type: none"> ● Direct Energy Consumption (Diesel): 24,063 litres ● Indirect Energy Consumption (Electricity): 3,370,394 units <p>(Data represents Adamjee House in Lahore and Karachi; consolidation of other operations is in progress.)</p>
<p>Energy Mix</p>	<p>At Adamjee Insurance, we are actively evaluating our energy mix to enhance efficiency and sustainability. Our current energy sources include grid electricity and diesel, and we are exploring opportunities to integrate renewable energy solutions to minimize GHG emissions.</p> <p>As part of our long-term sustainability strategy, we remain committed to optimizing energy consumption and transitioning towards cleaner energy alternatives, aligning with global best practices in environmental responsibility.</p>
<p>Water Usage</p>	<p>At Adamjee Insurance, we are committed to efficient and responsible water usage as part of our broader sustainability efforts. We recognize the importance of water conservation and strive to implement measures that promote efficient consumption across our operations.</p> <ul style="list-style-type: none"> ● Total Water Consumption: 2,435,326 gallons <p>(Data represents Adamjee House in Lahore and Karachi; consolidation of other operations is in progress.)</p> <p>As we continue to evaluate and improve our resource management strategies, we aim to enhance water efficiency, reduce wastage, and adopt sustainable water conservation practices to minimize our environmental impact.</p>
<p>Climate Risk Mitigation and Adaptation</p>	<p>At Adamjee Insurance, we have adopted climate risk mitigation practices and are actively developing future adaptation strategies. Climate risk is a key factor in our long-term sustainability strategy, and we are committed to proactive measures such as:</p> <ul style="list-style-type: none"> ● Plantation increased in our offices ● Minimizing paper consumption ● Reducing electricity usage ● Conducting awareness sessions on sustainability <p>These initiatives ensure our resilience to climate change while promoting environmental responsibility.</p> <p>Additionally, we uphold high social standards, emphasizing fair treatment, gender equality, employee well-being, and strong community relations. Our social strategy fosters an inclusive work environment, encourages employee growth, and reinforces our commitment to societal responsibility.</p>

ESG VOLUNTARY INFORMATION

SOCIAL

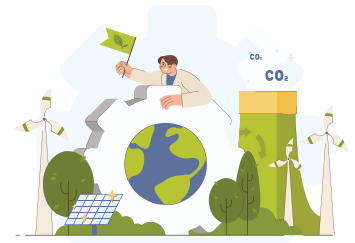
At Adamjee Insurance, we are committed to fostering an inclusive, fair, and supportive work environment. Our social strategy focuses on gender equality, employee well-being, and strong community engagement. We promote fair treatment, diversity, and professional growth, ensuring a positive impact on both our employees and society.



Employee turnover	<p>At Adamjee Insurance, we track workforce trends to ensure stability and growth.</p> <ul style="list-style-type: none"> ● Full-time Employees: 943 ● Third-party Employees: 229 <p>We prioritize employee retention, development, and satisfaction.</p>
Gender Diversity	<p>At Adamjee Insurance, we are committed to gender diversity and fostering an inclusive workplace.</p> <ul style="list-style-type: none"> ● Total Headcount: 84% Male 16% Female ● Entry & Mid-Level Positions: 84% Male 16% Female <p>We continue to focus on enhancing female representation in senior leadership roles, promoting equal opportunities</p>
Temporary Worker Ratio	<p>The third-party employees make up 19.54% of our workforce. We are committed to fostering stable employment opportunities while minimizing reliance on temporary or contractual roles to ensure a sustainable and dedicated workforce.</p>
Non-Discrimination	<p>We uphold a zero-tolerance policy against discrimination based on gender, race, religion, or background. We are committed to fostering an inclusive, fair, and respectful workplace where equal opportunities are ensured for all.</p>
Child and Force Labour	<p>We strictly prohibit child and forced labor in all forms. We adhere to ethical labor practices and comply with all legal and regulatory standards, ensuring a fair, safe, and responsible work environment.</p>
Employee Training and Succession Planning	<p>We invest in employee growth through continuous training and skill development programs. Our succession planning framework ensures a steady pipeline of future leaders, fostering career progression and organizational sustainability.</p>
Working Conditions	<p>We ensure a safe, healthy, and inclusive work environment. We are committed to upholding fair labor practices, maintaining employee well-being, and fostering a productive workplace that supports professional growth and work-life balance.</p>
Global Health and Safety	<p>We prioritize global health and safety standards, ensuring a secure and healthy workplace. We actively implement risk management practices, safety protocols, and employee well-being initiatives to foster a safe and productive work environment.</p>
Injury Rate	<p>We are proud to maintain a zero injury rate, reflecting our strong commitment to workplace safety. Through strict health and safety protocols, we ensure a secure and risk-free environment for all employees.</p>
Human Rights	<p>We uphold fundamental human rights by promoting fair treatment, equality, and a safe work environment. We strictly prohibit discrimination, forced labor, and any form of exploitation, ensuring dignity and respect for all employees.</p>

ESG VOLUNTARY INFORMATION

GOVERNANCE



At Adamjee Insurance, we uphold the highest standards of corporate governance, ensuring transparency, integrity, and ethical business practices. Our governance framework promotes accountability, compliance, and responsible decision-making to drive sustainable growth and stakeholder trust.

<p>Board Diversity</p>	<p>We recognize the importance of diversity in leadership and are committed to fostering inclusive governance.</p> <ul style="list-style-type: none"> ● Overall Board Composition: 87.5% Men 12.5% Women ● Executive Leadership: 85% Men 15% Women <p>We continue to work towards enhancing female representation in leadership roles, aligning with our commitment to diversity, equity, and inclusion.</p>
<p>Ethics and Anti-Corruption</p>	<p>At Adamjee Insurance, we uphold the highest standards of integrity, transparency, and ethical business conduct. We have a robust Ethics and Anti-Corruption policy, formally established as the “Code of Conduct, Ethics & Values”, ensuring compliance and accountability across all operations.</p>
<p>Data Privacy</p>	<p>We are committed to protecting customer and employee data through strict confidentiality measures and robust cybersecurity protocols. We ensure compliance with data protection regulations, safeguarding sensitive information against unauthorized access or misuse.</p>
<p>Sustainability Reporting</p>	<p>We are committed to transparent and comprehensive integrated reporting, ensuring all shareholders and stakeholders have access to relevant sustainability insights and performance metrics.</p>



ADAMJEE INSURANCE – ZARAI TAHAFUZ PROGRAM

Empowering Farmers Through Sustainable Insurance Solutions

Pakistan's economy is deeply rooted in agriculture, employing a significant portion of the population and contributing to national food security. However, the sector is vulnerable to climate change, erratic weather patterns, floods, droughts, and pest infestations. Recognizing the financial insecurity faced by farmers, Adamjee Insurance launched the Zarei Tahafuz Program in Year 2024 —a pioneering insurance initiative focused on protecting the livelihoods of Pakistan's farming communities.

Objective

To provide sustainable, inclusive, and crop-based insurance coverage for farmers, enabling them to mitigate risks, stabilize income, and contribute to long-term agricultural resilience.

The Zarei Tahafuz Program offers a customized insurance product designed specifically for the agricultural sector. Key features include:

- Coverage against natural calamities (floods, droughts, excessive rainfall)
- Protection from pest attacks and crop diseases
- Easy access through micro-insurance channels and partnerships with banks/ agricultural institutions

Implementation

The program is delivered in collaboration with agricultural extension services, financial institutions, and rural development bodies. Farmers are educated about the benefits of crop insurance through on-ground engagement and mobile outreach.

Impact

- Improved Financial Resilience: Farmers insured under the program are able to recover from crop failures with timely payouts.
- Increased Trust in Insurance: The program has contributed to the growth of insurance penetration in rural areas.
- Support for SDGs:



SDG 1 – No Poverty: By cushioning income loss.



SDG 2 – Zero Hunger: Through sustained agricultural productivity.



SDG 13 – Climate Action: Helping communities adapt to climate-related shocks.



- ESG Alignment: Demonstrates Adamjee Insurance's commitment to responsible business practices and inclusive growth.

Conclusion

The Zarei Tahafuz Program is a powerful example of how insurance can be leveraged for sustainable development. By addressing the vulnerabilities of the agricultural sector, Adamjee Insurance is not only supporting individual farmers but also contributing to national food security and climate resilience.



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 a gap analysis of its existing CSR commitments and the initiatives required under these guidelines. A dedicated team has been assigned the responsibility of preparing a roadmap for the adoption of the SECP guidelines. A separate Sustainability Committee has not been established by the Board, rather this responsibility has been assigned to the Ethics, Human Resource & Remuneration Committee, as required under Regulation No. 10A(5) of the Listed Companies (Code of Corporate Governance) 2019. 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

ISO Certification

ISO 9001:2015 aligns with ESG principles by promoting strong governance, continuous improvement, and stakeholder satisfaction, while encouraging ethical conduct and responsible resource use. It also supports several UN Sustainable Development Goals (SDGs), including SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure), and SDG 12 (Responsible Consumption and Production). Through its focus on quality management and operational excellence, ISO 9001:2015 provides a solid foundation for advancing sustainable, transparent, and accountable business practices.

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.





Price and volume

Chart (statistics for 30 days)





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

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 31 December 2024, and the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of material accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated 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 31 December 2024 and of the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters.

Sr. No	Key audit matter	How the matter was addressed in our audit
01	<p>Premium Earned</p> <p>Refer to notes 3.13 and 27 to the unconsolidated financial statements.</p> <p>The Company's premium earned amounts to Rs. 48,537,838 thousand which is generated from premium on insurance policies representing a significant element of the unconsolidated financial statements of the Company.</p> <p>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.</p>	<p>Our audit procedures amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of and evaluated the design and implementation of key controls over the process of capturing, processing and recording of premiums. • Comparing the premiums underwritten on sample determined using an appropriate basis from the underlying policies issued to insurance contract holders. • Testing the policies on sample basis where premium was underwritten close to year end and subsequent to year end to evaluate that revenue from premiums was recognized in the appropriate accounting period.

Sr. No	Key audit matter	How the matter was addressed in our audit
		<ul style="list-style-type: none"> Recalculating the unearned portion of premium underwritten to evaluate that correct amount has been recorded as revenue for the current period. Assessing the relevant presentation and disclosures made in the unconsolidated financial statements to ascertain whether these are in accordance with the accounting and reporting standards as applicable in Pakistan.
02	<p>Valuation of Investments</p> <p>Refer to notes 3.15, 9, 10 and 11 to the unconsolidated financial statements.</p> <p>The investments of Rs 52,685,535 thousands as at December 31, 2024 held by the Company constitute a significant component of total assets of the Company.</p> <p>The proper valuation of investments portfolio of the Company as at December 31, 2024 was considered a significant area of estimation and therefore, we considered this as a key audit matter.</p>	<p>Our audit procedures amongst others, included the following:</p> <ul style="list-style-type: none"> Obtaining an understanding of the process relating to valuation of investment and test the design and implementation of the relevant controls identified in the process. Checking that the investment were valued appropriately in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan. Checking that net unrealized gains / losses arising on the subsequent measurement of investments were appropriately accounted for in the unconsolidated financial statements. Evaluating the management's assessment of available-for-sale investments for any impairment in accordance with the accounting and reporting standards as applicable in Pakistan. Obtaining independent confirmations for the investment portfolio as at 31 December 2024 and reconciling the contents of the reply with the books and records of the Company. In that instance, where confirmations were not received, alternate audit procedures were performed. Comparing the external statements for security custodian with the books and records of the Company to assess whether the number of scripts have been accurately recorded by the Company. Performing recalculation by using the data and inputs used in the valuation to assess the accuracy of carrying value of investments at the reporting date . Assessing the appropriateness of disclosures made in the financial statements to ascertain whether these are complied with the accounting and reporting standards as applicable in Pakistan.

Sr. No	Key audit matter	How the matter was addressed in our audit
03	<p>Valuation of Incurred But Not Reported (IBNR) claims reserves</p> <p>Refer to notes 3.18 and 28 to the unconsolidated financial statements.</p> <p>As at 31 December 2024, net provision for IBNR amounted to Rs 3,468,884 thousands.</p> <p>The provision for IBNR claims is calculated by the Company as required under Circular No. 9 of 2016 issued by the Securities and Exchange Commission of Pakistan (SECP).</p> <p>As per the SECP Circular No. 9 of 2016, an insurer shall estimate and maintain the provision for IBNR for each class of business by using the prescribed method which is "Chain Ladder Method" or any other alternate method as allowed under the provisions of the Guidelines.</p> <p>The calculation of provision for IBNR claims involves estimation and judgment. Because of the significance of the impact of these judgments / estimations, we considered the area of IBNR as a key audit matter.</p>	<p>Our audit procedures amongst others, included the following:</p> <p>Obtaining an understanding of the Company's process and evaluation of the design and implementation of key controls in recognition and valuation of IBNR reserves.</p> <p>Assessing the appropriateness of the Company's accounting policy for recognition and measurement of IBNR reserves, in compliance with applicable accounting and reporting standards.</p> <p>Assessing the consistency of the methods used for calculation of the IBNR reserves and assumptions for the valuation parameters at December 31, 2024 to establish whether these had been subject to any arbitrary discontinuities from those used at December 31, 2023.</p> <p>Performing procedures to evaluate the accuracy, completeness and reliability of the underlying data utilized for the purposes of measurement by reference to its source.</p> <p>Inspecting the report submitted by the Appointed Actuary for the year ended December 31, 2024, in respect of the IBNR reserves and the related methods and assumptions used for this purpose.</p> <p>Appointing an independent actuarial expert to assess the reasonableness of assumptions and methods used by the management's expert in the valuation of IBNR reserves. Our procedures also included evaluating the adequacy of the work performed by our independent appointed actuarial expert; and</p> <p>Assessing the appropriateness of disclosures made in the financial statements to ascertain whether these are complied with the accounting and reporting standards as applicable in Pakistan.</p>

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

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 31 December 2024 but does not include the unconsolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

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

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

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

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of unconsolidated 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 thereon have been drawn up in conformity with Insurance Ordinance, 2000, the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat was 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.

Other Matter relating to comparative information

The unconsolidated financial statements of the Company for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on 04 April 2024.

As part of our audit of the unconsolidated financial statements as at 31 December 2023, we audited the retrospective adjustments described in note 15.5 to the unconsolidated financial statements that were applied to restate the comparative information presented for the year ended 31 December 2023.

We were not engaged to audit, or apply any procedures to the unconsolidated financial statements for the year ended 31 December 2023, other than with respect to the retrospective adjustments described in note 15.5. Accordingly, we do not express an opinion or any other form of assurance on respective financial statements as a whole. However, in our opinion, the retrospective adjustments described in note 15.5 to the unconsolidated financial statements are appropriate and have been properly applied.

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

Place: Lahore

UDIN: AR202410114t5cMqHVgP

Date: 27 March 2025

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.

Chartered Accountants

Unconsolidated Statement of Financial Position

As at 31 December 2024

		2024	2023	2022
	Note	Rupees in thousand		
			(Restated)	(Restated)
ASSETS				
Property and equipment	5	4,234,751	4,191,853	4,223,888
Intangible assets	6	148,272	115,974	131,814
Investment property	7	3,343,498	2,914,435	2,427,337
Investment in subsidiary	8	2,396,166	2,396,166	2,396,166
Investments				
Equity securities	9	36,876,497	24,865,243	17,651,665
Debt securities	10	4,527,260	1,774,347	382,288
Term deposits	11	11,281,778	7,003,102	6,560,433
Advance against issue of shares		-	-	900,000
Loans and other receivables	12	1,763,936	1,124,695	840,880
Insurance / reinsurance receivables	13	7,992,721	7,555,082	8,526,017
Reinsurance recoveries against outstanding claims		15,361,295	20,601,648	14,873,098
Salvage recoveries accrued		400,039	300,921	360,380
Deferred commission expense / acquisition cost	29	3,116,714	2,133,671	1,489,080
Prepayments	14	8,575,791	8,452,203	6,676,739
Bank deposits subject to encumbrances - (Restated)	15	3,040,688	3,129,193	2,729,777
Cash and bank - (Restated)	16	3,982,563	2,123,583	2,546,917
		107,041,969	88,682,116	72,716,479
Total assets of Window Takaful Operations - Operator's Fund	17	2,082,402	1,445,636	1,049,420
Total Assets		109,124,371	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	3,500,000
Reserves	19	14,941,400	7,963,751	3,527,175
Unappropriated profit		22,183,838	19,156,318	17,891,764
Total Equity		40,625,238	30,620,069	24,918,939
Surplus on revaluation of fixed assets		30,390	30,754	-
LIABILITIES				
Underwriting provisions				
Outstanding claims including IBNR	28	24,345,048	26,395,403	20,726,702
Unearned premium reserves	27	24,971,654	19,343,851	14,996,454
Unearned reinsurance commission	29	439,530	507,332	365,610
Retirement benefit obligations	20	192,073	175,627	201,407
Deferred taxation	21	8,602,150	3,692,563	805,888
Premium received in advance		1,130,715	785,284	640,259
Insurance / reinsurance payables	22	3,739,632	3,952,563	6,959,398
Other creditors and accruals	23	3,452,617	3,406,567	3,196,575
Lease liabilities	24	31,693	38,475	45,807
Deposits against cash margin	25	436,620	462,374	495,392
Taxation - provision less payments		354,188	230,426	28,495
		67,695,920	58,990,465	48,461,987
Total liabilities of Window Takaful Operations - Operator's Fund	17	772,823	486,464	384,973
Total Equity and Liabilities		109,124,371	90,127,752	73,765,899
Contingencies and commitments	26			

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

 Umer Mansha Chairman	 Shaikh Muhammad Jawed Director	 Mohammad Arif Hameed Director	 Muhammad Asim Nagi Chief Financial Officer	 Muhammad Ali Zeb Managing Director & Chief Executive Officer
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Unconsolidated Statement of Profit and Loss Account

For the year ended 31 December 2024

	Note	2024	2023
		----- Rupees in thousand -----	
Net insurance premium	27	26,982,765	19,319,089
Net insurance claims	28	(17,677,066)	(13,606,120)
Net commission and other acquisition costs	29	(3,990,680)	(2,530,569)
Insurance claims and acquisition expenses		(21,667,746)	(16,136,689)
Management expenses	30	(5,163,047)	(4,547,706)
Underwriting results		151,972	(1,365,306)
Investment income	31	5,150,931	3,902,919
Rental income	32	198,729	182,048
Other income	33	481,512	544,579
Fair value adjustment to investment property	7	432,507	358,100
Other expenses	34	(274,961)	(213,149)
Results of operating activities		6,140,690	3,409,191
Finance cost	35	(7,061)	(4,674)
Profit from Window Takaful Operations - Operator's fund	17	574,914	507,750
Profit before taxation		6,708,543	3,912,267
Income tax expense	36	(2,658,341)	(1,650,237)
Profit for the year		4,050,202	2,262,030
		----- Rupees -----	
Earnings per share - basic and diluted	37	11.57	6.46

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

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

Unconsolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	2024	2023
	----- Rupees in thousand -----	
Profit for the year	4,050,202	2,262,030
Items that will not be subsequently reclassified to profit and loss account		
- Re-measurement of retirement benefit obligations	27,318	52,524
- Surplus on revaluation of fixed assets - net of tax	(364)	30,754
Items that may be subsequently reclassified to profit and loss account		
- Unrealized gain on 'available-for-sale' investments - net of tax	7,116,898	3,804,129
- Reclassification adjustment relating to 'available for sale' investments disposed of in the year - net of tax	(112,690)	(528)
- Unrealized loss 'available for sale' investment from Window Takaful Operations - net of tax	1,188	-
- Net effect of translation of foreign branches	(27,747)	632,975
Other comprehensive income for the year	7,004,603	4,519,854
Total comprehensive income for the year	11,054,805	6,781,884

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.




Umer Mansha
Chairman



Shaikh Muhammad Jawed
Director



Mohammad Arif Hameed
Director



Muhammad Asim Nagi
Chief Financial Officer



Muhammad Ali Zeb
Managing Director &
Chief Executive Officer

Unconsolidated Statement of Cash Flow

For the year ended 31 December 2024

	2024	2023
	----- Rupees in thousand -----	
Cash flows from operating activities		(Restated)
Underwriting activities		
Insurance premium received	54,756,772	43,648,567
Reinsurance premium paid	(21,850,290)	(23,726,119)
Claims paid	(29,080,716)	(23,719,945)
Surrenders paid	(206,359)	(577,649)
Reinsurance and other recoveries received	14,140,236	9,041,279
Commission paid	(5,948,527)	(3,921,780)
Commission received	1,083,850	1,150,207
Other underwriting payments	(5,758,849)	(3,956,653)
Net cash inflows / (outflows) from underwriting activities	7,136,117	(2,062,093)
Other operating activities		
Income tax paid	(1,877,398)	(931,863)
Other operating payments	(168,838)	(88,670)
Loans advanced	(69,686)	(73,507)
Loans repayments received	75,122	81,435
Other operating receipts	28,516	98,279
Net cash outflows from other operating activities	(2,012,284)	(914,326)
Total cash inflows / (outflows) from operating activities	5,123,833	(2,976,419)
Cash flows from investing activities		
Profit received on bank deposits	873,209	569,672
Income received from Pakistan Investment Bonds and foreign Government bonds	311,277	-
Income from Treasury Bills	81,179	161,325
Bank deposits subject to encumbrances	88,505	(399,416)
Dividends received	3,549,592	3,347,994
Rentals received	208,735	189,621
Payments made for investments	(20,069,850)	(11,634,529)
Proceeds from disposal of investments	13,008,954	11,532,352
Fixed capital expenditure - operating assets	(247,340)	(157,381)
Fixed capital expenditure - intangible assets	(66,286)	(33,635)
Proceeds from disposal of operating assets	56,750	34,669
Total cash (outflows) / inflows from investing activities	(2,205,275)	3,610,672
Cash flows from financing activities		
Payments against lease liability	(15,348)	(15,884)
Finance cost paid on lease liability	(7,061)	(4,674)
Dividends paid	(1,037,169)	(1,037,029)
Net cash outflows from financing activities	(1,059,578)	(1,057,587)
Net cash inflows / (outflows) from all activities	1,858,980	(423,334)
Cash and cash equivalent at beginning of the year	2,123,583	2,546,917
Cash and cash equivalent at end of the year	3,982,563	2,123,583

Unconsolidated Statement of Cash Flow

For the year ended 31 December 2024

2024

2023

----- Rupees in thousand -----

Reconciliation to statement of profit or loss account

Operating cash inflows / (outflows)	5,123,833	(2,976,419)
Depreciation	(185,373)	(190,594)
Provision for retirement benefit obligations	(58,324)	(59,486)
Finance cost on borrowing	(7,061)	(4,674)
Other income - bank and term deposits	964,593	770,276
Gain on disposal of operating assets	35,243	23,778
Rental income	201,727	183,155
Fair value adjustment to investment property	432,507	358,100
(Decrease) / increase in assets other than cash	(3,116,659)	7,213,359
Decrease / (increase) in liabilities	1,928,386	(2,007,873)
Loss on disposal of investments	138,659	(38,456)
Amortization	(33,493)	(36,808)
Increase in unearned premium	(5,627,803)	(4,347,397)
Decrease in loans	(5,436)	(7,928)
Income tax paid	1,877,398	931,863
Increase in tax liabilities	(2,658,341)	(1,650,237)
Reversal / (provision) for impairment of 'available-for-sale' investments	265,803	(26,931)
Dividend income	3,549,633	3,347,994
Income from Treasury Bills	333,177	199,604
Income from Pakistan Investment Bonds and foreign Government bonds	316,819	72,954
Profit from Window Takaful Operations - Operator's fund	574,914	507,750
Profit for the year	4,050,202	2,262,030
Cash and bank for the purposes of the cash flow statement consists of:		(Restated)
Cash and cash equivalents	13,680	23,822
Current and saving accounts	3,968,883	2,099,761
Total cash and cash equivalents	3,982,563	2,123,583

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.



Umer Mansha
Chairman



Shaikh Muhammad Jawed
Director



Mohammad 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 2024

	Attributable to equity holders of the Company								Total
	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	
----- Rupees in thousand -----									
Balance as at January 01, 2023	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
Profit for the year	-	-	-	-	-	-	-	4,050,202	4,050,202
Other comprehensive income	-	-	-	(27,747)	7,005,396	(364)	-	27,318	7,004,603
Total comprehensive income for the year ended December 31, 2024	-	-	-	(27,747)	7,005,396	(364)	-	4,077,520	11,054,805
Transactions with owners of the Company									
Final cash dividend at Rs. 1.5 per share - December 31, 2023	-	-	-	-	-	-	-	(525,000)	(525,000)
Interim cash dividend at Rs. 1.5 per share - June 30, 2024	-	-	-	-	-	-	-	(525,000)	(525,000)
	-	-	-	-	-	-	-	(1,050,000)	(1,050,000)
Balance as at December 31, 2024	3,500,000	22,859	3,764	2,137,672	11,840,605	30,390	936,500	22,183,838	40,655,628

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.



Umer Mansha
Chairman



Shaikh Muhammad Jawed
Director



Mohammad 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 2024

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 117 (2023: 115) branches in addition to 20 (2023: 20) specialized agriculture field offices within Pakistan.

The Company also operates 3 (2023: 3) branches in the United Arab Emirates (UAE) and 1 (2023: 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 8 (2023: 7) 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, right of use assets and their related lease liabilities which are measured at their present values at initial recognition 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.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

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, 2024. 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 IFRS 16 'Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions.

Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with Convents along with Classification of liabilities as current or non-current.

Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements.

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.

Standards or Interpretations

Effective from annual period beginning on or after:

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) - Refer note 2.6

January 01, 2026

IFRS 9 - Financial instruments - Refer note 2.7

January 01, 2026

Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Deferred indefinitely

Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

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
- IFRS 10 Consolidated Financial Statements
- IAS 7 Statement of Cash flows

Adoption of IFRS 17 & IFRS 9 is likely to have a significant impact on the company's financial statements and the Company is in the process of assessing the impact of these standards on the financial statements in accordance with the directives of SECP.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

2.6 IFRS 17- Insurance contracts

Pursuant to the requirements of Securities and Exchange Commission of Pakistan SRO 1715 (I)/2023 dated November 21, 2023 IFRS 17 "Insurance Contracts", is applicable to the companies engaged in insurance/takaful and re-insurance/re-takaful business from financial years commencing on or after 01 January 2026.

IFRS 17, replaces IFRS 4 Insurance Contracts. The new standard will apply to all entities that issue insurance and reinsurance contracts, and to all entities that hold reinsurance contracts. This standards requires entities to identify contracts and its terms and to assess whether they meet the definition of an insurance contract or includes components of an insurance contract. Insurance contracts are required to account for under the recognition/ derecognition of IFRS 17. Companies subject to the requirement of SRO will also be required to adopt requirements of IFRS 9 from the date of transition. On initial application of IFRS 17, comparative information for insurance contracts is restated in accordance with IFRS 17, whereas comparative information for related financial assets might not be restated in accordance with IFRS 9 if the insurer is initially applying IFRS 9 at the same date as IFRS 17.

SECP through its S.R.O.506(I)/2024 has directed that the applicability period of optional temporary exemption from applying IFRS 9 – "Financial Instrument" as given in para 20A of IFRS 4 – "Insurance Contracts" is extended for annual periods beginning before January 1, 2026, subject to fulfilling the same conditions as are prescribed by para 20B of IFRS 4.

2.7 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, 2024					
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*	-	-	3,982,563	-	-
Bank deposits subject to encumbrances*	3,040,688	-	-	-	-
Investment in subsidiary	6,970,446	-	-	-	-
Investments in equity securities - available-for-sale	36,876,497	11,482,309	-	-	-
Investments in debt securities - held-to-maturity	-	-	4,527,260	-	-
Term deposits*	455,017	-	10,826,761	-	-
Loans and other receivables*	1,505,938	-	1,966	-	-
Total	48,848,586	11,482,309	19,338,550	-	-

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

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

	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
Financial assets	Rupees in thousand				
Cash and Bank*	-	-	2,123,583	-	-
Bank deposits subject to encumbrances*	3,129,193	-	-	-	-
Investment in subsidiary	5,615,956	-	-	-	-
Investments in equity securities - available-for-sale	24,865,243	6,386,859	-	-	-
Investments in debt securities - held-to-maturity	-	-	1,774,347	-	-
Term deposits*	460,456	-	6,542,646	-	-
Loans and other receivables*	741,367	-	2,370	-	-
Total	34,812,215	6,386,859	10,442,946	-	-

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.

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 to property and equipment is charged when the item becomes available for intended use and is discontinued when it is 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.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

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.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

3.6 Deferred commission expense / acquisition cost

Commission expense / acquisition cost 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 and 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 reserve

In order to comply with the requirements of section 34(2)(d) of the Insurance Ordinance, 2000, a premium deficiency reserve (PDR) 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. No provision for PDR has been made as the unearned premium reserve for each class of business as at the year end is adequate to meet the expected future liability after reinsurance from claims and other expenses, expected to be incurred after the reporting date in respect of policies in force at reporting date.

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.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

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.
- for reinsurance contracts operating on a non-proportional basis, and for which the term of the reinsurance contract is not directly referable to the term of any underlying policy or policies, on inception of the reinsurance contract.

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

An operating 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 and are disclosed in note 39 of the financial statements. 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 presented in the statement of financial position include cash in hand, policy stamps, and bank balances.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

3.13 Revenue recognition

3.13.1 Premiums

Premiums including administrative surcharge under an insurance contract are recognized as written from the date of issuance of policy / cover note (i.e. the date of attachment of risk).

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:

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

- 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 IFRS 13 'Fair Value Measurement'. Where fair value cannot be measured reliably, these are carried at cost.

The valuation of unquoted investments as at December 31, 2024 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, fair / market value is determined by reference to Pakistan Stock Exchange quoted market price at the close of business on reporting date.

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

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

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, 2024 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.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

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:

- 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.
- 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, 2024.

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 (2023: 60). The most recent valuation is carried out as at December 31, 2024 using the LIFO method. The liabilities are presented as a current employees benefit obligations in the statement of financial position.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

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 and other appropriations

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.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

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.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

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 reserve	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

Note	2024	2023
	----- Rupees in thousand -----	

5 Property and equipment

Operating assets	5.1	4,115,225	4,142,868
Capital work in progress	5.2	92,166	13,803
Right of use asset	5.3	27,360	35,182
		<u>4,234,751</u>	<u>4,191,853</u>

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

5.1 Operating assets - owned

	2024													Rate
	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		
(Rupees in thousands)													%	
Land	878,694	-	-	-	-	878,694	-	-	-	-	-	-	878,694	-
Buildings*	2,727,467	-	(8,444)	-	-	2,719,023	526,861	47,529	(3,171)	-	-	571,219	2,147,804	3.0%
Furniture and fixtures	475,860	5,259	(1,998)	-	-	479,121	267,632	25,115	(1,353)	-	-	291,394	187,727	15.0%
Motor vehicles	775,308	148,244	(1,032)	(75,328)	-	847,192	441,792	30,993	(622)	(58,071)	-	414,092	433,100	15.0%
Machinery and equipment	763,864	6,680	(496)	(24,053)	-	745,995	359,067	39,642	(389)	(21,983)	-	376,337	369,658	15.0%
Computer equipment	456,793	8,794	(637)	(11,923)	-	453,027	339,766	25,321	(559)	(9,743)	-	354,785	98,242	30.0%
Total	6,077,986	168,977	(12,607)	(111,304)	-	6,123,052	1,935,118	168,600	(6,094)	(89,797)	-	2,007,827	4,115,225	
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	

The company owns 3 buildings and resulting area of land and 7 corporate offices in Pakistan and 1 corporate office in UAE.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

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 City AKH-506	1,690	1,607	83	733	Auction	Independent third party	Muhammad Ahsan Syed
Honda City BFE-387	1,561	1,034	527	2,290	Auction	Independent third party	Asim Ali
Honda City AYU-694	1,556	1,223	333	1,709	Auction	Independent third party	Nasir Taj Khan
Honda City I-Vtech BFJ-102	2,255	1,649	606	2,493	Auction	Independent third party	Usman Saeed
Honda City I-Vtech BKN-996	2,658	2,246	412	1,826	Auction	Independent third party	Asim Mahmood Bajwa
Honda City 1.3 M/T BEG-609	3,294	2,767	527	1,965	Auction	Independent third party	Muhammad Ashfaq
Honda Civic AUK-604	2,803	2,598	205	1,802	Auction	Independent third party	Sharoz Saleem
Honda Civic LEC-15-4073	2,621	2,011	610	2,333	Auction	Independent third party	Muhammad Irfan
Honda Civic LEH-17-6751	2,428	1,893	535	2,805	Auction	Independent third party	Asim Raffiq
Honda Civic A/T AZJ-726	3,407	2,881	526	2,711	Auction	Independent third party	Muhammad Hanif
Honda Civic Vti AVH-147	3,344	3,022	322	1,730	Auction	Independent third party	Naheed Arshad Butt
Honda Civic Vti LEE-14-5989	3,119	2,590	529	2,284	Auction	Independent third party	Chaudhry Amjad Ali
Suzuki Cultus AVB-651	935	784	151	903	Auction	Independent third party	Muhammad Akram
Suzuki Cultus BCP-835	1,578	1,286	292	1,038	Auction	Independent third party	Naheed Arshad Butt
Suzuki Cultus BKW-102	1,865	1,294	571	803	Auction	Independent third party	Muhammad Asif
Suzuki Cultus LEH-15-5203	1,069	717	352	1,342	Auction	Independent third party	Asif Mahmood
Suzuki Cultus BBC-760	1,374	1,107	267	1,014	Auction	Independent third party	Zaheer Akhtar
Suzuki Cultus BDF-260	1,054	749	305	848	Auction	Independent third party	Muhammad Romail Mansoor
Suzuki Cultus AEX-549	2,039	1,735	304	1,870	Settlement	Insurance Claim	Security General Insurance Company Limited
Suzuki Cultus AXU-561	950	776	174	676	Auction	Independent third party	Muhammad Asif
Suzuki Cultus AZG-960	1,032	802	230	1,211	Auction	Independent third party	Hashir Fareed
Suzuki Cultus LE-19-3166	1,364	834	530	2,191	Auction	Independent third party	Muhammad Ahsan Syed
Suzuki Cultus BKW-107	1,589	1,043	546	1,032	Auction	Independent third party	Shahroz Saleem
Suzuki Mehran LE-16-4893	1,299	1,042	257	830	Auction	Independent third party	Muhammad Waleed Idrees
Suzuki Mehran LEA-16A-8926	1,132	849	283	993	Auction	Independent third party	Muhammad Nauman Khan
Toyota Corolla Gli AUK-823	2,687	2,333	354	1,607	Auction	Independent third party	Choudhary Amjad Ali
Toyota Corolla Gli 1.6 BTE-401	3,470	2,356	1,114	2,325	Auction	Independent third party	Awais Ishaq
Toyota Corolla Gli A/T AFE-252	2,714	1,849	865	2,832	Auction	Independent third party	Muhammad Hanif
Toyota Corolla Xli BPA-032	2,116	1,627	489	2,169	Auction	Independent third party	Nadeed Arshad Butt
Nissan Tida 94916	3,033	2,570	463	537	Auction	Independent third party	Raza
Renault Duster 30298	3,784	3,017	767	427	Auction	Independent third party	Abu Karmo
Mitsubishi Pajero M-62236	3,791	2,749	1,042	910	Auction	Independent third party	Seagull Logistics
Nissan Patrol BB-47738	5,611	2,941	2,670	1,972	Auction	Independent third party	Seagull Logistics
Items having book value below Rs. 50,000	106	90	16	25			
	75,328	58,071	17,257	52,236			
Machinery and equipment							
Genset	5,244	5,188	56	67	Auction	Independent third party	Muhammad Asim
Genset	7,092	6,356	736	878	Auction	Independent third party	Muhammad Asim
Genset	3,360	2,979	381	455	Auction	Independent third party	Muhammad Asim
Items having book value below Rs. 50,000	8,357	7,460	897	550			
	24,053	21,983	2,070	1,950			
Computer equipment							
Data Center Equipment	1,167	783	384	451	Negotiation	Independent third party	Muhammad Asim
Data Center Equipment	600	392	208	244	Negotiation	Independent third party	Muhammad Asim
Data Center Equipment	4,154	2,715	1,439	1,691	Negotiation	Independent third party	Muhammad Asim
Items having book value below Rs. 50,000	6,002	5,853	149	178			
	11,923	9,743	2,180	2,564			
Grand Total	111,304	89,797	21,507	56,750			
Grand Total (2023)	40,363	29,472	10,891	34,669			

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

	Note	2024	2023
		----- Rupees in thousand -----	
5.2 Capital work in progress			
Advance against Property and equipment		92,166	13,803
5.3 Right of use asset			
As at January 01		35,182	62,681
Additions during the year		11,120	23,152
Depreciation charge during the year		(16,773)	(18,139)
Exchange differences and other adjustments		(2,169)	(32,512)
Closing Net Book Value		27,360	35,182
5.3.1 All the right of use assets include premises obtained on rent for branch operations.			
6 Intangible assets			
Intangible assets	6.1	113,858	100,725
Capital work in progress	6.2	34,414	15,249
		148,272	115,974
6.1 Intangible assets			
Cost			
As at January 01		550,722	482,938
Additions during the year		47,120	31,346
Exchange differences and other adjustments		(3,068)	36,438
As at December 31		594,774	550,722
Accumulated amortization			
As at January 01		449,997	373,961
Amortization charged during the year		33,493	36,808
Exchange differences and other adjustments		(2,574)	39,228
As at December 31		480,916	449,997
Net book value as at December 31		113,858	100,725
Rate of amortization		20.00%	20.00%
6.2 Capital work in progress			
Advance against Intangible assets		34,414	15,249
7 Investment property			
Net book value as at January 01		2,914,435	2,427,337
Transfer from Property and equipment		-	102,929
Unrealized fair value gain		432,507	358,100
Exchange differences and other adjustments		(3,444)	26,069
Net book value as at December 31		3,343,498	2,914,435

Investment property as at December 31, 2024 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.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

Market value of these investment properties amounts to Rs. 3,343 million based on a valuation carried out by independent valuers, as at December 31, 2024.

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.

Significant unobservable Inputs

The valuation has been carried out considering the significant unobservable inputs including segment and location of the property, size, utilization and current trends in price of real estate in close proximity, construction cost rates, current market rents for similar properties including assumptions that ready buyers are available in the current market which is analysed 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.

Sensitivity analysis

If the market price per Kanal or per Square Foot, were to increase/decrease by 1%, the fair value of the investment property would increase/decrease by 33.43 million.

Fair value hierarchy

The investment properties are classified within the Level 3 of the fair value hierarchy because it is valued using significant unobservable inputs.

	Note	2024	2023
		----- Rupees in thousand -----	
8 Investment in subsidiary			
Investment in subsidiary - measured at cost	8.1,8.2,8.3	2,396,166	2,396,166

8.1 Number of shares

2024	2023	Face value	Company's Name	Note	2024	2023
----- No. of Shares -----		Rupees			----- Rupees in thousand -----	
224,998,250	224,998,250	10	Adamjee Life Assurance Company Limited [Equity held 89.999% (2023: 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	116,428,253	110,995,524	30,968,830	1,554,305	89.999%
Total at the end of 2024		116,428,253	110,995,524	30,968,830	1,554,305	89.999%
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%

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.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

9 Investment in equity securities

Available-for-sale

		2024			2023		
		Cost	Impairment / Provision	Carrying value	Cost	Impairment / Provision	Carrying value
Note		----- Rupees in thousand -----					
Related parties							
Listed shares	9.1	10,508,545	(32,988)	10,475,557	10,358,756	(31)	10,358,725
Unlisted shares	9.2	2,882,316	-	2,882,316	2,882,316	-	2,882,316
		13,390,861	(32,988)	13,357,873	13,241,072	(31)	13,241,041
Unrealized gain				12,836,610			5,467,657
				26,194,483			18,708,698
Others							
Listed shares	9.3	5,029,126	(1,673,103)	3,356,023	5,635,253	(1,971,864)	3,663,389
Mutual Funds	9.4	769,926	(16,366)	753,560	50,447	(16,366)	34,081
NIT Units	9.5	161	-	161	161	-	161
		5,799,213	(1,689,469)	4,109,744	5,685,861	(1,988,230)	3,697,631
Unrealized gain				6,572,270			2,458,914
				10,682,014			6,156,545
Total		19,190,074	(1,722,457)	36,876,497	18,926,933	(1,988,261)	24,865,243

9.1 Related Parties - Listed shares

Company's Name	Face value Rupees	No. of Shares 2024	2023	Cost		Market Value	
				2024	2023	2024	2023
				----- Rupees in thousand -----			
Commercial Banks							
MCB Bank Limited [Equity held 4.998% (2023: 4.998%)]	10	59,225,639	59,225,639	9,631,648	9,631,648	16,660,172	10,219,384
Textile Composite							
Nishat Mills Limited [Equity held 0.001% (2023: 0.001%)]	10	2,050	2,050	144	144	220	157
Power Generation & Distribution							
Pakgen Power Limited [Equity held 6.889% (2023: 6.889%)]	10	25,631,181	25,631,181	355,448	355,448	2,540,050	1,305,909
Power Generation & Distribution							
Lalpir Power Limited [Equity held 7.200% (2023: 7.200%)]	10	27,348,388	27,348,388	371,516	371,516	594,554	617,527
Investment Companies							
MCB Arif Habib Savings & Investment Limited [Equity held 7.59% (2023: Nil%)]	10	5,462,000	-	149,789	-	365,408	-
		117,669,258	112,207,258	10,508,545	10,358,756	20,160,404	12,142,977

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

9.1.1 The Company does not have significant influence over these related parties; therefore, the requirements of IAS 28 are not applicable. The relationship with these related parties is disclosed in Note 39.1 of these financial statements.

9.1.2 7,700,000 (2023 : 5,700,000) 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 and as collateral for NCCPL.

9.2 Related Parties - Unlisted shares

Company's Name	Face value Rupees	No. of Shares 2024	2023	Cost		Market Value	
				2024	2023	2024	2023
				----- Rupees in thousand -----			
Hyundai Nishat Motor (Private) Limited <i>Refer note 9.2.1</i> [Equity held 10.000% (2023: 10.000%)]	10	195,623,000	195,623,000	1,956,956	1,956,956	3,413,621	3,407,753
Security General Insurance Company Limited - <i>Refer note 9.2.2</i> [Equity held 14.224% (2023: 14.224%)]	10	9,681,374	9,681,374	925,360	925,360	2,620,458	3,157,968
		<u>205,304,374</u>	<u>205,304,374</u>	<u>2,882,316</u>	<u>2,882,316</u>	<u>6,034,079</u>	<u>6,565,721</u>

9.2.1 Company's Name	Face value Rupees	No. of Shares 2024	2023	Cost		Market Value	
				2024	2023	2024	2023
				----- Rupees in thousand -----			
Automobile Assembler Hyundai Nishat Motor (Private) Limited [Equity held 10.000% (2023: 10.000%)]	10	195,623,000	195,623,000	1,956,956	1,956,956	3,413,621	3,407,753

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. 17.45 per ordinary share as at December 31, 2024 (Rs. 17.42 per ordinary share as at December 31, 2023) 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 44 to these unconsolidated financial statements.

The significant assumptions used in this valuation technique are as follows:

- Discount rate of 17.59% (2023: 24.14%) per annum.
- Terminal growth rate in revenue of 2% (2023: 2%) per annum.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

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, 2024 would be Rs. 193,667 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, 2024 would be Rs. 105,636 thousand higher.

9.2.2 Company's Name	Face value Rupees	No. of Shares 2024	2023	Cost		Market Value	
				2024	2023	2024	2023
				----- Rupees in thousand -----			
Security General Insurance Company Limited [Equity held 14.224% (2023: 14.224%)]	10	9,681,374	9,681,374	925,360	925,360	2,620,458	3,157,968

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. 270.67 per ordinary share as at December 31, 2024 (Rs. 326.19 per ordinary share as at December 31, 2023) 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 44 to these unconsolidated financial statements.

The significant assumptions used in this valuation technique are as follows:

- Discount rate of 13.96% (2023: 25%) per annum.
- Terminal growth rate of 4% (2023: 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, 2024 would be Rs. 239,977 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, 2024 would be Rs. 207,547 thousand higher.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

9.3 Others - listed shares

Company's Name	Face value Rupees	No. of Shares		Cost		Market Value	
		2024	2023	2024	2023	2024	2023
----- Rupees in thousand -----							
Automobile Assembler							
Millat Tractors Limited	10	2,816,397	2,816,397	591,172	591,172	1,749,799	1,637,087
Cable & Electrical Goods							
Siemens (Pakistan) Engineering Company Limited	10	148,131	148,131	116,770	116,770	223,694	99,058
Cement							
Fecto Cement Limited	10	645,100	645,100	77,534	77,534	74,167	25,843
Close - End Mutual Fund							
HBL Investment Fund 'A'	10	4,113,500	4,113,500	27,235	27,235	17,236	14,192
Commercial Banks							
Allied Bank Limited	10	6,277,500	6,277,500	641,638	641,638	865,479	521,033
Habib Bank Limited	10	680,300	330,300	128,018	88,086	118,685	36,610
National Bank of Pakistan	10	4,935,440	7,967,450	302,243	487,922	330,280	255,834
United Bank Limited	10	-	1,250,000	-	242,721	-	222,300
Fertilizer							
Engro Fertilizers Limited	10	12,707	12,707	909	909	2,595	1,426
Fauji Fertilizer Company Limited	10	9,998,900	9,998,900	1,050,979	1,050,979	3,662,797	1,131,775
Food & Personal Care Products							
Nestle Pakistan Limited	10	5,740	5,740	59,278	59,278	42,763	47,085
Rafhan Maize Products Limited	10	70,304	70,304	223,250	223,250	632,735	702,899
Insurance							
Pakistan Reinsurance Company Limited	10	860,529	860,529	6,326	6,326	13,519	6,617
Investment Companies							
Dawood Hercules Corporation	10	2,220,100	2,220,100	324,933	324,933	576,804	238,972
MCB Arif Habib Savings & Investment Limited	10	-	5,462,000	-	149,789	-	154,575
Oil & Gas Exploration Companies							
Oil & Gas Development Company Limited	10	1,524,300	1,524,300	245,134	245,134	346,412	171,408
Sui Northern Gas Pipelines Limited	10	3,876,935	5,126,935	210,502	278,372	433,984	376,932
Paper & Board							
Packages Limited	10	11,750	11,750	6,144	6,144	6,998	6,229
Pharmaceuticals							
Abbott Laboratories Pakistan Limited	10	369,400	369,400	320,902	320,902	457,265	170,002
Power Generation & Distribution							
Kot Addu Power Company Limited	10	5,731,000	5,731,000	491,086	491,086	215,486	162,932
Nishat Power Limited	10	923,500	923,500	42,001	42,001	32,655	28,582
Saif Power Limited	10	4,935,882	4,935,882	163,072	163,072	68,016	95,016
				5,029,126	5,635,253	9,871,369	6,106,407

9.3.1 5,200,000 (2023 : 5,200,000) 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.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

9.4 Others-Mutual Fund Certificates

Open-Ended-Mutual Funds

No. of Units		Face value Rupees	Fund's Name	Cost		Market Value	
2024	2023			2024	2023	2024	2023
60,341	55,419	100	Alfalah GHP Money Market Fund	6,179	5,697	6,504	5,481
31,575	29,026	100	HBL Cash Fund	3,190	2,930	3,544	2,991
4,469,715	4,234,548	10	HBL Investment Fund - Class B	44,191	41,820	71,574	40,714
968,240	-	100	Alfalah Islamic Money Market Fund	103,849	-	105,323	-
2,318,613	-	100	Alhamra Government Securities Plan-1	254,498	-	258,587	-
7,099,364	-	10	ABL Islamic Income Fund	79,041	-	80,280	-
3,545,756	-	50	Meezan Sovereign Fund	200,363	-	203,229	-
6,876,357	-	10	NBP Financial Sector Income Fund	78,615	-	79,846	-
				769,926	50,447	808,887	49,186
			National Investment Trust	161	161	1,758	952
12,540	12,540	10	Grand Total	19,190,074	18,926,933	36,876,497	24,865,243

2024 2023
----- Rupees in thousand -----

10 Investment in debt securities

Held to maturity

Inside Pakistan

Treasury Bills
Pakistan Investment Bonds

2,509,665	431,264
1,460,578	1,343,083
3,970,243	1,774,347

Outside Pakistan

Government bonds

557,017	-
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Total

4,527,260	1,774,347
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Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

Treasury Bills

Face value Rupees	Yield Rate %	Profit Payment	Type of security	Maturity date	Cost		Carrying amount	
					2024	2023	2024	2023
					----- Rupees in thousand -----			
454,400,000	21.65%	On maturity	12 Month Treasury Bills	18-Apr-24	-	374,993	-	431,264
300,000,000	20.26%	On maturity	12 Month Treasury Bills	6-Mar-25	249,576	-	291,134	-
325,000,000	20.90%	On maturity	12 Month Treasury Bills	3-Mar-25	268,945	-	310,832	-
375,000,000	20.84%	On maturity	12 Month Treasury Bills	3-Mar-25	310,476	-	358,692	-
500,000,000	20.85%	On maturity	12 Month Treasury Bills	17-Apr-25	413,939	-	474,938	-
300,000,000	20.36%	On maturity	12 Month Treasury Bills	15-May-25	249,365	-	281,360	-
500,000,000	19.98%	On maturity	12 Month Treasury Bills	29-May-25	416,932	-	466,225	-
350,000,000	19.85%	On maturity	12 Month Treasury Bills	29-May-25	292,164	-	326,484	-
					2,201,397	374,993	2,509,665	431,264

Pakistan Investment Bonds

Face value Rupees	Yield Rate %	Profit Payment	Type of security	Maturity date	Cost		Carrying amount	
					2024	2023	2024	2023
					----- Rupees in thousand -----			
300,000,000	19.05%	Semi-Annually	5 Years Pakistan Investment Bonds	21-Sep-28	288,300	288,300	291,230	309,466
700,000,000	18.80%	Semi-Annually	5 Years Pakistan Investment Bonds	21-Sep-28	677,208	677,208	682,868	726,412
100,000,000	18.80%	Semi-Annually	5 Years Pakistan Investment Bonds	21-Sep-28	96,739	96,739	97,546	103,765
200,000,000	15.20%	Semi-Annually	5 Years Pakistan Investment Bonds	19-Oct-28	194,035	194,035	195,462	203,440
200,000,000	20.53%	Semi-Annually	5 Years Pakistan Investment Bonds	7-Feb-29	192,038	-	193,472	-
					1,448,320	1,256,282	1,460,578	1,343,083

Pakistan Investment Bonds with face value of Rs. 400,000 thousands are placed with State Bank of Pakistan under section 29 of the Insurance Ordinance, 2000.

11 Investments in Term Deposits

Held to maturity

Deposits maturing within 12 months

Outside Pakistan

- related parties
- others

Note	2024	2023
----- Rupees in thousand -----		
	2,089,041	2,020,329
	9,192,737	4,982,773
11.1	11,281,778	7,003,102

11.1 These include fixed deposits amounting to Rs. 455,017 thousands (AED 6,000 thousands) [2023: Rs. 460,456 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.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

	Note	2024	2023
		----- Rupees in thousand -----	
12 Loans and other receivables - considered good			
Rent receivable		9	7,017
Receivable from related parties	12.1	105,579	89,968
Accrued income		468,180	296,669
Security deposits		61,704	60,677
Advances to employees and suppliers		250,236	378,207
Advance agent commission		5,796	2,751
Loans to employees		54,426	59,991
Receivable from salvage buyers		309,858	137,271
Receivable from Window Takaful Operations		338,097	-
Other receivables		170,051	92,144
		1,763,936	1,124,695

12.1 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	2024	2023
		----- Rupees in thousand -----	
13 Insurance / reinsurance receivables - unsecured and considered good			
Due from insurance contract holders	13.1	8,590,969	8,566,251
Provision for impairment of receivables from insurance contract holders	13.2	(1,631,532)	(1,648,180)
		6,959,437	6,918,071
Due from other insurers / reinsurers		1,234,586	838,313
Provision for impairment of due from other insurers / reinsurers	13.3	(201,302)	(201,302)
		1,033,284	637,011
		7,992,721	7,555,082

13.1 Due from insurance contact holders include an amount of Rs. 371,085 thousands (2023: Rs. 453,735 thousands) held with related parties.

	2024	2023
	----- Rupees in thousand -----	
13.2 Reconciliation of provision for impairment of receivables from insurance contract holders		
Balance as at January 01	1,648,180	1,371,044
Charge for the year	-	-
Exchange difference	(16,648)	277,136
Balance as at December 31	1,631,532	1,648,180
13.3 Reconciliation of provision for impairment of due from other insurers / reinsurers		
Balance as at January 01	201,302	201,302
Charge for the year	-	-
Write off against provision for the year	-	-
Balance as at December 31	201,302	201,302

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

	Note	2024	2023
----- Rupees in thousand -----			
14 Prepayments			
Prepaid reinsurance premium ceded		8,370,324	8,298,195
Prepaid miscellaneous expenses		205,467	154,008
		8,575,791	8,452,203
15 Bank deposits subject to encumbrances			
Inside Pakistan			(Restated)
Saving accounts under lien	15.1	549,011	592,982
Margin against guarantee	15.2	83,999	83,999
		633,010	676,981
Outside Pakistan			
Current accounts under lien	15.3	128,800	146,094
Margin against guarantee	15.4	2,278,878	2,306,118
		2,407,678	2,452,212
		3,040,688	3,129,193

15.1 This represents lien 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.

15.2 This represents margin against bank guarantee, 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.

15.3 This represents lien 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.

15.4 This represents margin provided for a bank guarantee issued outside Pakistan in favor of the Central Bank of the UAE to meet regulatory requirement.

15.5 In previous years, the Company had classified amount of bank deposits under lien and held as margin against guarantees as cash and bank considering that these deposits met the definition of 'cash' as per IAS 7 'Statement of Cash Flows'. However, as per the requirements of accounting and reporting standards as applicable in Pakistan, deposits that cannot be accessed on demand should have been presented in statement of financial position as other financial assets.

Accordingly, as per IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', the Company has reclassified its comparative figures as follows:

As at 31 December 2023		
As previously reported	Adjustments Increase/ (Decrease)	As restated
----- Rupees in thousand -----		

Unconsolidated Statement of Financial Position

Assets

Cash and bank	5,252,776	(3,129,193)	2,123,583
Bank deposits subject to encumbrances	-	3,129,193	3,129,193
Other assets	84,874,976	-	84,874,976
	90,127,752	-	90,127,752

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

Unconsolidated condensed interim Statement of Cash flow

For the year ended December 31, 2023		
As previously reported	Adjustments Increase/ (Decrease)	As restated
----- Rupees in thousand -----		
Net cash outflows from all activities	(23,918)	(423,334)
Cash flows from investing activities	4,010,088	3,610,672
As at 31 December 2023		
As previously reported	Adjustments Increase/ (Decrease)	As restated
----- Rupees in thousand -----		
Cash and cash equivalents	5,252,776	2,123,583
As at 31 December 2022		
As previously reported	Adjustments Increase/ (Decrease)	As restated
----- Rupees in thousand -----		
Cash and cash equivalents	5,276,694	2,546,917

15.5.1 There is no impact on the operating and financing cashflows for the year ended December 31, 2023.

15.5.2 There is no impact on profit after tax for the year ended December 31, 2023

16 Cash and bank

Cash and cash equivalents

Inside Pakistan

Cash in hand
Policy, revenue stamps and bond papers

Cash at bank

Inside Pakistan

Current accounts
Savings accounts

Outside Pakistan

Current accounts
Savings accounts

Note **2024** **2023**
----- Rupees in thousand -----

			(Restated)
		1,316	147
		12,364	23,675
		13,680	23,822
		365,307	(414,044)
	16.2	691,277	1,672,838
		1,056,584	1,258,794
		2,909,980	838,620
	16.2	2,319	2,347
		2,912,299	840,967
		3,968,883	2,099,761
		3,982,563	2,123,583

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

16.1 Cash at bank and bank deposits include an amount of Rs. 2,924,095 thousands (2023: Rs. 3,110,928 thousands) held with MCB Bank Limited, a related party of the Company.

16.2 Saving / profit and loss accounts placed in Pakistan carry expected profit rates ranging from 13.50% to 20.50% (2023: 14.50% to 20.80%). Saving / profit and loss account placed in UAE carries expected profit rate of 0.1% (2023: 0.1%).

17 Window Takaful Operations - Operator's Fund

Assets

	2024	2023
	----- Rupees in thousand -----	
Cash and bank deposits	295,515	76,860
Qard e Hasna to Participants' Takaful Fund	221,460	221,460
Investments - Equity securities	1,075,440	293,848
Investments - Debt securities	51,418	51,974
Investments - Term Deposits	-	500,000
Intangible assets	15,214	16,922
Property and equipment	46,568	34,524
Current assets - others	376,787	250,048
Total Assets	2,082,402	1,445,636

Total liabilities

	772,823	486,464
Wakala income	988,894	831,273
Commission expense	(322,768)	(235,519)
Management expenses	(335,433)	(257,976)
Investment income	148,148	125,025
Other income	62,391	28,884
Mudarib's share of PTF investment income	38,522	20,093
Other expenses	(4,840)	(4,030)
Profit before taxation	574,914	507,750
Taxation	(225,695)	(213,025)
Profit after taxation	349,219	294,725

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

	2024	2023	2024	2023
	----- 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 paid fully 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, 2024, associated undertakings MCB Bank Limited, Security General Insurance Company Limited, D.G. Khan Cement Company 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 (2023: 70,583,095), 28,515,087 (2023: Nil), 27,877,735 (2023: Nil), 5,503,500 (2023: 18,901,000), Nil (2023: 10,780,000), Nil (2023: 10,539,000), 7,805,854 (2023: 6,694,500), 1,267,000 (2023: 1,267,000) and 102,809 (2023: 102,809) ordinary shares of the Company, respectively. All ordinary shares rank equally with regard to the Company's residual assets

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

	Note	2024	2023
----- 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	2,137,672	2,165,419
Fair value reserve	19.4	11,840,605	4,835,209
		<u>14,004,900</u>	<u>7,027,251</u>
Revenue reserves			
General reserves		936,500	936,500
		<u>14,941,400</u>	<u>7,963,751</u>

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 on available for sale investments held by the Company as at December 31, 2024.

	Note	2024	2023
----- Rupees in thousand -----			
20 Retirement benefit obligations			
Unfunded gratuity scheme	20.1	157,510	139,012
Funded gratuity scheme	20.2	34,563	36,615
		<u>192,073</u>	<u>175,627</u>

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 57 (2023 : 54). The latest actuarial valuation of gratuity scheme was carried out as at December 31, 2024 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 defined benefit obligation recognized in the statement of financial position are as follows:

	2024	2023
----- Rupees in thousand -----		
Present value of defined benefit obligation as at January 01	139,012	131,152
Charge for the year	21,629	22,973
Benefits paid	(12,920)	(29,716)
Remeasurement loss / (gain) on obligation	11,429	(17,371)
Exchange (gain) / loss	(1,640)	31,974
Present value of defined benefit obligation as at December 31	<u>157,510</u>	<u>139,012</u>

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

	2024	2023
	----- (Percentages) -----	
20.1.3 Principal actuarial assumptions used are as follows:		
- Valuation discount rate	4.20	5.10
- Expected rate of increase in salary level	3.00	2.50

Discount rate used in last actuarial valuation was 5.10% per annum. However, in the current investment environment, where there is a downward trend in the interest rate structure, discount rate has been decreased to 4.20% per annum. Correspondingly, due to increase in inflationary expectations, the rate of increase in eligible salary has been increased to 3.00% from 2.50%.

	2024	2023
	----- Rupees in thousand -----	
20.1.4 The amount charged in profit and loss account is as follows:		
Service cost	14,978	18,547
Interest cost	6,651	4,426
Expense for the year	<u>21,629</u>	<u>22,973</u>

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 assumptions	4,157	(10,578)
- Experience adjustments	7,272	(6,793)
	<u>11,429</u>	<u>(17,371)</u>

Remeasurement due to change in demographic assumptions is the impact of change in withdrawal rates. Change in the discount rate and salary increase assumption is reflected in remeasurement due to change in financial assumptions.

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 749 (2023 : 720). The defined benefit plan exposes the Company to mortality risk which is the risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit. The rate assumed were based on SLIC (2001-2005) mortality table. The latest actuarial valuation of gratuity scheme was carried out as at December 31, 2024 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:

	2024	2023
	----- (Percentages) -----	
Principal actuarial assumptions used are as follows:		
- Discount rate	12.25	16.50
- Expected rate of increase in salary level	10.75	14.50

Discount rate used in last actuarial valuation was 16.50% per annum. However, in the current investment environment, where there is a downward trend in the interest rate structure, discount rate has been decreased to 12.25% per annum. Correspondingly, due to decrease in inflationary expectations, the rate of increase in eligible salary has been decreased to 10.75% from 14.50%.

	2024	2023
	----- Rupees in thousand -----	
Movement in the net liabilities recognized in the statement of financial position are as follows:		
Net liabilities as at January 01	36,615	70,255
Expenses recognized	36,695	36,513
Contribution paid during the year	-	(35,000)
Remeasurement gain recognized - net	(38,747)	(35,153)
Net liabilities as at December 31	<u>34,563</u>	<u>36,615</u>

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

	2024	2023
	----- Rupees in thousand -----	
The amounts recognized in the profit and loss account are as follows:		
- Service cost	30,653	28,336
- Interest cost	71,211	62,046
- Interest income on plan assets	(65,169)	(53,869)
	<u>36,695</u>	<u>36,513</u>

The amounts recognized in statement of comprehensive income are as follows:

Remeasurement of plan obligation from:

- Experience on obligation	(4,888)	(6,606)
- Change in assumptions	14,098	-

Remeasurement of plan assets:

- Investment return	(47,957)	(28,547)
	<u>(38,747)</u>	<u>(35,153)</u>

Remeasurement due to change in demographic assumptions is the impact of change in withdrawal rates. Change in the discount rate and salary increase assumption is reflected in remeasurement due to change in financial assumptions.

	2024	2023
	----- Rupees in thousand -----	
20.2.2 The amounts recognized in the statement of financial position are as follows:		
Present value of defined benefit obligation	516,350	457,878
Fair value of plan assets	(481,787)	(421,263)
	<u>34,563</u>	<u>36,615</u>

20.2.3 Movement in fair value of plan assets

Present value as at January 01	421,263	356,234
Interest income on plan assets	65,169	53,869
Actual benefits paid during the year	(52,602)	(52,387)
Contribution made during the year	-	35,000
Remeasurement gain due to investment return	47,957	28,547
Fair value of plan assets as at December 31	<u>481,787</u>	<u>421,263</u>
Actual return on plan assets		
Expected return on plan assets	65,169	53,869
Remeasurement gain to investment return	47,957	28,547
	<u>113,126</u>	<u>82,416</u>

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

2024 2023
----- Rupees in thousand -----

20.2.4 Movement in present value of defined benefit obligation

Present value of defined benefit obligation as at January 01	457,878	426,489
Current service cost	30,653	28,336
Interest cost	71,211	62,046
Actual benefits paid during the year	(52,602)	(52,387)
Remeasurement loss / (gain) on obligation	9,210	(6,606)
Present value of defined benefit obligation as at December 31	516,350	457,878

20.2.5 Comparison for five years

	2024	2023	2022	2021	2020
Funded gratuity scheme	----- Rupees in thousand -----				
Present value of defined obligation	516,350	457,878	426,489	393,191	363,011
Fair value of plan assets	481,787	421,263	356,234	211,676	230,138
Deficit	34,563	36,615	70,255	181,515	132,873
Experience adjustments					
Gain / (loss) on plan assets (% age of plan assets)	9.95	6.78	(1.44)	(2.22)	(5.04)
Loss / (gain) on obligations (% age of obligation)	1.78	(1.44)	6.74	2.75	(1.82)
Unfunded gratuity schemes					
Present value of defined obligation	157,510	139,012	131,152	82,145	64,359
Experience adjustments					
Gain / (loss) on obligations (% age of obligation)	(4.62)	4.89	(10.39)	(4.27)	23.15

20.2.6 Plan assets consist of the following:

2024 2023 2024 2023
----- (Percentage) ----- ----- Rupees in thousand -----

Equity Securities				
- Mutual funds - Equity	8.37	5.18	40,312	21,814
- Power Generation	5.51	5.52	26,555	23,243
- Cements	1.52	1.29	7,344	5,418
- Fertilizer	2.12	1.33	10,210	5,612
	17.52	13.32	84,421	56,087
Government Bonds - Debt	83.72	85.96	403,330	362,137
Bank deposits, benefits due, cash equivalents & others	(1.24)	0.72	(5,964)	3,039
	100.00	100.00	481,787	421,263

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

- 20.2.7** Plan assets do not include any investment in the Company's ordinary shares as at December 31, 2024 (2023: Nil).
- 20.2.8** Expected cost to be recorded in the profit and loss account for the year ending December 31, 2025 is Rs. 41,225 thousands.
- 20.2.9** Expected contributions to the plan for the year ending December 31, 2025 is Rs. 44,007 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 5.8 years (2023: 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%	(9,410)	10,640	(25,071)	27,667
Salary growth rate 1%	10,662	(9,601)	27,798	(25,615)

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

Deferred tax debits arising in respect of:

Provision for gratuity
Investments - provision for diminution in value of investments
Lease liability

Deferred tax credits arising in respect of:

Tax depreciation allowance
Right of use assets
Investments - amortisation on PIBs and T-Bills
Investments - unrealized gain
Surplus on revaluation of fixed assets

	2024	2023
	----- Rupees in thousand -----	
	61,429	54,215
	671,758	775,422
	12,361	15,005
	745,548	844,642
	(1,623,905)	(1,412,459)
	(10,670)	(13,721)
	(124,230)	-
	(7,569,463)	(3,091,363)
	(19,430)	(19,662)
	(9,347,698)	(4,537,205)
	(8,602,150)	(3,692,563)

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

	Note	2024	2023
		----- Rupees in thousand -----	
21.1 Movement in deferred tax balances is as follows:			
As at January 01		3,692,563	805,888
Recognized in profit and loss account:			
- provision for gratuity		(7,214)	(10,935)
- lease liability against right of use asset		2,644	111
- right of use assets		(3,051)	(6,964)
- tax depreciation allowance		211,446	429,726
- investments - Available for sale and Held to Maturity		227,893	(128,181)
		431,718	283,757
Recognized in statement of comprehensive income:			
- investments - Available for sale		4,478,101	2,583,256
- surplus on revaluation of fixed assets		(232)	19,662
		4,477,869	2,602,918
As at December 31		8,602,150	3,692,563
22 Insurance / reinsurance payables			
Due to other insurers / reinsurers		3,739,632	3,952,563
This amount represents amount payable to other insurers and reinsurers.			
23 Other creditors and accruals			
Agents commission payable		1,293,273	1,101,013
Federal Excise Duty / Sales tax / VAT		459,172	551,894
Federal Insurance Fee payable		44,536	34,998
Workers' Welfare Fund payable	23.1	441,257	304,348
Tax deducted at source		60,466	53,934
Accrued expenses		265,066	292,854
Unpaid and unclaimed dividend		186,343	173,512
Payable to employees' provident fund		514	154
Stale cheques		216,254	404,018
Regulatory fee payable		129,322	76,331
Other deposits		50,712	49,696
Unearned receipts		39,694	44,346
Sundry creditors		266,008	319,469
		3,452,617	3,406,567
23.1 Workers' Welfare Fund			
Balance as at 01 January		304,348	224,506
Provision for the year		136,909	79,842
Balance as at 31 December		441,257	304,348
24 Lease liabilities			
Lease liabilities against Right of use assets	24.1	31,693	38,475
Lease liabilities - movement			
Opening balances		38,475	45,807
Additions /Adjustments during the year		11,120	23,152
Finance Cost		7,061	4,674
Rental Payments		(22,409)	(20,558)
Exchange differences and other adjustments		(2,554)	(14,600)
Closing balances		31,693	38,475
24.1 Maturity analysis			
Not later than 1 year		15,541	13,313
Later than 1 year and not later than 5 years		16,152	25,162
		31,693	38,475

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

	2024			2023		
	Minimum lease Payments	Financial charges for future periods	Principal outstanding	Minimum lease Payments	Financial charges for future periods	Principal outstanding
	----- Rupees in thousand -----					
Not later than one year	20,378	4,837	15,541	19,043	5,730	13,313
Later than one year and not later than five years	19,604	3,452	16,152	31,663	6,501	25,162
	39,982	8,289	31,693	50,706	12,231	38,475

Lease liability represents various lease arrangements for rental premises. The terms of these leases arrangements range up to 5 years which include annual escalation clauses ranging up to 10%. The lease liabilities have been recognized using discount rate of prevailing three months KIBOR plus 1.5%.

	Note	2024	2023
		----- Rupees in thousand -----	
25 Deposits against cash margin			
Cash margin against performance bonds		436,620	462,374

25.1 This represents margin deposit on account of performance and other bond policies issued by the Company.

26 Contingencies and commitments

26.1 Contingencies

The Company has filed appeals in respect of certain assessment years mainly on account of the following:

Income tax

- 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.
- The Company had filed an appeal before Commissioner Appeal (SRB) against order in-original no 147 dated July 02, 2020 passed by the assistant commissioner SRB, Karachi, on account of inadmissible input tax adjustment etc., whereby, demand amounting to Rs. 56,259 thousands and penalty amounting to Rs. 2,798 thousands along with default surcharge has been established.
- 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 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. 2,366,656 thousands (2023: Rs. 2,319,815 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. 1,104,757 thousands (2023: Rs. 1,193,900 thousands).

The Company has issued letter of guarantees amounting to AED 115,050,000 amounting to Rs. 8,724,955 thousands (2023: AED 115,050,000 amounting to Rs. 8,829,248 thousands) relating to UAE branch.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

	2024	2023
	----- Rupees in thousand -----	
27 Net insurance premium		
Written gross premium	54,265,777	41,463,413
Unearned premium reserve - opening	19,343,851	14,996,454
Unearned premium reserve - closing	(24,971,654)	(19,343,851)
Currency translation effect	(100,136)	1,365,094
Premium earned	<u>48,537,838</u>	<u>38,481,110</u>
Reinsurance premium ceded	(21,637,359)	(20,719,284)
Prepaid reinsurance premium - opening	(8,298,195)	(6,536,997)
Prepaid reinsurance premium - closing	8,370,324	8,298,195
Currency translation effect	10,157	(203,935)
Reinsurance expense	<u>(21,555,073)</u>	<u>(19,162,021)</u>
	<u>26,982,765</u>	<u>19,319,089</u>
27.1 Net insurance premium - Business underwritten inside Pakistan		
Written gross premium	31,225,590	28,484,645
Unearned premium reserve - opening	10,824,315	9,454,477
Unearned premium reserve - closing	(11,643,488)	(10,824,315)
Premium earned	<u>30,406,417</u>	<u>27,114,807</u>
Reinsurance premium ceded	(20,085,026)	(18,919,619)
Prepaid reinsurance premium - opening	(7,441,378)	(5,699,784)
Prepaid reinsurance premium - closing	7,886,261	7,441,378
Reinsurance expense	<u>(19,640,143)</u>	<u>(17,178,025)</u>
	<u>10,766,274</u>	<u>9,936,782</u>
27.2 Net insurance premium - Business underwritten outside Pakistan		
Written gross premium	23,040,187	12,978,768
Unearned premium reserve - opening	8,519,536	5,541,977
Unearned premium reserve - closing	(13,328,166)	(8,519,536)
Currency translation effect	(100,136)	1,365,094
Premium earned	<u>18,131,421</u>	<u>11,366,303</u>
Reinsurance premium ceded	(1,552,333)	(1,799,665)
Prepaid reinsurance premium - opening	(856,817)	(837,213)
Prepaid reinsurance premium - closing	484,063	856,817
Currency translation effect	10,157	(203,935)
Reinsurance expense	<u>(1,914,930)</u>	<u>(1,983,996)</u>
	<u>16,216,491</u>	<u>9,382,307</u>

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

28 Net insurance claims expense	2024	2023
	----- Rupees in thousand -----	
Claim paid	29,080,716	23,719,945
Outstanding claims including IBNR - closing	24,345,048	26,395,403
Outstanding claims including IBNR - opening	(26,395,403)	(20,726,702)
Currency translation effect	116,808	(2,101,642)
Claim expense	<u>27,147,169</u>	<u>27,287,004</u>
Reinsurance and other recoveries received	<u>(14,536,509)</u>	<u>(9,184,523)</u>
Reinsurance and other recoveries in respect of outstanding claims - closing	<u>(15,761,334)</u>	<u>(20,902,569)</u>
Reinsurance and other recoveries in respect of outstanding claims - opening	20,902,569	15,233,478
Currency translation effect	(74,829)	1,172,730
Reinsurance and other recoveries revenue	<u>(9,470,103)</u>	<u>(13,680,884)</u>
	<u>17,677,066</u>	<u>13,606,120</u>
28.1 Net insurance claims expense - Business underwritten inside Pakistan		
Claim paid	11,812,962	8,360,330
Outstanding claims including IBNR - closing	11,912,919	16,482,355
Outstanding claims including IBNR - opening	(16,482,355)	(12,123,015)
Claim expense	<u>7,243,526</u>	<u>12,719,670</u>
Reinsurance and other recoveries received	<u>(5,614,251)</u>	<u>(2,701,555)</u>
Reinsurance and other recoveries in respect of outstanding claims - closing	<u>(9,926,475)</u>	<u>(14,571,713)</u>
Reinsurance and other recoveries in respect of outstanding claims - opening	14,571,713	10,450,405
Reinsurance and other recoveries revenue	<u>(969,013)</u>	<u>(6,822,863)</u>
	<u>6,274,513</u>	<u>5,896,807</u>
28.2 Net insurance claims expense - Business underwritten outside Pakistan		
Claim paid	17,267,754	15,359,615
Outstanding claims including IBNR - closing	12,432,129	9,913,048
Outstanding claims including IBNR - opening	(9,913,048)	(8,603,687)
Currency translation effect	116,808	(2,101,642)
Claim expense	<u>19,903,643</u>	<u>14,567,334</u>
Reinsurance and other recoveries received	<u>(8,922,258)</u>	<u>(6,482,968)</u>
Reinsurance and other recoveries in respect of outstanding claims - closing	<u>(5,834,859)</u>	<u>(6,330,856)</u>
Reinsurance and other recoveries in respect of outstanding claims - opening	6,330,856	4,783,073
Currency translation effect	(74,829)	1,172,730
Reinsurance and other recoveries revenue	<u>(8,501,090)</u>	<u>(6,858,021)</u>
	<u>11,402,553</u>	<u>7,709,313</u>

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

	Note	2024	2023
		----- Rupees in thousand -----	
29.2 Net commission and other acquisition costs			
- Business underwritten Outside Pakistan			
Commission paid or payable		4,445,854	2,485,060
Deferred commission expense - opening		1,684,689	1,041,473
Deferred commission expense - closing		(2,580,710)	(1,684,689)
Currency translation effect		(19,808)	256,978
Net Commission		3,530,025	2,098,822
Less:			
Commission received or recoverable		(11,600)	(137,702)
Unearned reinsurance commission - opening		(91,888)	(41,680)
Unearned reinsurance commission - closing		11,026	91,888
Currency translation effect		1,094	(10,413)
Commission from reinsurance		(91,368)	(97,907)
		3,438,657	2,000,915
30 Management expenses			
Employee benefit costs	30.1	2,747,813	2,407,084
Travelling expenses		113,324	102,604
Advertisement and sales promotion		90,328	79,284
Printing and stationary		49,572	53,654
Depreciation	5.1 & 5.3	185,373	190,594
Amortization	6	33,493	36,808
Rent, rates and taxes		58,204	40,986
Legal and professional charges - business related		230,931	239,106
Electricity, gas and water		154,813	123,704
Entertainment		60,225	48,972
Vehicle running expenses		221,187	227,832
Office repairs and maintenance		170,826	118,202
Bank charges		218,213	162,472
Postages, telegrams and telephone		33,371	33,170
Supervision fee		149,239	84,108
IT related costs		195,295	220,835
Tracking and monitoring charges		73,961	96,543
Regulatory fee		295,837	207,149
Miscellaneous		81,042	74,599
		5,163,047	4,547,706
30.1 Employee benefit costs			
Salaries, allowances and other benefits		2,630,760	2,296,006
Charges for post employment benefit		117,053	111,078
		2,747,813	2,407,084

Notes to the Unconsolidated Financial Statements

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31 Investment Income

Business underwritten Inside Pakistan

Income from equity securities

Available-for-sale

Dividend income

- related parties
- others

Income from debt securities

Held to maturity

Return on Pakistan Investment Bonds

Profit on Treasury Bills

Net realized gains on investments

Available-for-sale

Realized gains on equity securities

- related parties
- others

Reversal / (provision) of impairment in value of
'available-for-sale' investments

Business underwritten Outside Pakistan

Return on term deposits

- related parties
- others

Income from debt securities

Held to maturity

Return on Government bonds

Net investment income

32 Rental income

Rental income

Expenses of investment property

33 Other income

Return on bank balances

Gain on sale of operating assets

Return on loans to employee

Exchange gain

Shared expenses received

Miscellaneous

	2024	2023
	----- Rupees in thousand -----	
	2,976,320	2,816,728
	573,313	531,266
	3,549,633	3,347,994
	312,428	72,954
	333,177	199,604
	645,605	272,558
	-	(1,145)
	138,659	(37,311)
	138,659	(38,456)
	4,333,897	3,582,096
	265,803	(26,931)
	4,599,700	3,555,165
	198,179	149,649
	348,661	198,105
	546,840	347,754
	4,391	-
	551,231	347,754
	5,150,931	3,902,919
	201,727	183,155
	(2,998)	(1,107)
	198,729	182,048
	417,753	422,522
	35,243	23,778
	101	130
	374	19,713
	16,060	14,280
	11,981	64,156
	481,512	544,579

Notes to the Unconsolidated Financial Statements

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34 Other expenses	Note	2024	2023
		----- Rupees in thousand -----	
Legal and professional charges other than business		55,874	49,716
Auditor's remuneration	34.1	27,897	23,875
Subscription Fee		16,185	23,475
Donations	34.2	3,500	26,800
Directors' fee		525	850
Central depository expense		1,840	1,388
Meeting and conference expenses		25,970	1,474
Workers Welfare Fund	23.1	136,909	79,842
Others		6,261	5,729
		274,961	213,149
34.1 Auditors' remuneration			
Inside Pakistan:			
Audit fee		3,600	3,576
Interim review fee		600	579
Special certifications and sundry advisory services		975	644
Out-of-pocket expenses		518	463
		5,693	5,262
Outside Pakistan			
Audit fee		19,076	15,709
Interim review fee		2,085	1,908
Out-of-pocket expenses		1,043	996
		22,204	18,613
		27,897	23,875

34.2 The Company has paid the donations amounting to Rs. 2 million (2023: Rs. 25 million) to Saleem Memorial Trust Hospital, Rs. 1.5 million (2023: Rs. 1.5 million) to Pakistan Agricultural Coalition and Nil (2023: Rs. 0.3 million) to Mahmud Ali Kasuri Welfare Trust during the current year.

35 Finance cost	2024	2023
	----- Rupees in thousand -----	
Finance cost on lease liability	7,061	4,674
36 Taxation		
Current taxation		
For the year		
- General		
- Inside Pakistan	1,999,912	1,162,039
- Outside Pakistan	1,016	-
- Window Takaful Operations - Operator's fund	224,241	198,244
Prior year		
- General	-	(8,584)
- Window Takaful Operations - Operator's fund	-	14,710
	2,225,169	1,366,409
Deferred taxation		
For the year		
- General		
- Inside Pakistan	417,066	283,757
- Outside Pakistan	14,652	-
- Window Takaful Operations - Operator's fund	1,454	71
	433,172	283,828
	2,658,341	1,650,237

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

36.1 Relationship between tax expense and accounting profit

	2024	2023
	----- Rupees in thousand -----	
Profit before tax	6,708,543	3,912,267
Applicable tax @ 29%	1,945,477	1,134,557
Effect of super tax on current year's profit	670,854	391,227
Effect of prior period tax charge	-	6,126
Effect of Dividend Income taxed at reduced rate	(10,165)	(12,876)
Effect of WWF-inadmissible	53,316	31,138
Donations - Inadmissible	1,015	-
Effect of change in tax rate	-	89,467
Others	(2,156)	10,598
Tax expense for the year	2,658,341	1,650,237

37 Earnings per share - basic and diluted

There is no dilutive effect on the basic earnings per share which is based on:

Profit for the year attributable to ordinary shareholders

4,050,202	2,262,030
------------------	------------------

Weighted average number of ordinary shares outstanding

	----- Number of shares -----
350,000,000	350,000,000

Earnings per share - basic and diluted

	----- Rupees -----
11.57	6.46

38 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	
	2024	2023	2024	2023	2024	2023
	----- Rupees in thousand -----					
Meeting fees	-	-	525	850	-	-
Managerial remuneration	43,572	38,903	-	-	1,445,116	1,202,308
Leave encashment	1,729	2,594	-	-	72,998	45,022
Bonus	6,635	5,925	-	-	95,864	89,446
Charge of defined benefit plan	1,846	1,576	-	-	50,295	50,101
Contribution to defined contribution plan	2,179	1,945	-	-	35,178	30,109
House rent allowance	-	-	-	-	218,866	167,589
Utilities	1,000	1,116	-	-	-	-
Medical	-	-	-	-	47,490	36,749
Conveyance	-	-	-	-	131,307	123,870
Special allowance	1,800	1,800	-	-	-	-
Other allowance	594	428	-	-	9,371	10,503
	59,355	54,287	525	850	2,106,485	1,755,697
Number	1	1	7	7	460	408

38.1 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.

38.2 No remuneration was paid to Non-Executive Directors of the Company except for meeting fees.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

39 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 & 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	2024	2023
		----- Rupees in thousand -----	
Premiums underwritten	Subsidiary company	26,906	22,405
Premiums received	Subsidiary company	29,694	24,860
Dividend received	Subsidiary company	382,497	191,250
Claims paid	Subsidiary company	18,468	15,402
Premium paid	Subsidiary company	21,553	17,928
Security deposit received	Subsidiary company	2,558	-
Rent paid / payable	Subsidiary company	3,000	3,000
Rent / service charges / expenses received	Subsidiary company	113,131	81,454
Premiums underwritten	Other related parties	3,570,668	3,530,254
Premiums received	Other related parties	3,824,357	3,688,668
Claims paid	Other related parties	1,122,182	796,984
Claims received	Other related parties	1,870	-
Commission Paid	Other related parties	19,352	38,804
Premium paid	Other related parties	29,379	20,697
Guarantee commission received	Other related parties	14,131	4,975
Rent paid	Other related parties	10,827	9,542
Rent received	Other related parties	97,978	98,771
Dividends received	Other related parties	2,169,036	2,270,518
Dividends paid	Other related parties	442,486	312,287
Income on bank deposits	Other related parties	316,261	328,940
Investments made	Other related parties	-	641
Fee / service charges paid	Other related parties	14,515	13,982
Fee / service charges received / accrued	Other related parties	26,866	20,376
Payments made to provident fund	Employees' fund	45,833	41,944
ii) Period end balances			
Balances receivable	Subsidiary company	109,099	91,151
Balances payable	Subsidiary company	16,129	8,165
Balances receivable	Other related parties	381,479	474,129
Balances payable	Other related parties	389,042	651,154
Payable to provident fund	Employees' fund	514	154

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For the year ended 31 December 2024

39.1 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
Arshie Tech Private Limited	Common directorship	Nil
Avenew Marketing (Private) Limited	Company director shareholder	Nil
Cotton Web (Private) Limited	Company director Chairman	Nil
Deposit Protection Corporation	Common directorship	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	Spouse shareholder	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
Export Import Bank of Pakistan	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 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
MCB Investment Management Limited	Company director Chairman	7.586%
National Textile Foundation	Common directorship	Nil
Nishat (Aziz Avenue) Hotels & Properties Limited	Company director 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 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 shareholder	Nil
Nishat Chunian Limited	Company director shareholder	Nil
Nishat Paper Products Limited	Company director shareholder	Nil
Pakistan Aviators and Aviation (Private) Limited	Company director shareholder	Nil
Security General Insurance Company Limited	Company director shareholder	14.224%

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For the year ended 31 December 2024

40 Segment Information

	2024												
	Fire & property damage		Marine, aviation & transport		Motor		Accident & health		Miscellaneous		Total		
	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	
Premium receivable (inclusive of federal excise duty, Federal insurance fee and Administrative surcharge)	23,089,577	65,402	3,114,475	115,718	3,879,673	22,152,815	3,818,614	1,843,020	1,933,866	15,463	35,836,204	24,192,418	60,028,622
Federal excise duty / VAT	(2,989,011)	(3,278)	(685,595)	(5,524)	(510,886)	(1,054,886)	(225,008)	(87,763)	(206,838)	(736)	(4,297,348)	(1,152,197)	(5,449,545)
Federal insurance fee	(199,787)	(30)	(27,671)	(4)	(33,423)	-	(35,530)	-	(16,805)	-	(313,266)	(34)	(313,300)
	19,900,779	62,094	2,721,209	110,190	3,335,354	21,097,919	3,558,026	1,755,257	1,710,222	14,727	31,225,590	23,040,187	54,265,777
Gross written premium (inclusive of administrative surcharge)	19,900,779	62,094	2,721,209	110,190	3,335,354	21,097,919	3,558,026	1,755,257	1,710,222	14,727	31,225,590	23,040,187	54,265,777
Gross direct premium	19,879,623	61,919	2,682,557	110,178	3,234,987	20,984,239	3,555,588	1,755,257	1,661,714	14,643	31,014,469	22,926,296	53,940,765
Facultative inward premium	1,476	-	38,652	12	100,367	113,620	2,438	-	32,870	-	34,346	-	34,346
Administrative surcharge	19,900,779	62,094	2,721,209	110,190	3,335,354	21,097,919	3,558,026	1,755,257	1,710,222	14,727	31,225,590	23,040,187	54,265,777
Insurance premium earned	19,081,513	38,829	2,687,698	119,070	3,405,771	16,180,116	3,806,115	1,780,129	1,625,320	13,277	30,406,417	18,131,421	48,537,838
Insurance premium ceded to reinsurers	(17,533,646)	(31,492)	(1,336,172)	-	(87,631)	(931,207)	-	(943,522)	(672,694)	(8,709)	(19,640,143)	(1,914,930)	(21,555,073)
Net insurance premium	1,547,867	7,337	1,351,526	119,070	3,308,140	15,248,909	3,806,115	836,607	952,626	4,568	10,766,274	16,216,491	26,982,765
Commission income	909,846	6,302	16,441	-	5,617	85,392	-	-	127,286	(326)	1,059,190	91,368	1,150,558
Net underwriting income	2,457,713	13,639	1,367,967	119,070	3,313,757	15,334,301	3,806,115	836,607	1,079,912	4,242	11,825,464	16,307,859	28,133,323
Insurance claims	(701,801)	85,803	(1,180,429)	(17,073)	(1,667,284)	(18,772,991)	(3,162,292)	(1,184,218)	(531,720)	(15,164)	(7,243,526)	(19,903,643)	(27,147,169)
Insurance claim recoveries from reinsurer	225,252	(92,196)	566,555	-	140,350	7,751,275	-	828,140	36,856	13,671	969,013	8,501,090	9,470,103
Net claims	(476,549)	(6,393)	(613,874)	(17,073)	(1,526,934)	(11,021,716)	(3,162,292)	(356,078)	(494,864)	(1,293)	(6,274,513)	(11,402,553)	(17,677,066)
Commission expense	(769,960)	(5,574)	(248,048)	(11,701)	(325,766)	(3,295,896)	(134,401)	(216,578)	(133,008)	(276)	(1,611,213)	(3,530,025)	(5,141,238)
Management expense	(944,998)	(24,181)	(472,705)	(25,821)	(1,219,105)	(1,784,260)	(184,762)	(159,207)	(325,483)	(22,525)	(3,147,053)	(2,015,994)	(5,163,047)
Net insurance claims and expenses	(2,191,537)	(36,148)	(1,334,627)	(54,595)	(3,071,805)	(16,101,872)	(3,481,455)	(731,863)	(853,359)	(24,094)	(11,022,779)	(16,948,572)	(27,981,351)
Underwriting result	266,176	(22,509)	33,340	64,475	241,952	(767,571)	124,660	104,744	126,557	(19,652)	792,885	(640,713)	151,972
Net investment income											4,599,700	551,231	5,150,931
Rental income											196,178	2,551	198,729
Other income											304,349	177,163	481,512
Change in fair value of investment property											269,708	162,799	432,507
Other expenses											(244,990)	(29,971)	(274,961)
Finance cost											(7,061)	-	(7,061)
Profit from Window Takatful Operations - Operator's fund											574,914	-	574,914
Profit before taxation											6,485,483	223,060	6,708,543
Segment Assets	19,206,010	84,506	1,173,878	19,104	861,312	10,438,772	623,735	1,091,255	1,716,967	25,555	23,581,902	11,659,192	35,241,094
Unallocated assets											54,755,564	19,127,713	73,883,277
Segment Liabilities	20,025,842	106,656	1,536,848	43,638	2,498,103	24,655,831	1,978,202	1,359,597	2,989,863	32,009	76,337,466	30,786,905	109,124,371
Unallocated Liabilities											12,478,194	1,363,970	13,842,164
											40,907,042	27,561,701	68,468,743

Rupees in thousand

Premium receivable (inclusive of federal excise duty, Federal insurance fee and Administrative surcharge)

Gross written premium (inclusive of administrative surcharge)

Insurance premium earned

Insurance premium ceded to reinsurers

Net insurance premium

Commission income

Net underwriting income

Insurance claims

Insurance claim recoveries from reinsurer

Net claims

Commission expense

Management expense

Net insurance claims and expenses

Underwriting result

Net investment income

Rental income

Other income

Change in fair value of investment property

Other expenses

Finance cost

Profit from Window Takatful Operations - Operator's fund

Profit before taxation

Segment Assets

Unallocated assets

Segment Liabilities

Unallocated Liabilities

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For the year ended 31 December 2024

40.1 Segment Information

	2023											
	Fire & property damage		Marine, aviation & transport		Motor		Accident & health		Miscellaneous		Total	
	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan
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	14,000	32,468,764	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)	(667)	(3,688,678)	(649,572)	(4,338,250)
Federal insurance fee	(182,912)	(62)	(23,853)	(18)	(34,768)	(30,894)	(30,894)	-	-	(285,441)	(80)	(285,521)
	18,190,122	31,705	2,370,894	43,849	3,473,137	10,969,543	3,122,340	1,900,338	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	10,969,543	3,122,340	1,900,338	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	10,966,305	3,119,384	1,900,338	13,293	28,271,531	12,975,381	41,246,912
Facultative inward premium	2,357	-	-	-	-	-	-	-	-	31,471	-	31,471
Administrative surcharge	19,761	98	32,591	11	112,910	3,238	2,356	-	40	181,643	3,387	185,030
Insurance premium earned	18,190,122	31,705	2,370,894	43,849	3,473,137	10,969,543	3,122,340	1,900,338	13,333	28,484,645	12,978,768	41,463,413
Insurance premium ceded to reinsurers	(15,261,667)	(26,988)	(1,247,496)	-	(70,949)	(595,200)	-	(1,351,064)	(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	2,119	9,936,782	9,382,307	19,319,089
Commission income	831,447	5,375	10,021	-	5,819	89,816	-	-	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	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)	(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	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)	(677,979)	(232,164)	(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)	(217)	(1,450,645)	(2,088,822)	(3,549,467)
Management expense	(557,408)	(7,638)	(531,059)	(36,191)	(1,366,988)	(1,393,448)	(143,028)	(227,418)	(3,997)	(2,879,014)	(1,688,682)	(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)	(1,092,380)	(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	1,755	631,307	(1,986,613)	(1,355,306)
Net investment income										3,555,165	347,754	3,902,919
Rental income										178,613	3,435	182,048
Other income										385,742	188,837	544,579
Change in fair value of investment property										194,186	163,914	358,100
Other expenses										(187,240)	(25,909)	(213,149)
Finance cost										(4,674)	-	(4,674)
Profit from Windfall/ 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	25,275	28,155,223	10,734,294	38,889,517
Unallocated assets										39,190,115	12,048,120	51,238,235
Segment Liabilities	24,074,001	710,512	977,468	39,912	2,580,655	16,827,569	1,987,758	1,459,328	27,487	67,345,338	22,782,414	90,127,752
Unallocated Liabilities										7,023,657	1,468,839	8,492,496
										38,943,282	20,533,647	59,476,929

Rupees in thousand

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41 Movement in investments

	Investment in subsidiary	Available for sale	Held to Maturity	Total
----- Rupees in thousand -----				
As at January 01, 2023	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
Exchange differences and other adjustments	-	-	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
Additions	-	1,159,049	18,910,801	20,069,850
Disposals (sales and redemptions)	-	(895,907)	(11,974,388)	(12,870,295)
Fair value net gains (excluding net realized gain)	-	11,482,309	-	11,482,309
Exchange differences and other adjustments	-	-	(223,359)	(223,359)
Unwinding of discount on debt securities	-	-	318,535	318,535
Impairment reversals	-	265,803	-	265,803
As at December 31, 2024	2,396,166	36,876,497	15,809,038	55,081,701

42 Management of insurance and financial risk

The individual risk wise analysis is given below :

42.1 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.

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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.

42.1.1 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.

42.1.2 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	
	2024	2023	2024	2023	2024	2023
	----- Rupees in thousand -----					
Fire & property damage	13,421,180,903	13,207,496,942	11,768,343,348	12,183,955,945	1,652,837,555	1,023,540,997
Marine aviation & transport	5,839,247,516	5,196,528,176	1,287,123,046	840,739,732	4,552,124,470	4,355,788,444
Motor	677,213,536	440,449,302	14,911,783	21,115,693	662,301,753	419,333,609
Accident & health	954,268,685	549,008,337	378,878,706	174,159,236	575,389,979	374,849,101
Miscellaneous	605,360,866	701,702,392	500,507,290	585,301,208	104,853,576	116,401,184
	21,497,271,506	20,095,185,149	13,949,764,173	13,805,271,814	7,547,507,333	6,289,913,335

42.1.3 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.

42.1.4 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

Notes to the Unconsolidated Financial Statements

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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 than 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.

42.1.5 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)	
	2024	2023
	----- Rupees in thousand -----	
10% increase in claims liability		
Net:		
Fire & property	(48,294)	(60,547)
Marine, aviation and transport	(63,095)	(40,207)
Motor	(1,254,865)	(872,466)
Accident & health	(351,837)	(364,290)
Miscellaneous	(49,616)	(23,103)
	(1,767,707)	(1,360,613)
10% decrease in claims liability		
Net:		
Fire & property	48,294	60,547
Marine, aviation and transport	63,095	40,207
Motor	1,254,865	872,466
Accident & health	351,837	364,290
Miscellaneous	49,616	23,103
	1,767,707	1,360,613

Notes to the Unconsolidated Financial Statements

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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	939,144	573,904	19,733	47,424	45,138	252,945

42.2 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. 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 information about Company's exposure to interest rate risk based on maturity profile is as follows:

	2024							
	Interest / markup bearing				Non - interest / markup bearing			
	Effective rate per annum (%)	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	-	-	-	30,842,417	-	-	30,842,417	30,842,417
Equity securities- unquoted	-	-	-	6,034,079	-	-	6,034,079	6,034,079
Debt securities	15.20% - 20.90%	2,509,665	2,017,595	4,527,260	-	-	-	4,527,260
Term deposits	4% - 5.40%	11,281,778	-	11,281,778	-	-	-	11,281,778
Investment in subsidiary	-	-	-	-	2,396,166	-	2,396,166	2,396,166
Investments of Window Takaful	-	-	51,418	51,418	1,075,440	-	1,075,440	1,126,858
Operations - Operator's Fund	-	-	-	-	-	-	-	-
Loans and other receivables	5%	379	1,587	1,966	1,329,955	175,983	1,505,938	1,507,904
Insurance / reinsurance receivables	-	-	-	-	7,992,721	-	7,992,721	7,992,721
- unsecured and considered good	-	-	-	-	-	-	-	-
Reinsurance recoveries against outstanding claims	-	-	-	-	15,361,295	-	15,361,295	15,361,295
Bank deposits subject to encumbrances	0.1% to 20.50%	549,011	-	549,011	2,491,677	-	2,491,677	3,040,688
Cash and bank	0.1% to 20.50%	693,596	-	693,596	3,288,967	-	3,288,967	3,982,563
Other Assets of Window Takaful	-	-	-	-	893,762	-	893,762	893,762
Operations - Operator's Fund	-	-	-	-	-	-	-	-
		15,034,429	2,070,600	17,105,029	69,310,313	2,572,149	71,882,462	88,987,491
Financial liabilities								
Outstanding claims (including IBNR)	-	-	-	-	24,345,048	-	24,345,048	24,345,048
Premium received in advance	-	-	-	-	1,130,715	-	1,130,715	1,130,715
Insurance / reinsurance payables	-	-	-	-	3,739,632	-	3,739,632	3,739,632
Other creditors and accruals	-	-	-	-	2,447,186	-	2,447,186	2,447,186
Lease liabilities	-	-	-	-	31,693	-	31,693	31,693
Deposits against cash margin	-	-	-	-	436,620	-	436,620	436,620
Total liabilities of Window Takaful	-	-	-	-	772,823	-	772,823	772,823
Operations - Operator's Fund	-	-	-	-	-	-	-	-
		-	-	-	32,903,717	-	32,903,717	32,903,717
		15,034,429	2,070,600	17,105,029	36,406,596	2,572,149	38,978,745	56,083,774

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	2023 (Restated)							
	Interest / markup bearing			Non - interest / markup bearing				
	Effective rate per annum (%)	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		-	-	-	18,299,522	-	18,299,522	18,299,522
Equity securities- unquoted		-	-	-	6,565,721	-	6,565,721	6,565,721
Debt securities	21.65% - 26.22%	431,264	1,343,083	1,774,347	-	-	-	1,774,347
Term deposits	4% - 5.82%	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		500,000	51,974	551,974	293,848	-	293,848	845,822
Operations - Operator's Fund								
Loans and other receivables	5%	1,448	922	2,370	671,691	69,676	741,367	743,737
Insurance / reinsurance receivables		-	-	-	7,555,082	-	7,555,082	7,555,082
- unsecured and considered good								
Reinsurance recoveries against outstanding claims		-	-	-	20,601,648	-	20,601,648	20,601,648
Bank deposits subject to encumbrances - (Restated)	0.1% - 20.80%	592,982	-	592,982	2,536,211	-	2,536,211	3,129,193
Cash and bank - (Restated)	0.1% - 20.80%	1,675,185	-	1,675,185	448,398	-	448,398	2,123,583
Other Assets of Window Takaful		-	-	-	548,368	-	548,368	548,368
Operations - Operator's Fund								
		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 (including IBNR)		-	-	-	26,395,403	-	26,395,403	26,395,403
Premium received in advance		-	-	-	785,284	-	785,284	785,284
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
Lease liabilities		-	-	-	38,475	-	38,475	38,475
Deposits against cash margin		-	-	-	462,374	-	462,374	462,374
Total liabilities of Window Takaful		-	-	-	486,464	-	486,464	486,464
Operations- Operator's Fund								
		-	-	-	34,581,956	-	34,581,956	34,581,956
		10,203,981	1,395,979	11,599,960	22,938,533	2,465,842	25,404,375	37,004,335

42.2.1 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 Company manages this mismatch through risk management strategies where significant changes in gap position can be adjusted.

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.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

	Effect on profit before tax		Effect on equity	
	Increase	Decrease	Increase	Decrease
----- Rupees in thousand -----				
As at December 31, 2024 - Fluctuation of 100 bps				
Cash flow sensitivity - variable rate financial assets	125,244	(125,244)	76,399	(76,399)
As at December 31, 2023 - Fluctuation of 100 bps				
Cash flow sensitivity - variable rate financial assets	92,713	(92,713)	56,555	(56,555)

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. 30,786,906 thousands (2023: Rs. 22,782,415 thousands) and Rs. 27,561,702 thousands (2023: Rs. 20,533,647 thousands), respectively, at the end of the year.

The following significant exchange rates were applied during the year:

	2024	2023
----- Rupees -----		
Rupees per US Dollar		
Average rate	278.5110	280.3620
Reporting date rate	278.5500	281.8607
Rupees per AED		
Average rate	75.8285	76.3348
Reporting date rate	75.8362	76.7427

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.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

The Company has investments in quoted equity securities amounting to Rs. 30,842,417 thousands (2023: Rs. 18,299,522 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 -----	
2024		
Effect of increase in share price	3,045,626	1,857,832
Effect of decrease in share price	(308,570)	(188,228)
2023		
Effect of increase in share price	1,118,561	682,322
Effect of decrease in share price	(467,957)	(285,454)

42.3 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:

	2024	2023
	----- Rupees in thousand -----	
Investments	55,081,701	36,038,858
Loans and other receivable	1,507,904	743,737
Due from insurance contract holders	6,959,437	6,918,071
Due from other insurers / reinsurers	1,033,284	637,011
Reinsurance recoveries against outstanding claims	15,361,295	20,601,648
Salvage recoveries accrued	400,039	300,921
Bank deposits	7,009,571	5,228,954
	87,353,231	70,469,200

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For the year ended 31 December 2024

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 13.2 and 13.3 to these unconsolidated financial statements.

Age analysis of due from insurance contact holders (net of provision) is as follows:

	2024	2023
	----- Rupees in thousand -----	
Upto one year	6,688,327	6,448,697
Above one year	1,902,642	2,117,554
	8,590,969	8,566,251
Provision for doubtful balances	(1,631,532)	(1,648,180)
	6,959,437	6,918,071

The credit quality of Company's bank balance including bank deposits subject to encumbrances can be assessed with reference to external credit rating as follows:

	Rating		Rating Agency	2024	2023 (Restated)
	Short Term	Long Term		----- Rupees in thousand -----	
Abu Dhabi Commercial Bank	A1	A	S&P	2,171,405	276,256
Askari Bank Limited	A1+	AA+	PACRA	20	20
Bank Al Habib Limited	A1+	AAA	PACRA	42,940	40,319
Bank Alfalah Limited	A1+	AAA	PACRA	1,380,713	1,291,652
First Abu Dhabi Bank	A1+	AA-	S&P	40,661	40,909
Habib Bank Limited	A1+	AAA	JCR-VIS	131,502	146,625
Habib Metropolitan Bank	A1+	AA+	PACRA	15,322	13,272
Khushhali Microfinance Bank Limited	A2	A-	JCR-VIS	7,545	7,509
MCB Bank Limited	A1+	AAA	PACRA	2,924,095	3,110,928
Mobilink Micro Finance Bank	A1	A	PACRA	29,836	753
National Bank of Pakistan	A1+	AAA	PACRA	14,681	14,681
Samba Bank Limited	A1	AA	PACRA	93	15,877
Soneri Bank Limited	A1+	AA-	PACRA	-	1
The Punjab Provincial Cooperative Bank Limited	A2	BBB+	PACRA	3,425	3,425
United Bank Limited	A1+	AAA	JCR-VIS	151,034	152,293
Zarai Taraqati Bank Limited	A1+	AAA	JCR-VIS	96,299	114,434
				7,009,571	5,228,954

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	2024	2023
			----- Rupees in thousand -----	
A or Above (including PRCL)	781,726	11,791,366	12,573,092	17,678,589
BBB	-	2,691,391	2,691,391	2,767,297
Others	452,860	878,538	1,331,398	994,075
Total	1,234,586	15,361,295	16,595,881	21,439,961

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

42.4 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, 2024 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.

43 Statement of Solvency

2024
Rupees in
thousand

Assets

Property and equipment	4,234,751
Intangible assets	148,272
Investment properties	3,343,498
Investment in subsidiary	2,396,166
Investments	
Equity securities	36,876,497
Debt securities	4,527,260
Term deposits	11,281,778
Advance against issue of shares	-
Loans and other receivables	1,763,936
Insurance / reinsurance receivables	7,992,721
Reinsurance recoveries against outstanding claims	15,361,295
Salvage recoveries accrued	400,039
Deferred commission expense / acquisition cost	3,116,714
Taxation - payment less provisions	-
Prepayments	8,575,791
Bank deposits subject to encumbrances	3,040,688
Cash and bank	3,982,563
	107,041,969
Total assets of Window Takaful Operations - Operator's Fund	2,082,402
Total assets	109,124,371
In-admissible assets as per following clauses of Section 32(2) of the Insurance Ordinance, 2000	
Loans to employees	52,460
Investment in subsidiary	2,396,166
Premium due from insurance contract holder	1,593,723
Due from other insurers / reinsurers	463,102
Intangible assets	148,272
Other prepayments and sundry receivables	109,099
Bank balances subject to encumbrances	3,477,308
Equity investment	17,125,469
Movable properties	1,017,845
Inadmissible assets of Window Takaful Operations - Operator's Fund	285,474
Total of in-admissible assets	(26,668,918)
Total admissible assets	82,455,453

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	2024 Rupees in thousand
Liabilities	
Underwriting provisions:	
Outstanding claims including IBNR	24,345,048
Unearned premium reserve	24,971,654
Unearned reinsurance commission	439,530
Retirement benefits obligations	192,073
Deferred taxation	8,602,150
Premium received in advance	1,130,715
Insurance / reinsurance payables	3,739,632
Other creditors and accruals	3,452,617
Lease liabilities	31,693
Deposits against cash margin	436,620
Taxation - provision less payment	354,188
	67,695,920
Total liabilities of Window Takaful Operations - Operator's Fund	772,823
Total liabilities	68,468,743
Total net admissible assets	13,986,710
Minimum solvency requirement (higher of following)	
- Method A - U/s 36(3)(a)	150,000
- Method B - U/s 36(3)(b)	5,773,830
- Method C - U/s 36(3)(c)	6,973,263
	6,973,263
Excess in Net Admissible Assets over minimum requirement	7,013,447

44 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.

Notes to the Unconsolidated Financial Statements

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		2024										
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	30,842,417	-	-	-	30,842,417	-	-	30,842,417		
	Equity securities- unquoted	9	6,034,079	-	-	-	-	-	6,034,079	6,034,079		
	Investments of Window Takaful Operations - Operator's Fund	17	1,075,440	-	-	-	1,075,440	-	-	1,075,440		
Financial assets - not measured at fair value												
	Debt securities	10	-	4,527,260	-	-	-	4,527,260	-	4,527,260		
	Debt securities of Window Takaful Operations - Operator's Fund	17	-	51,418	-	-	-	51,418	-	51,418		
	Loans and other receivables *		-	-	1,507,904	-	-	-	-	1,507,904		
	Investment - Term deposits*	11	-	11,281,778	-	-	-	-	-	11,281,778		
	Investment - Term deposits of Window Takaful Operations - Operator's Fund*	17	-	-	-	-	-	-	-	-		
	Investment in subsidiary	8	-	-	2,396,166	-	-	6,970,446	-	6,970,446		
	Insurance / reinsurance receivables - unsecured and considered good *	13	-	-	7,992,721	-	-	-	-	7,992,721		
	Reinsurance recoveries against outstanding claims *		-	-	15,361,295	-	-	-	-	15,361,295		
	Bank deposits subject to encumbrances*	15	-	-	3,040,688	-	-	-	-	3,040,688		
	Cash and bank *	16	-	-	-	3,982,563	-	-	-	3,982,563		
	Other Assets of Window Takaful Operations - Operator's Fund*	17	-	-	598,247	295,515	-	-	-	893,762		
			37,951,936	15,860,456	30,897,021	4,278,078	-	88,987,491	38,888,303	4,578,678	6,034,079	49,501,060
Financial liabilities - not measured at fair value												
Underwriting provisions:												
	Outstanding claims (including IBNR)*	28	-	-	-	24,345,048	-	-	-	24,345,048		
	Premium received in advance*		-	-	-	1,130,715	-	-	-	1,130,715		
	Insurance / reinsurance payables *	22	-	-	-	3,739,632	-	-	-	3,739,632		
	Other creditors and accruals*		-	-	-	31,693	-	-	-	31,693		
	Lease liabilities*	24	-	-	-	2,447,186	-	-	-	2,447,186		
	Deposits and other liabilities*	25	-	-	-	436,620	-	-	-	436,620		
	Total liabilities of Window Takaful Operations- Operator's Fund*	17	-	-	-	772,823	-	-	-	772,823		
			-	-	-	32,903,717	-	-	-	32,903,717		

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

44.1 Fair value measurement of financial instruments

		2023 (Restated)										
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		
	Equity securities- unquoted	9	6,565,721	-	-	-	-	-	6,565,721	6,565,721		
	Investments of Window Takaful Operations - Operator's Fund	17	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		
	Debt securities of Window Takaful Operations - Operator's Fund	17	-	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	-	-	5,615,956	-	5,615,956		
	Insurance / reinsurance receivables - unsecured and considered good *	13	-	-	7,555,082	-	-	-	-	7,555,082		
	Reinsurance recoveries against outstanding claims *		-	-	20,601,648	-	-	-	-	20,601,648		
	Bank deposits subject to encumbrances* - (Restated)	15	-	-	3,129,193	-	-	-	-	3,129,193		
	Cash and bank * - (Restated)	16	-	-	-	2,123,583	-	-	-	2,123,583		
	Other Assets of Window Takaful Operations - Operator's Fund*	17	-	-	471,508	76,860	-	-	-	548,368		
			25,159,091	9,329,423	34,897,334	2,200,443	-	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)*	28	-	-	-	26,395,403	-	-	-	26,395,403		
	Premium received in advance*		-	-	-	785,284	-	-	-	785,284		
	Insurance / reinsurance payables *	22	-	-	-	3,952,563	-	-	-	3,952,563		
	Other creditors and accruals*	24	-	-	-	2,461,393	-	-	-	2,461,393		
	Lease liabilities*		-	-	-	38,475	-	-	-	38,475		
	Deposits and other liabilities*	25	-	-	-	462,374	-	-	-	462,374		
	Total liabilities of Window Takaful Operations- Operator's Fund*	17	-	-	-	486,464	-	-	-	486,464		
			-	-	-	34,581,956	-	-	-	34,581,956		

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

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

45 Provident fund related disclosure

The following information is based on unaudited financial statements for the year ended December 31, 2024 and unaudited financial statements for the year ended December 31, 2023.

	2024	2023
	----- Rupees in thousand -----	
Size of fund - Total assets	1,742,780	1,410,336
Cost of investments	1,340,324	1,172,251
Fair value of investments	1,703,906	1,313,257
Investments made (Percentage)	100.00%	100.00%

45.1 The break-up of cost of investments is as follows:

	2024	2023	2024	2023
	----- (Percentage) -----		----- Rupees in thousand -----	
Investment in Money Market Collective Investment Scheme	12.60	9.24	168,913	108,315
Investment in Equity Collective Investment Schemes	2.01	2.29	26,934	26,871
Investment in Listed Debt Securities	3.36	3.84	45,000	45,000
Investment in Listed Equity Securities	5.13	5.86	68,693	68,693
Investment in Government Securities	69.38	73.30	929,967	859,273
Bank balances	2.39	1.44	32,071	16,918
Others	5.13	4.03	68,746	47,180
	<u>100.00</u>	<u>100.00</u>	<u>1,340,324</u>	<u>1,172,250</u>

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.

46 Corresponding figures

Wherever considered necessary, corresponding figures have been reclassified for the purpose of comparison and improved presentation.

47 Non - Adjusting events after the statement of financial position date

- 47.1** The Board of Directors of the Company in their meeting held on March 03, 2025 proposed a final cash dividend for the year ended December 31, 2024 @ 15% i.e. Rupees 1.5/- share (2023: 15% i.e. Rupees 1.5/- share). This is in addition to the interim cash dividend @ 15% i.e. Rupees 1.5/- per share (2023: 15% i.e. Rupee 1.5/- per share) resulting in a total cash dividend for the year ended December 31, 2024 of Rupees 3/- per share (2023: 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, 2024 do not include the effect of final dividend which will be accounted for in the financial statements for the year ending December 31, 2025.

Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2024

48 Number of employees

The average number of employees during the year and as at December 31, 2024 and 2023, are as follows:

	2024	2023
	----- Numbers -----	
As at December 31	943	893
Average during the year	923	898

49 Date of authorization for issue

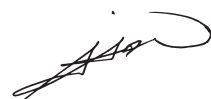
These unconsolidated financial statements were authorized for issue on March 03, 2025 by the Board of Directors of the Company.

50 General

Figures have been rounded off to the nearest thousand rupees unless other wise stated.



Umer Mansha
Chairman



Shaikh Muhammad Jawed
Director



Mohammad Arif Hameed
Director



Muhammad Asim Nagi
Chief Financial Officer



Muhammad Ali Zeb
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

We have audited the annexed consolidated financial statements of Adamjee Insurance Company Limited (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024 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 27.1 to the annexed consolidated financial statements, which describes that the subsidiary company along with other insurance companies had earlier challenged the scope and applicability of provincial sales tax on services on premium received from insurance business in provincial High Courts.

The Hon’ble Sindh High Court has dismissed the case with a direction to reapproach Sindh Revenue Board on the matter of taxability of life and health insurance business. However, the insurance companies have decided to refer the case to and file a constitutional petition in the Supreme Court of Pakistan.

The Subsidiary company has not charged provincial sales tax to its clients, nor has recognized any liability for the impugned sales tax amounting to Rs. 1.34 billion as mentioned in note 27.1 to the financial statements as the management is confident that the final outcome will be in the favour of Subsidiary company based on legal opinion.

Our opinion is not modified in respect of the above matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters.

Sr. No	Key audit matter	How the matter was addressed in our audit
01	<p>Premium / Contribution Earned</p> <p>Refer to notes 3.2.1 and 28 to the consolidated financial statements.</p> <p>The Group’s premium / contribution earned amounts to Rs. 79,470,286 thousand which is generated from premium on insurance policies representing a significant element of the consolidated financial statements of the Group.</p>	<p>Our audit procedures amongst others, included the following:</p> <ul style="list-style-type: none"> Obtaining an understanding of and evaluated the design and implementation of key controls over the process of capturing, processing and recording of premiums.

Sr. No	Key audit matter	How the matter was addressed in our audit
	<p>Premium 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 area as a key audit matter.</p>	<ul style="list-style-type: none"> • Comparing the premiums underwritten on sample determined using an appropriate basis from the underlying policies issued to insurance contract holders. • Testing the policies on sample basis where premium was underwritten close to year end and subsequent to year end to evaluate that revenue from premiums was recognized in the appropriate accounting period. • Recalculating the unearned portion of premium underwritten to evaluate that correct amount has been recorded as revenue for the current period. • Assessing the relevant presentation and disclosures made in the consolidated financial statements to ascertain whether these are in accordance with the accounting and reporting standards as applicable in Pakistan.
02	<p>Valuation of Investments</p> <p>Refer to notes 3.14, 8, 9 and 10 to the consolidated financial statements.</p> <p>The investments of Rs 158,436,985 thousands as at December 31, 2024 held by the Group constitute a significant component of total assets of the Group.</p> <p>The proper valuation of investments portfolio of the Group as at December 31, 2024 was considered a significant area of estimation and therefore, we considered this as a key audit matter.</p>	<p>Our audit procedures amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the process relating to valuation of investment and test the design and implementation of the relevant controls identified in the process. • Assessing that the investment were valued appropriately in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan. • Assessing that net unrealized gains / losses arising on the subsequent measurement of investments were appropriately accounted for in the consolidated financial statements. • Evaluating the management's assessment of available-for-sale investments for any impairment in accordance with the accounting and reporting standards as applicable in Pakistan. • Obtaining independent confirmations for the investment portfolio as at 31 December 2024 and reconciling the contents of the reply with the books and records of the Group. In the instance, where confirmations were not received, alternate audit procedures were performed. Comparing the external statements for security custodian with the books and records of the Group to assess whether the number of scripts have been accurately recorded by the Group. • Performing recalculation by using the data and inputs used in the valuation to assess the accuracy of carrying value of investments at the reporting date.

Sr. No	Key audit matter	How the matter was addressed in our audit
		<ul style="list-style-type: none"> Assessing the appropriateness of the accounting policy adopted by the Group for compliance with the requirements of applicable financial reporting framework.
03	<p>Valuation of Incurred But Not Reported (IBNR) claims reserves</p> <p>Refer to notes 3.2.7, 20.2 and 29 to the consolidated financial statements.</p> <p>As at 31 December 2024, net provision for IBNR amounted to Rs 3,678,167 thousands.</p> <p>The provision for IBNR claims is calculated by the Group as required under Circular No. 9 of 2016 issued by the Securities and Exchange Commission of Pakistan (SECP).</p> <p>As per the SECP Circular No. 9 of 2016, an insurer shall estimate and maintain the provision for IBNR for each class of business by using the prescribed method which is "Chain Ladder Method" or any other alternate method as allowed under the provisions of the Guidelines.</p> <p>The calculation of provision for IBNR claims involves estimation and judgment. Because of the significance of the impact of these judgments / estimations, we considered the area of IBNR as a key audit matter.</p>	<p>Our audit procedures amongst others, included the following:</p> <ul style="list-style-type: none"> Obtaining an understanding of the Group's process and evaluation of the design and implementation of key controls in recognition and valuation of IBNR reserves. Assessing the appropriateness of the Group's accounting policy for recognition and measurement of IBNR reserves, in compliance with applicable accounting and reporting standards. Assessing the consistency of the methods used for calculation of the IBNR reserves and assumptions for the valuation parameters at December 31, 2024 to establish whether these had been subject to any arbitrary discontinuities from those used at December 31, 2023. Performing procedures to evaluate the accuracy, completeness and reliability of the underlying data utilized for the purposes of measurement by reference to its source. Inspecting the report submitted by the Appointed Actuary for the year ended December 31, 2024, in respect of the IBNR reserves and the related methods and assumptions used for this purpose. Appointing an independent actuarial expert to assess the reasonableness of assumptions and methods used by the management's expert in the valuation of IBNR reserves. Our procedures also included evaluating the adequacy of the work performed by our independent appointed actuarial expert; and Assessing the appropriateness of disclosures made in the financial statements to ascertain whether these are complied with the accounting and reporting standards as applicable in Pakistan.

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

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 31 December 2024 but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing

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

Responsibilities of Management and 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 and, the 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the 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 Group as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of consolidated financial position, 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 together with the notes thereon have been drawn up in conformity with Insurance Ordinance, 2000, the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Group's business; and
- d) zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Group and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Other Matter relating to comparative information

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on 04 April 2024.

As part of our audit of the consolidated financial statements as at 31 December 2024, we audited the retrospective adjustments described in note 14.5 to the consolidated financial statements that were applied to restate the comparative information presented for the year ended 31 December 2023.


We were not engaged to audit, or apply any procedures to the consolidated financial statements for the year ended 31 December 2023, other than with respect to the retrospective adjustments described in note 14.5. Accordingly, we do not express an opinion or any other form of assurance on respective financial statements as a whole. However, in our opinion, the retrospective adjustments described in note 14.5 to the consolidated financial statements are appropriate and have been properly applied.

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

Place: Lahore

Date: 27 March 2025

UDIN: AR202410114XmbIQMcpv


KPMG Taseer Hadi & Co.
Chartered Accountants

Directors' Report to the Members on Consolidated Financial Statements For the Year Ended 31 December 2024

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 31 December 2024.

The following appropriation of profit has been recommended by the Board of Directors:

	2024	2023
	----- Rupees in thousand -----	
Profit before tax	8,592,961	5,000,279
Taxation	<u>(3,640,275)</u>	<u>(2,283,364)</u>
Profit after tax	4,952,686	2,716,915
Less: Profit attributable to non-controlling interest	<u>(155,431)</u>	<u>(90,808)</u>
Profit attributable to ordinary shareholders	4,797,255	2,626,107
Unappropriated profit brought forward	<u>19,849,188</u>	<u>18,214,850</u>
Profit available for appropriation	24,646,443	20,840,957
Final dividend for the year ended 31 December 2023 @ 15% (Rupees 1.5/- per share) [31 December 2022 @ 15% (Rupees 1.5/- per share)]	<u>(525,000)</u>	<u>(525,000)</u>
Interim dividend for the half year ended 30 June 2024 @ 15% (Rupee 1.5/- per share) [30 June 2023 @ 15% (Rupee 1.5/- per share)]	<u>(525,000)</u>	<u>(525,000)</u>
Other Comprehensive (Loss) / Income – remeasurement of defined benefit obligation	<u>(854)</u>	<u>58,231</u>
Profit after appropriation	<u>23,595,589</u>	<u>19,849,188</u>
	----- Rupees -----	
	2024	2023
Earnings (after tax) per share - Basic and diluted	<u>13.71</u>	<u>7.50</u>

For and on behalf of the Board

Lahore: March 03, 2025


Shaikh Muhammad Jawed
Director


Muhammad Ali Zeb
Managing Director &
Chief Executive Officer

Consolidated Statement of Financial Position

As at 31 December 2024


	Note	2024	2023	2022
Rupees in thousand				
		(Restated)	(Restated)	(Restated)
ASSETS				
Property and equipment	5	5,734,813	5,385,484	5,433,699
Intangible assets	6	170,102	141,880	158,393
Investment properties	7	2,489,210	2,154,672	1,757,365
Investments				
Equity securities	8	59,506,210	38,403,345	33,961,136
Debt securities	9	87,648,997	66,769,062	42,567,371
Term deposits	10	11,281,778	7,078,102	8,836,433
Loan secured against life insurance policies		8,389	35,975	42,163
Advance against issue of shares		-	-	900,000
Loans and other receivables	11	3,309,457	2,406,313	1,540,534
Insurance / reinsurance receivables	12	8,053,406	7,649,565	8,586,697
Reinsurance recoveries against outstanding claims		15,361,295	20,601,648	14,873,098
Salvage recoveries accrued		400,039	300,921	360,380
Deferred commission expense / acquisition cost	30	3,116,714	2,133,671	1,489,080
Taxation - payment less provisions		207,238	376,524	815,211
Prepayments	13	8,647,219	8,507,372	6,718,394
Bank deposits subject to encumbrances - (Restated)	14	3,040,688	3,129,193	2,729,777
Cash and bank - (Restated)	15	10,228,477	6,050,179	7,863,914
		219,204,032	171,123,906	138,633,645
Total assets of Window Takaful Operations - Operator's Fund	16	2,082,402	1,445,636	1,049,420
Total Assets		221,286,434	172,569,542	139,683,065
EQUITY AND LIABILITIES				
Capital and reserves attributable to the Parent Company's equity holders				
Ordinary share capital	17	3,500,000	3,500,000	3,500,000
Reserves	18	14,933,612	7,963,020	3,522,068
Unappropriated profits		23,595,589	19,849,188	18,214,850
		42,029,201	31,312,208	25,236,918
Non-controlling interest	19	543,268	441,756	374,828
Total Equity		42,572,469	31,753,964	25,611,746
Surplus on revaluation of fixed assets		30,390	30,754	-
LIABILITIES				
Insurance liabilities	20	106,246,825	79,470,020	63,334,304
Underwriting provisions:				
Outstanding claims including IBNR	29	24,345,048	26,395,403	20,726,702
Unearned premium reserves	28	24,971,654	19,343,851	14,996,454
Unearned reinsurance commission	30	439,530	507,332	365,610
Retirement benefits obligations	21	264,197	175,627	206,273
Deferred taxation	22	9,819,967	4,349,859	1,182,532
Premium received in advance		2,478,126	1,031,565	1,007,365
Insurance / reinsurance payables	23	3,887,189	4,054,711	7,134,481
Other creditors and accruals	24	4,621,382	4,391,678	4,105,611
Lease liabilities	25	400,214	115,940	131,622
Deposits against cash margin	26	436,620	462,374	495,392
		71,663,927	60,828,340	50,352,042
Total liabilities of Window Takaful Operations - Operator's Fund	16	772,823	486,464	384,973
Total Equity and Liabilities		221,286,434	172,569,542	139,683,065
Contingencies and commitments	27			

The annexed notes 1 to 49 form an integral part of these consolidated financial statements.


Umer Mansha
Chairman


Shaikh Muhammad Jawed
Director


Mohammad 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 2024

	Note	2024	2023
		----- Rupees in thousand -----	
Net insurance premium / contribution	28	57,231,074	41,976,789
Net insurance claims	29	(42,027,073)	(32,603,123)
Net commission and other acquisition costs	30	(7,424,468)	(5,703,821)
Insurance claims and acquisition expenses		(49,451,541)	(38,306,944)
Management expenses	31	(6,426,570)	(5,595,728)
Net change in insurance liabilities (other than outstanding claims)		(25,292,831)	(15,896,770)
Underwriting results		(23,939,868)	(17,822,653)
Investment income	32	25,017,755	17,508,276
Net fair value gain on financial assets at fair value through profit or loss	33	5,643,684	3,223,460
Rental income	34	126,921	117,741
Other income	35	1,199,013	1,427,607
Fair value adjustment to investment property	7	337,982	268,309
Other expenses	36	(358,761)	(225,542)
Results of operating activities		8,026,726	4,497,198
Finance cost		(8,679)	(4,669)
Profit from Window Takaful Operations - Operator's Fund (Parent Company)	16	574,914	507,750
Profit before taxation		8,592,961	5,000,279
Income tax expense	37	(3,640,275)	(2,283,364)
Profit for the year		4,952,686	2,716,915
Profit attributable to:			
Equity holders of the Parent		4,797,255	2,626,107
Non-controlling interest	19	155,431	90,808
		4,952,686	2,716,915
		----- Rupees -----	
Earnings per share - basic and diluted	38	13.71	7.50

The annexed notes 1 to 49 form an integral part of these consolidated financial statements.

 Umer Mansha Chairman	 Shaikh Muhammad Jawed Director	 Mohammad Arif Hameed Director	 Muhammad Asim Nagi Chief Financial Officer	 Muhammad Ali Zeb Managing Director & Chief Executive Officer
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Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	2024	2023
	----- Rupees in thousand -----	
Profit for the year	4,952,686	2,716,915
Items that will not be subsequently reclassified to profit and loss account		
- Re-measurement (loss) / gain on retirement benefit obligations - net of tax	(854)	58,231
- Surplus on revaluation of fixed assets - net of tax	(364)	30,754
Items that may be subsequently reclassified to profit and loss account		
Unrealized gain on 'available-for-sale' investments - net of tax	7,105,926	3,804,129
Reclassification adjustment relating to 'available for sale' investments disposed off in the year - net of tax	(112,690)	4,968
Unrealized gain on 'available for sale' investment from Window Takaful Operations - net of tax	1,188	-
Net effect of translation of foreign branches	(27,747)	632,975
Other comprehensive income for the year	6,965,459	4,531,057
Total comprehensive income for the year	11,918,145	7,247,972
Total comprehensive income attributable to:		
Equity holders of the Parent	11,766,629	7,156,044
Non-controlling interest	151,516	91,928
	11,918,145	7,247,972

The annexed notes 1 to 49 form an integral part of these consolidated financial statements.



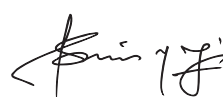
Umer Mansha
Chairman



Shaikh Muhammad Jawed
Director



Mohammad 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 2024

	2024	2023
	----- Rupees in thousand -----	
Cash flows from operating activities		
Underwriting activities		(Restated)
Insurance premiums received	86,615,276	66,295,179
Reinsurance premiums paid	(22,040,244)	(24,043,972)
Claims paid	(52,342,111)	(42,908,645)
Reinsurance and other recoveries received	14,140,236	9,041,279
Commissions paid	(7,840,059)	(5,914,928)
Commissions received	1,083,850	1,150,207
Other underwriting payments	(8,172,743)	(6,125,318)
Net cash inflows / (outflows) from underwriting activities	11,444,205	(2,506,198)
Other operating activities		
Income tax paid	(2,228,261)	(1,053,938)
Other operating payments	(168,838)	(88,670)
Loans advanced	(69,686)	(73,507)
Loans repayments received	75,122	81,435
Other operating receipts	28,516	98,279
Net cash outflows from other operating activities	(2,363,147)	(1,036,401)
Total cash inflows / (outflows) from operating activities	9,081,058	(3,542,599)
Cash flows from investing activities		
Profit / return received from bank deposits	14,948,154	11,533,245
Income from debt securities	392,456	161,325
Bank deposits subject to encumbrances	88,505	(399,416)
Dividends received	4,828,235	4,338,329
Rentals received	211,548	192,609
Payments made for investments	(301,790,959)	(499,981,117)
Loan to policy holder	28,634	11,050
Proceeds from disposal of investments	278,328,138	486,226,708
Fixed capital expenditure - operating assets	(360,893)	(259,798)
Fixed capital expenditure - intangible assets	(66,286)	(33,635)
Proceeds from disposal of operating assets	62,854	47,112
Total cash (outflows) / inflows from investing activities	(3,329,614)	1,836,412
Cash flows from financing activities		
Payments against lease liability	(80,969)	(15,884)
Finance cost paid	(30,073)	(4,674)
Dividends paid	(1,537,104)	(1,286,990)
Total cash outflows from financing activities	(1,648,146)	(1,307,548)
Net cash inflows / (outflows) from all activities	4,103,298	(3,013,735)
Cash and cash equivalents at beginning of the year	6,125,179	9,138,914
Cash and cash equivalents at end of the year	10,228,477	6,125,179

Consolidated Statement of Cash Flow

For the year ended 31 December 2024

2024 2023
----- Rupees in thousand -----

Reconciliation to profit and loss account

Operating cash flows	9,081,058	(3,542,599)
Depreciation and amortization	(336,093)	(325,677)
Finance cost	(19,954)	(21,721)
Provision for retirement benefit obligations	(101,055)	(59,486)
Provision for doubtful balances against insurance / reinsurance receivables	-	(2,660)
Other income - bank and term deposits	1,690,971	2,141,640
Gain on sale of operating assets and derecognition of ROU asset	34,551	25,823
Rental income	129,919	118,848
Revaluation of investment	5,643,684	3,223,460
Fair value adjustment to investment property	337,982	268,309
Increase in assets other than cash	(3,123,370)	6,981,516
Increase in liabilities	(30,017,829)	(19,962,671)
Gain on disposal of investments	5,428,935	1,937,101
Increase in unearned premium	(5,627,803)	(4,347,397)
Increase in loans	(5,436)	(7,928)
Income tax paid	2,228,261	1,053,938
Reversal / (provision) for impairment of 'available-for-sale' investments	265,803	(26,931)
Dividend income	4,369,822	4,039,490
Income from debt securities	14,398,326	10,716,110
Profit for the year from Window Takaful Operations - Operator's fund (Parent Company)	574,914	507,750
Profit for the year	4,952,686	2,716,915
Cash and cash equivalents for the purpose of the cash flow statement consists of:		(Restated)
Cash in hand and equivalents	25,906	33,625
Current and other accounts	10,202,571	6,016,554
Term deposit maturing within three months	-	75,000
	10,228,477	6,125,179

The annexed notes 1 to 49 form an integral part of these consolidated financial statements.



Umer Mansha
Chairman



Shaikh Muhammad Jawed
Director



Mohammad 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 2024

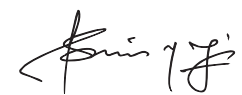
	Share capital		Capital reserves			Revenue reserves		Equity		Non-controlling interest	Total equity
	Issued, subscribed and paid up	Reserve for exceptional losses	Investment fluctuation reserve	Exchange translation reserve	Fair value reserve	Surplus on revaluation of fixed assets	General reserve	Unappropriated profits	attributable to equity holders of the Parent		
----- Rupees in thousand -----											
Balance as at January 01, 2023	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
Profit for the year	-	-	-	-	-	-	-	4,797,255	4,797,255	155,431	4,952,686
Other comprehensive income	-	-	-	(27,747)	6,998,339	(364)	-	(854)	6,969,374	(3,915)	6,965,459
Total comprehensive income for the year ended December 31, 2024	-	-	-	(27,747)	6,998,339	(364)	-	4,796,401	11,766,629	151,516	11,918,145
	3,500,000	22,859	3,764	2,137,672	11,832,817	30,390	936,500	24,645,589	43,109,591	593,272	43,702,863
Transactions with owners, recognized directly in equity											
Final cash dividend at Rs. 1.5 per share - 31 December 2023 - Parent	-	-	-	-	-	-	-	(525,000)	(525,000)	-	(525,000)
Interim cash dividend at Rs. 1.5 per share - 30 June 2024 - Parent	-	-	-	-	-	-	-	(525,000)	(525,000)	-	(525,000)
Final cash dividend at Re. 1 per share - 31 December 2023 - Subsidiary	-	-	-	-	-	-	-	-	-	(25,002)	(25,002)
Interim cash dividend at Re. 1 per share - 30 June 2024 - Subsidiary	-	-	-	-	-	-	-	-	-	(25,002)	(25,002)
	-	-	-	-	-	-	-	(1,050,000)	(1,050,000)	(50,004)	(1,100,004)
Balance as at December 31, 2024	3,500,000	22,859	3,764	2,137,672	11,832,817	30,390	936,500	23,595,589	42,059,591	543,268	42,602,859

The annexed notes 1 to 49 form an integral part of these consolidated financial statements.


Umer Mansha
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Director


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Director


Muhammad Asim Nagi
Chief Financial Officer


Muhammad Ali Zeb
Managing Director &
Chief Executive Officer

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

1 The Group and its operations:

These consolidated financial 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% (2023: 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 117 (2023: 115) branches in addition to 20 (2023: 20) specialized agriculture field offices within Pakistan.

The Parent Company also operates 3 (2023: 3) branches in the United Arab Emirates (UAE) and 1 (2023: 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 8 (2023: 7) 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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 which is 10.01% (2023:10.01%). 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, right of use of assets and their related lease liabilities which are measured at their present value at initial recognition 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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 the year ended December 31, 2024. 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.

Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with Convents along with Classification of liabilities as current or non-current.

Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements.

Amendments to IFRS 16 'Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions.

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.

Standards or Interpretations	Effective from annual period beginning on or after:
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) - Refer note 2.7	January 01, 2026
IFRS 9 - Financial instruments - Refer note 2.8	January 01, 2026
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Adoption of IFRS 17 & IFRS 9 is likely to have a significant impact on the company's financial statements and the Company is in the process of assessing the impact of these standards on the financial statements in accordance with the directives of SECP.

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
- IFRS 10 Consolidated Financial Statements
- IAS 7 Statement of Cash flows

2.7 IFRS 17- Insurance contracts

Pursuant to the requirements of Securities and Exchange Commission of Pakistan SRO 1715 (I)/2023 dated November 21, 2023 IFRS 17 "Insurance Contracts", is applicable to the companies engaged in insurance/takaful and re-insurance/re-takaful business from financial years commencing on or after 01 January 2026.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

IFRS 17, replaces IFRS 4 Insurance Contracts. The new standard will apply to all entities that issue insurance and reinsurance contracts, and to all entities that hold reinsurance contracts. This standards requires entities to identify contracts and its terms and to assess whether they meet the definition of an insurance contract or includes components of an insurance contract. Insurance contracts are required to account for under the recognition/ derecognition of IFRS 17. Companies subject to the requirement of SRO will also be required to adopt requirements of IFRS 9 from the date of transition. On initial application of IFRS 17, comparative information for insurance contracts is restated in accordance with IFRS 17, whereas comparative information for related financial assets might not be restated in accordance with IFRS 9 if the insurer is initially applying IFRS 9 at the same date as IFRS 17.

SECP through its S.R.O.506(l)/2024 has directed that the applicability period of optional temporary exemption from applying IFRS 9 – "Financial Instrument" as given in para 20A of IFRS 4 – "Insurance Contracts" is extended for annual periods beginning before January 1, 2026, subject to fulfilling the same conditions as are prescribed by para 20B of IFRS 4.

2.8 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:

- 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
- All other financial assets

As at December 31, 2024				
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*	-	-	10,228,477	-	-
Investments in equity securities	59,506,210	13,311,962	-	-	-
Investment in debt securities			87,648,997	-	-
Term deposits*	455,017	-	10,826,761	-	-
Loan secured against life insurance policies	-	-	8,389	-	-
Loans and other receivables*	2,987,138	-	1,966	-	-
Total	62,948,365	13,311,962	108,714,590	-	-

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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*	-	-	6,050,179	-	-
Investments in equity securities	38,403,345	10,605,037	-	-	-
Investment in debt securities			66,769,062	-	-
Term deposits*	460,456	-	6,617,646	-	-
Loan secured against life insurance policies	-	-	35,975	-	-
Loans and other receivables*	2,005,647	-	2,370	-	-
Total	40,869,448	10,605,037	79,475,232	-	-

* 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 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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

- 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. according to the terms and conditions of the policy.
- 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 etc. according to the terms and conditions of the policy.
- Accident and health insurance contracts mainly compensate hospitalization and out patient medical coverage to the insured according to the terms 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 the 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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

- 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 the date of issuance of policy / cover note (i.e. the date of attachment of risk).

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.

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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 reserve

In order to comply with the requirements of section 34(2)(d) of the Insurance Ordinance, 2000, a premium deficiency reserve (PDR) 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. No provision for PDR has been made as the unearned premium reserve for each class of business as at the year end is adequate to meet the expected future liability after reinsurance from claims and other expenses, expected to be incurred after the reporting date in respect of policies in force at reporting date.

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:

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- 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.
- for reinsurance contracts operating on a non-proportional basis, and for which the term of the reinsurance contract is not directly referable to the term of any underlying policy or policies, on inception of the reinsurance contract.

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, 2024 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

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For the year ended 31 December 2024

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.

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3.3.6 Group family takaful business

Revenue recognition

Contributions 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.

Notes to the Consolidated Financial Statements

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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.

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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.

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.

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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 by considering expected pattern of economic benefit that the management expects to derive from the item and the maximum period up to which such benefits are expected to be available. Any change in estimates in future years might affect the carrying amounts of the respective items of assets with a corresponding effect on the depreciation charge and impairment.

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 to property and equipment is charged when the item becomes available for intended use and is discontinued when it is 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.

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For the year ended 31 December 2024

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.

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For the year ended 31 December 2024

- 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.

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For the year ended 31 December 2024

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, 2024 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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, 2024.
- 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, 2024.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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 (2023: 60). The most recent valuation is carried out as at December 31, 2024 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, 2024. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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, 2024.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

	Note	2024	2023
		----- Rupees in thousand -----	
5 Property and equipment			
Operating assets	5.1	5,272,728	5,294,880
Capital work in progress	5.2	103,486	16,374
Right of use asset	5.3	358,599	74,230
		5,734,813	5,385,484

5.1 Operating assets

	2024												
	Cost					Depreciation					Net Book value		
	As at Jan 01	Additions / Transfers	Exchange differences and other adjustments	Disposals / Write Offs	Transfer to investment property/ CWIP	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
	----- Rupees in thousand -----												
Freehold:													
Land	1,745,663	-	-	-	-	1,745,663	-	-	-	-	-	-	1,745,663
Building*	2,806,991	-	(8,444)	-	-	2,798,547	538,929	48,629	(3,171)	-	-	584,387	2,214,160
Furniture and fixtures	537,536	7,566	(1,998)	(2,013)	-	541,091	302,411	32,354	(1,353)	(1,072)	-	332,340	208,751
Motor vehicles	905,997	205,065	(1,032)	(82,353)	-	1,027,677	481,397	60,022	(622)	(63,815)	-	476,982	550,695
Machinery and equipment	817,886	19,038	(496)	(25,279)	-	811,149	397,827	46,285	(389)	(23,099)	-	420,624	390,525
Computer equipment	634,852	23,859	(637)	(19,790)	-	638,284	478,984	50,361	(559)	(16,734)	-	512,052	126,232
Leasehold Improvements	71,594	10,023	-	(13,168)	1,295	69,744	26,091	10,410	-	(3,459)	-	33,042	36,702
Total	7,520,519	265,551	(12,607)	(142,603)	1,295	7,632,155	2,225,639	248,061	(6,094)	(108,179)	-	2,359,427	5,272,728
	----- Rupees in thousand -----												
	2023												
	Cost					Depreciation					Net Book value		
	As at Jan 01	Additions / Transfers	Exchange differences and other adjustments	Disposals / Write Offs	Transfer to investment property/ CWIP	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
	----- 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
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
Motor vehicles	855,049	84,213	16,926	(50,191)	-	905,997	452,199	51,277	9,166	(31,245)	-	481,397	424,600
Machinery and equipment	801,418	9,326	8,162	(1,020)	-	817,886	340,101	52,460	6,165	(899)	-	397,827	420,059
Computer equipment	568,328	73,215	10,006	(16,697)	-	634,852	443,318	42,570	8,870	(15,774)	-	478,984	155,868
Leasehold Improvements	64,752	6,989	6,021	(6,168)	-	71,594	19,873	9,144	-	(2,926)	-	26,091	45,503
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

* The Group owns 3 buildings and resulting area of land and 7 corporate offices in Pakistan and 1 corporate office in UAE.

Notes to the Consolidated Financial Statements

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5.1.1 Details of tangible assets disposed off/ written 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 -----							
Furniture and fixtures							
Tables, chairs & counters	77	77	-	11	Negotiation	Independent third party	Muhammad Faisal Qureshi
Tables, chairs & counters	542	318	224	55	Negotiation	Independent third party	Bhatti Scrap House
Tables, chairs & counters	335	218	117	17	Negotiation	Independent third party	Nawaz Ahmed
Tables, chairs & counters	465	111	354	61	Negotiation	Independent third party	Pak Tech Engineering
Tables, chairs & counters	104	15	89	42	Negotiation	Independent third party	Muhammad Zaman
Tables, chairs & counters	97	49	48	22	Negotiation	Independent third party	Asif Kabar Shop
Tables, chairs & counters	75	33	42	12	Negotiation	Independent third party	Eagle Visa Consulting SMC (Pvt) Ltd
Furniture and fixtures	214	171	43	-	Write-off		
Items having book value below Rs. 50,000	104	80	24	41			
	2,013	1,072	941	261			
Motor vehicles (Owned)							
Honda City AKH-506	1,690	1,607	83	733	Auction	Independent third party	Muhammad Ahsan Syed
Honda City BFE-387	1,561	1,034	527	2,290	Auction	Independent third party	Asim Ali
Honda City AYU-694	1,556	1,223	333	1,709	Auction	Independent third party	Nasir Taj Khan
Honda City I-Vtech BFJ-102	2,255	1,649	606	2,493	Auction	Independent third party	Usman Saeed
Honda City I-Vtech BKN-996	2,658	2,246	412	1,826	Auction	Independent third party	Asim Mahmood Bajwa
Honda City 1.3 M/T BEG-609	3,294	2,767	527	1,965	Auction	Independent third party	Muhammad Ashfaq
Honda Civic AUK-604	2,803	2,598	205	1,802	Auction	Independent third party	Sharoz Saleem
Honda Civic LEC-15-4073	2,621	2,011	610	2,333	Auction	Independent third party	Muhammad Irfan
Honda Civic LEH-17-6751	2,428	1,893	535	2,805	Auction	Independent third party	Asim Raffiq
Honda Civic A/T AZJ-726	3,407	2,881	526	2,711	Auction	Independent third party	Muhammad Hanif
Honda Civic Vti AVH-147	3,344	3,022	322	1,730	Auction	Independent third party	Naheed Arshad Butt
Honda Civic Vti LEE-14-5989	3,119	2,590	529	2,284	Auction	Independent third party	Chaudhry Amjad Ali
Suzuki Cultus AVB-651	935	784	151	903	Auction	Independent third party	Muhammad Akram
Suzuki Cultus BCP-835	1,578	1,286	292	1,038	Auction	Independent third party	Naheed Arshad Butt
Suzuki Cultus BKW-102	1,865	1,294	571	803	Auction	Independent third party	Muhammad Asif
Suzuki Cultus LEH-15-5203	1,069	717	352	1,342	Auction	Independent third party	Asif Mahmood
Suzuki Cultus BBC-760	1,374	1,107	267	1,014	Auction	Independent third party	Zaheer Akhtar
Suzuki Cultus BDF-260	1,054	749	305	848	Auction	Independent third party	Muhammad Romail Mansoor
Suzuki Cultus AEX-549	2,039	1,735	304	1,870	Settlement	Insurance Claim	Security General Insurance Company Limited
Suzuki Cultus AXU-561	950	776	174	676	Auction	Independent third party	Muhammad Asif
Suzuki Cultus AZG-960	1,032	802	230	1,211	Auction	Independent third party	Hashir Fareed
Suzuki Cultus LE-19-3166	1,364	834	530	2,191	Auction	Independent third party	Muhammad Ahsan Syed
Suzuki Cultus BKW-107	1,589	1,043	546	1,032	Auction	Independent third party	Shahroz Saleem
Suzuki Mehran LE-16-4893	1,299	1,042	257	830	Auction	Independent third party	Muhammad Waleed Idrees
Suzuki Mehran LEA-16A-8926	1,132	849	283	993	Auction	Independent third party	Muhammad Nauman Khan
Toyota Corolla Gli AUK-823	2,687	2,333	354	1,607	Auction	Independent third party	Choudhary Amjad Ali
Toyota Corolla Gli 1.6 BTE-401	3,470	2,356	1,114	2,325	Auction	Independent third party	Awais Ishaq
Toyota Corolla Gli A/T AFE-252	2,714	1,849	865	2,832	Auction	Independent third party	Muhammad Hanif
Toyota Corolla Xli BPA-032	2,116	1,627	489	2,169	Auction	Independent third party	Nadeed Arshad Butt
Nissan Tida 94916	3,033	2,570	463	537	Auction	Independent third party	Raza
Renault Duster 30298	3,784	3,017	767	427	Auction	Independent third party	Abu Karmo
Mitsubishi Pajero M-62236	3,791	2,749	1,042	910	Auction	Independent third party	Seagull Logistics
Nissan Patrol BB-47738	5,611	2,941	2,670	1,972	Auction	Independent third party	Seagull Logistics
Suzuki Wagon R VXL BKH-217	1,094	1,094	-	1,150	Negotiation	Independent third party	Defence Automobiles
Suzuki Wagon R VXL LEF-18-9322	1,094	1,094	-	756	As per Company policy	Employee	Mr. Hafiz Hassan Jamil- Employee
Suzuki Mehran VXR LEA-18-1262	732	732	-	339	As per Company policy	Employee	Mr. Imran Baig- Employee
Toyota Corolla GLJ BMK-540	1,454	1,454	-	104	As per Company policy	Employee	Mr. Farhan Jiwani- Employee
Toyota Yaris 1.3 AHQ-367	2,651	1,370	1,281	1,932	As per Company policy	Employee	Mr. Mohsin Ejaz- Employee
Items having book value below Rs. 50,000	106	90	16	25			
	82,353	63,815	18,538	56,517			

Notes to the Consolidated Financial Statements

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Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Relationship	Particulars of purchaser
----- Rupees in thousand -----							
Machinery & equipment							
Genset	5,244	5,188	56	67	Auction	Independent third party	Muhammad Asim
Genset	7,092	6,356	736	878	Auction	Independent third party	Muhammad Asim
Genset	3,360	2,979	381	455	Auction	Independent third party	Muhammad Asim
AC's, Fans & UPS	98	98	-	9	Negotiation	Independent third party	Individual purchaser
AC's, Fans & UPS	62	62	-	8	Negotiation	Independent third party	Individual purchaser
AC's, Fans & UPS	95	95	-	5	Negotiation	Independent third party	Individual purchaser
AC's, Fans & UPS	49	49	-	18	Negotiation	Independent third party	Individual purchaser
AC's, Fans & UPS	66	66	-	6	Negotiation	Independent third party	Individual purchaser
AC's, Fans & UPS	75	75	-	7	Negotiation	Independent third party	Individual purchaser
AC's, Fans & UPS	479	479	-	154	Negotiation	Independent third party	Individual purchaser
AC's, Fans & UPS	78	30	48	52	Negotiation	Independent third party	Individual purchaser
AC's, Fans & UPS	98	38	60	59	Negotiation	Independent third party	Individual purchaser
AC's, Fans & UPS	57	57	-	77	Negotiation	Independent third party	Individual purchaser
AC's, Fans & UPS	55	55	-	124	Negotiation	Independent third party	Individual purchaser
Items having book value below Rs. 50,000	8,371	7,472	899	565			
	25,279	23,099	2,180	2,484			
Computer equipment							
Data Center Equipment	1,167	783	384	451	Negotiation	Independent third party	Muhammad Asim
Data Center Equipment	600	392	208	244	Negotiation	Independent third party	Muhammad Asim
Data Center Equipment	4,154	2,715	1,439	1,691	Negotiation	Independent third party	Muhammad Asim
Server, Printers, IP Phones and other IT accessories	3,116	3,085	31	281	Negotiation	Independent third party	Individual purchaser
Server, Printers, IP Phones and other IT accessories	691	218	473	136	Negotiation	Independent third party	Individual purchaser
Server, Printers, IP Phones and other IT accessories	1,469	1,463	6	113	Negotiation	Independent third party	Individual purchaser
Server, Printers, IP Phones and other IT accessories	230	121	109	57	Negotiation	Independent third party	Individual purchaser
Server, Printers, IP Phones and other IT accessories	896	883	13	126	Negotiation	Independent third party	Individual purchaser
Server, Printers, IP Phones and other IT accessories	300	145	155	14	Negotiation	Independent third party	Individual purchaser
Laptop	59	59	-	7	As per Company policy	Employee	Individual purchaser
Laptop	267	202	65	74	As per Company policy	Employee	Individual purchaser
Laptop	77	77	-	8	As per Company policy	Employee	Individual purchaser
Laptop	69	69	-	7	As per Company policy	Employee	Individual purchaser
Laptop	71	71	-	7	As per Company policy	Employee	Individual purchaser
Laptop	141	117	24	23	As per Company policy	Employee	Individual purchaser
Laptop	71	71	-	6	As per Company policy	Employee	Individual purchaser
Laptop	75	75	-	8	As per Company policy	Employee	Individual purchaser
Laptop	74	74	-	7	As per Company policy	Employee	Individual purchaser
Laptop	71	71	-	7	As per Company policy	Employee	Individual purchaser
Laptop	57	57	-	6	As per Company policy	Employee	Individual purchaser
Laptop	57	57	-	6	As per Company policy	Employee	Individual purchaser
Items having book value below Rs. 50,000	6,078	5,929	149	188			
	19,790	16,734	3,056	3,467			
Leasehold improvements							
Leasehold fittings installed in the branches	51	31	20	6	As per Company policy	Independent third party	Individual purchaser
Leasehold fittings installed in the branches	114	54	60	9	As per Company policy	Independent third party	Individual purchaser
Leasehold fittings installed in the branches	54	36	18	17	As per Company policy	Independent third party	Individual purchaser
Leasehold fittings installed in the branches	3,643	871	2,772	29	As per Company policy	Independent third party	Individual purchaser
Leasehold fittings installed in the branches	882	126	756	56	As per Company policy	Independent third party	Individual purchaser
Leasehold improvements	8,411	2,333	6,078	-	Write-off		
Items having book value below Rs. 50,000	13	8	5	8			
	13,168	3,459	9,709	125			
Grand Total	142,603	108,179	34,424	62,854			
Grand Total (2023)	86,670	59,238	27,432	47,112			

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

	Note	2024	2023
		----- Rupees in thousand -----	
5.2 Capital work in progress			
Advance for computer hardware equipment		92,166	13,803
Leasehold improvements		11,320	2,571
		103,486	16,374
5.3 Right of use asset			
As at January 01		74,230	121,399
Derecognition / Adjustments in Agency branches		-	(2,856)
Additions during the year		334,636	23,152
Depreciation charge during the year		(48,098)	(34,953)
Exchange difference		(2,169)	(32,512)
Closing Net Book Value		358,599	74,230
5.3.1 All the right of use assets include premises obtained on rent for branch operations.			
6 Intangible assets			
Intangible assets	6.1	131,250	122,877
Capital work in progress	6.2	38,852	19,003
		170,102	141,880
6.1 Intangible assets			
Cost			
As at January 01		745,239	664,317
Additions during the year		47,120	44,484
Transferred from CWIP		1,681	-
Exchange differences and other adjustments		(3,068)	36,438
As at December 31		790,972	745,239
Less: Accumulated amortization			
As at January 01		622,362	532,515
Amortization charged during the year		39,934	50,620
Exchange differences and other adjustments		(2,574)	39,227
As at December 31		659,722	622,362
Net book value as at December 31		131,250	122,877
Rate of amortization		20.00%	20.00%
6.2 Capital work in progress			
Advance against Intangible assets		38,852	19,003
7 Investment Properties			
Net book value as at January 01		2,154,672	1,757,365
Transfer to property and equipment		-	102,929
Exchange differences and other adjustments		(3,444)	26,069
Unrealized fair value gain		337,982	268,309
Net book value as at December 31		2,489,210	2,154,672

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

Investment property as at December 31, 2024 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. 2,489 million based on a valuation carried out by independent valuers, as at December 31, 2024.

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 Group are valued every year.

The valuer has arranged inquiries and verifications from various estate agents, brokers and dealers, the location and condition of the property, size, utilisation, and current trends in prices of real estate including assumptions that ready buyers are available in the current scenario and analysed through detailed market surveys, the properties that have recently been sold or purchased or offered / quoted for sale into given vicinity to determine the best estimates of the fair value.

Significant unobservable Inputs

The valuation has been carried out considering the significant unobservable inputs including segment and location of the property, size, utilization and current trends in price of real estate in close proximity, construction cost rates, current market rents for similar properties including assumptions that ready buyers are available in the current market which is analysed 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.

Sensitivity analysis

If the market price per Kanal or per Square Foot, were to increase/decrease by 1%, the fair value of the investment property would increase/decrease by Rs. 24.89 million.

Fair value hierarchy

The investment properties are classified within the Level 3 of the fair value hierarchy because it is valued using significant unobservable inputs.

	Note	2024	2023
		----- Rupees in thousand -----	
8 Investments in equity securities			
Available-for-sale	8.1	37,093,605	24,865,242
Fair value through profit or loss	8.2	22,412,605	13,538,103
		<u>59,506,210</u>	<u>38,403,345</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

Note	2024				2023				
	Cost	Impairment / provision	Unrealized gain / (loss)	Carrying value	Cost	Impairment / provision	Unrealized gain / (loss)	Carrying value	
8.1 Available-for-sale	----- Rupees in thousand -----								
Related parties									
Listed shares	8.1.1	10,785,642	(32,988)	9,657,514	20,410,168	10,400,757	(31)	1,770,833	12,171,559
Unlisted shares	8.1.2	2,882,316	-	3,151,763	6,034,079	2,882,316	-	3,683,404	6,565,720
		13,667,958	(32,988)	12,809,277	26,444,247	13,283,073	(31)	5,454,237	18,737,279
Others									
Listed shares	8.1.3	4,987,125	(1,673,103)	6,524,691	9,838,713	5,593,252	(1,971,864)	2,456,437	6,077,825
Mutual Funds	8.1.4	769,926	(16,366)	55,328	808,888	50,447	(16,366)	15,105	49,186
NIT Units	8.1.5	161	-	1,596	1,757	161	-	791	952
		5,757,212	(1,689,469)	6,581,615	10,649,358	5,643,860	(1,988,230)	2,472,333	6,127,963
		19,425,170	(1,722,457)	19,390,892	37,093,605	18,926,933	(1,988,261)	7,926,570	24,865,242

8.1.1 Related parties- Listed Shares

Company's Name	Face value Rupees	No. of shares		Market Value	
		2024	2023	2024	2023
--- Rupees in thousand ---					
Commercial Banks					
MCB Bank Limited [Equity held 4.998% (2023: 4.998%)]	10	59,225,639	59,225,639	16,660,172	10,219,384
Textile Composite					
Nishat Mills Limited [Equity held 0.001% (2023: 0.001%)]	10	2,050	2,050	220	157
Power Generation & Distribution					
Pakgen Power Limited [Equity held 6.889% (2023: 6.889%)]	10	25,631,181	25,631,181	2,540,050	1,305,909
Power Generation & Distribution					
Nishat Chunian Power Limited [Equity held 2.191% (2023: Nil)]	10	8,050,000	-	217,109	-
Power Generation & Distribution					
Lalpir Power Limited [Equity held 7.200% (2023: 7.200%)]	10	27,348,388	27,348,388	594,554	617,527
Nishat Power Limited [Equity held 0.26% (2023: 0.26%)]	10	923,500	923,500	32,655	28,582
Investment Companies					
MCB Arif Habib Savings & Investment Limited [Equity held 7.59% (2023: Nil%)]	10	5,462,000	-	365,408	-
		126,642,768	113,130,758	20,410,168	12,171,559

8.1.1.1 7,700,000 (2023 : 5,700,000) 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 and as collateral for NCCPL.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

8.1.2 Related Parties - Unlisted shares	Face value Rupees	No. of shares		Market Value	
		2024	2023	2024	2023
Company's Name				--- Rupees in thousand ---	
Hyundai Nishat Motor (Private) Limited [Equity held 10.000% (2023: 10.000%)]	10	195,623,000	195,623,000	3,413,621	3,407,753
Security General Insurance [Equity held 14.224% (2023: 14.224%)]	10	9,681,374	9,681,374	2,620,458	3,157,967
		205,304,374	205,304,374	6,034,079	6,565,720
8.1.2.1 Company's Name					
Automobile Assembler					
Hyundai Nishat Motor (Private) Limited [Equity held 10.000% (2023: 10.000%)]	10	195,623,000	195,623,000	3,413,621	3,407,753

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. 17.45 per ordinary share as at December 31, 2024 (Rs. 17.42 per ordinary share as at December 31, 2023) 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 44 to these unconsolidated financial statements.

The significant assumptions used in this valuation technique are as follows:

- Discount rate of 17.59% (2023: 24.14%) per annum.
- Terminal growth rate in revenue of 2% (2023: 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, 2024 would be Rs. 193,667 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, 2024 would be Rs. 105,636 thousand higher.

8.1.2.2 Company's Name	Face value Rupees	No. of shares		Market Value	
		2024	2023	2024	2023
Security General Insurance Company Limited [Equity held 14.224% (2023: 14.224%)]	10	9,681,374	9,681,374	2,620,458	3,157,968

--- Rupees in thousand ---

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. 270.67 per ordinary share as at December 31, 2024 (Rs. 326.19 per ordinary share as at December 31, 2023) 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 44 to these unconsolidated financial statements.

The significant assumptions used in this valuation technique are as follows:

- Discount rate of 13.96% (2023: 25%) per annum.
- Terminal growth rate of 4% (2023: 2%) per annum.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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, 2024 would be Rs. 239,977 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, 2024 would be Rs. 207,547 thousand higher.

8.1.3 Others - listed shares	Company's Name	Face value Rupees	2024 No. of shares	2023	Market Value	
					2024	2023
					--- Rupees in thousand ---	
	Automobile Assembler					
	Millat Tractors Limited	10	2,816,397	2,816,397	1,749,799	1,637,087
	Cable & Electrical Goods					
	Siemens (Pakistan) Engineering Company Limited	10	148,131	148,131	223,694	99,058
	Cement					
	Fecto Cement Limited	10	645,100	645,100	74,167	25,843
	Close - End Mutual Fund					
	HBL Investment Fund 'A'	10	4,113,500	4,113,500	17,236	14,192
	Commercial Banks					
	Allied Bank Limited	10	6,277,500	6,277,500	865,479	521,033
	Habib Bank Limited	10	680,300	330,300	118,685	36,610
	National Bank of Pakistan	10	4,935,440	7,967,450	330,280	255,834
	United Bank Limited	10	-	1,250,000	-	222,300
	Fertilizer					
	Engro Fertilizers Limited	10	12,707	12,707	2,595	1,426
	Fauji Fertilizer Company Limited	10	9,998,900	9,998,900	3,662,797	1,131,775
	Food & Personal Care Products					
	Nestle Pakistan Limited	10	5,740	5,740	42,763	47,085
	Rafhan Maize Products Limited	10	70,304	70,304	632,735	702,899
	Insurance					
	Pakistan Reinsurance Company Limited	10	860,529	860,529	13,519	6,617
	Investment Companies					
	Dawood Hercules Corporation	10	2,220,100	2,220,100	576,804	238,972
	MCB Arif Habib Savings & Investment Limited	10	-	5,462,000	-	154,575
	Oil & Gas Exploration Companies					
	Oil & Gas Development Company Limited	10	1,524,300	1,524,300	346,412	171,408
	Sui Northern Gas Pipelines Limited	10	3,876,935	5,126,935	433,984	376,932
	Paper & Board					
	Packages Limited	10	11,750	11,750	6,998	6,229
	Pharmaceuticals					
	Abbott Laboratories Pakistan Limited	10	369,400	369,400	457,265	170,002
	Power Generation & Distribution					
	Kot Addu Power Company Limited	10	5,731,000	5,731,000	215,486	162,932
	Saif Power Limited	10	4,935,882	4,935,882	68,016	95,016
			49,233,915	59,877,925	9,838,714	6,077,825

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

8.1.3.1 5,200,000 (2023 : 5,200,000) 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.

8.1.4 Others-Mutual Fund Certificates

Open-Ended-Mutual Funds

No. of units		Face value	Fund Name	Market Value		
				2024	2023	
2024	2023	Rupees			----- Rupees in thousand -----	
60,341	55,419	100	Alfalah GHP Money Market Fund	6,504	5,481	
31,575	29,026	100	HBL Cash Fund	3,544	2,991	
4,469,715	4,234,548	10	HBL Investment Fund - Class B	71,574	40,714	
968,240	-	100	Alfalah Islamic Money Market Fund	105,323	-	
2,318,613	-	100	Alhama Government Securities Plan-1	258,587	-	
7,099,364	-	10	ABL Islamic Income Fund	80,280	-	
3,545,756	-	50	Meezan Sovereign Fund	203,229	-	
6,876,357	-	10	NBP Financial Sector Income Fund	79,847	-	
25,369,961	4,318,993			808,888	49,186	

8.1.5 Open-Ended Equity Funds

No. of units		Face value	Fund Name	Market Value		
				2024	2023	
2024	2023	Rupees			----- Rupees in thousand -----	
12,540	12,540	10	National Investment Trust	1,757	952	

8.2 Fair value through profit or loss

Related Party	Note	2024				2023			
		Cost	Impairment / provision	Unrealized gain / (loss)	Carrying value	Cost	Impairment / provision	Unrealized gain / (loss)	Carrying value
----- Rupees in thousand -----									
Listed shares	8.2.1	2,132,393	-	1,157,405	3,289,798	1,535,048	-	667,818	2,202,866
Mutual Funds	8.2.2	3,081,754	-	2,258,269	5,340,023	3,129,148	-	1,852,193	4,981,341
		5,214,147	-	3,415,674	8,629,821	4,664,196	-	2,520,011	7,184,207
Others									
Listed shares	8.2.3	10,230,666	-	1,470,377	11,701,043	5,377,513	-	976,383	6,353,896
Mutual Funds	8.2.6	1,623,758	-	457,983	2,081,741	-	-	-	-
		11,854,424	-	1,928,360	13,782,784	5,377,513	-	976,383	6,353,896
		17,068,571	-	5,344,034	22,412,605	10,041,709	-	3,496,394	13,538,103

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

	Face value Rupees	2024	2023	Market Value	
		No. of shares		2024	2023
--- Rupees in thousand ---					
8.2.1 Related parties- Listed Shares					
Company's Name					
Commercial Banks					
MCB Bank Limited	10	10,155,286	10,637,598	2,856,680	1,835,518
Textile Composite					
Nishat Chunian Limited	10	9,675,664	5,730,098	339,519	148,696
Nishat Mills Limited	10	-	400,000	-	30,688
Power Generation & Distribution					
Nishat Chunian Power Limited	10	3,470,475	2,000,000	93,599	55,940
Cement					
D.G. Khan Cement Company Limited	10	-	1,705,731	-	132,024
		23,301,425	20,473,427	3,289,798	2,202,866

8.2.2 Related parties- Mutual Fund Certificates

Open-Ended-Mutual Funds

No. of units		Face value Rupees	Fund's Name	Market Value	
2024	2023			2024	2023
----- Rupees in thousand -----					
8,715,370	14,038,557	50	MCB Pakistan Stock Market Fund	1,985,548	1,862,810
58,448,080	149,237,689	10	Alhamra Islamic Stock Fund	1,281,766	2,093,805
8,672,001	667,028	100	Alhamra Islamic Income Fund	987,267	75,779
2,415,312	5,506,794	50	Alhamra Islamic Asset Allocation Fund	375,885	522,441
759,297	540,454	100	MCB Pakistan Dividend Yield Plan / Opportunity Fund Opportunity Fund	176,104	81,073
1,016,279	2,932,844	100	Pakistan Asset Allocation Fund	175,013	337,190
1,079,336	-		Alhamra Opportunity Fund-Dividend Strategy Plan	156,612	-
1,392,263	1,978	100	MCB Cash Management Optimizer	154,996	201
334,538	-		Alhamra Cash Management Optimizer	36,389	-
172,630	134,363	50	MCB Pakistan Sovereign Fund	10,406	8,042
2,328	-		Pakistan Income Fund	37	-
83,007,434	173,059,707			5,340,023	4,981,341

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

	Face value Rupees	2024	2023	Market Value	
		No. of shares		2024	2023
--- Rupees in thousand ---					
8.2.3 Others - listed shares					
Company's Name					
Automobile Assembler					
Agriauto Industries Limited	5	371,087	366,630	40,333	36,575
Atlas Honda Limited	10	-	152,300	-	53,430
Indus Motors Company Limited	10	4,290	127,175	9,136	152,599
Honda Atlas Cars (Pakistan) Limited	10	-	1,035	-	221
Automobile Part & Accessories					
Atlas Battery Limited		271,532	-	103,384	-
Exide Pakistan Limited		107,887	-	86,444	-
Panther Tyres Limited	10	6,241,342	-	291,096	-
Cable & Electrical Goods					
Lotte Chemical Pakistan Limited	10	1,508,059	-	31,533	-
Cement					
Attock Cement Pakistan Limited		-	365,068	-	35,127
Cherat Cement Company Limited	10	1,230,112	12,149	336,669	1,980
Fauji Cement Company Limited	10	-	39,022,777	-	738,311
Lucky Cement Limited	10	56,513	662,384	62,192	521,283
Maple Leaf Cement Factory Limited	10	-	7,871,073	-	306,342
Pioneer Cement Limited	10	73,007	651,442	14,678	74,877
Leather & Tanneries					
Bata Pakistan Limited	10	146,451	162,175	295,663	280,924
Commercial Banks					
Bank Alfalah Limited	10	13,338,792	-	1,111,508	-
BankIslami Pakistan Limited	10	1,350,000	-	31,010	-
Faysal Bank Limited	10	18,439,419	5,946,728	893,943	193,744
Habib Bank Limited	10	5,032,970	-	878,052	-
Habib Metropolitan Bank Limited	10	4,063,478	2,339	353,523	129
Meezan Bank Limited	10	6,362,915	462,947	1,539,635	74,701
National Bank of Pakistan	10	6,084,590	1,000,000	407,182	32,110
United Bank Limited	10	519,114	-	198,421	-
Engineering					
Mughal Iron & Steel Industries Limited	10	6,193,294	6,570,262	496,083	434,819
Chemical					
Dynea Pakistan Limited	10	289,761	321,300	64,576	59,505
Sitara Chemical Industries Limited	10	444,275	-	139,952	-
Nimir Industrial Chemicals Limited	10	368,679	47,500	53,090	4,940
Fertilizer					
Engro Corporation Limited	10	6,500	861,531	2,894	254,074
Engro Fertilizer Limited	10	328,500	-	67,076	-
Fatima Fertilizer Company Limited	10	3,272,660	-	256,185	-
Fauji Fertilizer Company Limited	10	-	571,188	-	64,653

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

8.2.4 Others - listed shares (continued)	Company's Name	Face value Rupees	No. of shares		Market Value	
			2024	2023	2024	2023
			--- Rupees in thousand ---			
	Food & Personal Care Products					
	Murree Brewery Company Limited	10	447,138	513,389	321,166	172,232
	National Foods Limited	5	1,154,244	1,280,500	223,093	185,673
	Rafhan Maize Products Company Limited	10	8,955	3,920	80,595	39,192
	Pakistan Tobacco Company Limited		383,353	116,271	510,545	131,454
	Insurance					
	IGI Holdings Limited	10	50,000	440,900	8,711	48,653
	Jubilee General Insurance Limited		200,000	-	11,496	-
	Jubilee Life Insurance Company Limited		-	2,459	-	335
	Textile Composite					
	Gul Ahmed Textile Mills Limited	10	9,331,314	5,315,256	236,176	114,810
	Interloop Limited	10	11,791,217	2,534,190	810,292	182,462
	Technology & Communication					
	Pakistan Telecommunication Company Limited	10	2,004,498	-	54,663	-
	Systems Limited	10	55,677	446,110	34,601	188,953
	Oil & Gas Exploration Companies					
	Mari Petroleum Company Limited	10	1,550	139,063	1,116	291,490
	Oil & Gas Development Company Limited	10	298,504	1,898,559	67,838	213,493
	Pakistan Oilfields Limited	10	267,103	-	168,708	-
	Paper & Board					
	Packages Limited	10	-	398,015	-	210,983
	Century Paper & Board Mills Limited	10	-	17,000	-	554
	Pharmaceuticals					
	Abbott Laboratories Pakistan Limited	10	321,721	380,350	398,245	175,040
	AGP Limited	10	-	2,911,008	-	204,672
	Citi Pharma Limited		-	136,540	-	3,241
	Ferozsons Laboratories Limited		-	32,200	-	7,105
	Glaxosmithkline Consumer Healthcare Pakistan	10	-	540,262	-	91,310
	Highnoon Laboratories Limited	10	95,963	247,159	88,115	124,707
	The Searle Company Limited	10	425	-	44	-
	Power Generation & Distribution					
	Hub Power Company Limited	10	-	455,000	-	53,276
	Miscellaneous					
	Synthetic Products Enterprises Limited	10	-	-	-	-
	Shabbir Tiles & Ceramics Limited		3,734,706	2,496,587	60,091	35,576
	Pakistan Aluminum Beverage Cans Limited	10	-	630,000	-	47,609
	Lucky Core Industries Limited	10	32,961	84,103	35,472	65,483
	Hum Network Limited	1	50,000,000	18,586,000	733,500	127,313
	Shifa International Hospitals Limited	10	-	638,510	-	89,564
	Oil & Gas Marketing Companies					
	Attock Petroleum Limited	10	2,427	37,327	1,346	14,129
	Hi-Tech Lubricants Limited	10	-	9,000	-	236
8.2.5 Others - listed shares	Company's Name					
	Refinery					
	Pakistan Petroleum Limited	10	446,929	1,860,441	90,972	214,007
			156,733,912	107,328,122	11,701,043	6,353,896

Notes to the Consolidated Financial Statements

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8.2.6 Others-Mutual Fund Certificates

Open-Ended-Mutual Funds

Fund's Name

Faysal Islamic Sovereign Plan I
Faysal Islamic Special Income Plan III
NBP Income Fund of Fund-NBP Cash Plan I

	No. of shares		Market Value	
	2024	2023	2024	2023
			--- Rupees in thousand ---	
	12,331,796	-	1,358,716	-
	6,619,336	-	717,820	-
	474,037	-	5,205	-
	19,425,169	-	2,081,741	-

9 Investments in debt securities

Held to maturity

Treasury Bills
Pakistan Investment Bonds
Government bonds

Note 2024 2023
----- Rupees in thousand -----

Fair value through profit or loss

Term Finance Certificate
Corporate Sukuks
Ijara Sukuks
Treasury Bills
Pakistan Investment Bonds

9.1.1	2,509,665	431,264
9.1.2	1,460,578	1,343,083
	557,017	-
	4,527,260	1,774,347
9.2.1	1,991,907	2,087,561
9.2.2	1,547,374	1,541,472
9.2.3	9,110,186	8,412,527
9.2.4	36,780,309	37,193,487
9.2.5	33,691,961	15,759,668
	83,121,737	64,994,715
	87,648,997	66,769,062

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	
					2024	2023
----- Rupees in thousand -----						
454,400,000	21.65%	On maturity	12 Month Treasury Bills	2024	-	431,264
300,000,000	20.26%	On maturity	12 Month Treasury Bills	2025	291,134	-
325,000,000	20.90%	On maturity	12 Month Treasury Bills	2025	310,832	-
375,000,000	20.84%	On maturity	12 Month Treasury Bills	2025	358,692	-
500,000,000	20.85%	On maturity	12 Month Treasury Bills	2025	474,938	-
300,000,000	20.36%	On maturity	12 Month Treasury Bills	2025	281,360	-
500,000,000	19.98%	On maturity	12 Month Treasury Bills	2025	466,225	-
350,000,000	19.85%	On maturity	12 Month Treasury Bills	2025	326,484	-
					2,509,665	431,264

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

9.1.2 Pakistan Investment Bonds

Face value rupees in thousand	Yield Rate %	Profit Payment	Type of Security	Maturity year	Carrying amount	
					2024	2023
					----- Rupees in thousand -----	
300,000,000	19.05%	Semi-Annually	5 Years Pakistan Investment Bonds	2028	291,230	309,466
700,000,000	18.80%	Semi-Annually	5 Years Pakistan Investment Bonds	2028	682,868	726,412
100,000,000	18.80%	Semi-Annually	5 Years Pakistan Investment Bonds	2028	97,546	103,765
200,000,000	15.20%	Semi-Annually	5 Years Pakistan Investment Bonds	2028	195,462	203,440
200,000,000	20.53%	Semi-Annually	5 Years Pakistan Investment Bonds	2029	193,472	-
					1,460,578	1,343,083

Pakistan Investment Bonds with face value of Rs. 400,000 thousands are placed with State Bank of Pakistan under section 29 of the Insurance Ordinance, 2000.

9.2 Fair value through profit or loss

9.2.1 Term Finance Certificates

Face value Rupees in thousand	Coupon Rate %	2024		2023	Company's Name	Carrying amount	
		No. of certificates				2024	2023
						----- Rupees in thousand -----	
100,000	22.99%	100		100	Askari Bank Limited VI	100,000	100,000
100,000	22.62%	100		100	Askari Bank Limited VII	99,500	99,500
959,223	23.70%	195,000		195,000	Bank Al Habib Limited	959,223	952,300
100,000	9.03%	-		20,000	Bank Alfalah Limited	-	99,433
50,000	24.20%	500		500	Habib Bank Limited II	50,000	50,000
424,660	24.56%	4,250		4,250	Samba Bank Limited	424,405	423,953
7,200	22.72%	-		600	Ghani Chemical Industries Limited	-	2,455
100,000	24.02%	1,000		1,000	The Bank of Punjab I	98,211	100,334
257,484	23.30%	2,580		2,580	The Bank of Punjab II	260,568	259,586
						1,991,907	2,087,561

9.2.2 Corporate Sukuks

Face value Rupees in thousand	Yield Rate %	2024		2023	Company's Name	Carrying amount	
		No. of certificates				2024	2023
						----- Rupees in thousand -----	
580,730	9.00%	115,000		115,000	Pakistan Energy - Sukuk II	580,730	575,173
500,000	12.90%	500		500	Meezan Bank Limited	504,101	501,250
440,499	12.46%	450		450	Meezan Bank Limited II	440,499	442,917
22,044	12.83%	22		22	Dubai Islamic Bank (Pakistan) Limited	22,044	22,132
						1,547,374	1,541,472

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

9.2.3 Ijara Sukuks

Face value Rupees in thousand	Yield Rate %	Profit Payment	Type of Security	Maturity year	Carrying amount	
					2024	2023
					----- Rupees in thousand -----	
2,341,965	9.28% - 13.41%	On maturity	GOP Ijara Sukuk 1 Year	2025	2,234,764	-
1,774,625	20% - 22%	On maturity	GOP Ijara Sukuk 1 Year	2024	-	1,773,391
1,773,000	11.61% - 14.84%	On maturity	GOP Ijara Sukuk 3 Years	2026	1,920,657	1,811,693
297,500	11.25% - 15.59%	On maturity	GOP Ijara Sukuk 3 Years	2027	308,701	-
100,000	12.17%	On maturity	GOP Ijara Sukuk 5 Years	2025	97,920	83,790
527,500	10.96%	On maturity	GOP Ijara Sukuk 5 Years	2026	531,459	459,347
700,000	12.77% - 13.50%	On maturity	GOP Ijara Sukuk 5 Years	2028	762,650	703,500
535,000	11.44% - 14.97%	On maturity	GOP Ijara Sukuk 5 Years	2029	567,697	-
995,000	19.64% - 22.55%	On maturity	GOP Ijara Sukuk 1 Year	2024	-	1,000,809
535,000	8.77% - 11.32%	On maturity	GOP Ijara Sukuk 3 Years	2026	546,474	535,642
25,000	10.29%	On maturity	GOP Ijara Sukuk 3 Years	2027	25,700	-
630,000	10.1% - 14.40%	On maturity	GOP Ijara Sukuk 5 Years	2025	642,862	634,035
475,000	12.55% - 12.80%	On maturity	GOP Ijara Sukuk 5 Years	2026	485,714	481,500
264,900	12.47% - 12.88%	On maturity	GOP Ijara Sukuk 5 Years	2027	273,240	269,084
660,000	11.41% - 14.36%	On maturity	GOP Ijara Sukuk 5 Years	2028	686,598	659,736
25,000	10.72%	On maturity	GOP Ijara Sukuk 5 Years	2029	25,750	-
					9,110,186	8,412,527

9.2.4 Treasury Bills

Face value Rupees in thousand	Yield Rate %	Profit Payment	Type of Security	Maturity year	Carrying amount	
					2024	2023
					----- Rupees in thousand -----	
28,983,025	11.90% - 12.86%	On maturity	12 Months Treasury Bills	2025	27,222,783	-
6,560,000	11.92% - 12.86%	On maturity	3 Months Treasury Bills	2025	6,432,702	-
3,265,000	11.90% - 12.86%	On maturity	6 Months Treasury Bills	2025	3,124,824	-
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
					36,780,309	37,193,487

9.2.5 Pakistan Investment Bond

Face value Rupees in thousand	Yield Rate %	Profit Payment	Type of Security	Maturity year	Carrying amount	
					2024	2023
					----- Rupees in thousand -----	
10,000	11.98%	On maturity	3 years Pakistan Investment Bond	2025	9,887	8,757
500	12.10%	On maturity	5 years Pakistan Investment Bond	2025	483	417
3,150,000	11.75% - 12.25%	On maturity	2 years Pakistan Investment Bond	2026	2,584,108	-
7,000,000	12.20%	On maturity	3 years Pakistan Investment Bond	2026	6,981,312	-
2,850,000	17.30%	On maturity	3 years Pakistan Investment Bond	2026	-	2,552,217
4,200	12.33%	On maturity	3 years Pakistan Investment Bond	2027	4,356	-
275,000	12.32% - 12.33%	On maturity	5 years Pakistan Investment Bond	2027	259,356	-
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
2,340,000	12.36% - 12.38%	On maturity	5 years Pakistan Investment Bond	2029	2,467,643	-
1,470,000	12.31%	On maturity	10 years Pakistan Investment Bond	2030	1,208,094	1,016,583
1,750,000	22.85%	On maturity	5 years Pakistan Investment Bond	2026	-	1,717,100
840,000	22.59%	On maturity	5 years Pakistan Investment Bond	2027	-	815,304
38,000	14.18%	On maturity	5 years Pakistan Investment Bond	2027	37,324	-
7,840,000	23.90%	On maturity	5 years Pakistan Investment Bond	2028	-	7,597,071
12,040,000	12.89% - 17.53%	On maturity	5 years Pakistan Investment Bond	2028	11,758,013	-
50,000	13.86%	On maturity	10 years Pakistan Investment Bond	2028	49,265	48,985
8,056,800	12.89% - 15.01%	On maturity	5 years Pakistan Investment Bond	2029	7,832,166	-
500,000	12.63%	On maturity	10 years Pakistan Investment Bond	2030	499,954	491,900
1,400,000	23.29%	On maturity	10 years Pakistan Investment Bond	2031	-	1,326,640
					33,691,961	15,759,668

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

	Note	2024	2023
		----- Rupees in thousand -----	
10 Investments in Term Deposits			
Deposits maturing within 12 months			
Inside Pakistan			
- others		-	75,000
		-	75,000
Outside Pakistan			
- related parties		2,089,041	2,020,329
- others		9,192,737	4,982,773
		11,281,778	7,003,102
	10.1	11,281,778	7,078,102

10.1 These include fixed deposits amounting to Rs. 455,017 thousands (AED 6,000 thousands) [2023: Rs. 460,456 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	2024	2023
		----- Rupees in thousand -----	
11 Loans and other receivables - considered good			
Rent receivable		9	7,017
Accrued investment income		1,894,711	1,474,089
Security deposits		118,837	108,818
Receivable from gratuity fund	21.3	-	11,791
Advances to employees and suppliers		314,557	383,754
Advance agent commission		5,796	2,751
Loans to employees		77,301	83,542
Receivable against the sale of investment		72,792	98,143
Receivable from salvage buyers		309,858	137,271
Receivable from Window Takaful Operations		338,097	-
Other receivables		177,499	99,137
		3,309,457	2,406,313
12 Insurance / reinsurance receivables - unsecured and considered good			
Due from insurance contract holders	12.1	8,637,096	8,608,373
Provision for impairment of receivables from insurance contract holders	12.2	(1,631,532)	(1,648,180)
		7,005,564	6,960,193
Due from other insurers / reinsurers		1,249,144	890,674
Provision for impairment of due from other insurers / reinsurers	12.3	(201,302)	(201,302)
		1,047,842	689,372
		8,053,406	7,649,565

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

12.1 Due from insurance contract holders include an amount Rs. 386,388 thousands (2023: Rs. 469,780 thousands) held with related parties.

	Note	2024	2023
		----- Rupees in thousand -----	
12.2 Reconciliation of provision for impairment of receivables from insurance contract holders			
Balance as at 01 January		1,648,180	1,371,044
Charge for the year		-	2,660
Written off against provision		-	(2,660)
Exchange difference		(16,648)	277,136
Balance as at 31 December		1,631,532	1,648,180
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	28	8,370,324	8,298,195
Prepaid miscellaneous expenses		276,895	209,177
		8,647,219	8,507,372
14 Bank deposits subject to encumbrances			
Inside Pakistan			(Restated)
Saving accounts under lien	14.1	549,011	592,982
Margin against guarantee	14.2	83,999	83,999
		633,010	676,981
Outside Pakistan			
Current accounts under lien	14.3	128,800	146,094
Margin against guarantee	14.4	2,278,878	2,306,118
		2,407,678	2,452,212
		3,040,688	3,129,193

14.1 This represents lien 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 and for claims under litigation filed against the Parent Company.

14.2 This represents margin against bank guarantee, kept with banks in Pakistan essentially in respect of guarantees issued by the banks on behalf of the Parent Company for claims under litigation filed against the Parent Company and bid bond guarantees.

14.3 This represents lien 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 UAE operations of the Parent Company.

14.4 This represents margin provided for a bank guarantee issued outside Pakistan in favor of the Central Bank of the UAE to meet regulatory requirement of the Parent Company.

14.5 In previous years, the Group had classified amount of bank deposits under lien and held as margin against guarantees as cash and bank considering that these deposits met the definition of 'cash' as per IAS 7 'Statement of Cash Flows'. However,

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

as per the requirements of accounting and reporting standards as applicable in Pakistan, deposits that cannot be accessed on demand should have been presented in statement of financial position as other financial assets.

Accordingly, as per IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', the Group has reclassified its comparative figures as follows:

	As at 31 December 2023		
	As previously reported	Adjustments Increase/ (Decrease)	As restated
	----- Rupees in thousand -----		
Consolidated Statement of Financial Position			
Assets			
Cash and bank	9,179,372	(3,129,193)	6,050,179
Bank deposits subject to encumbrances	-	3,129,193	3,129,193
For the year ended December 31, 2023			
	As previously reported	Adjustments Increase/ (Decrease)	As restated
	----- Rupees in thousand -----		
Consolidated condensed interim Statement of Cash flow			
Net cash outflows from all activities	<u>(2,614,319)</u>	<u>(399,416)</u>	<u>(3,013,735)</u>
Cash flows from investing activities	<u>2,235,828</u>	<u>(399,416)</u>	<u>1,836,412</u>
As at 31 December 2023			
	As previously reported	Adjustments Increase/ (Decrease)	As restated
	----- Rupees in thousand -----		
Cash and cash equivalents	<u>9,254,372</u>	<u>(3,129,193)</u>	<u>6,125,179</u>
As at 31 December 2022			
	As previously reported	Adjustments Increase/ (Decrease)	As restated
	----- Rupees in thousand -----		
Cash and cash equivalents	<u>11,868,691</u>	<u>(2,729,777)</u>	<u>9,138,914</u>

14.5.1 There is no impact on operating and financing cash flows or retained earnings for the year ended December 31, 2023.

14.5.2 There is no impact on profit after tax for the year ended December 31, 2023

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2024 **2023 (Restated)**
----- Rupees in thousand -----

15 Cash and bank

Cash and cash equivalents

Inside Pakistan

Cash in hand	1,648	764
Policy and revenue stamps, bond papers	24,258	32,861
	25,906	33,625
	25,906	33,625

Cash at bank

Inside Pakistan

Current accounts	740,937	(186,281)
Savings accounts	6,549,335	5,361,868
	7,290,272	5,175,587

Outside Pakistan

Current accounts	2,909,980	838,620
Savings accounts	2,319	2,347
	2,912,299	840,967
	10,202,571	6,016,554
	10,228,477	6,050,179

15.1 Cash at bank includes an amount of Rs. 8,879,931 thousands (2023: Rs. 5,672,359 thousands) held with MCB Bank Limited and MCB Islamic Bank Limited, related parties of the Group.

15.2 Saving / Profit and loss accounts placed in Pakistan carry estimated profit rates ranging from 6.73% to 20.5% (2023: 12% to 21%). Saving / profit and loss account placed in UAE carries expected profit rate of 0.1% (2023: 0.1%).

2024 **2023 (Restated)**
----- Rupees in thousand -----

15.3 Cash and cash equivalent for the purpose of the cash flow statement consists of:

Cash in hand and policy Stamps	25,906	33,625
Cash at bank	10,202,571	6,016,554
Term deposit maturing within three months	-	75,000
	10,228,477	6,125,179

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2024 2023
----- Rupees in thousand -----

16 Window Takaful Operations - Parent Company Operator's Fund

Assets:

Cash and bank deposits	295,515	76,860
Qard e Hasna to Participant Takaful Fund	221,460	221,460
Investments - Equity securities	1,075,440	293,848
Investments - Debt securities	51,418	51,974
Investments - Term Deposits	-	500,000
Intangible assets	15,214	16,922
Property and equipment	46,568	34,524
Current assets - Others	376,787	250,048
Total Assets	2,082,402	1,445,636
Total Liabilities	772,823	486,464
Profit and loss account		
Wakala income	988,894	831,273
Commission expense	(322,768)	(235,519)
Management expenses	(335,433)	(257,976)
Investment income	148,148	125,025
Other income	62,391	28,884
Mudarib's share of PTF investment income	38,522	20,093
Other expenses	(4,840)	(4,030)
Profit before taxation	574,914	507,750
Taxation	(225,695)	(213,025)
Profit after tax	349,219	294,725

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'.

17 Share capital

17.1 Authorized share capital

	2024	2023	2024	2023
	----- Number of shares -----		----- Rupees in thousand -----	
Ordinary shares of Rs. 10 each	375,000,000	375,000,000	3,750,000	3,750,000

17.2 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

17.3 As at December 31, 2024, associated undertakings MCB Bank Limited, Security General Insurance Company Limited, D.G. Khan Cement Company 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 (2023: 70,583,095), 28,515,087 (2023: Nil), 27,877,735 (2023: Nil), 5,503,500 (2023: 18,901,000), Nil (2023: 10,780,000), Nil (2023: 10,539,000), 7,805,854 (2023: 6,694,500), 1,267,000 (2023: 1,267,000) and 102,809 (2023: 102,809) ordinary shares of the Parent Company, respectively. All ordinary shares rank equally with regard to the Parent Company's residual assets

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

	Note	2024	2023
		----- Rupees in thousand -----	
18 Reserves			
Capital Reserves			
Reserves for exceptional losses	18.1	22,859	22,859
Investment fluctuation reserves	18.2	3,764	3,764
Exchange translation reserves	18.3	2,137,672	2,165,419
Fair value reserves	18.4	11,832,817	4,834,478
		13,997,112	7,026,520
Revenue Reserves			
General reserves		936,500	936,500
		14,933,612	7,963,020

18.1 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.

18.2 This amount has been set aside by the Parent Company in prior years for utilization against possible diminution in the value of investments.

18.3 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.

18.4 The fair value reserve represents the net cumulative unrealized gain / (loss) on available for sale investments held by the Group as at December 31, 2024.

	2024	2023
	----- Rupees in thousand -----	
19 Non-controlling interest		
Opening Non Controlling Interest	441,756	374,828
Dividend paid by subsidiary	(50,004)	(25,000)
Total comprehensive income for the year	151,516	91,928
	543,268	441,756
Following are the summarised information of Adamjee Life Assurance Company Limited's stand alone financial statements		
For the year / year ended		
Net premium / contribution revenue	30,284,691	22,685,659
Profit after tax for the year	1,554,305	908,075
Total comprehensive income	1,515,161	919,278
Total assets	116,428,253	86,089,668
Total liabilities	110,995,524	81,672,100
Cash and cash equivalents for the purpose of cash flow statement	6,245,914	4,001,596

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

	Note	2024	2023
		----- Rupees in thousand -----	
20 Insurance liabilities - Life Insurance Business			
Reported outstanding claims (including claims in payment)	20.1	4,876,639	3,377,054
Incurred but not reported claims	20.2	209,283	229,319
Investment component of unit-linked and account value policies	20.3	99,622,849	74,480,516
Liabilities under individual conventional insurance contracts	20.4	29,904	27,503
Liabilities under group insurance contracts (other than investment linked)	20.5	227,121	199,093
Other insurance liabilities	20.6	982,361	902,282
Gross insurance liabilities		105,948,157	79,215,767
Surplus of Participant Takaful Fund		298,668	254,253
Total Insurance Liabilities		106,246,825	79,470,020
20.1 Reported outstanding claims			
Gross of reinsurance			
Payable within one year		4,876,639	3,377,054
Recoverable from reinsurers		(50,067)	(94,553)
Net reported outstanding claims		4,826,572	3,282,501
20.2 Incurred but not reported claims			
Individual Life			
Gross of reinsurance		193,562	280,053
Reinsurance recoveries		(51,560)	(105,827)
Net of reinsurance		142,002	174,226
Group Life			
Gross of reinsurance		155,073	133,185
Reinsurance recoveries		(87,792)	(78,092)
Net of reinsurance		67,281	55,093
		209,283	229,319
20.3 Investment component of unit linked and account value policies			
Investment component of unit linked policies		98,968,682	73,256,909
Investment component of account value policies		654,167	1,223,607
		99,622,849	74,480,516
20.4 Liabilities under individual conventional insurance contracts			
Gross of reinsurance		31,509	29,348
Reinsurance credit		(1,605)	(1,845)
Net of reinsurance		29,904	27,503
20.5 Liabilities under group insurance contracts (other than investment linked)			
Gross of reinsurance		472,988	377,626
Reinsurance credit		(245,867)	(178,533)
Net of reinsurance		227,121	199,093
20.6 Other insurance liabilities			
Gross of reinsurance		1,091,882	1,027,288
Reinsurance credit		(109,521)	(125,006)
Net of reinsurance		982,361	902,282

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

	Note	2024	2023
		----- Rupees in thousand -----	
21 Retirement benefit obligations			
Parent Company			
Unfunded gratuity scheme	21.1	157,510	139,012
Funded gratuity scheme	21.2	34,563	36,615
Subsidiary Company			
Funded gratuity scheme	21.3	72,124	(11,791)
		264,197	163,836

21.1 Unfunded gratuity scheme

21.1.1 This provision relates to the Parent Company's operations in UAE branches. The eligible employees under the scheme are 57 (2023 : 54). The latest actuarial valuation of gratuity scheme was carried out as at December 31, 2024 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:

21.1.2 Movement in the net liabilities recognized in the statement of financial position are as follows:

	2024	2023
	----- Rupees in thousand -----	
Present value of defined benefit obligation as at January 01	139,012	131,152
Charge for the year	21,629	22,973
Benefits paid	(12,920)	(29,716)
Remeasurement (gain) / loss on obligation	11,429	(17,371)
Exchange loss	(1,640)	31,974
Present value of defined benefit obligation as at December 31	157,510	139,012

21.1.3 The following significant assumptions have been used for the valuation of this scheme:

	2024	2023
	----- Percentage -----	
- Valuation discount rate	4.20	5.10
- Expected rate of increase in salary level	3.00	2.50

Discount rate used in last actuarial valuation was 5.10% per annum. However, in the current investment environment, where there is a downward trend in the interest rate structure, discount rate has been decreased to 4.20% per annum. Correspondingly, due to increase in inflationary expectations, the rate of increase in eligible salary has been increased to 3.00% from 2.50%.

	2024	2023
	----- Rupees in thousand -----	
21.1.4 The amount charged in profit and loss account is as follows:		
Service cost	14,978	18,547
Interest cost	6,651	4,426
Expense for the year	21,629	22,973

21.1.5 The amounts charged to other comprehensive income are as follows:

	2024	2023
Remeasurement of the present value of defined benefit obligation due to:		
- Changes in financial assumptions	4,157	(10,578)
- Experience adjustments	7,272	(6,793)
	11,429	(17,371)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

21.2 Funded gratuity scheme

21.2.1 The Parent Company operates an approved funded gratuity scheme for all employees. The eligible employees under the scheme are 749 (2023 : 720). The latest actuarial valuation of gratuity scheme was carried out as at December 31, 2024 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:

21.2.2 The following significant assumptions have been used for valuation of this scheme:

	2024	2023
	----- Percentage -----	
- Discount rate	12.25	16.50
- Expected rate of increase in salary level	10.75	14.50

Discount rate used in last actuarial valuation was 16.50% per annum. However, in the current investment environment, where there is a downward trend in the interest rate structure, discount rate has been decreased to 12.25% per annum. Correspondingly, due to decrease in inflationary expectations, the rate of increase in eligible salary has been decreased to 10.75% from 14.50%.

21.2.3 Movement in the net liabilities recognized in the statement of financial position are as follows:

	2024	2023
	----- Rupees in thousand -----	
Net liabilities as at January 01	36,615	70,255
Expenses recognized	36,695	36,513
Contribution paid during the year	-	(35,000)
Remeasurement (gain) / loss recognized - net	(38,747)	(35,153)
Net liabilities as at December 31	34,563	36,615

21.2.4 The amounts recognized in the profit and loss account are as follows:

- Service cost	30,653	28,336
- Interest cost	71,211	62,046
- Interest income on plan assets	(65,169)	(53,869)
	36,695	36,513

21.2.5 The amounts recognized in statement of comprehensive income are as follows:

Remeasurement of plan obligation from:		
- Experience on obligation	(4,888)	(6,606)
- Change in financial assumptions	14,098	-
Remeasurement of plan assets:		
- Investment return	(47,957)	(28,547)
	(52,845)	(35,153)

21.2.6 The amounts recognized in the statement of financial position are as follows:

Fair value of plan assets	(481,787)	(421,263)
Present value of the obligation	516,350	457,878
Net asset	34,563	36,615

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For the year ended 31 December 2024

	2024	2023
	----- Rupees in thousand -----	
21.2.7 Movement in fair value of plan assets		
Fair value as at January 01	421,263	356,234
Interest income on plan assets	65,169	53,869
Actual benefits paid during the year	(52,602)	(52,387)
Contributions made during the year	-	35,000
Remeasurement gain due to investment return	47,957	28,547
Fair value of plan assets as at December 31	<u>481,787</u>	<u>421,263</u>
21.2.8 Actual return on plan assets		
Expected return on plan assets	65,169	53,869
Remeasurement loss due to investment return	47,957	28,547
	<u>113,126</u>	<u>82,416</u>
21.2.9 Movement in present value of defined benefit obligation		
Present value of defined benefit obligation as at January 01	457,878	426,489
Current service cost	30,653	28,336
Interest cost	71,211	62,046
Actual benefits paid during the year	(52,602)	(52,387)
Remeasurement loss / (gain) on obligation	9,210	(6,606)
Present value of defined benefit obligation as at December 31	<u>516,350</u>	<u>457,878</u>

21.2.10 Comparison for five years

Funded gratuity scheme

	2024	2023	2022	2021	2020
	----- Rupees in thousand -----				
Present value of defined obligation	516,350	457,878	426,489	393,191	363,011
Fair value of plan assets	481,787	421,263	356,234	211,676	230,138
Deficit	<u>34,563</u>	<u>36,615</u>	<u>70,255</u>	<u>181,515</u>	<u>132,873</u>
Experience adjustments					
Gain / (loss) on plan assets (% age of plan assets)	9.95	6.78	(1.44)	(2.22)	(5.04)
(Gain) / loss on obligations (% age of obligation)	1.78	(1.44)	6.74	2.75	(1.82)
Unfunded gratuity schemes					
Present value of defined obligation	157,510	139,012	131,152	82,145	64,359
Experience adjustments					
Gain / (loss) on obligations (% age of obligation)	<u>(4.62)</u>	4.89	(10.39)	(4.27)	23.15

21.2.11 Plan assets consist of the following:

	2024	2023	2024	2023
	----- Percentage -----		----- Rupees in thousand -----	
	8.37	5.18	40,312	21,814
	5.51	5.52	26,555	23,243
	1.52	1.29	7,344	5,418
	2.12	1.33	10,210	5,612
	<u>17.52</u>	<u>13.32</u>	<u>84,421</u>	<u>56,087</u>
Government Bonds - Debt	83.72	85.96	403,330	362,137
Bank deposits, benefits due, cash equivalents & others	<u>(1.24)</u>	0.72	<u>(5,964)</u>	3,039
	<u>100</u>	<u>100</u>	<u>481,787</u>	<u>421,263</u>

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21.2.12 Plan assets do not include any investment in the Parent Company's ordinary shares at December 31, 2024 (2023: Nil).

21.2.13 Expected cost to be recorded in the profit and loss account for the year ending December 31, 2025 is Rs. 41,225 thousands.

21.2.14 Expected contributions to the plan for the year ending December 31, 2025 is Rs. 44,007 thousands.

21.2.15 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.

21.2.16 The weighted average duration of the defined benefit obligation for gratuity plan is 5.8 years (2023: 3.2 years).

21.2.17 These defined benefit plans expose the Parent Company to actuarial risks such as investment risk and salary risk.

21.2.18 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.

21.2.19 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.

21.2.20 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%	(9,410)	10,640	(25,071)	27,667
Salary growth rate	1%	10,662	(9,601)	27,798	(25,615)

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.

21.3 Funded gratuity scheme- Subsidiary Company

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.

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, 2024 under the Projected Unit Credit Method are as follows:

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Statement of financial Position reconciliation	Note	2024	2023
		----- Rupees in thousand -----	
Present value of defined benefit obligations at December 31	21.3.1	306,556	203,354
Fair value of plan assets at December 31	21.3.2	(234,432)	(215,145)
Net (surplus) / liability at end of the year		<u>72,124</u>	<u>(11,791)</u>
21.3.1 Movement in present value of defined benefit obligations			
Present value of defined benefit obligations at Jan 01		203,354	189,140
Current service cost	21.3.3	40,856	41,714
Interest cost on defined benefit obligation	21.3.3	37,033	32,503
Benefits paid during the year		(33,004)	(62,176)
Remeasurement loss on obligation: - due to changes in financial assumptions	21.3.4	58,317	2,173
Present value of defined benefit obligations at Dec 31		<u>306,556</u>	<u>203,354</u>
21.3.2 Movement in fair value of plan assets			
Fair value of plan assets at Jan 01		215,145	184,274
Contributions made		5,000	53,000
Interest income on plan assets		35,158	28,518
Benefits paid during the year		(33,004)	(62,176)
Remeasurement gain on plan assets		12,133	11,529
Fair value of plan assets at Dec 31		<u>234,432</u>	<u>215,145</u>
21.3.3 Expense recognized in profit and loss			
Current service cost		40,856	41,714
Net interest cost		37,033	32,503
Interest income on plan assets		(35,158)	(28,518)
Expense for the year recognized in the profit and loss account		<u>42,731</u>	<u>45,699</u>
21.3.4 Expense recognized in other comprehensive income			
Remeasurement loss on obligation		58,317	2,173
Remeasurement gain on fair value of plan assets		(12,133)	11,529
Amount recognized in the statement of other comprehensive income		<u>46,184</u>	<u>13,702</u>
21.3.5 Net recognized liability			
Net liability at Jan 01		(11,791)	4,866
Expense recognized in profit and loss account		42,731	45,699
Expense recognized in other comprehensive income		46,184	(9,356)
Contributions made to the fund during the year		(5,000)	(53,000)
Net liability at Dec 31		<u>72,124</u>	<u>(11,791)</u>
21.3.6 Estimated Gratuity Cost for the year ending December 31, 2025, is as follows:			
		2024	
		(Rupees in thousand)	
Current service cost		57,850	
Net interest cost		13,682	
Total expense to be recognized in profit and loss account		<u>71,532</u>	

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21.3.7 Plan assets comprise of following:

	2024		2023	
	(Rupees in thousands)	%age	(Rupees in thousands)	%age
Government Securities	212,428	90.61	211,422	98.27
Bank balance	21,996	9.38	(17,409)	(8.09)
Mutual funds	8	-	21,132	9.82
Fair value of plan assets at end of the year	234,432	100.00	215,145	100.00

21.3.8 The principal assumptions used in the actuarial valuations carried out as of December 31, 2024, using the 'Projected Unit Credit Method', are as follows:

	2024	2023
	Gratuity fund	
	Percentage	
Discount rate per annum	12.25	15.50
Expected per annum rate of return on plan assets	12.25	15.50
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

Discount rate used in last actuarial valuation was 15.50% per annum. However, in the current investment environment, where there is an downward trend in the interest rate structure, discount rate has been decreased to 12.25% per annum.

21.3.9 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.

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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.

21.3.10 Sensitivity analysis - Subsidiary Company

Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	2024	2023
	----- Rupees in thousand -----	
Discount rate (1% increase)	(14,737)	(8,442)
Discount rate (1% decrease)	16,616	9,383
Future salary increase rate (1% increase)	18,316	10,807
Future salary increase rate (1% decrease)	(16,537)	(9,870)

The impact on defined benefit obligation due to increase in life expectancy by 1 year would be Rs. 40,029 (2023: Rs. 79,090).

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 6.29 years. Besides the number of employees covered in the scheme at December 31, 2024 were 832 (2023: 732).

21.3.11 The expected maturity analysis of undiscounted retirement benefit plan is as follows:

	2024
	(Rupees in thousand)
Less than a year	46,599
Between 1 - 2 years	6,971
Between 2 - 3 years	2,214
Between 3 - 4 years	21
Between 4 - 5 years	9,210

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21.3.12 Historical Information

	2024	2023	2022	2021	2020
	----- Rupees in thousand -----				
Present value of defined benefit obligation	306,556	203,354	189,140	178,588	178,021
Fair value of plan assets	(234,432)	(215,145)	(184,274)	(185,048)	(65,672)
(Surplus) / deficit	72,124	(11,791)	4,866	(6,460)	112,349

21.3.13 Experience adjustment

	2024	2023	2022	2021	2020
	----- Percentage -----				
Experience adjustments on obligation	19%	1%	-10%	-24%	18%
Experience adjustments on asset	5%	5%	-9%	-4%	-3%

21.3.14 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.

2024 2023
----- Rupees in thousand -----

22 Deferred taxation

Deferred tax debits arising in respect of:

Provision for gratuity	79,441	50,566
Fixed assets and intangibles	13,310	15,955
Lease liability	12,361	15,005
Investments - Available for sale	678,773	775,422
	783,885	856,948

Deferred tax credits arising in respect of:

Tax depreciation allowance	(1,623,905)	(1,412,459)
Right of use assets	(12,837)	(13,721)
Business attributable to shareholders (Ledger Account D)	(1,211,328)	(669,602)
Surplus on revaluation of fixed assets	(19,430)	(19,662)
Financial assets at fair value through profit or loss - unrealised	(42,659)	-
Investments - Available for sale & Held to maturity	(7,693,693)	(3,091,363)
	(10,603,852)	(5,206,807)
	(9,819,967)	(4,349,859)

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	Note	2024	2023
		----- Rupees in thousand -----	
22.1 Movement in deferred tax balances is as follows:			
At beginning of the year		4,349,859	1,182,532
Recognized in profit and loss account:			
- provision for gratuity		(10,863)	(10,935)
- lease liability against right of use asset		4,811	111
- right of use assets		(3,051)	(6,964)
- Business attributable to shareholders (Ledger Account D)		541,726	286,967
- tax depreciation allowance		214,091	419,712
- Financial assets at fair value through profit or loss - unrealised		42,659	-
- investments - Available for sale and Held to Maturity		227,893	(130,838)
		1,017,266	558,053
Recognized in other comprehensive income:			
- investments - Available for sale		4,471,086	2,585,963
- surplus on revaluation of fixed assets		(232)	19,662
- Remeasurement of post retirement defined benefits		(18,012)	3,649
		4,452,842	2,609,274
		9,819,967	4,349,859
23 Insurance/reinsurance payables			
Due to other insurers / reinsurers	23.1	3,887,189	4,054,711
23.1 This amount represents amount payable to other insurers and reinsurers.			
24 Other creditors and accruals			
Agents commission payable		1,927,037	1,450,044
Payable against the purchase of investment		-	232,841
Federal Excise Duty / Sales tax / VAT		459,172	551,894
Federal Insurance Fee payable		44,536	34,998
Payable to related parties		12,977	9,870
Workers' welfare fund	24.1	511,349	304,348
Tax deducted at source		95,666	71,390
Accrued expenses		710,236	686,888
Unpaid and unclaimed dividend		186,447	173,551
Payable to employees' provident fund		514	154
Sundry creditors		673,448	875,700
		4,621,382	4,391,678
24.1 Workers' Welfare Fund			
Balance as at 01 January		304,348	224,506
Provision for the year		207,001	79,842
		511,349	304,348

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	2024	2023
	----- Rupees in thousand -----	
25 Lease liabilities		
Lease liabilities	400,214	115,940
Lease liabilities - movement		
Opening balances	115,940	131,622
Additions / Adjustments during the year	306,108	23,152
Finance Cost	19,954	12,033
Rental Payments	(39,234)	(32,773)
Exchange differences and other adjustments	(2,554)	(18,094)
Closing balances	400,214	115,940
25.1 Maturity analysis		
Not later than 1 year	84,613	58,837
Later than 1 year and not later than 5 years	315,601	57,103
	400,214	115,940

	2024			2023		
	Minimum lease Payments	Financial charges for future periods	Principal outstanding	Minimum lease Payments	Financial charges for future periods	Principal outstanding
	----- Rupees in thousand -----					
Not later than one year	171,635	87,022	84,613	72,632	13,795	58,837
Later than one year and not later than five years	472,066	156,465	315,601	67,785	10,682	57,103
	643,701	243,487	400,214	140,417	24,477	115,940

	Note	2024	2023
		----- Rupees in thousand -----	
26 Deposits against cash margin			
Cash margin against performance bonds	26.1	436,620	462,374

26.1 This represents margin deposit on account of performance and other bond policies issued by the Parent Company.

27 Contingencies and commitments

27.1 Contingencies

The Group has filed appeals in respect of certain assessment years mainly on account of the following:

27.1.1 Income tax

Parent Company

- (a) 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

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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.

- (b) The Parent Company had filed an appeal before Commissioner Appeal (SRB) against order in-original no 147 dated July 02, 2020 passed by the assistant commissioner SRB, Karachi, on account of inadmissible input tax adjustment etc., whereby, demand amounting to Rs. 56,259 thousands and penalty amounting to Rs. 2,798 thousands along with default surcharge has been established.
- (c) 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. 2,366,656 thousands (2023: Rs. 2,319,815 thousands) as the management is confident that the eventual outcome of the above matters will be in favor of the Parent Company.

Subsidiary Company

Additional Commissioner Inland Revenue (ACIR), Range B, Zone VI, Large Taxpayers Office, Karachi issued orders dated December 29, 2023 and December 26, 2024 u/s 122(5A) of the Income Tax Ordinance, 2001 to the Subsidiary Company for tax years 2018 and tax year 2019. In the aforementioned orders, ACIR levied a minimum tax of Rs. 197.361 million and Rs. 197.838 million for tax years 2018 and 2019 respectively under section 113 of the Ordinance @ 1.25% on the gross turnover of the Subsidiary Company taking into account the entire gross receipts of Statutory funds which essentially is attributable to policyholders' funds, the taxability of which is dealt with separately under the Fourth Schedule of the Income Tax ordinance, 2001.

The Subsidiary Company, through its tax consultant had filed appeals for tax year 2018 before Income Tax Commissioner (Appeals) and for tax year 2019, directly to Appellate Tribunal Inland Revenue (as per the new rules). The decision against both the appeals is pending. The grounds of both the appeals were that owing to the special nature of insurance business, ACIR, has ignored the well-settled principles that used to calculate the income tax liability of life assurance business. Rules 1, 2 and 3 of the Fourth Schedule to the Ordinance overrides the provisions of the Ordinance by virtue of section 99 of the Ordinance. Rule 2 of the Fourth Schedule provides that profit and gains of a life insurance business shall be the current year's surplus appropriated to P&L Account as per the advice of the appointed Actuary. It is evident that tax can only be levied on shareholder's surplus appropriated to P&L account whereas policyholder's surplus is exempt from tax.

The gross turnover as calculated by ACIR does not represent the income of the Subsidiary Company and hence levying minimum tax on gross turnover is tantamount to tax on policyholders which is against the intent of the legislature.

The Subsidiary Company and the legal advisors are confident that the outcome of the matter will ultimately be decided in favour of the Subsidiary Company, hence, no provision for the amount involved is required to be made in these financial statements.

27.1.2 Sales tax on life insurance premium - Subsidiary Company

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:.

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- 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 channeled 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, then 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.

Shortly after the end of 2024, the Hon'ble SHC dismissed the case merely on technical grounds and without considering the merits of the arguments that forms the basis of the petition, essentially directing the petitioners to re-approach SRB regarding show cause notices issued by the department on the matter of taxability of life and health insurance. However, it has been unanimously decided by the industry, through the platform of Insurance Association of Pakistan (IAP), to refer the case to and file a constitutional petition in the Supreme Court of Pakistan.

In view of the opinion of the legal advisors, and pending the adjudication of the subject matter, the Subsidiary Company has neither billed its customers, nor recognised the contingent liability for Sind Sales Tax, Punjab Sales Tax & Khyber Pakhtunkhwa Sales Tax, which, calculated on the basis of risk premium only and excluding the investment component allocated to unit linked policies, aggregated to Rs 1,338 million (2023: Rs. 1,052.46 million). In Baluchistan province, given that the Subsidiary Company has limited operations in that province, the amount of contingent sales tax liability for Baluchistan Sales Tax on Services, calculated on the similar basis as Sind Sales Tax, Punjab Sales Tax & Khyber Pakhtunkhwa Sales Tax, is immaterial. The Subsidiary Company, based on the opinions of the legal advisors, is confident about the favorable outcome of the case. Meanwhile, the life insurance companies will collectively continue their administrative efforts through IAP platform to reach an amicable settlement with the provincial revenue authorities.

27.1.3 Others

Parent Company

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. 1,104,757 thousands (2023: Rs. 1,193,900 thousands).

The Parent Company has issued letter of guarantees amounting to AED 115,050,000 amounting to Rs. 8,724,955 thousands (2023: AED 115,050,000 amounting to Rs. 8,829,248 thousands) relating to UAE branch.

27.2 Commitments

Subsidiary Company

Commitments represent ljarah rentals for vehicles payable in future period.

	2024	2023
	----- Rupees in thousand -----	
Not later than one year	48,858	67,254
Later than one year and not later than five years	35,091	94,587
	83,949	161,841

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

	Note	2024	2023
		----- Rupees in thousand -----	
28 Net insurance premium			
General Insurance Business:			
Written gross premium		54,238,871	41,441,007
Unearned premium reserve - opening		19,343,851	14,996,454
Unearned premium reserve - closing		(24,971,654)	(19,343,851)
Currency translation effect		(100,136)	1,365,094
Premium earned		48,510,932	38,458,704
Reinsurance premium ceded		(21,637,359)	(20,719,284)
Prepaid reinsurance premium - opening		(8,298,195)	(6,536,997)
Prepaid reinsurance premium - closing	13	8,370,324	8,298,195
Currency translation effect		10,157	(203,935)
Reinsurance expense		(21,555,073)	(19,162,021)
Net insurance premium - General Insurance Business	28.1 & 28.2	26,955,859	19,296,683
Life Insurance Business:			
Regular premium / contributions individual policies			
- first year		2,806,172	2,865,715
- second year renewal		2,130,498	2,368,874
- subsequent years renewal		7,992,781	7,978,652
Single premium / contributions individual policies		17,086,687	9,287,814
Group policies without cash values		1,096,106	911,325
Experience refund		(152,890)	(67,105)
Total gross premiums / contributions		30,959,354	23,345,275
Reinsurance premiums / retakaful contributions ceded			
On individual life first year business		(45,136)	(47,660)
On individual life second year business		(32,829)	(35,376)
On individual life subsequent renewal business		(124,172)	(155,857)
On single premium individual policies		(6,990)	(6,283)
On group policies		(575,154)	(487,574)
Profit commission on reinsurance		100,142	67,581
		(684,139)	(665,169)
Net premiums / contributions - Life Insurance Business		30,275,215	22,680,106
		57,231,074	41,976,789
28.1 Net insurance premium - Business underwritten inside Pakistan			
Written gross premium		31,198,684	28,462,239
Unearned premium reserve - opening		10,824,315	9,454,477
Unearned premium reserve - closing		(11,643,488)	(10,824,315)
Premium earned		30,379,511	27,092,401
Reinsurance premium ceded		(20,085,026)	(18,919,619)
Prepaid reinsurance premium - opening		(7,441,378)	(5,699,784)
Prepaid reinsurance premium - closing		7,886,261	7,441,378
Reinsurance expense		(19,640,143)	(17,178,025)
		10,739,368	9,914,376

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

	Note	2024	2023
----- Rupees in thousand -----			
28.2 Net insurance premium - Business underwritten outside Pakistan			
Written gross premium		23,040,187	12,978,768
Unearned premium reserve - opening		8,519,536	5,541,977
Unearned premium reserve - closing		(13,328,166)	(8,519,536)
Currency translation effect		(100,136)	1,365,094
Premium earned		18,131,421	11,366,303
Reinsurance premium ceded		(1,552,333)	(1,799,665)
Prepaid reinsurance premium - opening		(856,817)	(837,213)
Prepaid reinsurance premium - closing		484,063	856,817
Currency translation effect		10,157	(203,935)
Reinsurance expense		(1,914,930)	(1,983,996)
		16,216,491	9,382,307
29 Net insurance claims expense			
General Insurance Business:			
Claim paid		29,080,716	23,719,945
Outstanding claims including IBNR - closing	29.3	24,345,048	26,395,403
Outstanding claims including IBNR - opening		(26,395,403)	(20,726,702)
Currency translation effect		116,808	(2,101,642)
Claim expense		27,147,169	27,287,004
Reinsurance and other recoveries received / receivable		(14,536,509)	(9,184,523)
Reinsurance and other recoveries in respect of outstanding claims - closing		(15,761,334)	(20,902,569)
Reinsurance and other recoveries in respect of outstanding claims - opening		20,902,569	15,233,478
Currency translation effect		(74,829)	1,172,730
Reinsurance and other recoveries revenue		(9,470,103)	(13,680,884)
Net insurance claims expense - General Insurance Business	29.1 & 29.2	17,677,066	13,606,120
Life Insurance Business:			
Gross claims			
Claims under individual policies			
- by death		696,259	780,495
- by insured event other than death		13,521	3,823
- by maturity		9,214,096	7,416,398
- by surrender		14,260,267	10,713,500
Total gross individual policy claims		24,184,143	18,914,216
Claims under group policies			
- by death		554,211	508,936
- by insured event other than death		17,466	12,519
Total gross group policy claims		571,677	521,455
Claim related expenses		5,160	7,586
Total gross claims		24,760,980	19,443,257
Reinsurance recoveries			
- on individual claims		(81,829)	(130,378)
- on group claims		(329,144)	(315,876)
		(410,973)	(446,254)
Net insurance claims expense - Life Insurance Business		24,350,007	18,997,003
		42,027,073	32,603,123

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

29.3 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.

29.3.1 General Insurance Business:

	Accident year				Total	
	2020	2021	2022	2023		2024
----- Rupees in thousand -----						
Estimate of the ultimate claim cost:						
At the end of accident year	12,607,367	14,166,057	27,835,542	23,674,232	28,756,579	107,039,777
One year later	5,366,245	8,158,522	20,531,766	9,206,608	-	43,263,141
Two years later	1,565,716	2,756,387	12,033,247	-	-	16,355,350
Three years later	1,148,493	1,012,267	-	-	-	2,160,760
Four years later	2,417,063	-	-	-	-	2,417,063
Five years later						
Current estimate of cumulative claims	2,417,063	1,012,267	12,033,247	9,206,608	28,756,579	53,425,764
Less: Cumulative payments to date	348,820	362,760	5,227,031	7,151,221	15,990,884	29,080,716
Liability recognized in statement of financial position	2,068,243	649,507	6,806,216	2,055,387	12,765,695	24,345,048

29.3.2 Life Insurance Business:

29.3.2.1 Individual life claims

Estimate of the ultimate claim cost:

At the end of accident year	288,432	463,829	337,990	468,950	371,706	1,930,907
One year later	526,231	720,987	547,362	675,931	-	2,470,511
Two years later	550,771	783,041	572,726	-	-	1,906,538
Three years later	576,077	736,592	-	-	-	1,312,669
Four years later	565,097	-	-	-	-	565,097
Current estimate of cumulative claims	565,097	736,592	572,726	675,931	371,706	2,922,052
Less: Cumulative payments to date	565,097	733,103	561,132	600,933	242,177	2,702,442
Liability recognized in statement of financial position	-	3,489	11,594	74,998	129,529	219,610

29.3.2.2 Group life claims

Estimate of the ultimate claim cost:

At the end of accident year	559,852	343,327	285,806	395,621	450,745	2,035,351
One year later	662,492	405,755	383,069	509,757	-	1,961,073
Two years later	665,025	407,855	386,805	-	-	1,459,685
Three years later	666,525	408,820	-	-	-	1,075,345
Four years later	666,825	-	-	-	-	666,825
Current estimate of cumulative claims	666,825	408,820	386,805	509,757	450,745	2,422,952
Less: Cumulative payments to date	666,525	408,220	386,605	472,430	433,977	2,367,757
Liability recognized in statement of financial position	-	600	200	37,327	16,768	54,895

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

30 Net commission and other acquisition costs

General Insurance Business:

	Note	2024	2023
----- Rupees in thousand -----			
Commission paid or payable		6,144,089	3,937,080
Deferred commission expense - opening		2,133,671	1,489,080
Deferred commission expense - closing		(3,116,714)	(2,133,671)
Currency translation effect		(19,808)	256,978
Net commission		5,141,238	3,549,467
Commission received or recoverable		(1,083,850)	(1,150,207)
Unearned reinsurance commission - opening		(507,332)	(365,610)
Unearned reinsurance commission - closing		439,530	507,332
Currency translation effect		1,094	(10,413)
Commission from reinsurance		(1,150,558)	(1,018,898)
Net commission and other acquisition costs - General Insurance Business	30.1 & 30.2	3,990,680	2,530,569

Life Insurance Business:

Remuneration to insurance / takaful intermediaries on individual policies:

Commission on first year contribution / premium		835,255	987,272
Commission on second year contribution / premium		124,298	140,567
Commission on subsequent years renewal contribution / premium		192,669	172,903
Commission on single contribution premium		482,919	264,149
Other benefits to insurance intermediaries		516,470	334,480
		2,151,611	1,899,371

Remuneration to insurance intermediaries on group policies:

Commission		22,257	20,866
Other benefits to insurance intermediaries		2,397	4,568
		24,654	25,434

Other acquisition costs:

Employee benefit cost		660,342	659,430
Traveling expenses		19,250	13,306
Information technology expense		8,323	9,219
Printing & stationary		4,758	4,824
Depreciation		46,037	38,606
Amortization		31,107	22,768
Rent, rates and taxes		57,500	57,099
Insurance cost		4,750	3,438
Car fuel & maintenance		87,153	102,559
Postage		13,219	11,427
Electricity, gas and water		36,957	32,245
Office maintenance		86,508	69,298
Entertainment		15,319	18,783
Training & development		13,656	8,456
Marketing cost		84,889	124,676
Financial charges		11,275	7,364
Write off against property and equipment		32	4,518
Miscellaneous		-	159
Legal & professional charges		11,891	8,553
Stamp duty		62,292	49,696
Medical examination fee		2,265	2,023
		1,257,523	1,248,447

Net commission and other acquisition costs - Life Insurance Business

		3,433,788	3,173,252
		7,424,468	5,703,821

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

30.1 Net commission and other acquisition costs - Business underwritten inside Pakistan

	Note	2024	2023
		----- Rupees in thousand -----	
Commission paid or payable		1,698,235	1,452,020
Deferred commission expense - opening		448,982	447,607
Deferred commission expense - closing		(536,004)	(448,982)
Net commission		1,611,213	1,450,645
Commission received or recoverable		(1,072,250)	(1,012,505)
Unearned reinsurance commission - opening		(415,444)	(323,930)
Unearned reinsurance commission - closing		428,504	415,444
Commission from reinsurance		(1,059,190)	(920,991)
		552,023	529,654

30.2 Net commission and other acquisition costs - Business underwritten outside Pakistan

Commission paid or payable		4,445,854	2,485,060
Deferred commission expense - opening		1,684,689	1,041,473
Deferred commission expense - closing		(2,580,710)	(1,684,689)
Currency translation effect		(19,808)	256,978
Net commission		3,530,025	2,098,822
Commission received or recoverable		(11,600)	(137,702)
Unearned reinsurance commission - opening		(91,888)	(41,680)
Unearned reinsurance commission - closing		11,026	91,888
Currency translation effect		1,094	(10,413)
Commission from reinsurance		(91,368)	(97,907)
		3,438,657	2,000,915

31 Management expenses

Employees benefit cost	31.1	3,399,769	2,923,564
Travelling		123,653	110,333
Advertisement & sales promotion		149,493	131,446
Printing & stationary		63,384	75,947
Depreciation		219,030	213,684
Amortization		39,919	50,619
Rent, rates & taxes		57,375	45,280
Legal & professional charges - business related		319,218	331,350
Electricity, gas & water		180,954	143,822
Entertainment		67,054	56,914
Vehicle running expenses		271,926	264,505
Office repairs & maintenance		226,473	149,430
Bank charges		227,608	174,395
Postages, telegrams & telephone		117,609	87,795
Supervision fee		182,791	117,282
IT related costs		317,501	327,857
Tracking and monitoring charges		73,961	96,543
Provision for doubtful balances against due from insurance contract holders		-	2,660
Regulatory fee		295,837	207,149
Miscellaneous		93,015	85,153
		6,426,570	5,595,728

31.1 Employee benefit cost

Salaries, allowances and other benefits		3,250,228	2,777,132
Charges for post employment benefit		149,541	146,432
		3,399,769	2,923,564

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

	2024	2023
	----- Rupees in thousand -----	
32 Investment income		
Business underwritten Inside Pakistan		
Income from equity securities		
Dividend Income		
- Available for sale	3,142,309	3,123,795
- Fair value through profit or loss	1,227,513	915,695
	4,369,822	4,039,490
Income from debt securities		
Return on debt securities		
- Fair value through profit or loss	760,228	782,369
	760,228	782,369
Return on government securities		
- Fair value through profit or loss	12,988,102	9,661,183
- Held to maturity	645,605	272,558
	13,633,707	9,933,741
Income from term deposit receipts		
- Held to maturity	8,029	494,752
	8,029	494,752
Net realized fair value gains on investments		
Available for sale		
- Equity securities	138,659	(30,253)
	138,659	(30,253)
Fair value through profit or loss		
- Equity securities	4,823,063	2,081,429
- Debt securities	-	(15,272)
- Government securities	467,213	(98,803)
	5,290,276	1,967,354
Provision for impairment in value of 'available-for-sale' investments	265,803	(26,931)
	24,466,524	17,160,522
Business underwritten Outside Pakistan		
Return on term deposits		
- Held to maturity	546,840	347,754
	546,840	347,754
Income from debt securities		
Held to maturity		
Return on Government bonds	4,391	-
	4,391	-
	551,231	347,754
Total investment income	25,017,755	17,508,276

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

33 Net fair value loss on financial assets at fair value through profit or loss	Note	2024	2023
----- Rupees in thousand -----			
Held for trading			
Net unrealized losses on:			
- Mutual Funds		1,654,603	1,852,193
- Listed equities		2,627,784	1,644,201
- Fixed income securities		12,833	(44,111)
- Government securities		1,499,116	(127,107)
Investment related expenses		(150,652)	(101,716)
		5,643,684	3,223,460
34 Rental income			
Rental income		129,919	118,848
Expenses of investment property		(2,998)	(1,107)
		126,921	117,741
35 Other income			
Return on bank balances		1,136,102	1,299,134
Mark-up on policy loans		1,048	4,862
Gain on sale of operating assets and derecognition of ROU asset		34,551	25,823
Return on loans to employees		101	130
Exchange gain		374	19,713
Shared expenses received		14,757	14,280
Miscellaneous		12,080	63,665
		1,199,013	1,427,607
36 Other expenses			
Legal & professional charges other than business		55,874	49,716
Auditors' remuneration	36.1	36,655	30,618
Subscription fee		19,957	27,427
Donations	36.2	5,131	27,854
Directors' fee		1,375	1,985
Central depository expense		1,840	1,388
Meeting and conference expenses		25,970	1,474
Workers Welfare Fund		207,001	79,842
Others		4,958	5,238
		358,761	225,542
36.1 Auditors' remuneration			
Inside Pakistan:			
Audit fee		6,657	5,643
Annual audit fee - staff gratuity fund		99	-
Interim review fee		1,692	1,286
Special certifications and sundry advisory services		4,477	4,064
Out-of-pocket expenses		1,526	1,012
		14,451	12,005
Outside Pakistan:			
Audit fee		19,076	15,709
Interim review fee		2,085	1,908
Out-of-pocket expenses		1,043	996
		22,204	18,613
		36,655	30,618

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

36.2 The Parent Company has paid the donations amounting to Rs. 2 million (2023: Rs. 25 million) to Saleem Memorial Trust Hospital, Rs. 1.5 million (2023: Rs. 1.5 million) to Pakistan Agricultural Coalition and Nil (2023: Rs. 0.3 million) to Mahmud Ali Kasuri Welfare Trust during the current year. The Subsidiary Company has booked the charity payable against purification of income of Sharia compliant securities of Rs. 1.63 million (2023: Rs. 1.05 million).

2024 2023
----- Rupees in thousand -----

37 Taxation - net

Current tax

For the year- Group
 - Window Takaful Operations
Prior year - Group
 - Window Takaful Operations

2024	2023
2,397,314	1,544,231
224,241	198,244
-	(31,945)
-	14,710
2,621,555	1,725,240

Deferred tax

For the year- Group
 - Window Takaful Operations

1,017,266	558,053
1,454	71
1,018,720	558,124
3,640,275	2,283,364

2024 2023
----- Rupees in thousand -----

37.1 Relationship between tax expense and accounting profit

Profit before tax
Applicable tax @ 29%
Effect of super tax on current year's profit
Effect of prior period tax charge
Effect of change in tax rate
Others
Tax expense for the year

8,592,961	5,000,279
2,680,986	1,581,506
924,478	545,347
-	(17,235)
-	157,948
34,811	15,798
3,640,275	2,283,364

38 Earnings per share

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

2024 2023
----- Rupees in thousand -----

4,797,255	2,626,107
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Weighted average number of ordinary shares

2024 2023
----- Number of shares -----

350,000,000	350,000,000
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Earning per share - basic and diluted

2024 2023
----- (Rupees) -----

13.71	7.50
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Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

39 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	
	2024	2023	2024	2023	2024	2023
	----- Rupees in thousand -----					
Fees	-	-	1,375	1,985	-	-
Managerial remuneration	64,500	57,929	-	-	1,804,492	1,474,104
Leave encashment	2,589	4,001	-	-	93,115	61,189
Bonus	16,148	11,330	-	-	203,514	143,061
Charge of defined benefit plan	1,846	1,576	-	-	50,295	40,534
Contribution to defined contribution plan	-	-	-	-	-	-
	2,179	1,945	-	-	35,178	37,196
House rent allowance	8,371	7,610	-	-	362,617	276,307
Utilities	3,093	3,019	-	-	35,938	27,180
Medical	630	300	-	-	75,930	56,466
Conveyance	-	-	-	-	131,307	123,870
Special allowance	1,800	1,800	-	-	-	-
Other allowance	684	848	-	-	134,110	112,098
	101,840	90,358	1,375	1,985	2,926,496	2,352,005
Number	2	2	13	14	739	634

39.1 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.

39.2 No remuneration was paid to Non - Executive Directors of the Group except for meeting fees.

40 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 other transactions carried out for normal business operations.

Investments and bank deposits with related parties have been disclosed in note 8, 10 and 15 to the consolidated financial statements. Other transactions with related parties are summarized as follows:

Parent Company		2024	2023
		----- Rupees in thousand -----	
i) Transactions	Basis of relationship		
Premiums underwritten	Other related parties	3,570,668	3,530,254
Premiums received	Other related parties	3,824,357	3,688,668
Claims paid	Other related parties	1,122,182	796,984
Claims received	Other related parties	1,870	-
Commission Paid	Other related parties	19,352	38,804
Premium paid	Other related parties	29,379	20,697
Guarantee commission received	Other related parties	14,131	4,975
Rent paid	Other related parties	10,827	9,542

Notes to the Consolidated Financial Statements

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		2024	2023
	Basis of relationship	----- Rupees in thousand -----	
Rent received	Other related parties	97,978	98,771
Dividends received	Other related parties	2,169,036	2,270,518
Dividends paid	Other related parties	442,486	312,287
Income on bank deposits	Other related parties	316,261	328,940
Investments made	Other related parties	-	641
Fee / service charges paid	Other related parties	14,515	13,982
Fee / service charges received / accrued	Other related parties	26,866	20,376
Payments made to	Employees' fund	45,833	41,944
ii) Period end balances			
Balances receivable	Other related parties	381,479	474,129
Balances payable	Other related parties	389,042	651,154
Payable to	Employees' fund	514	154
Subsidiary Company			
i) Transactions			
Premium written	Other related parties	552,926	403,750
Claims expense	Other related parties	282,870	229,668
Commission and other incentives in respect of Bancassurance	Other related parties	1,371,326	1,263,006
Profit on bank deposits	Other related parties	573,457	500,849
Bank charges	Other related parties	8,626	11,376
Investments purchased	Other related parties	4,114,195	5,483,654
Investments sold	Other related parties	6,300,029	8,659,535
Investment advisor fee	Other related parties	27,307	37,436
Dividend income	Other related parties	858,995	166,817
Expense in relation to gratuity fund	Other related parties	88,915	36,343
Dividend paid	Other related parties	25,464	22,060
Others	Other related parties	6,946	8,100
Directors			
Fee		850	1,135
Dividend paid		4	-
Key management personnel			
Remuneration		265,178	194,378
Advances given to key management personnel		9,141	11,400
Recoveries against advances to key management personnels		7,841	3,350
ii) Period end balances			
Premium due but unpaid	Other related parties	15,299	11,410
Investments held	Other related parties	8,847,037	7,184,206
Dividend receivables	Other related parties	-	6,092
Commission payable	Other related parties	408,994	296,091
Claims payable	Other related parties	4,036	1,000
Premium received in advance	Other related parties	5,151	-
Remuneration payable for the management of discretionary investment portfolio	Other related parties	-	8,109
Remuneration payable to Trustee	Other related parties	-	1,421
Loans to Key management personnel	Other related parties	6,384	8,050

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

	Basis of relationship	2024	2023
		----- Rupees in thousand -----	
Retirement Benefit Obligation Plan (Gratuity Fund)			
Receivable from / (payable to)			
Gratuity fund	Employees' fund	(72,124)	11,791

40.1 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
Arshie Tech Private Limited	Common directorship	Nil
Avenew Marketing (Private) Limited	Company director shareholder	Nil
Cotton Web (Private) Limited	Company director Chairman	Nil
Deposit Protection Corporation	Common directorship	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%
Export Import Bank of Pakistan	Common directorship	Nil
Emporium Properties (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
Kanal (Private) Limited	Common directorship	Nil
Lalpir Power Limited	Company director shareholder	7.200%
Lalpir Solar Power (Private) Limited	Group Entity	Nil
Masood Apparels (Private) Limited	Common directorship	Nil

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

Name of Related Party	Basis of relationship	Aggregate % of Shareholding in the Group
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	7.586%
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 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	Company director shareholder	2.390%
Nishat Automobile (Private) Limited	Group Entity	Nil
Nishat Chunain Electric Company Limited	Group Entity	Nil
Nishat Chunian Usa Incorporated	Other Related Party	Nil
Nishat Commodities (Private) Limited	Group Entity	Nil
Nishat Dairy (Private) Limited	Common directorship	Nil
Nishat Developers (Private) Limited	Common directorship	Nil
Nishat Farms Supplies (Private) Limited	Group Entity	Nil
Nishat Global China Company Limited	Group Entity	Nil
Nishat Hospitality (Private) Limited	Group Entity	Nil
Nishat Hotels & Properties Limited	Common directorship	Nil
Nishat International Fze	Group Entity	Nil
Nishat Linen (Private) Limited	Common Directorship	Nil
Nishat Linen Trading LLC	Group Entity	Nil
Nishat Papers Products Company Limited.	Company director shareholder	Nil
Nishat Power Limited	Group Entity	Nil
Nishat Real Estates Development Company (Private) Limited	Group Entity	Nil
Nishat Sutas Dairy Limited	Common directorship	Nil
Nishat Uk (Private) Limited	Group Entity	Nil
Nishat Usa Incorporated	Group Entity	Nil
Nishat (Gulberg) Hotels & Properties Limited	Group Entity	Nil
Nishat Chunian Power Limited	Company director 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 shareholder	Nil
Pakgen Power Limited	Common directorship	Nil
Pakistan Aviators & Aviation	Common directorship	Nil
Pakistan Aviators and Aviation (Private) Limited	Company director shareholder	Nil
Security General Insurance Company Limited	Company director shareholder	14.224%

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

41 Segment Information

The Group conducts general insurance business both inside and outside Pakistan while life assurance is conducted only in Pakistan.

	General Insurance														Life Insurance	Aggregate
	Fire and property damage		Marine, aviation and transport		Motor		Accident & health		Miscellaneous		Total		Aggregate General Insurance			
	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan		
Premium receivable (inclusive of federal excise duty, administrative surcharge)	23,086,134	65,402	3,114,475	115,718	3,879,673	22,162,815	3,794,461	1,840,020	1,302,555	15,463	35,009,298	24,102,418	60,001,716	30,959,354	90,961,070	
Federal insurance fee and Administrative surcharge)	(2,993,011)	(3,278)	(965,995)	6,524	(510,896)	(1,054,896)	(225,008)	(87,763)	(206,638)	(736)	(4,297,348)	(1,152,197)	(5,449,545)	-	(5,449,545)	
Federal excise duty / VAT	(199,787)	(30)	(27,671)	(4)	(33,423)	-	(95,580)	-	(16,809)	-	(313,286)	(34)	(313,300)	-	(313,300)	
Federal insurance fee	19,889,336	62,094	2,721,209	110,190	3,335,354	21,097,919	3,533,873	1,755,257	1,708,912	14,727	31,198,664	23,040,187	54,238,871	30,959,354	85,198,225	
Gross written premium (inclusive of administrative surcharge)	19,889,336	62,094	2,721,209	110,190	3,335,354	21,097,919	3,533,873	1,755,257	1,708,912	14,727	31,198,664	23,040,187	54,238,871	30,959,354	85,198,225	
Gross direct premium	19,878,180	61,919	2,692,357	110,176	3,234,987	20,984,299	3,551,485	1,755,257	1,680,404	14,643	30,987,563	22,926,296	53,913,859	30,959,354	84,873,213	
Facultative inward premium	1,476	-	-	-	-	-	-	-	32,670	-	34,346	-	34,346	-	34,346	
Administrative surcharge	19,690	175	38,652	12	100,367	113,620	2,438	-	15,638	84	176,775	113,891	290,666	-	290,666	
Insurance premium earned	19,899,336	62,094	2,721,209	110,190	3,335,354	21,097,919	3,533,873	1,755,257	1,708,912	14,727	31,198,664	23,040,187	54,238,871	30,959,354	85,198,225	
Insurance premium ceded to reinsurers	19,080,070	38,829	2,697,698	119,070	3,405,771	16,180,116	3,581,982	1,780,129	1,624,010	13,277	30,279,511	18,131,421	48,510,932	30,959,354	79,470,286	
Net insurance premium	(17,533,646)	(31,492)	(1,336,172)	-	(87,631)	(931,207)	-	(943,522)	(672,694)	(8,709)	(19,640,143)	(1,914,930)	(21,555,073)	(684,139)	(22,239,212)	
Net insurance income	1,546,424	7,337	1,351,526	119,070	3,268,140	15,246,909	3,561,982	836,607	967,316	4,968	10,739,368	16,216,491	26,955,859	30,275,215	57,231,074	
Commission income	903,846	6,302	16,441	-	5,617	85,392	-	127,286	326	1,059,190	91,368	1,150,558	-	-	1,150,558	
Net underwriting income	2,456,270	13,639	1,367,967	119,070	3,213,757	15,334,301	3,561,982	836,607	1,078,602	4,242	11,796,558	16,307,859	28,106,417	30,275,215	56,381,532	
Insurance claims	(701,801)	55,903	(1,180,423)	(17,073)	(1,687,284)	(18,772,991)	(3,162,292)	(1,184,218)	(531,720)	(15,164)	(7,243,326)	(19,303,643)	(27,147,169)	(24,760,980)	(51,908,149)	
Insurance claim recoveries from reinsurer	225,252	(92,199)	566,655	-	140,350	7,751,275	-	828,140	36,656	13,871	969,013	8,501,090	9,470,103	410,973	9,881,076	
Net claims	(476,549)	(6,333)	(613,874)	(17,073)	(1,526,934)	(11,021,716)	(3,162,292)	(356,078)	(494,864)	(1,293)	(6,274,513)	(11,402,553)	(17,677,066)	(24,350,007)	(42,027,073)	
Commission expense	(769,990)	(5,574)	(248,048)	(11,701)	(325,766)	(3,236,896)	(134,401)	(216,578)	(133,008)	(276)	(1,611,213)	(3,630,025)	(5,141,238)	(3,433,788)	(8,575,026)	
Management expense	(944,998)	(24,181)	(472,705)	(25,821)	(1,219,105)	(1,784,260)	(184,762)	(159,207)	(314,294)	(22,525)	(3,135,864)	(2,015,394)	(5,151,868)	(1,274,712)	(6,426,570)	
Net insurance claims and expenses	(2,191,537)	(36,148)	(1,334,827)	(54,595)	(3,071,805)	(16,107,872)	(3,481,455)	(731,863)	(942,166)	(24,094)	(11,021,590)	(16,946,572)	(27,970,162)	(29,088,507)	(57,028,669)	
Net change in insurance liabilities (other than outstanding claims)	-	-	-	-	-	-	-	-	-	-	-	-	-	(25,292,831)	(25,292,831)	
Underwriting result	264,733	(22,509)	33,340	64,475	241,962	(767,571)	100,507	104,744	136,436	(19,852)	776,968	(940,713)	136,255	(24,076,123)	(23,939,868)	
Net investment income	-	-	-	-	-	-	-	-	-	-	-	-	-	20,316,820	25,017,755	
Net fair value unrealized gain on financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	5,643,684	5,643,684	
Change in fair value of investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rental income	-	-	-	-	-	-	-	-	-	-	-	-	-	337,982	337,982	
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-	126,921	126,921	
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	718,804	1,198,013	
Finance cost	-	-	-	-	-	-	-	-	-	-	-	-	-	(83,800)	(858,761)	
Profit from Windrow Takatli Operations - Operator Furu (Parent Company)	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,061)	(6,679)	
Profit before taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	574,914	574,914	
Segment Assets	19,206,010	84,506	1,173,678	19,104	861,312	10,438,772	623,735	1,091,255	1,716,967	25,555	23,661,902	11,659,192	35,241,094	112,111,714	147,352,808	
Unallocated assets	-	-	-	-	-	-	-	-	-	-	-	-	-	3,599,847	73,933,626	
Segment Liabilities	20,025,642	106,656	1,536,648	43,638	2,498,103	24,655,831	1,979,202	1,359,397	2,369,653	32,009	28,428,848	26,197,731	54,626,579	109,852,303	164,478,882	
Unallocated Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	1,363,970	14,204,683	
	40,528,764	27,566,701	68,088,465	110,595,110	178,683,575											

Rupees in thousand

Premium receivable (inclusive of federal excise duty, administrative surcharge)
Federal insurance fee and Administrative surcharge)
Federal excise duty / VAT
Federal insurance fee

Gross written premium (inclusive of administrative surcharge)
Gross direct premium
Facultative inward premium
Administrative surcharge

Insurance premium earned
Insurance premium ceded to reinsurers
Net insurance premium
Commission income

Net underwriting income

Insurance claims
Insurance claim recoveries from reinsurer
Net claims
Commission expense
Management expense
Net insurance claims and expenses
Net change in insurance liabilities (other than outstanding claims)

Underwriting result
Net investment income
Net fair value unrealized gain on financial assets at fair value through profit or loss
Change in fair value of investment property
Rental income
Other income
Other expenses
Finance cost
Profit from Windrow Takatli Operations - Operator Furu (Parent Company)
Profit before taxation

Segment Assets
Unallocated assets
Segment Liabilities
Unallocated Liabilities

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For the year ended 31 December 2024

41.1 Segment Information

The Group conducts general insurance business both inside and outside Pakistan while life assurance is conducted only in Pakistan.

	2023														Aggregate	
	General Insurance															
	Fire and property damage		Marine, aviation and transport		Motor		Accident & health		Miscellaneous		Total		Aggregate General Insurance			Life Insurance
	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan		
Premium receivable (inclusive of federal excise duty, Federal insurance fee and Administrative surcharge)	20,981,013	33,843	2,655,610	46,202	4,001,973	11,530,020	3,270,143	1,955,355	1,487,619	14,000	32,436,358	13,629,420	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)	(6,688,678)	(949,572)	(4,336,250)	-	(4,336,250)	
Federal insurance fee	(82,912)	(62)	(23,853)	(18)	(34,788)	-	(30,884)	-	(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	12,976,768	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	12,976,768	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	10,965,305	3,099,777	1,900,338	1,294,215	13,233	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	185,000	-	185,000	
	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	12,976,768	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	8,605,055	3,321,603	2,481,147	1,361,987	12,863	27,692,401	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	73,704	2,716	920,991	97,907	1,018,898	-	1,018,898	
Net underwriting income	1,955,682	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)	(1,955,615)	(347,822)	(24)	(12,179,670)	(14,567,334)	(27,287,004)	(19,443,257)	(46,734,261)	
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	
	(577,029)	(88,439)	(410,048)	7,983	(1,672,645)	(7,052,012)	(3,064,921)	(577,979)	(232,464)	1,134	(5,896,807)	(7,709,313)	(13,606,120)	(19,997,003)	(32,603,123)	
Commission expense	(660,771)	(4,247)	(253,871)	(4,443)	(306,349)	(1,802,332)	(110,498)	(287,583)	(137,166)	(217)	(1,450,645)	(2,088,822)	(3,549,467)	(3,173,252)	(6,722,719)	
Management expense	(557,408)	(7,638)	(531,059)	(36,191)	(1,366,968)	(1,393,448)	(143,028)	(221,418)	(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)	(22,651)	(3,345,982)	(10,247,792)	(3,318,447)	(1,092,980)	(643,766)	(3,089)	(10,220,381)	(11,716,827)	(21,697,208)	(23,224,362)	(44,921,570)	
Net change in insurance liabilities (other than outstanding claims)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Underwriting result	193,474	(89,206)	23,866	1,856	200,378	(1,948,121)	3,156	37,103	194,012	1,755	614,986	(1,906,613)	(1,381,627)	(16,441,026)	(17,822,653)	
Net investment income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net fair value unrealized gain on financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net unrealized gains on investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rental income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Finance cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Profit from Windrow Takaful Operations - Operators Fund (Parent Company)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Profit before tax	4,864,944	(93,206)	23,866	1,856	200,378	(1,948,121)	3,156	37,103	194,012	1,755	614,986	(1,906,613)	(1,381,627)	(16,441,026)	(17,822,653)	
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Segment Liabilities	24,074,001	710,512	977,468	39,912	2,590,655	16,827,569	1,987,758	1,459,328	2,299,743	27,487	64,033,176	22,782,414	86,815,590	87,533,952	172,569,542	
Unallocated Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	38,895,151	20,333,647	20,333,647	59,226,798	81,536,026	140,784,824	-	-	-	-	-	-	-	-	-	

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42 Movement in investments

	Available for sale	Held to Maturity	Fair value through profit or loss	Total
----- Rupees in thousand -----				
As at January 01, 2023	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
Additions	1,394,145	18,910,801	281,253,172	301,558,118
Disposals (sales and redemptions)	(895,907)	(12,049,388)	(260,045,983)	(272,991,278)
Fair value net gains (excluding net realized gain)	11,464,322	-	5,794,335	17,258,657
Currency translation effect	-	(223,359)	-	(223,359)
Unwinding of discount on debt securities	-	318,535	-	318,535
Impairment losses	265,803	-	-	265,803
As at December 31, 2024	37,093,605	15,809,038	105,534,342	158,436,985

43 Management of insurance and financial risk

The individual risk wise analysis is given below :

Parent Company

43.1 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.

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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.

43.1.1 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.

43.1.2 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	
	2024	2023	2024	2023	2024	2023
	----- Rupees in thousand -----					
Fire & property damage	13,421,180,903	13,207,496,942	11,768,343,348	12,183,955,945	1,652,837,555	1,023,540,997
Marine aviation & transport	5,839,247,516	5,196,528,176	1,287,123,046	840,739,732	4,552,124,470	4,355,788,444
Motor	677,213,536	440,449,302	14,911,783	21,115,693	662,301,753	419,333,609
Accident & health	954,268,685	549,008,337	378,878,706	174,159,236	575,389,979	374,849,101
Miscellaneous	605,360,866	701,702,392	500,507,290	585,301,208	104,853,576	116,401,184
	21,497,271,506	20,095,185,149	13,949,764,173	13,805,271,814	7,547,507,333	6,289,913,335

43.1.3 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.

43.1.4 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

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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 than 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.

43.1.5 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)	
	2024	2023
	----- Rupees in thousand -----	
10% increase in claims liability		
Net:		
Fire & property	(48,294)	(60,547)
Marine, aviation and transport	(63,095)	(40,207)
Motor	(1,254,865)	(872,466)
Accident & health	(351,837)	(364,290)
Miscellaneous	(49,616)	(23,103)
	(1,767,707)	(1,360,613)
10% decrease in claims liability		
Net:		
Fire & property	48,294	60,547
Marine, aviation and transport	63,095	40,207
Motor	1,254,865	872,466
Accident & health	351,837	364,290
Miscellaneous	49,616	23,103
	1,767,707	1,360,613

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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	<u>939,144</u>	<u>573,904</u>	<u>19,733</u>	<u>47,424</u>	<u>45,138</u>	<u>252,945</u>

Subsidiary Company

43.2 Conventional business

43.2.1 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.

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Benefits assured per life	Sum assured at the end of 2024			
	Total benefits assured			
	Before reinsurance		After reinsurance	
Rupees	Rupees in thousand	Percentage	Rupees in thousand	Percentage
0-200,000	2,874	2.1%	2,745	3.50%
200,000 - 400,000	3,232	2.3%	2,232	2.85%
400,001 - 800,000	23,975	17.4%	19,628	25.02%
800,001 - 1,000,000	43,310	31.4%	30,318	38.65%
More than 1,000,000	64,488	46.8%	23,529	29.99%
Total	137,879	100.0%	78,452	100.00%

Benefits assured per life	Sum assured at the end of 2023			
	Total benefits assured			
	Before reinsurance		After reinsurance	
Rupees	Rupees in thousand	Percentage	Rupees in thousand	Percentage
0-200,000	941	1.79%	585	1.45%
200,000 - 400,000	2,320	4.41%	1,437	3.57%
400,001 - 800,000	9,550	18.14%	6,672	16.58%
800,001 - 1,000,000	22,453	42.66%	22,136	55.02%
More than 1,000,000	17,373	33.01%	9,406	23.38%
Total	52,637	100.00%	40,236	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.

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- 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.

43.2.2 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.

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Benefits assured per client	Sum assured at the end of 2024			
	Total benefits assured			
	Before reinsurance		After reinsurance	
Rupees	Rupees in thousand	Percentage	Rupees in thousand	Percentage
0-500,000	50,503,576	5.11%	50,270,506	13.96%
500,001-1,000,000	261,981,734	26.50%	165,993,290	46.11%
1,000,001-1,500,000	68,513,740	6.93%	38,965,854	10.82%
1,500,001-2,000,000	97,503,390	9.86%	37,535,071	10.43%
More than 2,000,000	510,248,998	51.61%	67,259,535	18.68%
Total	988,751,438	100.00%	360,024,256	100.00%
Benefits assured per client	Sum assured at the end of 2023			
	Total benefits assured			
	Before reinsurance		After reinsurance	
Rupees	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%

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

The table below shows the level of respective variation in liabilities for change in each assumption while holding all other assumptions constant:

Variables	Change in Variable	Increase in liability 2024 (Rupees in '000')
Worsening of mortality rates for risk policies	+10% pa	5,894
Increase in reporting lag	+10% pa	5,894

43.2.3 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.

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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 2024			
	Total benefits assured			
	Before reinsurance		After reinsurance	
Rupees	Rupees in thousand	Percentage	Rupees in thousand	Percentage
0-200,000	1,523	0.89%	1,107	2.04%
200,000 - 400,000	13,224	7.70%	5,531	10.20%
400,001 - 800,000	54,319	31.65%	17,985	33.15%
800,001 - 1,000,000	36,551	21.29%	11,665	21.50%
More than 1,000,000	66,029	38.47%	17,961	33.11%
Total	171,646	100.00%	54,249	100.00%

Benefits assured per life	Sum assured at the end of 2023			
	Total benefits assured			
	Before reinsurance		After reinsurance	
Rupees	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%

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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.

43.2.4 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

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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

Rupees	Sum assured at the end of 2024			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	Rupees in thousand	Percentage	Rupees in thousand	Percentage
0-200,000	4,607,312	5.57%	4,170,473	7.93%
200,000 - 400,000	11,463,473	13.85%	10,499,578	19.95%
400,001 - 800,000	19,824,107	23.95%	17,112,174	32.52%
800,001 - 1,000,000	11,862,102	14.33%	8,028,319	15.26%
More than 1,000,000	35,002,154	42.29%	12,810,439	24.35%
Total	82,759,148	100.00%	52,620,983	100.00%
Benefits assured per life	Sum assured at the end of 2023			
	Total benefits assured			
	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	34.94%	10,780,327	17.40%
Total	98,756,036	100.00%	61,990,467	100.00%

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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.

43.2.5 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.

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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 2024			
	Total benefits covered			
	Before retakaful		After retakaful	
Rupees	Rupees in thousand	Percentage	Rupees in thousand	Percentage
0-200,000	1,437,350	3.50%	1,431,011	5.88%
200,000 - 400,000	3,636,377	8.85%	3,624,825	14.91%
400,001 - 800,000	7,252,454	17.65%	6,764,273	27.81%
800,001 - 1,000,000	4,284,593	10.43%	3,188,438	13.11%
More than 1,000,000	24,487,486	59.57%	9,310,683	38.29%
Total	41,098,260	100.00%	24,319,230	100.00%
Benefits covered per life	Sum assured at the end of 2023			
	Total benefits covered			
	Before retakaful		After retakaful	
Rupees	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	46.35%	6,022,015	22.57%
Total	43,962,901	100.00%	26,676,280	100.00%

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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.

43.2.6 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

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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 2024			
	Total benefits covered			
	Before retakaful		After retakaful	
Rupees	Rupees in thousand	Percentage	Rupees in thousand	Percentage
0 - 500,000	20,535,779	17.50%	19,764,720	34.24%
500,001-1,000,000	29,973,832	25.54%	21,397,329	37.07%
1,000,001-1,500,000	9,336,854	7.96%	4,568,500	7.91%
1,500,001-2,000,000	6,135,219	5.23%	2,072,500	3.59%
More than 2,000,000	51,374,866	43.78%	9,925,500	17.19%
Total	117,356,550	100.00%	57,728,549	100.00%

Benefits covered per participant	Sum cover at the end of 2023			
	Total benefits covered			
	Before retakaful		After retakaful	
Rupees	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	28.91%
Total	106,621,104	100.00%	57,006,381	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.

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d) Changes in assumptions

There are no changes in assumptions.

e) Sensitivity analysis

The table below shows the level of respective variation in liabilities for change in each assumption while holding all other assumptions constant.

Variables	Change in Variable	Increase in liability 2024 (Rupees in '000')
Worsening of mortality rates for risk policies	+10% pa	834
Increase in reporting lag	+10% pa	834

43.3 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 12.7989%% 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
	----- Rupees in thousand -----	
Mortality	100,881,042	100,826,424
Investment Returns	100,881,042	100,872,396

The liabilities evaluated under the assumptions suggest the recognised liabilities are adequate and no further provision is required.

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	2023 (Restated)							Total
	Interest / markup bearing			Non - interest / markup bearing			Total	
	Effective rate per annum (%)	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year		
----- 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	8% - 26.22%	44,027,984	22,741,078	66,769,062	-	-	-	66,769,062
Term deposits	4% - 5.82%	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	5%	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
Bank deposits subject to encumbrances - (Restated)	0.1% - 21.00%	592,982	-	592,982	2,536,211	-	2,536,211	3,129,193
Cash and bank - (Restated)	0.1% - 21.00%	5,364,215	-	5,364,215	685,964	-	685,964	6,050,179
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		-	-	-	26,395,403	-	26,395,403	26,395,403
Premium received in advance		-	-	-	1,031,565	-	1,031,565	1,031,565
Insurance / reinsurance payables		-	-	-	4,054,711	-	4,054,711	4,054,711
Other creditors and accruals		-	-	-	3,429,048	-	3,429,048	3,429,048
Lease liabilities		-	-	-	115,940	-	115,940	115,940
Deposits against cash margin		-	-	-	462,374	-	462,374	462,374
Total liabilities of Window Takaful								
Operations- Operator's Fund		-	-	-	486,464	-	486,464	486,464
		-	-	-	35,975,505	-	35,975,505	35,975,505
		57,600,706	22,793,974	80,394,680	36,679,415	69,676	36,749,091	117,143,771

43.4.1 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		
	2024	2023	2024	2023	
		----- Percentage -----		----- Rupees in thousand -----	
Fixed rate of financial instruments					
Financial assets:					
Investments- PIBs and Treasury Bills	11.75% - 23.90%	15.02 - 26.22%	74,999,530	54,727,502	
Loans	5.00	5.00	1,966	2,370	
Floating rate of financial instruments					
Financial assets:					
Bank and term deposits	0.1% to 20.50%	0.1% - 21.00%	17,833,432	13,035,299	
Investments - TFCs & Sukuks	8.77% - 24.56%	8.00% - 22.55%	12,649,467	12,041,560	

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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
----- Rupees in thousand -----				
As at December 31, 2024 - Fluctuation of 100 bps				
Cash flow sensitivity - variable rate financial liabilities	-	-	-	-
Cash flow sensitivity - variable rate financial assets	183,824	(183,824)	112,133	(112,133)
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)

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. 30,786,906 thousands (2023: Rs. 22,782,415 thousands) and Rs. 27,561,702 thousands (2023: Rs. 20,533,647 thousands), respectively, at the end of the year.

The following significant exchange rates were applied during the year:

	2024	2023
----- Rupees -----		
The following significant exchange rates were applied during the year:		
Rupees per US Dollar		
Average rate	278.5110	280.3620
Reporting date rate	278.5500	281.8607
Rupees per AED		
Average rate	75.8285	76.3348
Reporting date rate	75.8362	76.7427

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.

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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. 53,472,131 thousands (2023: Rs. 31,837,625 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 -----	
2024		
Effect of increase in share price	3,045,626	1,857,832
Effect of decrease in share price	(108,651)	(66,277)
2023		
Effect of increase in share price	1,118,561	682,322
Effect of decrease in share price	(467,957)	(285,454)

43.5 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:

	2024	2023
	----- Rupees in thousand -----	
Investments	158,436,985	112,250,509
Loan secured against life insurance policies	8,389	35,975
Loans and other receivable	2,989,104	2,008,017
Due from insurance contract holders	7,005,564	6,960,193
Due from other insurers / other reinsurers	1,047,842	689,372
Reinsurance recoveries against outstanding claims	15,361,295	20,601,648
Salvage recoveries accrued	400,039	300,921
Bank deposits	13,269,165	9,179,372
	198,518,383	152,026,007

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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.

	2024	2023
	----- Rupees in thousand -----	
Age analysis of due from insurance contact holders (net of provision) is as follows:		
Upto one year	6,734,454	6,490,656
Above one year	1,902,642	2,117,717
	8,637,096	8,608,373
Less: provision for doubtful balances	(1,631,532)	(1,648,180)
	7,005,564	6,960,193

The credit quality of Group's bank balance can be assessed with reference to external credit rating as follows:

	Rating		Rating Agency	2024	2023 (Restated)
	Short Term	Long Term		----- Rupees in thousand -----	
Abu Dhabi Commercial Bank	A1	A	S&P	2,171,405	276,256
Al Baraka Limited	A2	A+	PACRA	29,290	30,183
Allied Bank Limited	A1+	AAA	PACRA	-	-
Askari Bank Limited	A1+	AA+	PACRA	4,140	10,973
Bank Al Habib Limited	A1+	AAA	PACRA	42,940	40,319
Bank Al Habib Limited - Islamic	Not available	Not available	Not available	-	-
Bank Alfalah Limited	A1+	AAA	PACRA	1,384,973	1,295,345
Bank Islami Pakistan Limited	A1	AA-	PACRA	3,001	1,039,036
Dubai Islamic Bank Pakistan Limited	A1+	AA	PACRA	6,577	8,191
Faysal Bank Limited	A1+	AA	Not available	5,325	108,383
FINCA Micro Finance Bank Limited	A1	A-	PACRA	390	390
First Abu Dhabi Bank	A1+	AA-	S&P	40,661	40,909
Habib Bank Limited	A1+	AAA	JCR-VIS	131,504	146,826
Habib Metropolitan Bank	A1+	AA+	PACRA	116,929	18,950
Khushhali Microfinance Bank Limited	A2	A-	JCR-VIS	7,790	10,037
MCB Bank Limited	A1+	AAA	PACRA	6,372,363	4,448,042
MCB Islamic Bank Limited	B	A	PACRA	2,507,568	1,224,317
Mobilink Micro Finance Bank	A1	A	PACRA	32,724	1,470
National Bank of Pakistan	A1+	AAA	PACRA	15,811	17,095
NRSP Microfinance Bank Limited	A1	A-	PACRA	5	74
Samba Bank Limited	A1	AA	PACRA	2,133	16,132
Silk Bank Limited	A2	B+	PACRA	5,032	2,354
Soneri Bank Limited	A1+	AA-	PACRA	-	1
Standard Chartered Bank	A1+	AAA	PACRA	110,259	68,858
Telenor Microfinance Bank Limited	A1	A	PACRA	1,504	1,266
The Punjab Provincial Cooperative Bank Limited	A2	BBB+	PACRA	3,425	3,425
United Bank Limited	A1+	AAA	JCR-VIS	151,203	216,105
U Microfinance Bank Limited	A1	A+	PACRA	8	6,376
Zarai Taraqiyati Bank Limited	A1+	AAA	JCR-VIS	96,299	114,434
				13,243,259	9,145,747

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

The credit quality of Group's bank balance can be assessed with reference to external credit rating as follows:

	Amounts due from other insurers / reinsurers	Reinsurance and other recoveries against outstanding claims	2024	2023
----- Rupees in thousand -----				
A or Above (including PRCL)	796,284	11,791,366	12,587,650	17,730,950
BBB	-	2,691,391	2,691,391	2,767,297
Others	452,860	878,538	1,331,398	994,075
Total	1,249,144	15,361,295	16,610,439	21,492,322

43.6 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 2024 is Rs. 500,000 thousands whereas for life insurers as at 31 December 2024 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.

43.7 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

44 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.

		2024										
		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												
	8	31,059,526	-	22,412,605	-	-	-	53,472,131	53,472,131	-	-	53,472,131
	8	6,034,079	-	-	-	-	-	6,034,079	-	-	6,034,079	6,034,079
	16	1,075,440	-	-	-	-	-	1,075,440	1,075,440	-	-	1,075,440
Financial assets - not measured at fair value												
	9	-	4,527,260	83,121,737	-	-	-	87,648,997	-	87,648,997	-	87,648,997
	16	-	51,418	-	-	-	-	51,418	-	51,418	-	51,418
	11	-	-	-	2,989,104	-	-	2,989,104	-	-	-	-
		-	-	-	8,389	-	-	8,389	-	-	-	-
	10	-	11,281,778	-	-	-	-	11,281,778	-	-	-	-
	12	-	-	-	8,053,406	-	-	8,053,406	-	-	-	-
		-	-	-	15,361,295	-	-	15,361,295	-	-	-	-
	14	-	-	-	3,040,688	-	-	3,040,688	-	-	-	-
	15	-	-	-	-	10,228,477	-	10,228,477	-	-	-	-
	16	-	-	-	598,247	295,515	-	893,762	-	-	-	-
		38,169,045	15,890,456	105,534,342	30,051,129	10,523,992	-	200,138,964	54,547,571	87,700,415	6,034,079	148,282,065
Financial liabilities - not measured at fair value												
Underwriting provisions:												
	29	-	-	-	-	-	24,345,048	24,345,048	-	-	-	-
		-	-	-	-	-	2,478,126	2,478,126	-	-	-	-
		-	-	-	-	-	3,887,189	3,887,189	-	-	-	-
	24	-	-	-	-	-	3,510,659	3,510,659	-	-	-	-
	25	-	-	-	-	-	400,214	400,214	-	-	-	-
	26	-	-	-	-	-	436,620	436,620	-	-	-	-
	16	-	-	-	-	-	772,823	772,823	-	-	-	-
		-	-	-	-	-	35,830,679	35,830,679	-	-	-	-

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

44.1 Fair value measurement of financial instruments

Note	2023 (Restated)										
	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
Rupees in thousand											
Financial assets - measured at fair value											
Investment											
	8	18,299,522	-	13,536,103	-	-	31,837,625	31,837,625	-	-	31,837,625
	8	6,565,720	-	-	-	-	6,565,720	-	-	6,565,720	6,565,720
	16	293,848	-	-	-	-	293,848	293,848	-	-	293,848
Financial assets - not measured at fair value											
	9	-	1,774,347	64,994,715	-	-	66,769,062	-	66,769,062	-	66,769,062
	16	-	51,974	-	-	-	51,974	-	51,974	-	51,974
	11	-	-	-	2,008,017	-	2,008,017	-	-	-	-
		-	-	-	35,975	-	35,975	-	-	-	-
	10	-	7,078,102	-	-	-	7,078,102	-	-	-	-
	16	-	500,000	-	-	-	500,000	-	-	-	-
	12	-	-	-	7,649,565	-	7,649,565	-	-	-	-
		-	-	-	20,601,648	-	20,601,648	-	-	-	-
	14	-	-	-	3,129,193	-	3,129,193	-	-	-	-
	15	-	-	-	-	6,050,179	6,050,179	-	-	-	-
	16	-	-	-	471,508	76,860	548,368	-	-	-	-
		25,159,090	9,404,423	78,532,818	33,895,906	6,127,039	153,119,276	32,131,473	66,821,036	6,565,720	105,518,229
Financial liabilities - not measured at fair value											
Underwriting provisions:											
	29	-	-	-	-	26,395,403	26,395,403	-	-	-	-
		-	-	-	-	1,031,565	1,031,565	-	-	-	-
		-	-	-	-	4,054,711	4,054,711	-	-	-	-
	24	-	-	-	-	3,429,048	3,429,048	-	-	-	-
	25	-	-	-	-	115,940	115,940	-	-	-	-
	26	-	-	-	-	462,374	462,374	-	-	-	-
	16	-	-	-	-	486,464	486,464	-	-	-	-
		-	-	-	-	35,975,505	35,975,505	-	-	-	-

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

45 Corresponding figures

Wherever considered necessary, corresponding figures have been reclassified for the purpose of comparison and improved presentation.

46 Non - Adjusting events after the statement of financial position date

The Board of Directors of the Company in their meeting held on March 03, 2025 proposed a final cash dividend for the year ended December 31, 2024 @ 15% i.e. Rupees 1.5/- share (2023: 15% i.e. Rupees 1.5/- share). This is in addition to the interim cash dividend @ 15% i.e. Rupees 1.5/- per share (2023: 15% i.e. Rupee 1.5/- per share) resulting in a total cash dividend for the year ended December 31, 2024 of Rupees 3/- per share (2023: 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, 2024 do not include the effect of final dividend which will be accounted for in the financial statements for the year ending December 31, 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

47 Number of employees

The total average number of employees during the year and as at December 31, 2024 and 2023, are as follows:

	2024	2023
	----- Numbers -----	
As at 31 December		
Parent Company	943	893
Subsidiary Company	1,797	1,802
Average during the year		
Parent Company	923	898
Subsidiary Company	1,799	1,772

48 Date of authorization for issue

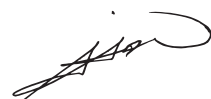
These consolidated financial statements were authorized for issue on March 03, 2025 by the Board of Directors of the Company.

49 General

Figures have been rounded off to the nearest thousand rupees unless other wise stated.



Umer Mansha
Chairman



Shaikh Muhammad Jawed
Director



Mohammad Arif Hameed
Director



Muhammad Asim Nagi
Chief Financial Officer



Muhammad Ali Zeb
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 scholar in the Islamic Finance industry, who sits on the Shariah Advisory numerous institutions, Boards of financial 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.

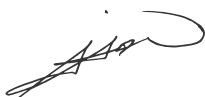
Statement of Compliance with the Shariah Principles

As at 31 December 2024

The financial arrangements, contracts and transactions, entered into by Window Takaful Operations of Adamjee Insurance Company Limited (the Company) for the year ended 31 December 2024 are in compliance with the Takaful Rules, 2012 as mentioned below;

- 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;
- 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; and
- All Re-Takaful arrangements undertaken by the operator have been approved by the Shariah advisor and are in compliance with the Takaful Rules, 2012, except for certain facultative Re-Takaful arrangements placed with conventional reinsurance companies. The Shariah advisor has approved these exceptions with slight modifications and conditions to ensure Shariah compliance, due to the unavailability of suitable Re-Takaful arrangements with Takaful/Re-Takaful companies that meet the required terms and conditions.

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 27, 2025

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 annexed Statement of Compliance (the Statement) with the Shariah Principles of the Window Takaful Operations (Takaful Operations) of the Company, as set out in the annexed Statement prepared by the management for the year ended 31 December 2024, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the Statement presents fairly the status for the year ended 31 December 2024 of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

Responsibilities of the Management

The management of the Company is responsible for designing, implementing and maintaining internal controls relevant to the preparation of the 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 and other applicable laws and regulations.

The management of the Company is 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. It is also responsible for ensuring that the management, where appropriate, those charged with governance, 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 responsibilities

Our responsibility is to examine the annexed statement prepared by management 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 (Revised), 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 firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management manage including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of 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), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on our judgement, including the assessment of the risks of non-compliances with the Takaful Rules, 2012 whether due to fraud or error.

In making those risk assessments, we have considered internal controls relevant to the preparation of the Statement 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 preparation of the Statement. Our engagement also included assessing the appropriateness of the compliance with Shariah Principles, the suitability of the criteria used by the management in preparing the Statement in the circumstances of the engagement, evaluating the appropriateness of the methods, policies and procedures, and models used in in the preparation of the Statement and the reasonableness of estimates made by the management and evaluating the overall presentation of the Statement. Reasonable assurance is less than absolute assurance.

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the Statement nor of the underlying records or other sources from which the Statement was extracted.

The procedures performed included:

- Evaluating the systems, procedures and practices in place with respect to the Takaful operations in compliance with the Takaful Rules, 2012 and Shariah advisor's guidelines;
- Evaluating the governance arrangements including the reporting of events and status relating to Takaful Operations to those charged with relevant responsibilities, such as the Audit Committee / Shariah Advisor and the Board of Directors;

- Testing transactions relating to Takaful operations; using an appropriate sample, to assess compliance of tested transactions carried out in compliance with the laid down procedures and practices including the regulations relating to Takaful operations as laid down in Takaful Rules, 2012.
- Inspecting the Statement to assess whether it is prepared in accordance with Shariah Principles of Takaful Rules, 2012; and
- In performing our assurance procedures, necessary guidance on Shariah matters was provided by independent Shariah scholar.

Characteristics and Limitations of the Statement

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.

Applicable Criteria

The criteria against which the subject matter information (the Statement) is assessed comprise of the provisions of Takaful Rules, 2012, issued by the Securities and Exchange Commission of Pakistan (SECP).

Conclusion

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

In our opinion, the annexed statement, for the year ended 31 December 2024, presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

Place: Lahore

Date: March 27, 2025

KPMG Taseer Hadi & Co.
KPMG Taseer Hadi & Co.
Chartered Accountants

Shariah Advisor's Report to the Board of Directors As at 31 December 2024

الحمد لله رب العالمين والصلوة والسلام على سيد الانبياء والمرسلين 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;
- 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
- iv. All Re-Takaful arrangements undertaken by the operator have been approved by me and are in compliance with the Takaful Rules, 2012, with the exception of certain facultative re-takaful arrangements that are placed with conventional insurance companies. This exception is due to the unavailability of suitable Re-Takaful arrangements with Takaful/Re-takaful companies that meet the required terms and conditions.

And Allah knows best

Date: March 27, 2025



Mufti Muhammad Hassaan Kaleem
Shariah Advisor

INDEPENDENT AUDITOR'S REPORT

To the Members of Adamjee Insurance Company Limited Window Takaful Operations Report 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 31 December 2024, and the profit and loss account, the statement of comprehensive income, the statement of changes in operator's takaful fund and participants' takaful fund, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit,

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position of OPF and PTF, the profit and loss account, the statement of comprehensive income, the statement of changes in operator's takaful fund and participants' takaful fund and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Operator's affairs as at 31 December 2024 and of the profit, other comprehensive income, the changes in operator's takaful fund and participants' takaful fund and its cash flows for the year then ended.

Basis for Opinion

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

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

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 31 December 2024 but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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.

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Operator as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position of OPF and PTF, the profit and loss account, the statement of comprehensive income, the statement of changes in operator's takaful fund and participants' takaful fund and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 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).

Other Matter relating to comparative information

The financial statements of the Operator for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on 04 April 2024.

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

Place: Lahore

Date: March 27, 2025

UDIN: AR202410114GJLB0Ps8Z

KPMG Taseer Hadi & Co

KPMG Taseer Hadi & Co.
Chartered Accountants

Window Takaful Operations

Statement of Financial Position of OPF and PTF

As at 31 December 2024

	Note	Operator's Takaful Fund		Participants' Takaful Fund	
		31 December 2024	31 December 2023	31 December 2024	31 December 2023
----- Rupees in thousand -----					
ASSETS					
Qard-e-Hasna to Participants' Takaful Fund	10	221,460	221,460	-	-
Property and equipment	5	46,568	34,524	-	-
Intangible assets	6	15,214	16,922	-	-
Investments					
Equity securities	7	1,075,440	293,848	664,478	396,213
Debt securities	8	51,418	51,974	-	-
Term Deposits	9	-	500,000	-	252,000
Loans and other receivables	11	40,330	17,620	69,752	137,735
Takaful / Retakaful receivables	12	-	-	871,496	462,482
Retakaful recoveries against outstanding claims		-	-	180,599	163,403
Salvage recoveries accrued		-	-	98,538	77,260
Receivable from PTF	13	259,081	155,820	-	-
Deferred commission expense	24	77,376	76,608	-	-
Prepayments	14	-	-	235,524	188,251
Cash and bank	15	295,515	76,860	896,141	586,319
		1,860,942	1,224,176	3,016,528	2,263,663
TOTAL ASSETS		2,082,402	1,445,636	3,016,528	2,263,663
FUNDS AND LIABILITIES					
Funds attributable to Operator's and Participants'					
Capital and reserves attributable to Operator's Fund					
Statutory fund		50,000	50,000	-	-
Reserve		1,188	-	-	-
Unappropriated profit		1,258,391	909,172	-	-
		1,309,579	959,172	-	-
Participants' Takaful Fund					
Seed Money		-	-	500	500
Reserve		-	-	807	13,473
Accumulated surplus		-	-	154,556	177,917
		-	-	155,863	191,890
Qard-e-Hasna from Operator's Takaful Fund	10	-	-	221,460	221,460
Liabilities					
Underwriting provisions					
Outstanding claims including IBNR	22	-	-	726,815	616,699
Unearned contribution reserve	20	-	-	863,271	602,178
Reserve for unearned retakaful rebate	21	-	-	47,244	34,276
Contribution deficiency reserve		-	-	20,130	23,218
		-	-	1,657,460	1,276,371
Retirement benefit obligations		-	3,878	-	-
Deferred taxation	17	3,716	1,502	516	8,613
Contribution received in advance		-	-	77,204	94,001
Takaful / Retakaful payables	16	-	-	340,702	195,102
Payable to OPF	13	-	-	259,081	155,820
Unearned wakala fee	25	354,900	255,479	-	-
Other creditors and accruals	18	369,072	107,362	293,433	79,908
Taxation - provision less payments		45,135	118,243	10,809	40,498
		772,823	486,464	981,745	573,942
Total Liabilities		772,823	486,464	2,639,205	1,850,313
TOTAL FUNDS AND LIABILITIES		2,082,402	1,445,636	3,016,528	2,263,663
Contingencies and commitments	19				

The annexed notes from 1 to 40 form an integral part of these financial statements.

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

Window Takaful Operations

Statement of Profit or Loss Account For the Year Ended 31 December 2024

	Note	2024	2023
		----- Rupees in thousand -----	
PARTICIPANTS' TAKAFUL FUND			
Contributions earned		2,548,428	2,115,659
Contributions ceded to retakaful		(662,043)	(483,389)
Net contribution revenue	20	1,886,385	1,632,270
Retakaful rebate earned	21	125,231	88,154
Net underwriting income		2,011,616	1,720,424
Net takaful claims - reported / settled	22	(2,114,200)	(1,757,970)
Reversal / (charge) of contribution deficiency reserve		3,087	(8,730)
		(2,111,113)	(1,766,700)
Other direct expenses	23	(57,701)	(64,320)
Deficit before investment income		(157,198)	(110,596)
Investment income	27	192,612	100,464
Other income	28	65,315	68,707
Mudarib's share of investment income		(38,522)	(20,093)
Surplus before taxation		62,207	38,482
Taxation expense	30	(85,568)	(60,042)
Deficit after taxation		(23,361)	(21,560)
OPERATOR'S TAKAFUL FUND			
Wakala fee	25	988,894	831,273
Commission expense	24	(322,768)	(235,519)
General, administrative and management expenses	26	(335,433)	(257,976)
		330,693	337,778
Other income	28	62,391	28,884
Mudarib's share of PTF investment income		38,522	20,093
Investment income	27	148,148	125,025
Direct expenses	29	(4,840)	(4,030)
Profit before taxation		574,914	507,750
Taxation expense	30	(225,695)	(213,025)
Profit after taxation		349,219	294,725

The annexed notes from 1 to 40 form an integral part of these financial statements.



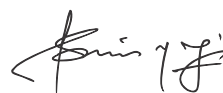
Umer Mansha
Chairman



Shaikh Muhammad Jawed
Director



Mohammad 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 2024

	2024	2023
	----- Rupees in thousand -----	
PARTICIPANTS' TAKAFUL FUND		
Deficit after taxation	(23,361)	(21,560)
Other comprehensive income:		
Unrealised (loss) / gain on available-for-sale investments - net of tax	(12,666)	13,473
Total comprehensive deficit for the year	(36,027)	(8,087)
OPERATOR'S TAKAFUL FUND		
Profit after taxation	349,219	294,725
Other comprehensive income:		
Unrealised gain on available-for-sale investments - net of tax	1,188	-
Total comprehensive income for the year	350,407	294,725

The annexed notes from 1 to 40 form an integral part of these financial statements.



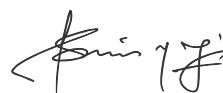
Umer Mansha
Chairman



Shaikh Muhammad Jawed
Director



Mohammad Arif Hameed
Director



Muhammad Asim Nagi
Chief Financial Officer



Muhammad Ali Zeb
Managing Director &
Chief Executive Officer

Window Takaful Operations

Statement of Changes in Shareholders Equity and Participants' Takaful Funds For the Year Ended 31 December 2024

	Operator's Takaful Fund			Total
	Statutory fund	Unappropriated profit	Fair value reserves	
	----- Rupees in thousand -----			
Balance as at January 01, 2023	50,000	614,447	-	664,447
Profit after taxation	-	294,725	-	294,725
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	294,725	-	294,725
Balance as at 31 December 2023	50,000	909,172	-	959,172
Profit after taxation	-	349,219	-	349,219
Other comprehensive income for the year	-	-	1,188	1,188
Total comprehensive income for the year	-	349,219	1,188	350,407
Balance as at 31 December 2024	50,000	1,258,391	1,188	1,309,579

	Participants' Takaful Fund			Total
	Seed money	Accumulated surplus / (deficit)	Fair value reserves	
	----- Rupees in thousand -----			
Balance as at January 01, 2023	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) / surplus for the year	-	(21,560)	13,473	(8,087)
Balance as at 31 December 2023	500	177,917	13,473	191,890
Deficit for the year	-	(23,361)	-	(23,361)
Other comprehensive deficit for the year	-	-	(12,666)	(12,666)
Total comprehensive deficit for the year	-	(23,361)	(12,666)	(36,027)
Balance as at 31 December 2024	500	154,556	807	155,863

The annexed notes from 1 to 40 form an integral part of these financial statements.

 Umer Mansha Chairman	 Shaikh Muhammad Jawed Director	 Mohammad Arif Hameed Director	 Muhammad Asim Nagi Chief Financial Officer	 Muhammad Ali Zeb Managing Director & Chief Executive Officer
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Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

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 (2023: 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 seed money of Rs. 500,000. The Waqf deed governs the relationship of Operator and Participants' for management of Takaful operations.

2 Basis of preparation and statement of compliance

These financial 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 are notified under 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.

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 and the 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 statement.

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 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 31 December 2024. These standards, amendments and interpretations are either not relevant to the operations or are not expected to have material impact on the financial statements other than certain additional disclosures:

Standards or Interpretations

Amendments to IFRS 16 ' Leases' -Clarification on how seller-lessee subsequently.

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with Convents along with Classification of liabilities as current or non-current.

Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements

2.4 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after the date mentioned against each of them:

Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' 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:
Amendmentsto IAS 21 'The Effects of Changesin Foreign ExchangeRates'- Clarification on how entity accountswwhen there is long term lack of Exchangeability	January 1, 2025
IFRS 17 – InsuranceContracts(including the June 2020 and December 2021 Amendments to IFRS 17) - Refer to note 2.5	January 1, 2026
IFRS 9 - Financial instruments - Refer to note 2.6	January 1, 2026
Amendmentsto IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

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
- IFRS 10 Consolidated Financial Statements
- IAS 7 Statement of Cash flows

Adoption of IFRS 17 & IFRS 9 is likely to have a significant impact on the Company's financial statements and the Company is in the process of assessing the impact of these standards on the financial statements in accordance with the directives of SECP.

2.5 IFRS 17 - Insurance Contracts

Pursuant to the requirements of Securities and Exchange Commission of Pakistan SRO 1715 (I)/2023 dated November 21, 2023 IFRS 17 "Insurance Contracts", is applicable to the companies engaged in insurance/takaful and re-insurance/re-takaful business from financial years commencing on or after January 01, 2026.

IFRS 17, replaces IFRS 4 Insurance Contracts. The new standard will apply to all entities that issue insurance and reinsurance contracts, and to all entities that hold reinsurance contracts. This standards requires entities to identify contracts and its terms and to assess whether they meet the definition of an insurance contract or includes components of an insurance contract. Insurance contracts are required to account for under the recognition/ derecognition of IFRS 17. Companies subject to the requirement of SRO will also be required to adopt requirements of IFRS 9 from the date of transition. On initial application of IFRS 17, comparative information for insurance contracts is restated in accordance with IFRS 17, whereas comparative information for related financial assets might not be restated in accordance with IFRS 9 if the

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

insurer is initially applying IFRS 9 at the same date as IFRS 17.

SECP through its S.R.O.506(I)/2024 has directed that the applicability period of optional temporary exemption from applying IFRS 9 – "Financial Instrument" as given in para 20A of IFRS 4 – "Insurance Contracts" is extended for annual periods beginning before January 1, 2026, subject to fulfilling the same conditions as are prescribed by para 20B of IFRS 4.

2.6 IFRS 9 - Financial Instruments

IFRS 9 'Financial Instruments' has become applicable; however, as an insurance company, the management has opted for 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:

Operator's Takaful Fund				
As at 31 December 2024				
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 -----				
Cash and Bank*	146	-	295,369	-
Investments in equity securities - available-for-sale	1,075,440	1,911	-	-
Investments in debt securities - held-to-maturity	-	-	51,418	-
Loans and other receivables*	40,330	-	-	-
1,115,916	1,911	346,787	-	-

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

Participants' Takaful Fund				
As at 31 December 2024				
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 -----				
Cash and Bank*	2,157	-	893,984	-
Investments in equity securities - available-for-sale	664,478	(20,763)	-	-
Loans and other receivables*	69,752	-	-	-
736,387	(20,763)	893,984	-	-

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

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

3 Summary of material accounting policies

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

3.1 Property and equipment

Owned operating assets, other than freehold land and capital work-in-progress, are stated at cost less accumulated depreciation and any provision for accumulated impairment. Freehold land and capital work-in-progress are stated at cost, less accumulated impairment losses, if any. 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, labour 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 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 statement of financial position date. Depreciation on additions is charged when the asset becomes available for use and is discontinued when the asset is disposed of.

The carrying values of operating fixed 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 operating fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on derecognition is determined by comparing the proceeds with the carrying amount of the asset and is included in the statement of profit and loss in the year the asset is derecognized.

3.2 Intangible assets

These are stated at cost less accumulated amortization and any provision for accumulated impairment, if any. Amortization is calculated from when 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 expire.

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.

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

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

Commission expenses incurred in obtaining and recording Takaful contracts are deferred and recognized in the Operator's Takaful Fund as an expense in accordance with the pattern of recognition of contribution revenue. The deferred commission expense, representing the portion related to the unexpired period of the Takaful contract, is recognized as an asset and calculated in accordance with the pattern of its related provision for unearned contribution.

Other acquisition costs are charged to the profit and loss account at the time takaful contracts are accepted.

3.5 Reserve for unearned contributions

The unearned portion of the contribution written, net of Wakala, is set aside as a reserve. Unearned contribution is determined as the ratio of the unexpired period of the contract 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.
- for crop business, where unearned contribution is determined as a ratio of the unexpired crop period to the total expected crop period, both measured to the nearest day.

Administrative surcharge is recognized as a contribution at the time the contracts 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 an 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

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

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 Retakaful contracts held

These are contracts entered into by the Operator with re-takaful operators for compensation of losses suffered on Takaful contracts issued. These retakaful 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.

Retakaful 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.

Retakaful 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.

Retakaful 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.

Retakaful 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.

Retakaful assets/liabilities are derecognized when the contractual rights are extinguished or expire.

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.

An Operating 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, Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019 and are disclosed in note 34. 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.

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

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 material 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.

Revenue from contribution is determined after taking into account the unearned portion of contribution. 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 retakaful 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 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:

Class	2024	2023
	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%

Wakala fee is recognized on issuance of takaful contract. Wakala fee is recognized as income in OPF 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 OPF and an asset in PTF.

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

3.11.4 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.
- 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.

3.11.5 Profit on bank deposits

Return on bank deposits is recognized on a time proportion basis taking into account the effective yield.

3.12 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 Operator does not have any 'investment at fair value through profit and loss account' at the statement of financial position date.

3.12.1 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.

3.12.2 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.

3.12.3 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 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.

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

3.12.4 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 Operator commits to purchase or sell the investment.

3.13 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability other than those relating takaful contract is offset and the net amount is reported in the statement of financial position when the Operator has a legally enforceable right to set off the recognized amount and intends either to settle on the net basis or to realize the asset 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.

Securities and Exchange Commission of Pakistan (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 31 December 2024 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.

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

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 benefits

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 employee benefits is described below:

3.17.1 Defined contribution plan

The Operator/Adamjee Insurance Company Limited operates an approved contributory provident fund scheme for all its eligible employees at entity level.

3.17.2 Defined benefit plan

The Operator operates a funded gratuity scheme for its employees' end-of-service benefits. The entitlement to these benefits is based on 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 of earned leave in a calendar year. They can accumulate up to 60 days of leave. At the end of each calendar year, any excess leave balance over 60 days lapses. 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 employees can encash 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

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

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 year.

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 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.

3.24 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

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

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
- Contribution deficiency reserve	3.6
- Employee benefit	3.17
- Provision for outstanding claims (including IBNR) and retakaful 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

		31 December 2024									
		Cost			Depreciation			Book value			
5	Property and equipment	As at 01 Jan			As at 31 Dec	As at 01 Jan	Charge	On	As at 31 Dec	As at 31 Dec	Rate
		2024	Additions	Disposals	2024	2024	for the year	disposal	2024	2024	
----- Rupees in thousand -----											

Operating Fixed Assets - OPF

Motor vehicles	48,992	18,179	(686)	66,485	16,559	5,552	(153)	21,958	44,527	15%
Office equipment	760	63	-	823	317	70	-	387	436	15%
Computer and related accessories	3,488	432	-	3,920	2,116	433	-	2,549	1,371	30%
Furniture and Fixture	631	-	-	631	355	42	-	397	234	15%
Total	53,871	18,674	(686)	71,859	19,347	6,097	(153)	25,291	46,568	

		31 December 2023									
		Cost			Depreciation			Book value			
		As at 01 Jan			As at 31 Dec	As at 01 Jan	Charge	On	As at 31 Dec	As at 31 Dec	Rate
		2023	Additions	Disposals	2023	2023	for the year	disposal	2023	2023	
----- Rupees in thousand -----											

Operating Fixed Assets - OPF

Motor vehicles	47,865	4,824	(3,697)	48,992	13,092	5,665	(2,198)	16,559	32,433	15%
Office equipment	760	-	-	760	239	78	-	317	443	15%
Computer and related accessories	2,819	669	-	3,488	1,708	408	-	2,116	1,372	30%
Furniture and Fixture	631	-	-	631	306	49	-	355	276	15%
Total	52,075	5,493	(3,697)	53,871	15,345	6,200	(2,198)	19,347	34,524	

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

5.1 Details of operating fixed 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)							
Honda Citi I-Vtech-Zuriat Fatima-BFP-963	686	153	533	533	Transfer	The Operator	Adamjee Insurance Company Limited
Grand Total	686	153	533	533			

6 Intangible Assets

31 December 2024												
		Cost				Amortization				Book value		
		As at 01 Jan 2024	Additions	Transfers	Disposals	As at 31 Dec 2024	As at 01 Jan 2024	Charge for the year	Adjustment / Disposals	As at 31 Dec 2024	As at 31 Dec 2024	Rate
Note ----- Rupees in thousand -----												
Operator's Takaful Fund												
Computer softwares	6.1	36,591	1,700	1,950	-	40,241	26,519	3,644	-	30,163	10,078	20%
Development cost (in progress)	6.2	6,850	236	(1,950)	-	5,136	-	-	-	-	5,136	
Total		43,441	1,936	-	-	45,377	26,519	3,644	-	30,163	15,214	
31 December 2023												
		Cost				Amortization				Book value		
		As at 01 Jan 2023	Additions	Transfers	Disposals	As at 31 Dec 2023	As at 01 Jan 2023	Charge for the year	Adjustment / Disposals	As at 31 Dec 2023	As at 31 Dec 2023	Rate
----- Rupees in thousand -----												
Operator's Takaful Fund												
Computer softwares		27,776	184	8,631	-	36,591	21,729	4,790	-	26,519	10,072	20%
Development cost (in progress)		9,631	5,850	(8,631)	-	6,850	-	-	-	-	6,850	
Total		37,407	6,034	-	-	43,441	21,729	4,790	-	26,519	16,922	

6.1 These include fully amortized computer softwares with a cost of Rs. 23.7 million (2023: Rs. 19.7 million).

6.2 This amount represents the capitalized cost of the ongoing development of the digital platform for Motor Takaful as at 31 December 2024.

Window Takaful Operations

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31 December 2024				31 December 2023			
No. of Units	Cost	Impairment / Provision	Carrying Value	No. of Units	Cost	Impairment / Provision	Carrying Value
Note				Rupees in thousand			

7 Investment in Equity Securities

Operator's Takaful Fund

Available for sale - Mutual funds

Al-Ameen Islamic Sovereign Fund	3,004,787	334,568	-	334,568	-	-	-	-
Meezan Islamic Sovereign Fund	5,308,992	303,785	-	303,785	-	-	-	-
Al Habib Islamic Savings Fund	1,449,954	158,046	-	158,046	-	-	-	-
HBL Islamic Money Market Fund	952,819	104,054	-	104,054	874,058	88,431	-	88,431
NBP Islamic Savings Fund	9,943,351	102,969	-	102,969	8,820,907	88,209	-	88,209
ABL Islamic Sovereign Plan 1	6,408,475	70,045	-	70,045	5,863,028	58,630	-	58,630
ABL Islamic Cash Fund	3,638	36	-	36	-	-	-	-
NBP Islamic Daily Dividend Fund	2,138	21	-	21	-	-	-	-
Meezan Islamic Income Fund	67	4	-	4	-	-	-	-
Meezan Rozana Amdani Fund	22	1	-	1	-	-	-	-
Al-Ameen Islamic Cash Fund Plan 1	-	-	-	-	585,783	58,578	-	58,578
		1,073,529	-	1,073,529		293,848	-	293,848
Unrealised gain on mutual funds				1,911				-
7.1		1,073,529	-	1,075,440		293,848	-	293,848

7.1 These represent investments in mutual funds with returns ranging from 12% to 21% per annum.

31 December 2024				31 December 2023			
No. of Units	Cost	Impairment / Provision	Carrying Value	No. of Units	Cost	Impairment / Provision	Carrying Value
Note				Rupees in thousand			

Participants' Takaful Fund

Available for sale - Mutual funds

Related Parties

Al Hamra Islamic Income Fund	4,946,937	562,059	-	562,059	1,528,303	168,466	-	168,466
Al Hamra Islamic Money Market Fund	198	20	-	20	-	-	-	-
Al Hamra Daily Dividend Fund	-	-	-	-	180	18	-	18
		562,079	-	562,079		168,484	-	168,484

Others

Alfalah Islamic Money Market Fund	931,007	101,076	-	101,076	-	-	-	-
Al-Habib Islamic Munafa Fund	-	-	-	-	2,021,732	205,643	-	205,643
		101,076	-	101,076		205,643	-	205,643
Unrealised gain on mutual funds				1,323				22,086
7.2		663,155	-	664,478		374,127	-	396,213

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

7.2 These represent investments in mutual funds with returns ranging from 12% to 21% per annum.

	31 December 2024				31 December 2023			
	No. of Certificates	Cost	Impairment / Provision	Carrying Value	No. of Certificates	Cost	Impairment / Provision	Carrying Value
Note	----- Rupees in thousand -----							

8 Investments in Debt Securities

Operator's Takaful Fund

Held to maturity - Sukuks

K-Electric	8.1	500	50,000	-	51,418	500	50,000	-	51,974
			<u>50,000</u>	<u>-</u>	<u>51,418</u>		<u>50,000</u>	<u>-</u>	<u>51,974</u>

8.1 These represent placements in Sukuks with K-Electric Limited, having a tenure of seven years with a return of 3M KIBOR + 1.7%, and will mature in November 2029.

	Operator's Takaful Fund		Participants' Takaful Fund	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Note	----- Rupees in thousand -----			

9 Investments in Term Deposits

Held to maturity

Term Deposit	9.1	-	500,000	-	252,000
		<u>-</u>	<u>500,000</u>	<u>-</u>	<u>252,000</u>

9.1 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.

Note	2024	2023
	----- Rupees in thousand -----	

10 Qard-e-Hasna

10.1	<u>221,460</u>	<u>221,460</u>
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10.1 This represents Qard-e-Hasna provided by the Operator's Takaful Fund to the Participants' Takaful Fund, which has been fully repaid subsequent to the year end.

	Operator's Takaful Fund		Participants' Takaful Fund	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	----- Rupees in thousand -----			

11 Loans and Other Receivables - Considered good

Federal excise duty	-	-	-	37,492
Accrued income	7,464	9,898	9,781	11,754
Loan to employees	3,603	2,785	-	-
Security deposits	310	310	-	-
Bid money for tenders	-	-	59,971	88,489
Advance to supplier	28,953	4,627	-	-
	<u>40,330</u>	<u>17,620</u>	<u>69,752</u>	<u>137,735</u>

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

	Participants' Takaful Fund	
	31 December 2024	31 December 2023
----- Rupees in thousand -----		
12 Takaful / Retakaful receivables - Unsecured and considered good		
Due from takaful participants holders	742,819	357,599
Less: provision for impairment of takaful participants holders	-	-
	742,819	357,599
Due from other takaful / retakaful operators	128,677	104,883
Less: provision for impairment of due from other takaful / retakaful operators	-	-
	128,677	104,883
	871,496	462,482

13 Receivable / Payable between OPF and PTF

	Operator's Takaful Fund		Participants' Takaful Fund	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
----- Rupees in thousand -----				
Receivable from PTF				
Wakala fee	250,486	143,500	-	-
Mudarib fee	8,595	12,320	-	-
	259,081	155,820	-	-
Payable to OPF				
Wakala fee	-	-	250,486	143,500
Mudarib fee	-	-	8,595	12,320
	-	-	259,081	155,820

14 Prepayments

Prepaid retakaful contribution ceded	227,603	179,332
Tracking monitoring fee	7,921	8,919
	235,524	188,251

15 Cash and Bank

Cash and cash equivalents:

Cash in hand	146	175	-	-
Policy stamps in hand	-	-	2,157	1,791

Cash at Bank

Savings accounts	295,369	76,685	893,984	584,528
	295,515	76,860	896,141	586,319

Note

----- Rupees in thousand -----

15.1 Saving accounts carry expected profit rates ranging from 6% to 18.5% (2023: 7% to 19.37%).

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

Participants' Takaful Fund	
31 December 2024	31 December 2023

----- Rupees in thousand -----

16 Takaful / Retakaful Payables

Due to takaful participants holders	71,154	71,188
Due to other takaful / retakaful operators	269,548	123,914
	340,702	195,102

Operator's Takaful Fund		Participants' Takaful Fund	
31 December 2024	31 December 2023	31 December 2024	31 December 2023

----- Rupees in thousand -----

17 Deferred Taxation

Note

Deferred tax credits arising for tax depreciation allowance	2,956	1,502	-	-
Deferred tax credits arising for investments - available for sale	760	-	516	8,613
	3,716	1,502	516	8,613

18 Other Creditors and Accruals

Agents commission payable	108,490	73,399	-	-
Federal excise duty	-	-	14,187	-
Federal insurance fee	-	-	8,811	5,040
Sales tax payable	12,056	2,173	-	-
Income tax deducted at source	10,975	2,909	88,479	56,210
Accrued expenses	14,792	8,316	-	-
Payable to operator	193,563	-	144,534	-
Others	29,196	20,565	37,422	18,658
	369,072	107,362	293,433	79,908

18.1 This amount represents the payable to Adamjee Insurance Company Limited (the Operator) for expenses paid on behalf of the Window Takaful Operations.

19 Contingencies and Commitments

19.1 Contingencies

There has been no contingencies as at 31 December 2024 (2023: Nil).

Operator's Takaful Fund	
31 December 2024	31 December 2023

----- Rupees in thousand -----

19.2 Commitments in respect of low value lease

Not later than one year	1,614	1,508
Later than one year and not later than five years	410	2,024
Later than five years	-	-

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

	Participants' Takaful Fund	
	31 December 2024	31 December 2023
	----- Rupees in thousand -----	
20 Net Contribution Revenue		
Gross contribution written	3,897,836	2,865,889
Wakala fee	(1,088,315)	(811,869)
Contribution net of wakala fee	2,809,521	2,054,020
Unearned contribution reserve - opening	602,178	663,817
Unearned contribution reserve - closing	(863,271)	(602,178)
Contribution earned	2,548,428	2,115,659
Less:		
Retakaful contribution ceded	710,314	531,229
Prepaid retakaful contribution ceded - opening	179,332	131,492
Prepaid retakaful contribution ceded - closing	(227,603)	(179,332)
Retakaful expense	662,043	483,389
Net contribution	1,886,385	1,632,270
21 Retakaful Rebate		
Retakaful rebate received	138,199	97,179
Unearned retakaful rebate - opening	34,276	25,251
Unearned retakaful rebate - closing	(47,244)	(34,276)
Net retakaful rebate earned	125,231	88,154
22 Net Takaful Claims		
Claims Paid	2,150,554	1,779,154
Outstanding claims including IBNR - closing	726,815	616,699
Outstanding claims including IBNR - opening	(616,699)	(524,563)
Claims expense	2,260,670	1,871,290
Less:		
Retakaful and other recoveries received	107,995	99,428
Retakaful and other recoveries in respect of outstanding claims - closing	279,137	240,662
Retakaful and other recoveries in respect of outstanding claims - opening	(240,662)	(226,770)
Retakaful and other recoveries revenue	146,470	113,320
Net claims expense	2,114,200	1,757,970

22.1 Net Takaful Claims Development

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 31 December 2024.

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

	Accident year					Total
	2020 & prior	2021	2022	2023	2024	
	----- Rupees in thousand -----					
Estimate of ultimate claims cost						
At end of accident year with IBNR	2,130,224	863,161	1,503,060	2,123,402	2,142,396	8,762,243
One year later	574,436	181,376	268,546	671,159		1,695,517
Two years later	(18,142)	2,277	40,170			24,305
Three years later	7,342	22,756				30,098
Four years later	(1,722)					(1,722)
Five years later	888					888
Current estimate of cumulative claims	888	22,756	40,170	671,159	2,142,396	2,877,369
Less: Cumulative payments to date	(324)	(99)	(9,067)	(383,478)	(1,757,586)	(2,150,554)
Liability recognized in the statement of financial position	564	22,657	31,103	287,681	384,810	726,815

Participants' Takaful Fund	
31 December 2024	31 December 2023
----- Rupees in thousand -----	

23 Other Direct Expenses

Monitoring charges	20,552	29,160
Other taxes	4,049	16,674
Inspection charges	15,138	11,770
Bank charges	362	436
Others	17,600	6,280
	57,701	64,320

Operator's Takaful Fund	
31 December 2024	31 December 2023
----- Rupees in thousand -----	

24 Commission Expense

Commission paid or payable	323,536	237,788
Deferred commission expense - opening	76,608	74,339
Deferred commission expense - closing	(77,376)	(76,608)
Net commission expense	322,768	235,519

25 Wakala Fee

Gross Wakala fee	1,088,315	811,869
Unearned Wakala fee - Opening	255,479	274,883
Unearned Wakala fee - Closing	(354,900)	(255,479)
Net wakala fee	988,894	831,273

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

	Note	Operator's Takaful Fund	
		31 December 2024	31 December 2023
----- Rupees in thousand -----			
26 General, administrative and management expenses			
Employee benefit cost	26.1	233,850	186,177
Depreciation		6,098	6,200
Amortization		3,644	4,758
Advertisement and sales promotion		26,792	4,954
Rent, rates and taxes		4,547	4,452
Communication		828	1,081
Legal and professional charges - business related		97	600
Travelling and conveyance expenses		2,359	2,001
Shared expenses		30,285	26,116
Entertainment		5,039	3,712
Printing, stationery and postage		646	807
Annual supervision fee SECP		4,008	2,328
Bank charges		32	35
Repair and maintenance		2,226	2,165
Others		14,982	12,590
		335,433	257,976
26.1 Employee benefit cost			
Salaries, allowances and other benefits		228,240	181,519
Charges for post employment benefit		5,610	4,658
		233,850	186,177

Operator's Takaful Fund		Participants' Takaful Fund	
31 December 2024	31 December 2023	31 December 2024	31 December 2023
----- Rupees in thousand -----			

27 Investment Income

Income from equity securities

Available for sale - Mutual funds

Dividend Income	33,025	50,400	120	30,546
Capital gain	51,844	-	78,200	-

Income from debt securities

Held to maturity - Sukuks

K-Electric	11,466	20,158	5,688	4,005
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Income from term deposits

Return on term deposits	51,813	54,467	108,604	65,913
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148,148	125,025	192,612	100,464
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Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

Operator's Takaful Fund		Participants' Takaful Fund	
31 December 2024	31 December 2023	31 December 2024	31 December 2023

----- Rupees in thousand -----

28 Other Income

Profit on bank deposits	57,094	27,534	65,315	63,193
Others	5,297	1,350	-	5,514
	62,391	28,884	65,315	68,707

Operator's Fund	
31 December 2024	31 December 2023

----- Rupees in thousand -----

29 Direct Expenses

Auditors' remuneration	29.1	1,760	942
Shariah audit fee		3,080	3,088
		4,840	4,030

29.1 Auditors remuneration

Annual audit fee	700	444
Half year review fee	200	176
Shariah's compliance report	700	190
Out of pocket expenses	160	132
	1,760	942

Operator's Takaful Fund		Participants' Takaful Fund	
31 December 2024	31 December 2023	31 December 2024	31 December 2023

----- Rupees in thousand -----

30 Taxation

Current tax:			
- for the year	224,241	198,244	85,568
- for prior year	-	14,710	-
Deferred tax:			
- for the year	1,454	71	-
	225,695	213,025	85,568

30.1 Tax Charge Reconciliation

Tax at the applicable rate	39%	39%	39%	33%
Prior year	-	4%	-	1.63%
Others	-	-	-	-
Effective tax rate (Percentages)	39%	43%	39%	34.63%

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

31 Remuneration of Head of Window Takaful Operations and Executives

	Head of Window Takaful Operations		Executives	
	2024	2023	2024	2023
	----- Rupees in thousand -----			
Managerial remuneration	4,346	3,838	96,148	75,163
Leave encashment	-	636	3,330	2,003
Bonus	1,146	1,061	7,516	4,506
Rent and house maintenance	1,751	1,546	29,654	22,793
Medical	389	344	6,563	5,048
Conveyance	1,020	1,020	17,647	15,554
Contribution to defined contribution plan	324	286	4,353	3,115
Other perquisites and allowances	-	-	924	476
	8,976	8,731	166,135	128,658
Number of persons	1	1	63	50

31.1 There has been no payments made to the directors / chief executive officer during the year 2024 (2023 : nil) from OPF .

32 Number of employees

As at December
Average during the year

	2024	2023
	----- Rupees in thousand -----	
	107	96
	103	115
	Participants' Takaful Fund	
	31 December 2024	31 December 2023
	----- Rupees in thousand -----	

Name of Related Party	Relationship	Nature of Transaction	2024	2023
Adamjee Life Assurance Company Limited	Subsidiary Company	Gross contribution written	7,758	6,409
		Contribution received	8,529	7,220
		Claims paid	4,334	29
Agrohub International (Private) Limited	Common Directorship	Gross contribution written	2,146	-
		Contribution received	2,476	-
Cotton Web (Private) Limited	Common Directorship	Gross contribution written	4,760	4,986
		Contribution received	5,513	5,938
		Claims paid	691	547
Hyundai Nishat Motor (Private) Limited	Common Directorship	Gross contribution written	3,658	4,426
		Contribution received	6,241	1,368
		Claims paid	30	561
Joyland (Private) Limited	Common Directorship	Gross contribution written	2,026	1,168
		Contribution received	2,370	1,332

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

			Participants' Takaful Fund	
			31 December 2024	31 December 2023
			----- Rupees in thousand -----	
MCB Islamic Bank Limited	Common Directorship	Gross contribution written	219,254	204,009
		Contribution received	146,637	208,532
		Claims paid	91,658	5,117
		Profit on bank deposits	3,010	2,104
Nishat Mills Limited	Common Directorship	Gross contribution written	7,089	5,565
		Contribution received	8,741	6,633
		Claims paid	1,855	-
Siddiqsons Limited	Common Directorship	Gross contribution written	1,091	-
		Contribution received	1,567	739
Siddiqsons Energy Limited	Common Directorship	Contribution received	-	8
Din Textile Mills Limited	Common Directorship	Gross contribution written	11,620	10,449
		Contribution received	13,186	11,205
		Claims paid	4,742	-
Masood Fabrics Limited	Common Directorship	Gross contribution written	2,781	3,044
		Contribution received	3,793	3,102
Roomi Holdings (Private) Limited	Common Directorship	Gross contribution written	259	263
		Contribution received	130	586
		Claims paid	17	-
Provident Fund Trust	Staff retirement benefit	Contribution to staff provident fund	12,573	10,656

33 Transactions with related parties

The related parties of the Operator comprise of the associated companies and undertakings having directors in common, directors and key management personnel. All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions. Transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

			Participants' Takaful Fund	
			31 December 2024	31 December 2023
			----- Rupees in thousand -----	
Period end balances				
Adamjee Life Assurance Company Limited				
		Claim Outstanding	576	748
		Contribution due but unpaid	602	203
		Contribution received in advance	693	1
A. A. Joyland (Private) Limited				
		Contribution received in advance	178	-

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

Participants' Takaful Fund	
31 December 2024	31 December 2023

----- Rupees in thousand -----

Agrohub International (Private) Limited

Contribution received in advance

2 -

Cotton Web (Private) Limited

Claim Outstanding

- 355

Contribution due but unpaid

57 587

Contribution received in advance

75 -

Hyundai Nishat Motor (Private) Limited

Claim Outstanding

13 -

Contribution due but unpaid

1,804 3,835

Joyland (Private) Limited

Contribution due but unpaid

2 -

Contribution received in advance

80 -

MCB Islamic Bank Limited

Claim Outstanding

46,376 27,659

Contribution due but unpaid

28,910 17,361

Contribution received in advance

76 158

Cash at bank

105 176,137

Nishat Mills Limited

Contribution due but unpaid

7 -

Siddiqsons Limited

Contribution due but unpaid

- 300

Siddiqsons Energy Limited

Claim Outstanding

- 18

Contribution received in advance

19 -

Din Textile Mills Limited

Claim Outstanding

890 1,154

Contribution due but unpaid

466 2,245

Contribution received in advance

16 -

Masood Fabrics Limited

Claim Outstanding

25 25

Contribution due but unpaid

- 923

Contribution received in advance

34 -

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

34 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.

	Participants' Takaful Fund					Total
	31 December 2024					
	Fire & Property Damage	Marine, Aviation & Transport	Motor	Accident & Health	Miscellaneous	
----- Rupees in thousand -----						
Contribution receivable (inclusive of Federal excise duty, Federal insurance fee and Administrative surcharge)	659,109	161,305	1,273,289	2,010,344	136,321	4,240,368
Less : Federal excise duty	(88,286)	(19,599)	(166,074)	(34,027)	(17,383)	(325,369)
Federal insurance fee	(5,650)	(1,403)	(10,988)	(19,567)	(1,177)	(38,785)
Gross direct written contribution (inclusive of administrative surcharge)	565,173	140,303	1,096,227	1,956,750	117,761	3,876,214
facultative inward contribution	21,560	62	-	-	-	21,622
Gross Contribution Written	586,733	140,365	1,096,227	1,956,750	117,761	3,897,836
Wakala fee	(164,285)	(49,130)	(356,273)	(489,187)	(29,440)	(1,088,315)
Contribution net of wakala fee	422,448	91,235	739,954	1,467,563	88,321	2,809,521
Contribution earned	369,172	90,867	676,811	1,330,904	80,674	2,548,428
Takaful contribution ceded to retakaful	(437,293)	(105,295)	(38,788)	-	(80,667)	(662,043)
Net takaful contribution	(68,121)	(14,428)	638,023	1,330,904	7	1,886,385
Re-takaful rebate	102,750	22,605	-	-	(124)	125,231
Net underwriting income	34,629	8,177	638,023	1,330,904	(117)	2,011,616
Takaful claims	(45,328)	(64,647)	(510,286)	(1,596,873)	(43,536)	(2,260,670)
Re - takaful and other recoveries	31,932	48,938	25,101	-	40,499	146,470
Net claims	(13,396)	(15,709)	(485,185)	(1,596,873)	(3,037)	(2,114,200)
Contribution deficiency reserve				4,406	(1,319)	3,087
Direct expenses	(6,646)	(498)	(40,767)	(9,066)	(724)	(57,701)
Net takaful claims and expenses	(20,042)	(16,207)	(525,952)	(1,601,533)	(5,080)	(2,168,814)
(Deficit) / Surplus before investment income	14,587	(8,030)	112,071	(270,629)	(5,197)	(157,198)
Investment income						192,612
Other income						65,315
Mudarib fee						(38,522)
Surplus before taxation						62,207
Taxation expense						(85,568)
Deficit after taxation						(23,361)
Corporate segment assets	420,016	59,864	349,332	437,531	111,496	1,378,239
Corporate unallocated assets	-	-	-	-	-	1,638,289
Total assets	420,016	59,864	349,332	437,531	111,496	3,016,528
Corporate segment liabilities	424,763	59,996	750,829	973,366	125,493	2,334,447
Corporate unallocated liabilities	-	-	-	-	-	526,218
Total liabilities	424,763	59,996	750,829	973,366	125,493	2,860,665

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

	Participants' Takaful Fund					Total
	31 December 2023					
	Fire & Property Damage	Marine, Aviation & Transport	Motor	Accident & Health	Miscellaneous	
----- Rupees in thousand -----						
Contribution receivable (inclusive of Federal excise duty, Federal insurance fee and Administrative surcharge)	482,776	112,011	1,125,050	1,316,138	91,366	3,127,341
Less : Federal excise duty	(61,567)	(14,056)	(139,500)	(6,438)	(11,220)	(232,781)
Federal insurance fee	(4,185)	(970)	(9,755)	(12,967)	(794)	(28,671)
Gross direct written contribution (inclusive of administrative surcharge)	417,024	96,985	975,795	1,296,733	79,352	2,865,889
facultative inward contribution	-	-	-	-	-	-
Gross Contribution Written	417,024	96,985	975,795	1,296,733	79,352	2,865,889
Wakala fee	(116,770)	(33,945)	(317,133)	(324,183)	(19,838)	(811,869)
Contribution net of wakala fee	300,254	63,040	658,662	972,550	59,514	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)
Investment income						100,464
Other income						68,707
Mudarib fee						(20,093)
Surplus before taxation						38,482
Taxation expense						(60,042)
Deficit after taxation						(21,560)
Corporate segment assets	327,289	25,399	243,282	209,273	77,237	882,480
Corporate unallocated assets	-	-	-	-	-	1,381,183
Total assets	327,289	25,399	243,282	209,273	77,237	2,263,663
Corporate segment liabilities	332,868	26,601	600,783	676,639	84,404	1,721,295
Corporate unallocated liabilities	-	-	-	-	-	350,478
Total liabilities	332,868	26,601	600,783	676,639	84,404	2,071,773

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

Operator's Takaful Fund						
31 December 2024						
Fire & Property Damage	Marine, Aviation & Transport	Motor	Accident & Health	Miscellaneous	Total	
----- Rupees in thousand -----						
Wakala fee income	143,567	48,931	325,871	443,634	26,891	988,894
Less : Commission expense	(91,161)	(20,838)	(98,633)	(100,034)	(12,102)	(322,768)
Management expenses	(94,737)	(21,656)	(102,503)	(103,960)	(12,577)	(335,433)
	(42,331)	6,437	124,735	239,640	2,212	330,693
Mudarib's share of PTF investment income						38,522
Investment income						148,148
Direct expenses						(4,840)
Other income						62,391
Profit before tax						574,914
Taxation expense						(225,695)
Profit after taxation						349,219
Corporate segment assets	74,103	16,458	97,045	138,533	10,318	336,457
Corporate unallocated assets	-	-	-	-	-	1,745,945
Total assets	74,103	16,458	97,045	138,533	10,318	2,082,402
Corporate segment liabilities	74,517	926	182,469	90,851	6,137	354,900
Corporate unallocated liabilities	-	-	-	-	-	417,922
Total liabilities	74,517	926	182,469	90,851	6,137	772,822
Operator's Takaful Fund						
31 December 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

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

35 Management of takaful and financial risk

The individual risk wise analysis is given below :

35.1 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.

35.1.1 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.

35.1.2 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.

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

Class	Participants' Takaful Fund					
	Gross sum covered		Re-takaful		Net	
	2024	2023	2024	2023	2024	2023
	----- Rupees in thousand -----					
Fire and property	559,561,764	412,854,878	302,896,425	352,228,770	256,665,339	60,626,108
Marine, aviation and transport	248,018,204	159,589,198	157,024,327	131,147,739	90,993,877	28,441,459
Motor	77,866,404	66,992,514	2,816,729	2,292,628	75,049,675	64,699,886
Accident and health	99,049,319	81,859,296	-	-	99,049,319	81,859,296
Miscellaneous	15,682,008	8,232,555	9,884,637	6,641,090	5,797,371	1,591,465
	1,000,177,699	729,528,441	472,622,118	492,310,227	527,555,581	237,218,214

35.1.3 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.

35.1.4 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 than 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 position 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.

35.1.5 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.

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

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.

	Surplus/ (deficit)	
	2024	2023
----- Rupees in thousand -----		
10% increase in claims liability		
Net:		
Fire	(1,340)	96
Marine	(1,571)	(293)
Motor	(48,519)	(39,609)
Accident & Health	(159,687)	(135,739)
Miscellaneous	(304)	(252)
	(211,421)	(175,797)
10% decrease in claims liability		
Net:		
Fire	1,340	(96)
Marine	1,571	293
Motor	48,519	39,609
Accident & Health	159,687	135,739
Miscellaneous	304	252
	211,421	175,797

35.2 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.

Maturity profile of financial assets and liabilities:

	Participants' Takaful fund						
	31 December 2024						
	Markup bearing			Non-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							
Investments - Equity securities	-	-	-	664,478	-	664,478	664,478
Loans and other receivables	-	-	-	69,752	-	69,752	69,752
Takaful / retakaful receivables	-	-	-	871,496	-	871,496	871,496
Retakaful recoveries against outstanding claims	-	-	-	180,599	-	180,599	180,599
Salvage recoveries accrued	-	-	-	98,538	-	98,538	98,538
Cash and bank	893,984	-	893,984	2,157	-	2,157	896,141
	893,984	-	893,984	1,887,020	-	1,887,020	2,781,004
Financial liabilities							
Outstanding claims (including IBNR)	-	-	-	726,815	-	726,815	726,815
Takaful / retakaful payables	-	-	-	340,702	-	340,702	340,702
Wakala and mudarib fee payable	-	-	-	259,081	-	259,081	259,081
Other creditors and accruals	-	-	-	181,956	-	181,956	181,956
	-	-	-	1,508,554	-	1,508,554	1,508,554

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

	Participants' Takaful fund						Total
	31 December 2023						
	Markup bearing			Non-markup bearing			
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							
Investments - Equity Securities	-	-	-	396,213	-	396,213	396,213
Investments - Term Deposits	252,000	-	252,000	-	-	-	252,000
Loans and other receivables	-	-	-	100,243	-	100,243	100,243
Takaful / retakaful receivables	-	-	-	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	1,791	-	1,791	586,319
	836,528	-	836,528	1,201,392	-	1,201,392	2,037,920
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	-	-	-	18,658	-	18,658	18,658
	-	-	-	986,279	-	986,279	986,279

	Operator's Takaful fund						Total
	31 December 2024						
	Markup bearing			Non-markup bearing			
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	-	-	-	1,075,440	-	1,075,440	1,075,440
Investments - Debt securities	-	51,418	51,418	-	-	-	51,418
Loans and other receivables	-	-	-	40,330	-	40,330	40,330
Wakala and mudarib fee receivable	-	-	-	259,081	-	259,081	259,081
Cash and bank	295,369	-	295,369	146	-	146	295,515
	295,369	51,418	346,787	1,374,997	-	1,374,997	1,721,784
Financial liabilities							
Other creditors and accruals	-	-	-	346,801	-	346,801	346,801
	-	-	-	346,801	-	346,801	346,801

	Operator's Takaful fund						Total
	31 December 2023						
	Markup bearing			Non-markup bearing			
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
Investment - Debt securities	-	51,974	51,974	-	-	-	51,974
Investment - Term Deposits	500,000	-	500,000	-	-	-	500,000
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	76,685
	576,685	51,974	628,659	467,463	-	467,463	1,095,947
Financial liabilities							
Other creditors and accruals	-	-	-	102,280	-	102,280	102,280
	-	-	-	102,280	-	102,280	102,280

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

35.2.1 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	
	2024	2023	2024	2023
----- Rupees in thousand -----				
Floating rate financial instruments				
Financial assets:				
Cash at bank - saving accounts	6% - 18.5%	7% - 19.37%	1,189,353	661,213

35.2.2 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 2024 - Fluctuation of 100 bps				
Cash flow sensitivity - variable rate financial liabilities	-	-	-	-
Cash flow sensitivity - variable rate financial assets	118,935	(118,935)	72,550	(72,550)
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)

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 favourable. The Operator strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity volatility. The

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

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. 1,075,440 thousands (2023: Rs. 293,848 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.

35.2.3 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:

	31 December 2024		31 December 2023	
	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	107,544	65,602	29,385	19,688
Effect of decrease in unit price	(107,544)	(65,602)	(29,385)	(19,688)

35.3 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:

	31 December 2024			31 December 2023		
	Operator's Fund	Participants' Takaful Fund	Aggregate	Operator's Fund	Participants' Takaful Fund	Aggregate
----- Rupees in thousand -----						
Investment in equity securities	1,075,440	664,478	1,739,918	293,848	396,213	690,061
Investment in debt securities	51,418	-	51,418	51,974	-	51,974
Investment in term deposits	-	-	-	500,000	252,000	752,000
Loans and other receivable	40,330	69,752	110,082	17,620	100,243	117,863
Due from takaful participants holders	-	742,819	742,819	-	357,599	357,599
Due from other takaful / retakaful	-	128,677	128,677	-	104,883	104,883
Retakaful recoveries against outstanding claims	-	180,599	180,599	-	163,403	163,403
Salvage recoveries accrued	-	98,538	98,538	-	77,260	77,260
Wakala and mudarib fee receivable	259,081	-	259,081	155,820	-	155,820
Cash at bank	295,369	893,984	1,189,353	76,685	584,528	661,213
	1,721,638	2,778,847	4,500,485	1,095,947	2,036,129	3,132,076

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

Provision for impairment is made for doubtful receivables according to the Operator's policy. The impairment provision is written off when the Operator expects that it cannot recover the balance due.

Age analysis of due from takaful contact holders (net of provision) other than related parties is as follows:

	2024	2023
	----- Rupees in thousand -----	
Upto one year	308,959	328,584
Above one year	10,499	29,015
	319,458	357,599
Less: provision for doubtful balances	-	-
	319,458	357,599
Age analysis of due from related parties against takaful contracts is as follows:		
Upto one year	29,724	25,159
Above one year	1,506	397
	31,230	25,556
Less: provision for doubtful balances	-	-
	31,230	25,556

The credit quality of Participant's and Operator's bank balance can be assessed with reference to external credit rating as follows:

	Rating		Rating Agency	2024	2023
	Short Term	Long Term		Rupees in thousand	
Dubai Islamic Bank Limited	A-1+	AA	JCR-VIS	490,813	165,765
MCB Islamic Bank Limited	A1	A+	PACRA	105	176,137
Meezan Bank Limited	A-1+	AAA	JCR-VIS	186,108	188,803
Bank Islami Pakistan Limited	A1	AA-	PACRA	480,810	117,180
Faysal Islamic Bank Limited	A1+	AA	PACRA	29,846	7,974
UBL Ameen	A-1+	AAA	JCR-VIS	1,671	5,356
				1,189,353	661,215

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	31 December 2024	Amounts due from other co-takaful / retakaful operators	Retakaful and other recoveries against outstanding claims	31 December 2023
	----- Rupees in thousand -----					
A or Above (including PRCL)	128,677	149,524	278,201	104,883	139,434	244,317
BBB	-	-	-	-	-	-
Others	-	31,075	31,075	-	23,969	23,969
Total	128,677	180,599	309,276	104,883	163,403	268,286

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

35.4 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.

36 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									
		31 December 2024									
		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	664,478	-	-	-	-	664,478	664,478	-	-	664,478
Financial assets not measured at fair value											
Loan and other receivables	11	-	-	69,752	-	-	69,752	-	-	-	-
Takaful / re - takaful receivables	12	-	-	871,496	-	-	871,496	-	-	-	-
Re - takaful recoveries against outstanding claims		-	-	180,599	-	-	180,599	-	-	-	-
Salvage recoveries accrued		-	-	98,538	-	-	98,538	-	-	-	-
Cash and bank	15	-	-	-	896,141	-	896,141	-	-	-	-
		<u>664,478</u>	<u>-</u>	<u>1,220,385</u>	<u>896,141</u>	<u>-</u>	<u>2,781,004</u>	<u>664,478</u>	<u>-</u>	<u>-</u>	<u>664,478</u>
Financial liabilities not measured at fair value											
Outstanding claims including IBNR	22	-	-	-	-	726,815	726,815	-	-	-	-
Takaful / re - takaful payables	16	-	-	-	-	340,702	340,702	-	-	-	-
Wakala and mudarib fee payable	13	-	-	-	-	259,081	259,081	-	-	-	-
Other creditors and accruals	18	-	-	-	-	293,433	293,433	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,620,031</u>	<u>1,620,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

37 Statement of Solvency - Participants' Takaful Fund

	31 December 2024
	Rupees In thousand
Assets	
Investments	664,478
Loans and other receivables	69,752
Takaful / Retakaful receivables	871,496
Retakaful Recoveries against O/S benefits	180,599
Salvage recoveries accrued	98,538
Prepayments	235,524
Cash and Bank	896,141
Total Assets (A)	3,016,528
In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000	
Contribution due but unpaid more than 3 months	101,646
Co-Takaful balances more than 3 months	48,800
Other Related Parties Balances Receivable	31,231
Total of In-admissible assets (B)	181,677
Total Admissible Assets (C=A-B)	2,834,851
Total Liabilities	
Outstanding benefits including IBNR	726,815
Unearned contribution reserves	863,271
Unearned commission income	47,244
Contribution deficiency reserves	20,130
Deferred taxation	516
Contributions received in advance	77,204
Takaful / Retakaful Payables	340,702
Wakala and mudarib fee payable	259,081
Other Creditors and Accruals	293,433
Taxation - provision less payments	10,809
Total Liabilities (D)	2,639,205
Total Net Admissible Assets (E=C-D)	195,646
Minimum Solvency Requirement (higher of following)	
Method A - U/s 36(3)(a)	150,000
Method B - U/s 36(3)(b)	377,277
Method C - U/s 36(3)(c)	281,897
	377,277
Deficit in Net Admissible Assets over Minimum Requirements	(181,631)

Window Takaful Operations

Notes To and Forming Part of Financial Statements For the Year Ended 31 December 2024

Operator's Takaful Fund		Participants' Takaful Fund	
Available-for-sale	Held to Maturity	Available-for-sale	Held to Maturity

----- Rupees in thousand -----

38 Movement in Investment

At the beginning of previous year	251,052	125,000	147,762	187,500
Additions	42,796	500,000	226,365	252,000
Disposals	-	(73,026)	-	(187,500)
Fair value gain (excluding net realized gain)	-	-	22,086	-
At the beginning of current period	293,848	551,974	396,213	252,000
Additions	779,681	-	663,155	-
Disposals	-	(500,000)	(396,213)	(252,000)
Fair value gain (excluding net realized gain)	1,911	(556)	1,323	-
At the end of current period	1,075,440	51,418	664,478	-

39 Subsequent events - non adjusting event

There are no material subsequent events that need to be disclosed in the financial statements for the year ended 31 December 2024.

40 Date of authorization for issue

These financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on March 03, 2025.



Umer Mansha
Chairman



Shaikh Muhammad Jawed
Director



Mohammad Arif Hameed
Director



Muhammad Asim Nagi
Chief Financial Officer



Muhammad Ali Zeb
Managing Director &
Chief Executive Officer



**OTHER
INFORMATION**

BCR CRITERIA

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1.03	Geographical location and address of all business units including sales units and plants.	62 & 63
1.04	The legislative and regulatory environment in which the company operates.	74
1.05	Ownership, operating structure and relationship with group companies (i.e. subsidiary, associated undertaking etc.) and number of countries in which the organization operates.	122, 123 & 223 (Note 1)
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1.07	Disclosure of beneficial (including indirect) ownership and flow chart of group shareholding and relationship as holding company, subsidiary company or associated undertaking.	122 & 123
1.08	Organization chart indicating functional and administrative reporting, presented with legends.	65
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2.01	Short, medium and long-term strategic objectives and strategies in place to achieve objectives.	76

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3.01	Key risks and opportunities (internal and external), including Sustainability-related risks and opportunities affecting availability, quality and affordability of Capitals.	88 - 93 & 96
3.02	A Statement from the Board for determining the following: a) Company's level of risk tolerance by establishing risk management policies;	87
	b) Company's robust assessment of the principal risks being faced, including those that would threaten the business model, future performance and solvency or liquidity.	88
3.03	Risk Management Framework covering principal risks and uncertainties facing by the company, risk methodology, risk appetite and risk reporting.	86 - 92
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.	77, 78 & 88 - 93

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3.05	Disclosure of a risk of supply chain disruption due to an environmental, social or governance incident and company’s strategy for monitoring and mitigating these risks (if any).	94 - 95
4	Sustainability Reporting and Corporate Social Responsibility (CSR)	
4.01	Board’s statement for the adoption of CSR best practices including Board’s commitment to continuous improvement and implementation updates in the form of periodic reviews to ensure the relevance and effectiveness of CSR practices in business strategies.	188 - 206
4.02	<p>Board’s statement about the company’s strategic objectives and the intended impact on stakeholders on ESG (Environmental, Social and Governance) reporting/ Sustainability Reporting in line with IFRS S1 ‘General Requirements for Disclosure of Sustainability-related Financial Information’ and IFRS S2 ‘Climate-related Disclosures’.</p> <p>Weightage will be given to companies who provides following disclosures (as per IFRS S1 and IFRS S2) along with the company specific examples for each factor for the investor’s information:</p> <p>a) Disclosures of company specific sustainability-related risks and opportunities and their impact on the financial performance in the short, medium and long term;</p> <p>b) Disclosures about four-pillars core content (Governance, Strategy, Risk Management and Metrics and Targets), together with the specific metrics designed by the company to demonstrate the performance and progress of the company.</p> <p>c) Disclosures of material information about sustainability-related risks and opportunities throughout a company’s value chain together with specific examples of initiatives taken by the company. [In IFRS S1, the ‘value chain’ is the full range of interactions, resources and relationships related to a company’s business model and the external environment in which it operates]</p> <p>d) Disclosure about company’s climate-related risks and opportunities, as required in IFRS S2 including explanation of the specific methodologies and tools used by the company. [Climate-related opportunities refer to the potential positive effects arising from climate change for a company. Climate-related risks refers to the potential negative effects of climate change on a company and are of two types, physical risks (such as those resulting from increased severity of extreme weather) and transition risks (such as those associated with policy action and changes in technology)]</p>	188 - 209
4.03	A chairman’s overview on how the company’s sustainable practices can affect the financial performance of the company.	188 - 209

S.No.	BCR Criteria	Page No.
4.04	Highlights of the company's performance, policies, initiatives and plans in place relating to the various aspects of sustainability and CSR: 5 <ul style="list-style-type: none"> • Social initiatives such as research and development initiatives, employment generation, community health and education, and health and safety of staff etc.; • Environmental initiatives like climate change mitigation etc. by focusing on 3R's (Reduce, Reuse & Recycle) and how does the company reduce pollution, depletion and degradation of natural resources; • Technological innovation such as contributing to sustainability (i.e. energy-efficient processes or eco-friendly product designs); • Information on consumption and management of materials, energy, water, emissions and waste. 	188 - 209
4.05	<ul style="list-style-type: none"> • Status of adoption/ compliance of the Corporate Social Responsibility (Voluntary) Guidelines, 2013 issued by the SECP. • ISO certifications acquired for best sustainability and CSR practices. 	208
5	Governance	
5.01	Board composition:	46 - 48
	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 engagement 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.	48
5.02	A brief description about role of the Chairman and the CEO.	49 & 53
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.	123 - 124
5.04	Chairman's Review Report on the overall performance of the board including:	41
	a) Effectiveness of the role played by the board in achieving the company's objectives;	
	b) Chairman's significant commitments, such as strategic, financial, CSR and ESG etc., and any changes thereto from last year';	
	c) Board statement on the company's structure, processes and outcomes of internal control system and whether board has reviewed the adequacy of the system of internal control.	103
5.05	Board statement of its commitment to establish high level of ethics and compliance in the company.	38 & 39
5.06	Annual evaluation of performance, along with a description of criteria used for the members of the board, including CEO, Chairman, and board's committees.	124
5.07	Disclosure if the board's performance evaluation is carried out by an external consultant once in every three years.	124

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5.08	Details of formal orientation courses for directors.	124
5.09	Directors' Training Program (DTP) attended by directors, female executives, and head of departments from the institutes approved by the SECP, along with names of those who availed exemptions during the year.	124
5.10	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.	124
5.11	Disclosure about related party transactions:	125
	a) Approved policy for related party transactions;	
	b) Details of all related party 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 of how conflicts are managed and monitored by the board.	
5.12	Disclosure of Board's Policy on the following significant matters:	
	a) Governance of risk and internal controls.	125
	b) Diversity (including gender), any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.	125
	c) Disclosure of director's interest in significant contracts and arrangements.	125
	d) Remuneration of non-executive directors including independent directors for attending board meetings and general meetings.	126
	e) Retention of board fee by the executive director earned by him against his services as non-executive director in other companies.	126
	f) Security clearance of foreign directors.	126
	g) Board meetings held outside Pakistan.	126
	h) Human resource management including: <ul style="list-style-type: none"> • Preparation of succession plan; • Merit based recruitment; • Performance based appraisal system; • Promotion, reward and motivation; • Training and development; • Gender and race diversity; • Appointment of / quota for people with disability; and • Employee engagement /feedback. 	126 & 127
	i) Social and environmental responsibility including managing and reporting policies like procurement, waste and emissions.	127 & 128
	j) Communication with stakeholders.	128
	k) Dividend policy.	173
	l) Investors' relationship and grievances.	128

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	m) Employee's health, safety and protection.	38, 39 & 197
	n) Whistle blowing policy including mechanism to receive and handle complains in a fair and transparent manner, and provide protection to the complainant against victimization and reporting in Audit Committee's report.	128
	o) Safety of records of the company.	128
5.13	Board statement of the organization's business continuity plan or disaster recovery plan.	129
5.14	Compliance with the Best Practices of Code of Corporate Governance (No marks in case of any non-compliance).	116 - 120
5.15	Disclosure about:	
	a) Shares held by Sponsors / Directors / Executives;	122
	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).	463 & 464
5.16	Details about Board meetings and its attendance.	101
5.17	TORs, composition and meeting attendance of the board committees including (Audit, Human Resource, Nomination and Risk management).	129 - 134
5.18	Timely Communication: Date of authorization of financial statements by the board of directors: 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).	281
5.19	Audit Committee report should describe the work of the committee in discharging its responsibilities. The report should include:	130 - 133
	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 related to the financial statements, and how 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 in risk management and internal control, and the approach to Internal Audit to have direct access to Audit Committee and evaluation of Internal Auditor's performance.	
	e) Review of arrangements 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.	

S.No.	BCR Criteria	Page No.
5.19	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.	130 - 133
	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.	
5.20	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.	134
5.21	Board disclosure on Company’s use of Enterprise Resource Planning (ERP) software including:	144
	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;	
	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.	
5.22	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.	102
5.23	Information on company’s contribution to the national exchequer (in terms of payment of duties, taxes and levies) and to the economy (measured in terms of GDP contribution, new jobs creation, increase in exports, contributions to society & environment and community development etc.)	174
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:	146 & 157
	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, as well as future prospects of profits.	

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6.02	a) Analysis of financial ratios (Annexure I) with graphical presentation and disclosure of methods and assumptions used in compiling the indicators.	146 - 166
	b) Explanation of negative change in the performance as compared to last year.	165
6.03	Vertical and horizontal analysis of Balance Sheet, Profit and Loss Account and summary of Cash Flow Statement for last 6 years. Weightage to be given to graphical presentation.	148 - 157 & 161
6.04	Cash Flow Statement based on Direct Method (separate Cash Flow for specific funds e.g. Zakat).	220
6.05	a) Information about business segment and non-business segment; and	174
	b) Segmental analysis of business performance including segment revenue, segment results, profit before tax, segment assets and liabilities.	267 - 268
6.06	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.	167 & 168
6.07	Composition of local versus imported material and sensitivity analysis in narrative form due to foreign currency fluctuations.	168
6.08	Disclosure of market share of the company and its products and services.	164
6.09	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.	81
6.10	Statement of Economic value added (EVA) [EVA = NOPAT – WACC x TC, where NOPAT is Net Operating Profit After Tax, WACC is Weighted Average Cost of Capital, and TC is Total Invested Capital]	Not applicable
6.11	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 the company's annual report).	136
7	Business Model	
7.01	Describe the business model including inputs, business activities, outputs and outcomes as per international applicable framework.	71 - 73
7.02	Explanation of any material changes in the entity's business model during the year.	Not applicable
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	140 - 143
8.02	Disclosure related to IT governance and cybersecurity programs, policies and procedures and industry specific requirements for cybersecurity and strategy in place.	140 - 143

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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.	140 - 143	
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.		
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.		
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.		
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.		
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.		
8.09	Disclosure about education and training efforts of the Company to mitigate cybersecurity risks.		
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.		176 - 180
9.02	Explanation as to how the performance of the company aligns with the forward-looking disclosures made in the previous year.		
9.03	Status of the projects in progress and those disclosed in the forward-looking statement in the previous year.		
9.04	Sources of information and assumptions used for projections / forecasts in the forward-looking statement, and any assistance taken by any external consultant.		
9.05	Disclosure about company's future Research & Development initiatives.		
10	Stakeholders Relationship and Engagement		
10.01	Stakeholder's engagement policy of the company and how the company has identified its stakeholders.	182	

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10.02	Stakeholders' engagement process and the frequency of such engagements during the year. Explanation on how the relationship is 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.	182 - 184
10.03	Steps taken by the management to encourage the minority shareholders to attend the general meetings.	184 - 185
10.04	Investors' Relations section on the corporate website.	185
10.05	Issues raised in the last AGM, decisions taken and their implementation status.	185
10.06	a) Steps board has taken to solicit and understand the views of stakeholders through corporate briefing sessions; and	185
	b) Disclosure of brief summary of Analyst briefing conducted during the year.	185
10.07	Highlights about redressal of investors' complaints including number of complaints received and resolved during the year.	185
10.08	Details about corporate benefits to shareholders like value appreciation, dividend etc.	81
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)).	137
11.02	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).	446
12	Specific Disclosures of the Financial Statements	
12.01	Specific disclosures of the financial statements required under the Companies Act, 2017 and IFRSs (Annexure II).	Refer below
13	Assessment based on Qualitative Factors	
13.01	Assessment of 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;	
	b) Theme on the cover page;	
	c) Effective use of presentation tools, particularly 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.	

S.No.	BCR Criteria	Page No.
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	150 - 151
	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) Return on Investment	
	j) Total Shareholder Return	
	Liquidity Ratios	
	a) Advances to deposits ratio	150 - 151
	b) Current ratio	
	c) Net interest income as a percentage of working funds / operating cost – Efficiency ratio	
	d) Non-interest income as a percentage of working funds	
	e) Quick / Acid test ratio	
	f) Cash to Current Liabilities	
	g) Cost of Funds	
	h) Cash flow coverage ratio	
	i) Net interest income as a percentage of working funds / Operating cost - Efficiency ratio	
	j) Cash Reserve Ratio / Liquid Asset ratio	
	k) Gross Non-Performing assets to gross advances	
	l) Non-Performing loans (Assets) to Total Loans (Assets)	
	m) Credit-- Deposit Ratio	
	Investment / Market Ratios	
	a) Earnings per share (EPS) and diluted EPS	150 - 151
	b) Price Earnings ratio	
	c) Price to Book ratio	
	d) Dividend Yield ratio	
	e) Dividend Payout ratio / Dividend Cover Ratio	

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	f) Cash Dividend per share / Stock Dividend per share	150 - 151
	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	150 - 151
	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)	
	Non-Financial Ratios	
	a) Staff turnover ratio	150 - 151
	b) Customer Satisfaction Index	
	c) Employee Productivity Rate	
	d) Revenue per Employee	
	e) Customer Retention Ratio	
	Annexure II - Specific Disclosures of the Financial Statements (refer section 12 of the criteria)	
1	Fair value of Property, Plant and Equipment.	169
2	Particulars of significant / material assets and immovable property including location and area of land.	169
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.	169
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

S.No.	BCR Criteria	Page No.
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).	170
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.	232 (Note 3.18) & 260 (Note 28.3)
2	Highlights of segment revenue account.	267 & 268
3	Disclosure of outstanding premium / unearned premium.	173
4	Details of claims under different categories of policies including average claim settlement period.	173
5	Estimated liability in respect of outstanding claims including their ageing.	260
6	Disclosures of re-insurance ceded premium & claim recovered.	258 (Note 27) & 259 (Note 28)
7	Disclosure of extent of risk retained, reinsured and unexpired risk.	270 (Note 42.1.2)
8	Disclosures pertaining to solvency margin / solvency ratio.	171
9	Valuation & impairment of investment as per regulatory requirements.	230 (Note 3.14 - 3.15)
10	Actuarial assumptions made are in compliance with the regulations issued by regulatory authorities.	173
11	Following accounting ratios pertaining to insurance sector: <ul style="list-style-type: none"> • Claim 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. 	151
12	Review of assets quality.	172
13	Report of the life actuary (for life insurance).	Not applicable
14	Statement showing age-wise analysis of unclaimed amount of policyholders.	272

NOTICE OF 64th ANNUAL GENERAL MEETING

NOTICE is hereby given that the 64th Annual General Meeting (AGM) of Adamjee Insurance Company Limited (the "Company") will be held on April 29, 2025 (Tuesday) at 10:00 A.M. at Nishat Hotel, Gulberg, Lahore and through video-link facility to transact the following ordinary business:

1. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended 31 December 2024, Directors', and Auditors' reports thereon 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 2024.
3. To appoint auditors for the next term and fix their remuneration. The members are hereby given notice that the Board of Directors and the Audit Committee have recommended the name of M/s Riaz Ahmed & Co. Chartered Accountants for appointment as auditors of the Company in place of retiring auditors, KPMG Taseer Hadi Chartered Accountants.

By Order of the Board

Tameez-ul-Haque
Company Secretary

Lahore: April 08, 2025

NOTES:

Book Closure

1. The share transfer books of the Company will remain closed from April 22, 2025, to April 29, 2025 (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 21, 2025 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 21 April, 2025:

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 will 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 timely notify any change in their addresses to our Independent Share Registrar at the address given above.
- 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 21, 2025 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 are advised to contact our Share Registrar to collect/ enquire about their unclaimed dividend/shares., if any.

10. Hardcopy of Annual Report:

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 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 Declarations 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 and from the date 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. Prohibition of Gift

In view of prohibition under Section 185 of the Companies Act, 2017, the Company does not distribute gifts in any form to its members in the general meetings.

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 31-12-2024

2.2	No. of Shareholders	Shareholding			Total Shares Held
	1,036	1	to	100	26,714
	876	101	to	500	262,322
	495	501	to	1000	401,805
	1,860	1001	to	100000	22,391,953
	80	100001	to	475000	16,263,827
	43	495001	to	8395000	71,625,619
	1	14125001	to	14130000	14,128,344
	1	17105001	to	17110000	17,107,420
	1	27875001	to	27880000	27,877,735
	1	28515001	to	28520000	28,515,087
	1	34925001	to	34930000	34,928,805
	1	46470001	to	46475000	46,470,369
	1	69995001	to	70000000	70,000,000
	4,397				350,000,000

2.3	Categories of Shareholders	Number of Shareholders	Shares held	Percentage
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	1	28,000	0.01
	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	1	5,503,500	1.57
	g) Masood Holdings (Private) Limited	1	7,805,854	2.23

	Number of Shareholders	Shares held	Percentage
2.3.3 NIT and ICP	-	-	-
2.3.4 Public Sector Companies & Corporation	-	-	-
2.3.5 Banks, Development Finance Institutions, Non-Banking Finance Companies	13	6,771,186	1.93
2.3.6 Insurance Companies	4	3,478,934	0.99
2.3.7 Modarabas and Mutual Funds	13	3,803,478	1.09
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) Security General Insurance Co Ltd (2.3.2b)	28,515,087	8.15	
iii) D.G. Khan Cement Company Limited (2.3.2c)	27,877,735	7.97	
iv) Trustee-MCB Employees Pension Fund(2.4)	46,470,369	13.28	
v) Trustees of UBL Staff Pension Fund Trust(2.4)	34,928,805	9.98	
2.3.9 General Public			
a) Local-Individuals	4,199	70,238,215	20.07
b) Foreign Individuals	18	1,206,634	0.34
c) Foreign Companies/organizations(on repatriable basis)	11	16,783,995	4.80
2.4 Others:(Joint Stock Cos., Pension/Provident Funds etc.)	122	105,935,596	30.27
	4,397	350,000,000	100.00



Shaikh Muhammad Jawed
Director



MUHAMMAD ALI ZEB
Managing Director & Chief Executive Officer



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 64th Annual General Meeting of the Company to be held on April 29, 2025 (Tuesday) at 10:00 a.m. at Nishat Hotel, Gulberg, Lahore and through video link facility and any adjournment thereof.

Signed this _____ day of _____ 2025

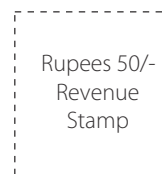
Witness 1:

Signature _____

Name _____

CNIC No. or Passport No. _____

Address _____



Witness 2:

Signature _____

Name _____

CNIC No. or Passport No. _____

Address _____

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.

میں/ہم مقیم آدمجی انشورنس کمپنی لمیٹڈ کے ایک ممبر اور شہر/ذیلی ملکیت/فولیو نمبر
سی ڈی سی پالیسی نمبر اور سی ڈی سی انویسٹرز اکاؤنٹ نمبر کے مطابق محترم/محترمہ
مقیم (فولیو نمبر سی ڈی سی پالیسی پالیسی نمبر اور سی ڈی سی انویسٹرز اکاؤنٹ نمبر)
یا ان کے شریک نہ ہونے پر محترم/محترمہ مقیم (فولیو نمبر)
سی ڈی سی پالیسی نمبر اور سی ڈی سی انویسٹرز اکاؤنٹ نمبر (کو بذریعہ لہذا انشورنس ہوٹل، گلبرگ، لاہور
میں بروز منگل مورخہ 29 اپریل 2025 بوقت صبح 10 بجے اور بذریعہ ویڈیو لنک منعقد ہونے والے 64 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 تاریخ 2025ء دستخط کیے گئے۔

گواہ 1

۵۰/- روپے کی
ریونیو اسٹیٹمنٹ

دستخط
نام
پتہ
قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر

گواہ 2

ممبر کے دستخط

دستخط
نام
پتہ
قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر

ملاحظات (نوٹس):

- 1- سالانہ اجلاس عام میں شرکت اور رائے دہی کا حق رکھنے والا ممبر کسی دوسرے ممبر کو اپنی بجائے شرکت اور رائے دہی کے استعمال کیلئے اپنا نمائندہ (پروکسی) مقرر کر سکتا ہے۔ کوئی کارپوریشن یا کمپنی، بحیثیت کمپنی، بحیثیت کمپنی کی ممبر، اپنے افسران میں سے کسی کی تقرری بورڈ ریزولوشن کے ذریعے کر سکتی 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 ہو جانا چاہیے۔
- 2- ایسے ممبران جو سینٹرل ڈپازٹری کمپنی آف پاکستان میں شہر جمع کروا چکے ہیں وہ اصل کمپیوٹرائزڈ قومی شناختی کارڈ اور سی ڈی سی پالیسی نمبر ساتھ لائیں۔
- 3- CDC اکاؤنٹ ہولڈرز کو کیورٹیز اینڈ ایکسیچ کمیشن آف پاکستان کی طرف سے جاری کردہ درج ذیل ہدایات کی مزید پیروی کرنا ہوگی:

(A) اجلاس میں شرکت کیلئے:

- 1- افراد کی صورت میں، اکاؤنٹ یا سب اکاؤنٹ ہولڈرز 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۔
- 2- کاروباری ادارے کی صورت میں اجلاس کے موقع پر بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ نامزد نمائندے کے دستخط کے نمونے کے ساتھ پیش کرنا ہوگا (ماسوائے اس کے کہ وہ پہلے ہی پیش کیا جا چکا ہو)۔

(B) نمائندوں کی تقرری کیلئے:

- 1- افراد کی صورت میں، اکاؤنٹ یا سب اکاؤنٹ ہولڈرز 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۔
- 2- نمائندگی نامے پر دو افراد کی گواہی موجود ہونی چاہیے جن کے نام، پتے اور CNIC نمبر تقرری نامے میں درج ہوں۔
- 3- نمائندگی نامے کے ہمراہ اصل مالکان (beneficial owner) اور نمائندے کے CNIC یا پاسپورٹ کی تصدیق شدہ نقول مہبتا کی جائیں۔
- 4- نمائندے کو اجلاس کے موقع پر اپنا اصل CNIC یا اصل پاسپورٹ پیش کرنا ہوگا۔
- 5- کاروباری ادارے کی صورت میں، اجلاس کے موقع پر نمائندگی نامے کے ہمراہ بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ نمائندے/انارنی کے دستخط کے نمونے کے ساتھ پیش کرنا ہوگا (ماسوائے اس کے کہ وہ پہلے ہی پیش کیا جا چکا ہو)۔

