

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 39th Annual General Meeting of East West Insurance Company Limited will be held on Thursday, April 28, 2022, at 11:30 A.M at the Registered Office of the Company located at 27, Regal Plaza, Jinnah Road, Quetta, to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of Extraordinary General Meeting of the Company held on November 20, 2021.
2. To receive, consider and adopt the Audited Financial Statements of the Company together with the Directors' and Auditors' report thereon for the year ended December 31, 2021
3. To consider the appointment of Auditors for the year ending December 31, 2022 and fix their remuneration.
4. To approve the interim bonus issue as final distribution for the year ended December 31, 2021 announced on November 23, 2021 and already issued to the shareholders in the proportion of three ordinary shares for every twenty ordinary shares held i.e., 15%.

SPECIAL BUSINESS:

5. The Board of Directors has to decide to increase the Authorized Capital of the company to facilitate the further issue of capital. To consider and if thought fit to pass following Resolution.

RESOLVED that the Authorized Capital of the Company be increased from Rs.1,500,000,000 (Rupees One thousand Five hundred Million) to Rs.2,000,000,000 (Rupees Two thousand Million) and divided in 200,000,000 ordinary shares of Rs. 10/- each. That respective clause of Memorandum and Articles of Association of the company be amended to the extent of increased Authorized Capital and division thereof to become effective immediately.

6. **Investment in Askari Life Assurance Company Ltd**

To consider and if thought fit to pass the following resolutions with or without any modification as Special Resolution:

"RESOLVED that consent of the members of East West Insurance Co., Ltd., be and is hereby accorded in terms of section 199 and other applicable provisions of Companies Act, 2017 and the Company be and is hereby authorized to further invest/dis-invest up to Rs. 40,000,000/- (Rupees Forty Million) from time to time in Askari Life Assurance Company Limited, an associated company for purchase/sale of ordinary shares of face value of Rs. 10 each at the price ruling in stock exchange at the date of purchase/sale as per terms and conditions disclosed to the members and the resolution shall be valid for a period of one year from the date of passing of special resolution."

"Further Resolved that Managing Director & Chief Executive or Company Secretary be and are hereby individually authorized to fulfill all legal and corporate formalities for making the above investment."

7. To consider other business with the permission of the chair.

Attached to this notice of meeting being to the members is a statement under section 134(3) (b) Companies Act, 2017.

By the order of the board

Shabbir Ali Kanchwala
Company Secretary
Karachi: 25th March, 2022.

Notes:

1. PARTICIPATION IN AGM THROUGH ELECTRONIC MEANS:

In view of the prevailing situation of Pandemic Covid-19, particularly in the wake of its fifth wave and concerning the well-being of the participants of the AGM, this General Meeting being conducted as per guidelines circulated by SECP vide its Circular No. 4 of 2021 dated 15th February 2021 and Circular No. 6 of 2021 dated 3rd March 2021. Accordingly, the following arrangements have been made by the Company to facilitate the participation of the shareholders in the AGM through online video conference, either in-person or through appointed proxies.

The shareholders are requested to please provide below information to our Company Secretary at e-mail address: shabbir.a.kanchwala@ewi.com.pk, at least 24 hours before the time of AGM i.e., latest by 11.30 am on April 27, 2022.

Folio /CDC Account No.	Name	CNIC No.	Cell No.	Email Address

Upon receipt of the above information from shareholders the Company will send login details to their email address, which will enable them to join the said AGM through video conference on Thursday April 28, 2022 at 11:30 AM.

2. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as a proxy to attend and vote in respect of him. Form of proxy must be deposited at the Company's Registered Office not later than 48 hours before the time appointed for the meeting.
3. CDC Account holders are advised to follow the following guidelines of the Securities & Exchange Commission of Pakistan.
 - A. **For attending the meeting**
 - a. In case of individuals, the account holder and / or sub- account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.
 - b. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.
 - B. **For appointing proxies**
 - a. In case of individuals, the account holder / and or sub- account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.
 - b. The proxy form shall be witnessed by two persons whose names, address 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 original CNIC or original passport at the time of the meeting.
 - e. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
4. The Share Transfer Books of the company will be closed from April 22, 2022 to April 28, 2022, (both days inclusive). Transfers received in order by our Share Registrar, M/s. THK Associates (Private) Limited, Plot no. 32-C, Jami Commercial Street 2, DHA, Phase VII, Karachi, by the close of business on April 21, 2022 will be considered in time to attend and vote at the meeting.

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

- a. Change in their address;
- b. Valid and legible photocopies of Computerized National Identity Card (CNIC) for Individuals and National Tax Number (NTN) both for individual & corporate entities.

6. ELECTRONIC TRANSMISSION OF FINANCIAL STATEMENTS AND NOTICES

As per SRO 787(1) 2014 dated September 08, 2014, the Securities & Exchange Commission of Pakistan (SECP) has directed all companies to facilitate their members receiving annual financial statements and notice of annual general meeting through electronic mail system (E-mail). The Company is pleased to offer this facility to our valued members who desire to receive annual financial statements and notices through email in future.

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

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

7. ELECTRONIC DIVIDEND MANDATE

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

In order to receive dividend directly into their bank account, shareholders are requested (if not already provided) to fill in Bank Mandate Form for Electronic Credit of Cash Dividend available in the Annual Report and also on the Company, website and send it duly signed along with a copy of CNIC to the Share Registrar of the Company, M/s. THK Associates (Private) Limited, Plot no. 32-C, Jami Commercial Street 2, DHA, Phase VII, Karachi in case of physical shares

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

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

8. SUBMISSION OF VALID CNIC (MANDATORY)

As per SECP directives, the dividend warrants of the shareholders whose valid CNICs are not available with the Share Registrar could be withheld. All shareholders having physical shareholding are, therefore advised to submit a photocopy of their valid CNICs immediately, if already not provided, to the Company's Share Registrar at the following address, M/s. THK Associates (Private) Limited, Plot no. 32-C, Jami Commercial Street 2, DHA, Phase VII, Karachi without any further delay.

9. ZAKAT DECLARATION (CZ-50)

Zakat will be deducted from the dividends at source under the Zakat and Usher Laws and will be deposited within the prescribed period with the relevant authority. In case you want to claim exemption, please submit Zakat declaration under Zakat and Usher Ordinance, 1980 and Rule 4 of Zakat (Deduction & Refund) Rules, 1981 CZ-50 Form with our Share Registrar, M/s. THK Associates (Private) Limited, Plot no. 32-C, Jami Commercial Street 2, DHA, Phase VII, Karachi or in case of book entry securities in CDC to respective CDC participants. The shareholders while sending the Zakat Declaration must quote company name and their respective CDS A/C # or Folio No.

10. DEDUCTION OF WITHHOLDING TAX ON THE AMOUNT OF DIVIDEND

Pursuant to SECP directive vide Circular No. 19/2014 dated October 24, 2014, SECP has directed all companies to inform shareholders about changes made in the Section 150 of the Income Tax Ordinance, 2001. We hereby advise shareholders 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-filer of income tax returns: 30%

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

11. CONSENT FOR VIDEO CONFERENCING FACILITY

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

I / We / Messrs. _____ of _____, being a member of East West Insurance Co., Ltd. holder of _____ ordinary share(s) as per registered Folio / CDC Account no. _____ hereby opt for video-link facility.

12. UNCLAIMED DIVIDEND

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

13. DEMAND POLL

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

14. TRANSMISSION OF THE ANNUAL AUDITED FINANCIAL STATEMENTSTHROUGH CD/ DVD

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

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

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

16. DEPOSIT OF PHYSICAL SHARES IN TO CDC ACCOUNTS

As per Section 72 of the Companies Act, 2017 every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified from the date notified by the Commission within a period not exceeding four years from the commencement of companies Act, 2017.

The shareholder having physical shareholding may open CDC sub-account with any of the brokers or investors account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways including safe custody and sale of shares, anytime they want as the trading of physical shares is not permitted as per existing regulation of Pakistan Stock Exchange.

STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017.

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on April 28, 2022.

Item. No.5

The Authorized Share Capital of East West Insurance Company Limited at present is Rs. 1,500,000,000 In order to take care of expansion, it is considered necessary to increase the Authorized Share Capital from 1,500,000,000 to Rs.2,000,000,000.

Item. No.6

The details and information to be furnished regarding item No. 6 investment in associated company under section 199 of the Companies Act, 2017.

Information to be disclosed to members.- (1) The company shall disclose following information in the statement annexed to the notice, pursuant to section 134(3) of the Act, of a general meeting called for considering investment decision under section 199 of the Act.

Regulation No. 3(1)(a) - Disclosures for all types of investment.-**(A) Regarding associated company or associated undertaking:**

S.No	Description	Information Required
(i)	Name of associated company	Askari Life Assurance Co., Ltd (formerly East West Life Assurance Co., Ltd.:)
(ii)	Basis of relationship	Common directorship
(iii)	Earnings per share for the last three years	September, 30, 2021 PKR (0.92) December, 31, 2020 PKR (2.09) December 31, 2019 PKR (2.39)
(iv)	Break-up value per share, based on latest audited financial statements	Rs. 2.08 on the basis of financial statements for the period September 30, 2021
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements; and	As on September 30, 2021 Total asset base of Askari Life Assurance Co., Ltd is Rs.999 Million. It's After tax loss for the period September 30, 2021 was Rs. 138 Million and Paid -up Capital was Rs. 1502 Million
(vi)	In case of investment in relation to a project of an associated company or associated undertaking that has not commenced operations, following further information, namely:- (i) description of the project and its history since conceptualization; (ii) starting and expected dated of completion of work; (iii) time by which such project shall become commercially opetational; and (iv) expected time by which the project shall start paying return on investment; (v) funds invested or to be invested by promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts.	Not applicable

Regulation No. 3(1)(a) (B) - General disclosures , -

(i)	Maximum amount of investment	Upto PKR 40 Million
(ii)	Purpose, benefit and likely to accrue to the investing company and its members from such investment and period of investment	Long term strategic investment for return and capital appreciation which will enhance the profitability of the Company and add to the value of the members.
(iii)	Source of funds to be utilized for investment and where the investment in intended to be made i. justification for investment through borrowings; ii. detail of collateral, guarantees provided and assets pledged for obtaining such funds, and iii. Cost benefit analysis	The investment will be made from Company's own funds. Hence, there is no need to provide justifications.
(iv)	Salient features of the agreement(s) if any, with associated company or associated undertaking with regards to the proposed investment.	Not applicable as shares will be purchased from time to time on an arms length transaction agreed between buyer and seller or at the prevailing stock exchange price.

(v) Direct or indirect interest of directors, sponsors, majority shareholders and their relatives if any, in the associated company or associated undertaking or the transaction under consideration;	No Director or their relatives has any interest in the proposed investment, except, in their individual capacities as " Director" and/or as shareholders of the company
(vi) In case any investment in associated company or associated undertaking has already been made the performance review of such investment including complete information/justification for any impairment or write offs, and	Askari Life Assurance Co., Ltd, is an associated company of the Company with 19% shares at a book value of Rs.286 million as at December 31, 2019. The market value of the associate is Rs.217 Million.
(vii) any other important details necessary for the members to understand the transaction;	None

Regulation No. 3(b) - In case of equity investment following disclosure in addition to those provided under clause (a) of sub-regulation (1) of regulation 3 shall be made,-

(i) Maximum price at which securities to be acquired.	Not more than the price quoted on the Pakistan Stock Exchange
(ii) In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof;	The intended purchase of shares will be on an arms length transaction not more than the market value.
(iii) Maximum number of securities to be acquired	The maximum number of securities will be at the optimum extent, we get the approval.
(iv) Number of securities and percentage thereof held before and after the proposed investment.	28,490,824 shares (19%) held to date i.e. before proposed investment. Number of Shares and percentage after proposed investment will depend on the prevailing prices at the time of actual purchase.
(v) Current and preceding twelve week's weighted average market price where investment is proposed to be made in listed securities; and	Current market value per share as of March 25, 2022 Rs. 6/- and weighted average value of twelve weeks is Rs.7/-.
(vi) fair value determined in terms of sub-regulation 5 for investment in unlisted securities;	Not Applicable

Regulation No. 4(1) - Other information to be disclosed to the members. - (1) If the associated company or associated undertaking or any of its sponsors or directors is also a member of the investing company, the information about interest of the associated company or associated undertaking and its sponsors and directors in the investing company shall be disclosed in the notice of general meeting called for seeking members' approval pursuant to section 199 of the Act.

No Director or Chief Executive has any interest in the investing Company except in their individual capacities as "Director/Chief Executive" and/or as shareholders of the investing Company. The shareholding of Directors is Mr. Javed Yunus 2,500 and Mr. Naved Yunus 1662,091.

Status of approval for investment in Associated undertakings:

associated companies and associated undertakings) Regulations, 2017 the status of approval is as follows:

i. Total Investment approved;

Rs.60 million, Rs. 60 million, Rs.99 million, Rs. 90 million and 75 million in Askari Life Assurance Co., Ltd were approved by the shareholders at Annual general meeting and Extraordinary general meeting of the company held on May 28,2020, January 25, 2019, April 24, 2018, February 04,2017 and September 10, 2016 respectively

ii. amount of investment made to date;

Rs. 286 million

iii. reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time; and

The investment was made to date was within the approved limit. However, we had excess approval which was not made due to the price on which shares were available from secondary market were higher than the approval limit and also on the floor the required shares were not offered to sale.

iv. material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment.

There is no material change occurred since the date of approval. However, we expect that Askari Life Insurance will be profitable when the group companies insurance will be underwritten.

DIRECTOR'S REPORT FOR THE YEAR 2021

All praises to Almighty Allah the most gracious and merciful.

On behalf of the Directors of your company we have the pleasure of presenting the 39th Annual Report and audited financial statements for the year ending December 31st, 2021.

Honorable shareholders, respected members of the Board of Directors and our dependable colleagues:

Assalam Alaikum.

We welcome you all to the 39th Annual General Meeting of the company and express our humble gratitude to Almighty Allah for helping us in successfully closing the annual accounts for the year 2021 despite the challenging situation prevailing worldwide on account of this pandemic. By the grace of Almighty Allah giving us the wisdom and strength to successfully steer the affairs of the company in completing 39 years since its establishment. The success of the company is attributed to the invaluable guidance of our chairman, members of the Board of Directors, shareholders, valued clients and distinguished patrons. We thank them all and look forward to their continued support in future.

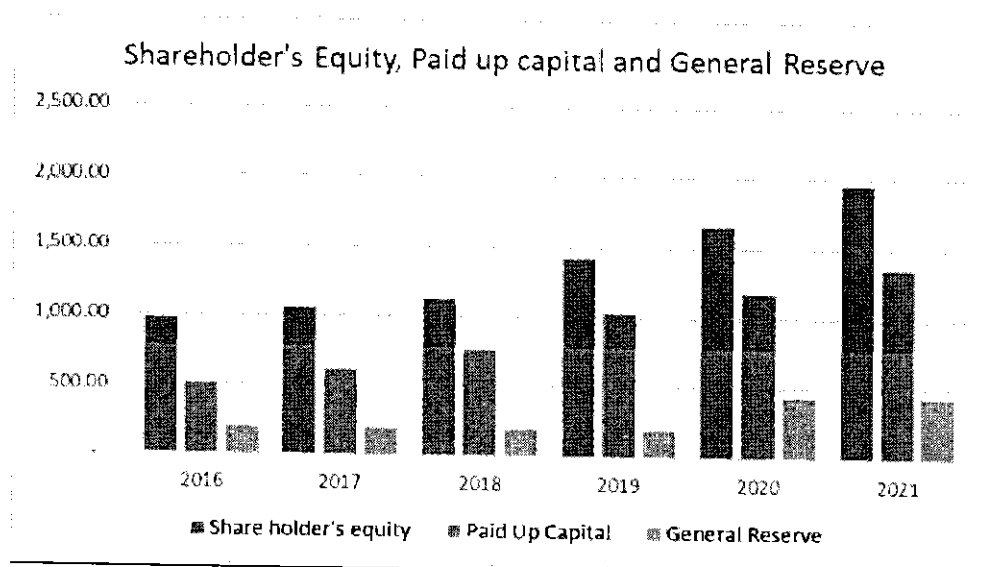
In our normal practice the Board of Directors approves the working strategy at the beginning of the year for the management to adopt and disseminate to operational and marketing staff in underwriting and selling the products of the company for our valued clients. The prudent management follows the strategy in true letter and spirit to strengthen our premium base and position in the industry. Simultaneously, management continues to invest in profitable ventures to augment return on equity for the benefit of our shareholders.

Yearly Performance

The company's gross written premium grew to PKR 4.22 billion showing an increase of 14.7% in comparison to the previous year. The net earned premium in the year 2021 was PKR 2.16 billion as against PKR 1.88 billion in the previous year thus showing a growth of 15%. The combined operating

ratio (COR) for 2020 was 62%. With the increase in retained premium for 2021, the COR for 2021 is 60%. This, however, has not impacted profitability as shown below: -

Particulars	2021 (Rs./billion)	2020 (Rs./billion)	% Increase (decrease)
Gross Premium	4.22	3.68	14.7%
Net Premium	2.16	1.88	15%
Claims Paid	1.55	1.20	28.7%
U/W Profit	0.39	0.34	15.5%
Paid-up-capital	1.36	1.18	15.0%



Fire/Property Insurance

The company has underwritten gross premium of PKR 1.40 billion under fire/property portfolio showing an increase of 22% compared to last year. After keeping provision for reinsurance, claims and management expenses the company earned underwriting profit of PKR 156 million.

Marine Insurance

Gross premium underwritten in our Marine Portfolio including Marine Hull was PKR 494 million. After provisioning for reinsurance, claims, and management expenses, the company has earned underwriting profit of PKR 71 million.

Motor Insurance

The company wrote a premium of PKR 616 million against motor insurance including third party liability insurance. The growth over 2020 in this line of business is 7% with a profitability of PKR 73.4 million.

Engineering

Insurance companies are providing protection against accidental losses during execution of development projects. Our company is duly registered with Pakistan Engineering Council and various other government authorities for providing insurance cover to ongoing development projects. In this regard we have extremely cordial relations with contractors of national and international repute who normally approach us for seeking insurance on their projects. During 2021 we have underwritten a total Engineering gross premium of PKR 1.133 billion through direct and facultative insurance in this portfolio.

Bond Insurance

We provide Professional Indemnity insurance to reputed consultants for their design, planning and construction supervision of proposed projects. During the year 2021, the company underwritten gross premium of PKR 71.16 million.

Miscellaneous Accident

This line of business includes Personal Accident, Household Insurance, Burglary Insurance, Public liability, Cash in Safe and Transit Insurance. In addition, Workmen Compensation also covered under this portfolio.

Travel and Health Insurance

East West Insurance Company is also underwriting Travel and Health insurance through its corporate offices in Islamabad and Regional Office (South) Karachi. This portfolio is robustly growing through our countrywide network of branches. In addition, we are also supporting various travelers who require

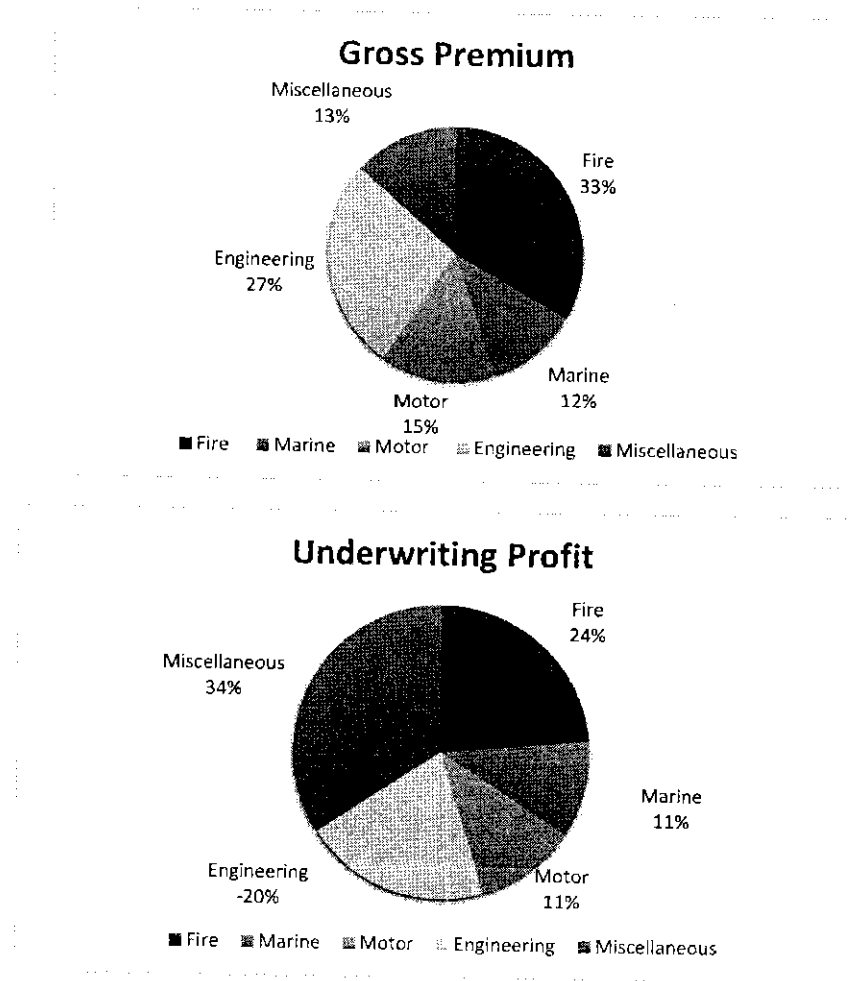
travel insurance for processing visas by foreign missions in Pakistan. We are enlisted on the panel of various embassies/consulates who accept our insurance policies to process visas for travelers.

Crop and Livestock

Your company participates in the Crop and Livestock insurance program promulgated by the State Bank of Pakistan. In the year 2021 the company enhanced its premium of crop and livestock insurance utilizing maximum benefits available through private and commercial banks. We will continue this aggressive pursuit in 2022 to generate additional premium through this portfolio.

Miscellaneous Portfolio

Miscellaneous Portfolio consists of Miscellaneous Accident, Bonds & Guarantee, Travel & Health and Crop & Livestock Insurance.



Window Takaful Operation

The company wrote total takaful contribution of PKR 326.55 million as against PKR 206.48 million in the previous year. The growth over 2020 in this line of business is 58% with a profit of PKR 15.5 million. Individual contribution of businesses is also appended in business heads as disclosed above.

Credit Rating

We are pleased to inform our stakeholders that on November 26, 2021 Pakistan Credit Rating Agency (PACRA) maintained our IFS Rating to 'AA' Minus (AA-) with stable outlook in their latest annual review. This decision reflects the rating agency's confidence in our stability, reliability, and growth potential. We are confident that enhancement of our rating will continue to bring a positive impact on our

performance and in addition to substantial growth in our premium income, and your management is making continuing efforts in this regard.

Reinsurance Arrangements

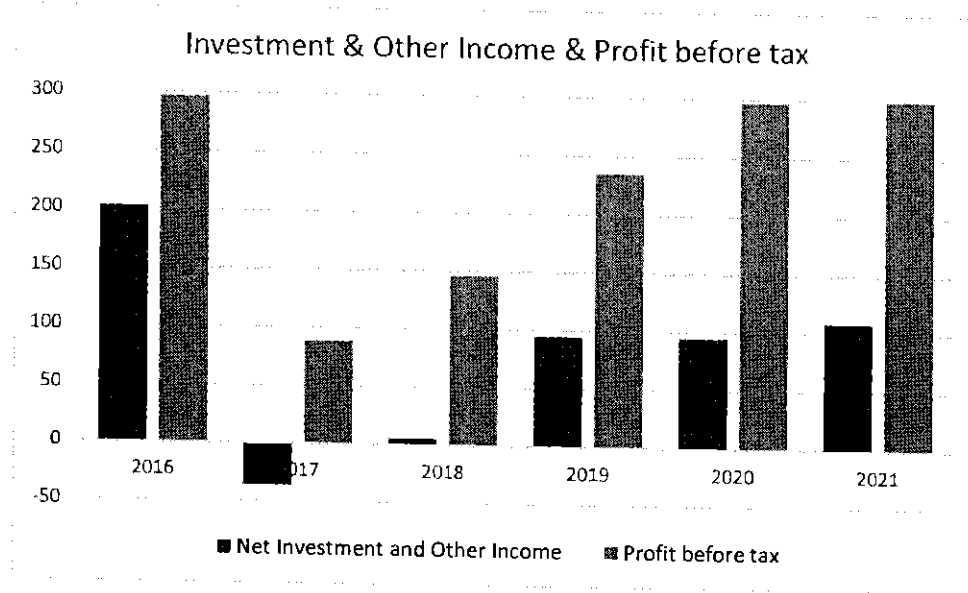
In keeping with global insurance industry standards, we have maintained adequate reinsurance coverage from both local and world-renowned reinsurers. This practice has significantly bolstered our operations, giving us the financial strength to underwrite a sizable share in policies for even the largest corporate clients. Consequently, our partner reinsurers have also expressed their complete satisfaction and consented to renew our treaties for the coming year 2022.

Capital Solvency and Shareholders' Fund

Your company is proud to report that while the regulator's minimum capital requirement for general insurers is 500 million, we continue to enhance our paid-up capital even after crossing the milestone of PKR one billion paid-up capital as of 2019. Despite the challenges faced this year, we have further raised our total paid-up capital through issuing 15% bonus shares which now stands at Rs. 1.360 billion as of December 31st, 2021.

Investment Income

Although the Stock Market continued high levels of volatility during this past year, the total investment income for the year improved to PKR 91.502 million as against Rs. 84.025 million last year. The Primary component of this year's investment income consists of dividend income which also improved to PKR 69 million as against PKR 44 million in 2020.



Earnings Per Share

Profit after tax as compared to last year has significantly increased to Rs. 312.47 million. This resulted in improved EPS of PKR 2.30 as compared to last year's reported EPS of PKR 1.81.

Board Committees

Your Company maintains following Board committees:

Audit Committee

The Board is responsible for effective implementation of sound internal control systems including compliance with control procedures. The Audit Committee is assisted by the Internal Auditor in reviewing the adequacy of operational controls and in monitoring and managing risks so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively in the Company and to add value and improve the Company's operations by providing independent and objective assurance. The principal responsibility of the Internal Auditors is to conduct periodic audits to ensure adequacy in operational controls, consistency in the application of policies and procedures, and compliance with laws and regulations.

Investment Committee

The investment portfolio of your company is actively monitored under the supervision of qualified staff. Keeping in view the duration of liabilities, your company's investment philosophy is based on strong cash generation, backed by prudent investment of surplus funds with due consideration of timely payment of claims as they arise. The Company has a Board-level investment committee that meets on a monthly basis to review the investment portfolio. The committee is also responsible for developing the investment policy for the Company.

Ethics, Human Resource and Remuneration Committee

The Board has formed the Ethics, Human Resource and Remuneration Committee, which is responsible for recommending introductions and changes to the human resource management policies of the Company as well as the selection, evaluation and compensation of key officers of the Company.

Management Committees

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

Underwriting Committee

The underwriting committee formulates the underwriting policy of your Company. It sets out the criteria for assessing various types of insurance risks and determines the premium policy of different insurance covers. The committee regularly reviews the underwriting and premium policies of the Company with due regard to accumulation of risk on the basis of region & business sectors and other relevant factors.

Claims Settlement Committee

This committee devises the claims settling policy of the Company. It oversees the claims position of the Company and ensures that adequate claims reserves are maintained. Particular attention is paid to significant claims cases or events which give rise to a series of claims. The claims settlement committee

determines the circumstances under which disputed claims are to be brought to its attention and decides how to deal with such disputes. It also oversees the implementation of the measures for combating fraudulent claims cases. The Committee also oversees the newly established Grievance Functions of the Company.

Reinsurance and Coinsurance Committee

This committee ensures that adequate reinsurance arrangements are made for the company's underwriting activities. It assesses the proposed reinsurance arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating reinsurers, makes appropriate adjustments to those arrangements in light of market developments. It also assesses the effectiveness of the reinsurance program for future reference.

Risk Management and Compliance Committee

The risk management and compliance committee shall oversee the activities of the risk management function of the Company and makes appropriate recommendations to the Board to mitigate probable risks falling within the purview of the risk management function.

Managing Various Types of Risks

Your company perceives risk management as a means of value optimization and recognizes the importance of internal control and risk management in sustaining our business which is exposed to multi-natured risks arising from internal and external sources.

Risk recognition and management are viewed by the Company as integral to its objectives of creating and maintaining shareholder value, and to the successful execution of the Company's strategies. The principle risks faced by the company are as follows:

Economic and Political Risk

Economic and political stability is very important for successful business activities. However, volatility in the economic, political and financial market in our country makes it very difficult to achieve business targets. Your company always strives for strong underwriting to deal with such risk.

Insurance Risk

The risk under an insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. The primary risk control measure in respect of the insurance risk is the transfer of the risks to third parties via reinsurance.

Credit Risk

Credit risk is where the company fails to recover from its debtors. The company manages this risk by careful underwriting, knowing the customer and their financial strength and also through vigilantly monitoring its credit exposure.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it maintains a predetermined level of cash and cash equivalents to ensure sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages this risk by critically and regularly monitoring change in interest rates where it has exposure.

Analysis of Performance Against Prior Forecasts

By the grace of Almighty Allah your company achieved the financial targets for 2021 maintaining its position in the industry. The Company believes that its strength lies in customer trust and satisfaction.

We have been in the industry for the last 39 years and we believe that our existence is based on the quality of service, customer satisfaction and employees' motivation being the key areas where management has always taken necessary measures for improvement. Throughout the years we have provided training to our employees both in-house and through institutions including Pakistan Insurance Institute programs to enhance and improve relevant skills. We believe this leads to greater customer satisfaction and increased trust.

Prospects in 2022

Our performance indicates strong performance against the management objectives of maximizing customer satisfaction, improving underwriting results, and controlling overhead expenses to increase the profitability and shareholder's equity.

Management has devised the strategy for the year 2022 to deliver sustainable and profitable growth under the dynamic and competitive environment. We have earned gross premium of over four billion rupees in 2021 and we are confident in our ability to maintain a similar growth pattern in 2022.

The company aims to enhance Information Technology resources to get the best possible support from the systems and processes to further improve our services to customers.

Corporate Responsibility

While the insurance industry may not be able to prevent nature's potential threats, we are in a good position to educate and support clients in managing and adapting to climate risks.

Insurers' risk management skills will be crucial in helping society cope with the increasing frequency and severity of extreme events. Emerging climate risks also offer insurers an opportunity to teach policyholders about loss control and prevention.

As a trusted voice on risk issues, we are able to speak with authority to policymakers and provide an opportunity to develop creative products and services to minimize the causes and effects of climate

change. Our sustainability vision is to focus on advocating for climate change adaptation and mitigation, and working with our clients to deal with emerging risks.

Energy Conservation and Environmental Impact

Every year, we perform an in-house Energy Conservation Audit which is benchmarked by monthly reports. In this way, we keep a close watch over our energy conservation. All electrical items used in our offices are energy-friendly. All air conditioning units are inverters and lighting systems are based on LED bulbs which are switched off during Lunch break. Employees are encouraged to communicate through emails instead of physical letters in order to reduce paper consumption through printing and reuse paper where possible in order to reduce the environmental impact.

Relationships with Stakeholders

We strive to maintain a very positive and practical approach towards relations with various stakeholders particularly with regulatory authorities i.e. Securities and Exchange Commission of Pakistan (SECP), Federal Board of Revenue (FBR), State Bank of Pakistan (SBP), other Insurance Companies, the Reinsurers, and The Insurance Association of Pakistan (IAP).

The Company Secretary is responsible for implementing and adhering to all the applicable laws, regulations and conventions in order to keep the organization at its highest professional standards.

Know Your Customers (KYC)

We maintain in our database the detailed information of our customers according to the requirements of the regulator and the State Bank of Pakistan. The database includes information provided by the FATCA in order to do vigilant underwriting. By keeping the record of our customers, we update ourselves with the reputation of our clients and their goodwill in the market.

Employment of Special Persons

The Company is an equal opportunity employer, irrespective of gender and physical disabilities.

Occupational Safety and Health

Fire extinguishers have been installed at various points within the working premises. Further, the Company has first-aid medical facilities in the Head Office & branches. Health insurance covering hospitalization is provided to employees by the company with coverage through reputed hospitals in the country.

Sports Activities

The Company encourages employees to participate in sports and arrange matches of cricket, football and hockey. Besides sports the company also allows employees to arrange picnics at various places in Karachi and other parts of the country.

Business Ethics and Anti-Corruption Measures

The Board has adopted the Statement of Ethics and Business Practices. All employees are informed and are required to observe rules of conduct in relation to business and regulations. Our Statement of Ethics and Business Practices is based on integrity, dignity, culture of excellence and ethical dealing with clients, peers and the public.

Relationship with other Stakeholders

Your Company continues to maintain good relationship with:

- Its employees by providing good working environment;
- Its clients through building trust and providing quality service;
- Its competitors in fair market practices;

- The business community through honest and fair dealing;
- The government through promoting free enterprise along with competitive market system and complying with applicable laws; and
- The society in general through providing safe and healthy workplace and provide employees the opportunity to improve their skills.

Appropriations

	PKR in '000
Profit before tax from General Insurance Operation	324,439
Profit from Window Takaful Operation	33,073
Profit before tax	357,512
Income tax Expenses	(45,046)
Profit after tax	312,466
Other comprehensive income / (Loss)	(0.29)
Total comprehensive income	312,466
Unappropriated profit at beginning of the year	96,988
Profit for the year	312,466
Issuance of bonus shares	(177,504)
Unappropriated profit at the end of the year	231,950

Related Party Transactions

At each board meeting the Board of Directors approves the Company's transactions with associated companies or related parties. All the transactions executed with related parties are on arm's length basis.

Compliance with Code of Corporate Governance

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

Statement of Directors Responsibilities

In compliance with the Financial Reporting Framework of the Code of Corporate Governance, the Directors confirm the following:

- a) The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- b) Proper books of accounts have been maintained by the Company.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
- d) International Accounting Standards as applicable in Pakistan have been followed in the preparation of financial statements. Accounting standards and such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, SEC (Insurance) Rules, 2017, Takaful Rules, 2012 and General Takaful Accounting Regulations 2019. Any departure therefrom has been adequately disclosed;
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) There is no material departure from the best practices of corporate governance, as detailed in the listing regulations; and
- h) There are adequate Internal Financial Controls in place in the Company.
- i) The key operating and financial data for the last six years is annexed.
- i) The value of investments of provident fund based on their un-audited accounts as of December 31, 2021 was approximately PKR 56.902 million.
- j) The statement of the pattern of shareholding of the Company as at 31 December, 2021 is included in the Report.
- k) The total number of directors in the Board are eight (8) among which one is female director. Out of eight directors there are three independent directors, two Non-executive directors and three Executive directors.

l) Non-executive directors and Independent directors are paid meeting fee approved by the Board in accordance with the provisions of the articles. All other features of directors' remuneration are approved by the Board and set in the Directors' Remuneration Policy.

Other Information Under Section 227 of the Companies Act 2017 & Code of Corporate Governance for Insurers, 2016

The other information required under section 227 of the Companies Act, 2017 is disclosed under Pattern of Shareholding (including trading in the shares of the Company by its Directors and Executives), Internal Controls Framework, Financial Position and Performance, Risk and Opportunities and Sustainability sections of this Report.

Board / Sub-committee Members / Secretary	Board	Audit	Ethics, HR & Remuneration	Investment
	Committees Attendance			
	5	4	1	12
Chief Justice (R) Mian Mahboob Ahmad	2			
Mr. Naved Yunus	5			12
Mr. Javed Yunus	5			
Mr. Pervez Yunus	5			
Mr. Umeed Ansari	5	3	1	12
Mr. Ahsan Mehmood Alvi	5	4	1	12
Mr. Saad Yunus	5	4		12
Mazhar Zubair Abbasi	5	3		
Urooj Yunus Ansari	5			
Mr. Shabbir Ali Kanchwala	5	4	1	12
Mr. Johry Lal		4		
Mr. Tanveer Iqbal		4		12
Zeeshan K Munshi				6
Saeed Ahmed				6
Mr. Adil Hussain			1	

Insurance Ordinance, 2000

As required under the Insurance Ordinance, 2000 and rules framed there under, the Directors confirm that:

- In their opinion and to the best of their belief the annual statutory accounts of the Company set out in the form attached with this statement have been drawn up in accordance with the Insurance Ordinance and any rules made thereunder;
- The Company has at all times in the year complied with the provisions of the Ordinance and rules made thereunder relating to the paid-up capital, solvency and reinsurance arrangements; and
- as at the date of the statement, the Company continues to be in compliance with the provisions of the Ordinance and rules framed there under as mentioned above.

Auditors

To appoint Auditors for the Financial Year 2022 retiring Auditors M/s Crowe Hussain Chaudhury & Co., Chartered Accountants retire and being eligible, have offered themselves for reappointment. The external auditors hold satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) as required under the Quality Control Review Program. As suggested by the Audit Committee, the Board of Directors recommended the appointment of M/s Crowe Hussain Chaudhury & Co. Chartered Accountants to be the statutory auditor for the financial year 2022 at a fee to be mutually agreed.

APPRECIATION AND ACKNOWLEDGEMENT

We thank our valued clients and shareholders for their continued confidence which enabled us to progressively increase our market penetration in order to generate sizable premium revenue. We also thank our reinsurers and brokers for the valuable support in performing our responsibilities.

We would also like to record our appreciation for the cooperation and professional support by the Insurance Division of the Securities & Exchange Commission of Pakistan. Finally, we also acknowledge the hard work and dedication of our marketing teams, officers, and staff members for achieving the desired goals and objectives of the company and look forward to their continued support in the year 2022.

For and on behalf of the Board of Directors,

Director

Chief Executive Officer

Karachi Dated:

سال 2021 کے لیے ڈائریکٹر کی رپورٹ

تمام تعریفیں اللہ کے لیے ہیں جو نہایت مہربان اور رحم کرنے والا ہے۔

آپ کی کمپنی کے ڈائریکٹرز کی جانب سے ہمیں 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے 39ویں سالانہ رپورٹ اور آئٹ شدہ مالیاتی گوشواروں کو پیش کرنے کی خوشی ہے۔

معزز شیئر ہولڈرز، بورڈ آف ڈائریکٹرز کے معزز ممبران اور ہمارے قابل اعتماد ساتھی:

السلام علیکم۔

ہم آپ سب کو کمپنی کے 39ویں سالانہ جنرل میٹنگ میں خوش آمدید کہتے ہیں اور اس وبائی بیماری کی وجہ سے دنیا بھر میں موجود چیلنجنگ صورتحال کے باوجود سال 2021 کے سالانہ اکاؤنٹس کو کامیابی کے ساتھ بند کرنے میں ہماری مدد کرنے کے لیے اللہ تعالیٰ کا عاجزانہ شکریہ ادا کرتے ہیں۔ اللہ تعالیٰ کے فضل و کرم سے کمپنی کے قیام کے 39 سال مکمل ہونے پر ہمیں اس کے معاملات کو کامیابی کے ساتھ چلانے کی حکمت اور طاقت عطا کی ہے۔ کمپنی کی کامیابی کا سہرا ہمارے چیئرمین، بورڈ آف ڈائریکٹرز کے ممبران، شیئر ہولڈرز، قابل قدر کلانٹس اور معزز سرپرستوں کی انمول رہنمائی سے منسوب ہے۔ ہم ان سب کا شکریہ ادا کرتے ہیں اور مستقبل میں ان کی مسلسل حمایت کے منتظر ہیں۔

ہمارے عام طرز عمل میں بورڈ آف ڈائریکٹرز سال کے آغاز میں انتظامیہ کے لیے کام کرنے کی حکمت عملی کو منظور کرتا ہے تاکہ وہ اپنے قابل قدر کلانٹس کے لیے کمپنی کی مصنوعات کو انڈر رائٹنگ اور فروخت کرنے کے لیے آپریشنل اور مارکیٹنگ کے عملے تک پہنچائے۔ سمجھدار انتظامیہ صنعت میں اپنے پریمیم بنیاد اور پوزیشن کو مضبوط کرنے کے لیے صحیح خطوط اور روح کے ساتھ حکمت عملی پر عمل پیرا ہے۔ اس کے ساتھ ہی، انتظامیہ ہمارے شیئر ہولڈرز کے فائدے کے لیے ایکویٹی پر منافع کو بڑھانے کے لیے منافع بخش منصوبوں میں سرمایہ کاری جاری رکھے ہوئے ہے۔

سالانہ کارکردگی

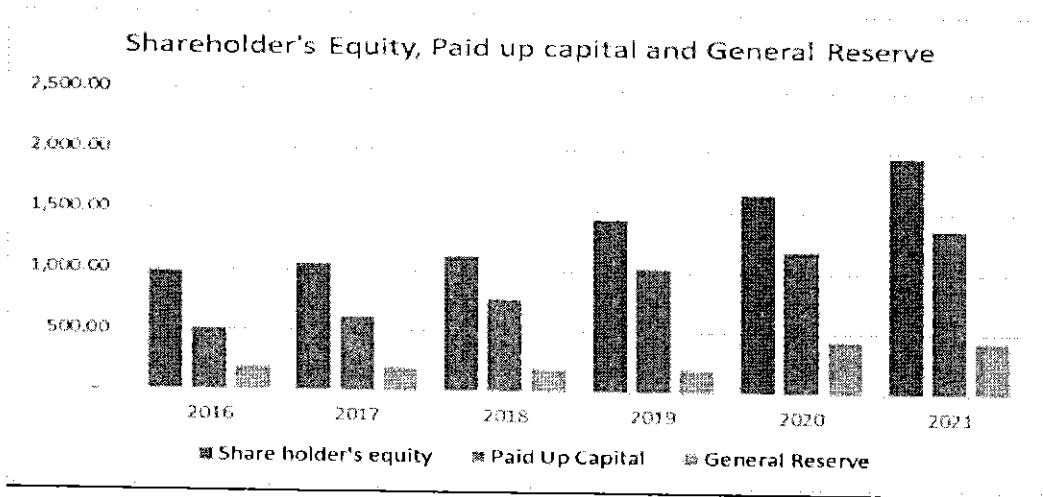
کمپنی کا مجموعی تحریری پریمیم **PKR 4.22** بلین تک بڑھ گیا جو پچھلے سال کے مقابلے میں 14.7 فیصد کا اضافہ ظاہر کرتا ہے۔ سال 2021 میں خالص کمایا ہوا پریمیم **PKR 2.16** بلین تھا جو پچھلے سال **PKR 1.88** بلین تھا اس طرح 15% کی نمو ظاہر ہوتی ہے۔ مشترکہ آپریشن

2020 کے لیے تناسب 62% (COR) تھا۔ 2021 کے لیے برقرار رکھے گئے پریمیم میں اضافے کے ساتھ، 2021 کے لیے

COR 60% ہے۔ تاہم، اس نے منافع کو متاثر نہیں کیا جیسا کہ ذیل میں دکھایا گیا ہے:-

تفصیلات 2021 (روپے/ارب) 2020 (روپے/ارب) % اضافہ (کمی)

تفصیلات	2021 (روپے/ارب)	2020 (روپے/ارب)	% بڑھنا (گھٹنا)
مجموعی پریمیم	4.22	3.68	14.7%
نیٹ پریمیم	2.16	1.88	15%
دعووں کی ادائیگی	1.55	1.20	28.7%
U/W منافع	0.39	0.34	15.5%
ادا شدہ سرمایہ	1.36	1.18	15.0%



آگ/پراپرٹی انشورنس

کمپنی نے فائر/پراپرٹی پورٹ فولیو کے تحت **PKR 1.40** بلین کا مجموعی پریمیم تحریر کیا ہے جس میں گزشتہ سال کے مقابلے میں 22% کا اضافہ دکھایا گیا ہے۔ ری انشورنس، کلیمز اور انتظامی اخراجات کی فراہمی کے بعد کمپنی نے **PKR 156** ملین کا انٹر رائٹنگ منافع کمایا۔

میرین انشورنس

ہمارے میرین پورٹ فولیو میں مرین ہل سمیت مجموعی پریمیم **PKR 494** ملین تھا۔ ری انشورنس، کلیمز اور انتظامی اخراجات کی فراہمی کے بعد، کمپنی نے **PKR 71** ملین کا انٹر رائٹنگ منافع کمایا ہے۔

موٹر انشورنس

کمپنی نے موٹر انشورنس کے خلاف **PKR 616** ملین کا پریمیم لکھا جس میں تھرڈ پارٹی لائبلٹی انشورنس بھی شامل ہے۔ کاروبار کی اس لائن میں 2020 کے دوران نمو 7% ہے جس کا منافع **PKR 73.4** ملین ہے۔

انجینئرنگ

انشورنس کمپنیاں ترقیاتی منصوبوں کی تکمیل کے دوران حادثاتی نقصانات سے تحفظ فراہم کر رہی ہیں۔ ہماری کمپنی پاکستان انجینئرنگ کونسل اور مختلف دیگر سرکاری حکام کے ساتھ رجسٹرڈ ہے تاکہ جاری ترقیاتی منصوبوں کو انشورنس کور فراہم کیا جاسکے۔ اس سلسلے میں ہمارے قومی اور بین الاقوامی شہرت کے ٹھیکیداروں کے ساتھ انتہائی خوشگوار تعلقات ہیں جو عام طور پر اپنے پراجیکٹس پر انشورنس حاصل کرنے کے لیے ہم سے رابطہ کرتے ہیں۔ 2021 کے دوران ہم نے اس پورٹ فولیو میں براہ راست اور فیکلٹیٹو انشورنس کے ذریعے **PKR 1.133** بلین کا کل انجینئرنگ گراس پریمیم تحریر کیا ہے۔

بانڈ انشورنس

ہم معروف کنسلٹنٹس کو ان کے ڈیزائن، منصوبہ بندی اور مجوزہ منصوبوں کی تعمیراتی نگرانی کے لیے پیشہ ورانہ معاوضہ انشورنس فراہم کرتے ہیں۔ سال 2021 کے دوران، کمپنی نے **PKR 71.16** ملین کا مجموعی پریمیم انٹر رائٹ کیا۔

متفرق حادثہ

کاروبار کی اس لائن میں ذاتی حادثہ، گھریلو انشورنس، چوری کی بیمہ، عوامی ذمہ داری، کیش ان سیف اور ٹرانزٹ انشورنس شامل ہیں۔ اس کے علاوہ، ورک مین کمپنیشن بھی اس پورٹ فولیو کے تحت آتا ہے۔

سفر اور ہیلتھ انشورنس

ایسٹ ویسٹ انشورنس کمپنی اسلام آباد میں اپنے کارپوریٹ دفاتر اور ریجنل آفس (ساؤتھ) کراچی کے ذریعے ٹریول اور ہیلتھ انشورنس بھی انڈر رائٹنگ کر رہی ہے۔ یہ پورٹ فولیو ہماری شاخوں کے ملک گیر نیٹ ورک کے ذریعے مضبوطی سے بڑھ رہا ہے۔ اس کے علاوہ، ہم مختلف مسافروں کی بھی مدد کر رہے ہیں جن کی ضرورت ہوتی ہے۔

پاکستان میں غیر ملکی مشنوں کے ذریعے ویزوں کی پروسیسنگ کے لیے سفری انشورنس۔ ہم مختلف سفارت خاتون/قونصلیوں کے پینل میں شامل ہیں جو مسافروں کے ویزا پر کارروائی کرنے کے لیے ہماری انشورنس پالیسیوں کو قبول کرتے ہیں۔

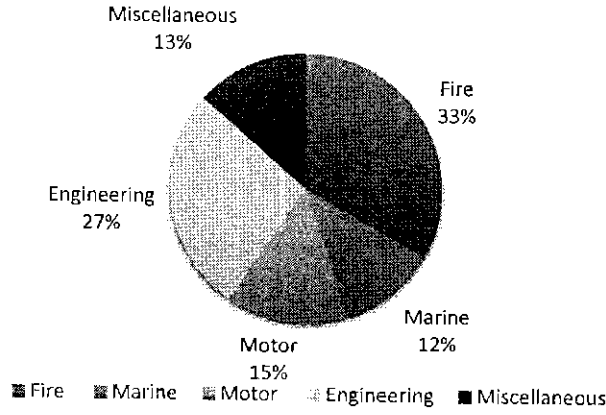
فصل اور لائیوسٹاک

آپ کی کمپنی اسٹیٹ بینک آف پاکستان کے ذریعے جاری کردہ فصل اور لائیو اسٹاک انشورنس پروگرام میں حصہ لیتی ہے۔ سال 2021 میں کمپنی نے پرائیویٹ اور کمرشل بینکوں کے ذریعے دستیاب زیادہ سے زیادہ فوائد کو بروئے کار لاتے ہوئے فصلوں اور مویشیوں کے انشورنس کے اپنے پرمیم میں اضافہ کیا۔ ہم اس پورٹ فولیو کے ذریعے اضافی پرمیم حاصل کرنے کے لیے 2022 میں اس جارحانہ کوشش کو جاری رکھیں گے۔

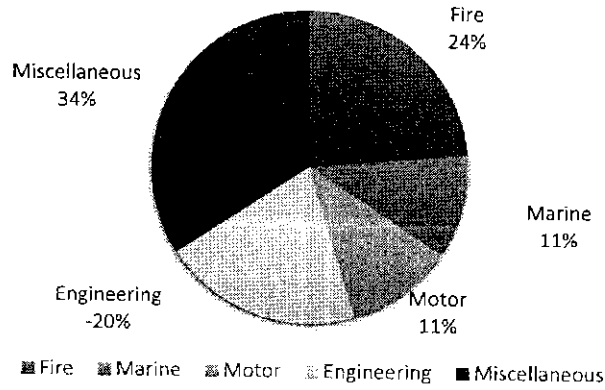
متفرق پورٹ فولیو

متفرق پورٹ فولیو متفرق حادثات، بانڈز اور گارنٹی، سفر اور صحت اور فصل اور لائیوسٹاک انشورنس پر مشتمل ہے۔

Gross Premium



Underwriting Profit



ونڈو تکافل آپریشن

کمپنی نے گزشتہ سال **PKR 206.48** ملین کے مقابلے **PKR 326.55** ملین کا کل تکافل تعاون لکھا۔ کاروبار کی اس لائن میں 2020 کے دوران نمو 58% ہے جس کا منافع **PKR 15.5** ملین ہے۔ جیسا کہ اوپر ظاہر کیا گیا ہے کاروباری سروں میں کاروبار کا انفرادی حصہ بھی شامل کیا جاتا ہے۔

کریڈٹ ریٹنگ

ہمیں اپنے اسٹیک ہولڈرز کو یہ بتاتے ہوئے خوشی ہو رہی ہے کہ 26 نومبر 2021 کو پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) ہمیں اپنے تازہ ترین سالانہ جائزے میں مستحکم آؤٹ لک کے ساتھ ہماری IFS ریٹنگ کو 'AA' مانس (-AA) پر برقرار رکھا۔ یہ

فیصلہ ریٹنگ ایجنسی کے ہمارے استحکام، وشوسنییتا، اور ترقی کی صلاحیت پر اعتماد کی عکاسی کرتا ہے۔ ہمیں یقین ہے کہ ہماری درجہ بندی میں اضافہ ہماری کارکردگی پر مثبت اثر ڈالتا رہے گا اور ہماری پریمیم آمدنی میں خاطر خواہ اضافہ کے علاوہ، اور آپ کی انتظامیہ اس سلسلے میں مسلسل کوششیں کر رہی ہے۔

ری بیمہ کے انتظامات

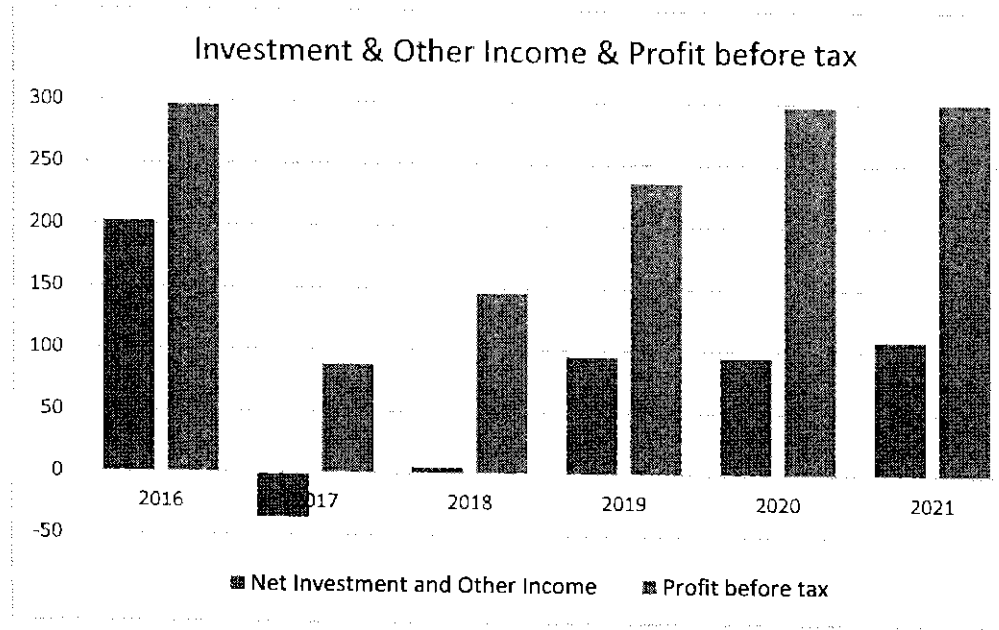
عالمی بیمہ صنعت کے معیارات کو مدنظر رکھتے ہوئے، ہم نے مقامی اور عالمی شہرت یافتہ ری بیمہ کنندگان دونوں سے مناسب ری بیمہ کوریج کو برقرار رکھا ہے۔ اس پریکٹس نے ہمارے کاموں کو نمایاں طور پر تقویت بخشی ہے، جس سے ہمیں مالی طاقت ملی ہے کہ ہم سب سے بڑے کارپوریٹ کلائنٹس کے لیے بھی پالیسیوں میں بڑا حصہ لے سکیں۔ نتیجتاً، ہمارے پارٹنر ری بیمہ کنندگان نے بھی اپنے مکمل اطمینان کا اظہار کیا ہے اور آنے والے سال 2022 کے لیے ہمارے معاہدوں کی تجدید پر رضامندی ظاہر کی ہے۔

کیپٹل، سولوینس، اور شیئر ہولڈرز فنڈ

آپ کی کمپنی کو یہ بتاتے ہوئے فخر ہے کہ اگرچہ ریگولیٹر کی عام بیمہ کنندگان کے لیے کم از کم سرمائے کی ضرورت 500 ملین ہے، ہم 2019 تک PKR ایک ارب ادا شدہ سرمائے کا سنگ میل عبور کرنے کے بعد بھی اپنے ادا شدہ سرمائے میں اضافہ جاری رکھے ہوئے ہیں۔ درپیش چیلنجوں کے باوجود اس سال، ہم نے 15% بونس حصص جاری کر کے اپنے کل ادا شدہ سرمائے میں مزید اضافہ کیا ہے جو کہ اب روپے ہو گیا ہے۔ 31 دسمبر 2021 تک 1.360 بلین۔

سرمایہ کاری کی آمدنی

اگرچہ اسٹاک مارکیٹ نے اس پچھلے سال کے دوران اتار چڑھاؤ کی بلند سطح کو جاری رکھا، سال کے لیے سرمایہ کاری کی کل آمدنی 91.502 ملین روپے کے مقابلے میں بہتر ہو گئی۔ گزشتہ سال 84.025 ملین اس سال کی سرمایہ کاری کی آمدنی کا بنیادی حصہ ڈیویڈنڈ آمدنی پر مشتمل ہے جو کہ 2020 میں PKR 44 ملین کے مقابلے میں 69 ملین روپے تک بہتر ہو گیا۔



فی شیئر آمدنی

گزشتہ سال کے مقابلے میں ٹیکس کے بعد منافع میں نمایاں اضافہ ہوا ہے۔ 312.47 ملین اس کے نتیجے میں **PKR 2.30** کی **EPS** میں بہتری آئی ہے جو کہ گزشتہ سال **PKR 1.81** کی رپورٹ کردہ **EPS** کے مقابلے میں ہے۔

بورڈ کمیٹیاں

آپ کی کمپنی درج ذیل بورڈ کمیٹیوں کو برقرار رکھتی ہے:

حساب کتاب کا گروہ یا لوگ

بورڈ کنٹرول کے طریقہ کار کی تعمیل سمیت اندرونی کنٹرول کے درست نظام کے موثر نفاذ کا ذمہ دار ہے۔ آڈٹ کمیٹی کو اندرونی آڈیٹر کی طرف سے آپریشنل کنٹرولز کی مناسبت کا جائزہ لینے اور خطرات کی نگرانی اور انتظام کرنے میں مدد کی جاتی ہے تاکہ یہ معقول یقین دہانی کرائی جاسکے کہ ایسا نظام کمپنی میں تسلی بخش اور مؤثر طریقے سے کام کرتا رہتا ہے اور قدر میں اضافہ اور کمپنی کے آپریشنز کو بہتر بنانے کے لیے آزاد اور معروضی یقین دہانی فراہم کرنا۔ اندرونی آڈیٹرز کی بنیادی ذمہ داری آپریشنل کنٹرول میں مناسبت، پالیسیوں اور طریقہ کار کے اطلاق میں مستقل مزاجی، اور قوانین و ضوابط کی تعمیل کو یقینی بنانے کے لیے وقتاً فوقتاً آڈٹ کرنا ہے۔

سرمایہ کاری کمیٹی

آپ کی کمپنی کے انویسٹمنٹ پورٹ فولیو کو اہل عملے کی نگرانی میں فعال طور پر مانیتئر کیا جاتا ہے۔ واجبات کی مدت کو مدنظر رکھتے ہوئے، آپ کی کمپنی کا سرمایہ کاری کا فلسفہ مضبوط نقد رقم پر مبنی ہے، جس کی حمایت فاضل فنڈز کی دانشمندانہ سرمایہ کاری سے ہوتی ہے جس میں دعووں کی بروقت ادائیگی پر غور کیا جاتا ہے۔ کمپنی کے پاس بورڈ کی سطح کی سرمایہ کاری کمیٹی ہے جو سرمایہ کاری کے پورٹ فولیو کا جائزہ لینے کے لیے ماہانہ بنیادوں پر اجلاس کرتی ہے۔ کمیٹی کمپنی کے لیے سرمایہ کاری کی پالیسی تیار کرنے کی بھی ذمہ دار ہے۔

اخلاقیات، انسانی وسائل اور معاوضہ کمیٹی

بورڈ نے اخلاقیات، انسانی وسائل اور معاوضے کی کمیٹی تشکیل دی ہے، جو کمپنی کی انسانی وسائل کے انتظام کی پالیسیوں کے تعارف اور تبدیلیوں کے ساتھ ساتھ کمپنی کے اہم افسران کے انتخاب، تشخیص اور معاوضے کی سفارش کرنے کی ذمہ دار ہے۔

انتظامی کمیٹیاں

کارپوریٹ گورننس کے حصے کے طور پر، آپ کی کمپنی مندرجہ ذیل چار انتظامی کمیٹیوں کو برقرار رکھتی ہے جو ہر سہ ماہی میں کم از کم ایک بار میٹنگ کرتی ہیں۔

انڈر رائٹنگ کمیٹی

انڈر رائٹنگ کمیٹی آپ کی کمپنی کی انڈر رائٹنگ پالیسی تیار کرتی ہے۔ یہ مختلف قسم کے بیمہ کے خطرات کا اندازہ لگانے کے لیے معیارات مرتب کرتا ہے اور مختلف بیمہ کوریج کی پریمیم پالیسی کا تعین کرتا ہے۔ کمیٹی خطے اور کاروباری شعبوں اور دیگر متعلقہ عوامل کی بنیاد پر خطرے کے جمع ہونے کے حوالے سے کمپنی کی انڈر رائٹنگ اور پریمیم پالیسیوں کا باقاعدگی سے جائزہ لیتی ہے۔

کلیمز سیٹلمنٹ کمیٹی

یہ کمیٹی کمپنی کے دعووں کے تصفیہ کی پالیسی وضع کرتی ہے۔ یہ کمپنی کے دعووں کی پوزیشن کی نگرانی کرتا ہے اور اس بات کو یقینی بناتا ہے کہ دعووں کے مناسب ذخائر کو برقرار رکھا جائے۔ خاص طور پر اہم دعووں کے مقدمات یا واقعات پر توجہ دی جاتی ہے جو دعووں کی ایک سیریز کو جنم دیتے ہیں۔ کلیمز سیٹلمنٹ کمیٹی ان حالات کا تعین کرتی ہے جن کے تحت متنازعہ دعووں کو اس کی توجہ میں لایا جانا ہے اور فیصلہ کرتی ہے کہ ایسے تنازعات سے کیسے نمٹا جائے۔ یہ دھوکہ دہی کے دعووں

کے مقدمات سے نمٹنے کے لیے اقدامات کے نفاذ کی بھی نگرانی کرتا ہے۔ کمیٹی کمپنی کے نئے قائم کردہ شکایات کے کاموں کی بھی نگرانی کرتی ہے۔

ری بیمہ اور سکن انشورنس کمیٹی

یہ کمیٹی اس بات کو یقینی بناتی ہے کہ کمپنی کی انٹر رائٹنگ سرگرمیوں کے لیے ری بیمہ کے مناسب انتظامات کیے جائیں۔ یہ ری بیمہ کے مجوزہ انتظامات کا ان کے نفاذ سے پہلے جائزہ لیتا ہے، وقتاً فوقتاً انتظامات کا جائزہ لیتا ہے اور حصہ لینے والے ری بیمہ کنندگان کی رضامندی سے مشروط ہوتا ہے، مارکیٹ کی پیش رفت کی روشنی میں ان انتظامات میں مناسب ایڈجسٹمنٹ کرتا ہے۔ یہ مستقبل کے حوالے کے لیے ری بیمہ پروگرام کی تاثیر کا بھی جائزہ لیتا ہے۔

رسک مینجمنٹ اور کمپلائنس کمیٹی

رسک مینجمنٹ اور کمپلائنس کمیٹی کمپنی کے رسک مینجمنٹ فنکشن کی سرگرمیوں کی نگرانی کرے گی اور رسک مینجمنٹ فنکشن کے دائرہ کار میں آنے والے ممکنہ خطرات کو کم کرنے کے لیے بورڈ کو مناسب سفارشات پیش کرے گی۔

مختلف قسم کے خطرات کا انتظام

آپ کی کمپنی رسک مینجمنٹ کو ویلیو آپٹیمائزیشن کا ایک ذریعہ سمجھتی ہے اور ہمارے کاروبار کو برقرار رکھنے میں اندرونی کنٹرول اور رسک مینجمنٹ کی اہمیت کو تسلیم کرتی ہے جو اندرونی اور بیرونی ذرائع سے پیدا ہونے والے کثیر نوعیت کے خطرات سے دوچار ہے۔ کمپنی کی طرف سے خطرے کی شناخت اور انتظام کو شیئر ہولڈر کی قدر پیدا کرنے اور اسے برقرار رکھنے کے مقاصد اور کمپنی کی حکمت عملیوں کے کامیاب نفاذ کے لیے لازمی سمجھا جاتا ہے۔ کمپنی کو درپیش اصولی خطرات درج ذیل ہیں:

اقتصادی اور سیاسی خطرہ

کامیاب کاروباری سرگرمیوں کے لیے معاشی اور سیاسی استحکام بہت ضروری ہے۔ تاہم، ہمارے ملک میں اقتصادی، سیاسی اور مالیاتی منڈی میں اتار چڑھاؤ کاروباری اہداف کو حاصل کرنا بہت مشکل بنا دیتا ہے۔ آپ کی کمپنی ہمیشہ ایسے خطرے سے نمٹنے کے لیے مضبوط انٹر رائٹنگ کے لیے کوشش کرتی ہے۔

انشورنس رسک

بیمہ کے معاہدے کے تحت خطرہ یہ امکان ہے کہ بیمہ شدہ واقعہ پیش آنے اور نتیجے میں دعوے کی رقم کی غیر یقینی صورتحال۔ بیمہ کے خطرے کے سلسلے میں بنیادی رسک کنٹرول پیمانہ ری بیمہ کے ذریعے تیسرے فریق کو خطرات کی منتقلی ہے۔

قرض کا خطرہ

کریڈٹ رسک وہ جگہ ہے جہاں کمپنی اپنے قرض دہندگان سے وصولی میں ناکام رہتی ہے۔ کمپنی محتاط انٹر رائٹنگ، گاہک اور ان کی مالی طاقت کو جان کر اور اس کے کریڈٹ ایکسپوژر کی چوکسی سے نگرانی کر کے اس خطرے کا انتظام کرتی ہے۔

لیکویڈیٹی رسک

لیکویڈیٹی رسک وہ خطرہ ہے جس کی وجہ سے کمپنی کو اپنی مالی ذمہ داریوں کو پورا کرنے میں دشواری کا سامنا کرنا پڑے گا۔ لیکویڈیٹی کے انتظام کے لیے کمپنی کا نقطہ نظر اس بات کو یقینی بنانا ہے کہ وہ اپنی واجبات کو پورا کرنے کے لیے کافی لیکویڈیٹی کو یقینی بنانے کے لیے پہلے سے متعین کیش اور نقدی کے مساوی سطح کو برقرار رکھے، عام اور تناؤ دونوں حالات میں، ناقابل قبول نقصان اٹھانے یا کمپنی کی ساکھ کو نقصان پہنچانے کا خطرہ لاحق ہو۔

سود کی شرح کا خطرہ

سود کی شرح کا خطرہ وہ خطرہ ہے جس کی وجہ سے مارکیٹ کی شرح سود میں تبدیلی کی وجہ سے کسی مالیاتی آلے کی منصفانہ قیمت یا مستقبل میں کیش فلو میں اتار چڑھاؤ آنے گا۔ کمپنی سود کی شرحوں میں تبدیلی کی تنقیدی اور باقاعدگی سے نگرانی کر کے اس خطرے کا انتظام کرتی ہے جہاں اس کی نمائش ہوتی ہے۔

بیشگی پیشین گوئیوں کے خلاف کارکردگی کا تجزیہ

اللہ تعالیٰ کے فضل و کرم سے آپ کی کمپنی نے صنعت میں اپنی پوزیشن برقرار رکھتے ہوئے 2021 کے مالی اہداف حاصل کر لیے۔ کمپنی کا خیال ہے کہ اس کی طاقت صارفین کے اعتماد اور اطمینان میں مضمر ہے۔ ہم گزشتہ 39 سالوں سے انڈسٹری میں ہیں اور ہمیں یقین ہے کہ ہمارا وجود سروس کے معیار، صارفین کی اطمینان اور ملازمین کی حوصلہ افزائی پر مبنی ہے وہ کلیدی شعبے ہیں جہاں انتظامیہ نے ہمیشہ بہتری کے لیے ضروری اقدامات کیے ہیں۔ سالوں کے دوران ہم نے اپنے ملازمین کو اندرون ملک اور اداروں کے ذریعے تربیت فراہم کی ہے جس میں پاکستان انشورنس انسٹی ٹیوٹ پروگرامز شامل ہیں تاکہ متعلقہ مہارتوں کو بہتر بنایا جاسکے۔ ہمیں یقین ہے کہ اس سے صارفین کی زیادہ اطمینان اور اعتماد میں اضافہ ہوتا ہے۔

2022 میں امکانات

ہماری کارکردگی صارفین کی اطمینان کو زیادہ سے زیادہ کرنے، انٹر رائٹنگ کے نتائج کو بہتر بنانے، اور منافع اور شیئر ہولڈر کی ایکویٹی کو بڑھانے کے لیے اوور ہیڈ اخراجات کو کنٹرول کرنے کے انتظامی مقاصد کے خلاف مضبوط کارکردگی کی نشاندہی کرتی ہے۔

انتظامیہ نے متحرک اور مسابقتی ماحول کے تحت پائیدار اور منافع بخش ترقی کی فراہمی کے لیے سال 2022 کے لیے حکمت عملی وضع کی ہے۔ ہم نے 2021 میں چار ارب روپے سے زیادہ کا مجموعی پریمیم حاصل کیا ہے اور ہمیں 2022 میں اسی طرح کی ترقی کے انداز کو برقرار رکھنے کی اپنی صلاحیت پر یقین ہے۔ کمپنی کا مقصد انفارمیشن ٹکنالوجی کے وسائل کو بڑھانا ہے تاکہ صارفین کے لیے ہماری خدمات کو مزید بہتر بنانے کے لیے مستمّر اور عمل سے بہترین ممکنہ تعاون حاصل کیا جاسکے۔

کارپوریٹ ذمہ داری

اگرچہ انشورنس انٹسٹری فطرت کے ممکنہ خطرات کو روکنے کے قابل نہیں ہوسکتی ہے، لیکن ہم موسمیاتی خطرات کو سنبھالنے اور ان کے مطابق ڈھالنے میں گاہکوں کو تعلیم دینے اور ان کی مدد کرنے کے لیے اچھی پوزیشن میں ہیں۔

بیمہ کنندگان کی رسک مینجمنٹ کی مہارتیں معاشرے کو انتہائی واقعات کی بڑھتی ہوئی تعدد اور شدت سے نمٹنے میں مدد دینے میں اہم ثابت ہوں گی۔ ابھرتے ہوئے آب و ہوا کے خطرات بھی بیمہ کنندگان کو نقصان پر قابو پانے اور روک تھام کے بارے میں پالیسی ہولڈرز کو سکھانے کا موقع فراہم کرتے ہیں۔

خطرے کے مسائل پر ایک قابل اعتماد آواز کے طور پر، ہم پالیسی سازوں سے اٹھارٹی کے ساتھ بات کرنے اور موسمیاتی تبدیلی کے اسباب اور اثرات کو کم کرنے کے لیے تخلیقی مصنوعات اور خدمات تیار کرنے کا موقع فراہم کرنے کے قابل ہیں۔ ہمارا پائیداری کا ورژن موسمیاتی تبدیلیوں کے موافقت اور تخفیف کی وکالت پر توجہ مرکوز کرنا اور ابھرتے ہوئے خطرات سے نمٹنے کے لیے اپنے کلانٹس کے ساتھ مل کر کام کرنا ہے۔

توانائی کا تحفظ اور ماحولیاتی اثرات

ہر سال، ہم اندرون خانہ توانائی کے تحفظ کا آڈٹ کرتے ہیں جسے ماہانہ رپورٹس کے ذریعے بینچ مارک کیا جاتا ہے۔ اس طرح، ہم اپنی توانائی کے تحفظ پر گہری نظر رکھتے ہیں۔ ہمارے دفاتر میں استعمال ہونے والی تمام برقی اشیاء توانائی کے لیے موزوں ہیں۔

تمام اینر کنڈیشننگ یونٹ انورٹر ہیں اور لائٹنگ سسٹم LED بلب پر مبنی ہیں جو دوپہر کے کھانے کے وقفے کے دوران بند ہو جاتے ہیں۔ ملازمین کی حوصلہ افزائی کی جاتی ہے کہ وہ جسمانی خطوط کے بجائے ای میلز کے ذریعے بات چیت کریں تاکہ پرنٹنگ کے ذریعے کاغذ کی کھپت کو کم کیا جاسکے اور جہاں ممکن ہو کاغذ کا دوبارہ استعمال کریں تاکہ ماحولیاتی اثرات کو کم کیا جاسکے۔

اسٹیک ہولڈرز کے ساتھ تعلقات

ہم مختلف اسٹیک ہولڈرز بالخصوص ریگولیٹری اتھارٹیز یعنی سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP)، فیڈرل بورڈ آف ریونیو (FBR)، اسٹیٹ بینک آف پاکستان (SBP)، دیگر انشورنس کمپنیوں کے ساتھ تعلقات کے حوالے سے انتہائی مثبت اور عملی نقطہ نظر کو برقرار رکھنے کی کوشش کرتے ہیں۔ ری بیمہ کنندگان، اور دی انشورنس ایسوسی ایشن آف پاکستان (IAP)۔ کمپنی سیکریٹری ادارے کو اس کے اعلیٰ ترین پیشہ ورانہ معیارات پر رکھنے کے لیے تمام قابل اطلاق قوانین، ضوابط اور کنونشنز کو نافذ کرنے اور ان پر عمل کرنے کا ذمہ دار ہے۔

اپنے صارفین کو جانیں (KYC)

ہم اپنے ڈیٹا بیس میں ریگولیٹر اور اسٹیٹ بینک آف پاکستان کی ضروریات کے مطابق اپنے صارفین کی تفصیلی معلومات کو برقرار رکھتے ہیں۔ ڈیٹا بیس میں FATCA کی طرف سے فراہم کردہ معلومات شامل ہیں تاکہ چوکس انڈر رائٹنگ کی جاسکے۔ اپنے صارفین کا ریکارڈ رکھ کر، ہم اپنے گاہکوں کی ساکھ اور مارکیٹ میں ان کی خیر سگالی کے ساتھ خود کو اپ ڈیٹ کرتے ہیں۔

خصوصی افراد کی ملازمت

کمپنی جنس اور جسمانی معذوری سے قطع نظر، مساوی مواقع فراہم کرنے والا آجر ہے۔

پیشہ ورانہ حفاظت اور صحت

کام کرنے والے احاطے کے اندر مختلف مقامات پر آگ بجھانے والے آلات نصب کیے گئے ہیں۔ مزید برآں، کمپنی کے ہیڈ آفس اور برانچوں میں ابتدائی طبی امداد کی سہولیات موجود ہیں۔ ہسپتال میں داخل ہونے کا احاطہ کرنے والی ہیلتھ انشورنس کمپنی کی طرف سے ملازمین کو ملک کے نامور ہسپتالوں کے ذریعے فراہم کی جاتی ہے۔

کھیلوں کی سرگرمیاں

کمپنی ملازمین کو کھیلوں میں حصہ لینے اور کرکٹ، فٹ بال اور ہاکی کے میچوں کا اہتمام کرنے کی ترغیب دیتی ہے۔ کھیلوں کے علاوہ کمپنی ملازمین کو کراچی اور ملک کے دیگر حصوں میں مختلف مقامات پر پکنک کا انتظام کرنے کی بھی اجازت دیتی ہے۔

کاروباری اخلاقیات اور انسداد بدعنوانی کے اقدامات

بورڈ نے اخلاقیات اور کاروباری طرز عمل کے بیان کو اپنایا ہے۔ تمام ملازمین کو مطلع کیا جاتا ہے اور ان سے ضروری ہے کہ وہ کاروبار اور ضوابط کے سلسلے میں قواعد و ضوابط کی پابندی کریں۔ اخلاقیات اور کاروباری طرز عمل کا ہمارا بیان سالمیت، وقار، فضیلت کی ثقافت اور کلانتس، ساتھیوں اور عوام کے ساتھ اخلاقی برتاؤ پر مبنی ہے۔

دوسرے اسٹیک ہولڈرز کے ساتھ تعلقات

آپ کی کمپنی اس کے ساتھ اچھے تعلقات کو برقرار رکھتی ہے:

- اس کے ملازمین کو کام کا اچھا ماحول فراہم کر کے؛
- اس کے گاہک اعتماد پیدا کرنے اور معیاری خدمات فراہم کرنے کے ذریعے۔
- منصفانہ مارکیٹ کے طریقوں میں اس کے حریف؛
- کاروباری برادری ایماندارانہ اور منصفانہ لین دین کے ذریعے۔
- حکومت مسابقتی مارکیٹ کے نظام کے ساتھ مفت انٹرپرائز کو فروغ دینے اور قابل اطلاق قوانین کی تعمیل کے ذریعے؛ اور
- عام طور پر معاشرہ محفوظ اور صحت مند کام کی جگہ فراہم کر کے اور ملازمین کو اپنی صلاحیتوں کو بہتر بنانے کا موقع فراہم کرتا ہے۔

مختصات:

	PKR in '000
Profit before tax from General Insurance Operation	324,439
Profit from Window Takaful Operation	33,073
Profit before tax	357,512
Income tax Expenses	(45,046)
Profit after tax	312,466
Other comprehensive income / (Loss)	(0.29)
Total comprehensive income	312,466
Unappropriated profit at beginning of the year	96,988
Profit for the year	312,466
Issuance of bonus shares	(177,504)
Unappropriated profit at the end of the year	231,950

متعلقہ پارٹی لین دین

بر بورڈ میٹنگ میں بورڈ آف ڈائریکٹرز متعلقہ کمپنیوں یا متعلقہ فریقوں کے ساتھ کمپنی کے لین دین کی منظوری دیتا ہے۔ متعلقہ فریقوں کے ساتھ کیے گئے تمام لین دین بازو کی لمبائی کی بنیاد پر ہوتے ہیں۔

کوڈ آف کارپوریٹ گورننس کی تعمیل

ضابطہ کارپوریٹ گورننس کے ضابطوں کی جو ریگولیٹری اتھارٹیز کی طرف سے متعین کی گئی ہے ان کی مناسب تعمیل کی گئی ہے۔ اس سلسلے میں ایک بیان رپورٹ کے ساتھ منسلک ہے۔

ڈائریکٹرز کی ذمہ داریوں کا بیان

کوڈ آف کارپوریٹ گورننس کے مالیاتی رپورٹنگ فریم ورک کی تعمیل میں، ڈائریکٹرز درج ذیل کی تصدیق کرتے ہیں:

(a) کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشواروں میں اس کی حالت، اس کے کاموں کے نتائج، نقد بہاؤ اور ایکویٹی میں ہونے والی تبدیلیوں کو پیش کیا گیا ہے۔

(ب) اکاؤنٹس کی مناسب کتابوں کو کمپنی نے برقرار رکھا ہے۔

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

(d) مالیاتی گوشواروں کی تیاری میں پاکستان میں لاگو بین الاقوامی اکاؤنٹنگ معیارات کی پیروی کی گئی ہے۔ اکاؤنٹنگ کے معیارات اور اس طرح کے بین الاقوامی مالیاتی رپورٹنگ معیارات (IFRS) جو انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز بورڈ کے ذریعہ جاری کیے گئے ہیں جیسا کہ کمپنیز ایکٹ، 2017 کے تحت مطلع کیا گیا ہے، کمپنیز ایکٹ، 2017، انشورنس آرڈیننس، 2000، SEC (انشورنس) کے تحت جاری کردہ دفعات اور ہدایات رولز، 2017، تکافل رولز، 2012 اور جنرل تکافل اکاؤنٹنگ ریگولیشنز 2019۔ وہاں سے کسی بھی روانگی کا مناسب طور پر انکشاف کیا گیا ہے۔

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

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

(g) کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی اخراج نہیں ہے، جیسا کہ فہرست سازی کے ضوابط میں تفصیل سے بتایا گیا ہے۔ اور

(h) کمپنی میں کافی اندرونی مالیاتی کنٹرول موجود ہیں۔

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

31 i) دسمبر 2021 تک پروویڈنٹ فنڈ کی ان کے غیر آڈٹ شدہ کھاتوں کی بنیاد پر سرمایہ کاری کی مالیت تقریباً 56.902 ملین روپے تھی۔

31 j) دسمبر 2021 تک کمپنی کے سینئر ہولڈنگ کے پیٹرن کا بیان رپورٹ میں شامل ہے۔

(ک) بورڈ میں ڈائریکٹرز کی کل تعداد آٹھ (8) ہے جن میں سے ایک خاتون ڈائریکٹر ہے۔ آٹھ ڈائریکٹرز میں سے تین آزاد ڈائریکٹر، دو نان ایگزیکٹو ڈائریکٹر اور تین ایگزیکٹو ڈائریکٹر ہیں۔

(ل) نان ایگزیکٹو ڈائریکٹرز اور انڈیپنڈنٹ ڈائریکٹرز کو میٹنگ فیس ادا کی جاتی ہے جسے بورڈ نے آرٹیکلز کی دفعات کے مطابق منظور کیا تھا۔ ڈائریکٹرز کے معاوضے کی دیگر تمام خصوصیات بورڈ کے ذریعہ منظور شدہ ہیں اور ڈائریکٹرز کے معاوضے کی پالیسی میں مرتب کی گئی ہیں۔

کمپنیز ایکٹ 2017 کے سیکشن 227 اور بیمہ کنندگان کے لیے کوڈ آف کارپوریٹ گورننس، 2016

کے تحت دیگر معلومات

کمپنیز ایکٹ 2017 کے سیکشن 227 کے تحت درکار دیگر معلومات سینئر ہولڈنگ کے پیٹرن کے تحت ظاہر کی گئی ہیں (بشمول اس کے ڈائریکٹرز اور ایگزیکٹوز کے ذریعے کمپنی کے حصص کی تجارت)، اندرونی کنٹرول کا فریم ورک، مالیاتی پوزیشن اور کارکردگی، رسک اور مواقع اور پائیداری کے سیکشنز۔ اس رپورٹ کے۔

Board / Sub-committee Members / Secretary	Board	Audit	Ethics, HR & Remuneration	Investment
	Committees Attendance			
	5	4	1	12
Chief Justice (R) Mian Mahboob Ahmad	2			
Mr. Naved Yunus	5			12
Mr. Javed Yunus	5			
Mr. Pervez Yunus	5			
Mr. Umeed Ansari	5	3	1	12
Mr. Ahsan Mehmood Alvi	5	4	1	12
Mr. Saad Yunus	5	4		12
Mazhar Zubair Abbasi	5	3		
Urooj Yunus Ansari	5			
Mr. Shabbir Ali Kanchwala	5	4	1	12
Mr. Johry Lal		4		
Mr. Tanveer Iqbal		4		12
Zeeshan K Munshi				6
Saeed Ahmed				6
Mr. Adil Hussain			1	

انشورنس آرڈیننس، 2000

جیسا کہ انشورنس آرڈیننس، 2000 اور اس کے تحت بنائے گئے قواعد کے تحت ضرورت ہے، ڈائریکٹرز تصدیق کرتے ہیں کہ:-

ان کی رائے میں اور ان کے بہترین عقیدے کے مطابق اس اسٹیٹمنٹ کے ساتھ منسلک فارم میں کمپنی کے سالانہ قانونی اکاؤنٹس انشورنس آرڈیننس اور اس کے تحت بنائے گئے قوانین کے مطابق تیار کیے گئے ہیں۔

- کمپنی نے سال میں ہر وقت ادا شدہ سرمائے، سالوینسی اور ری بیمہ کے انتظامات سے متعلق آرڈیننس اور اس کے تحت بنائے گئے قوانین کی دفعات کی تعمیل کی ہے۔ اور

- جیسا کہ بیان کی تاریخ تک، کمپنی آرڈیننس کی دفعات اور وہاں بنائے گئے قواعد کی تعمیل کرتی رہتی ہے جیسا کہ اوپر ذکر کیا گیا ہے۔

آڈیٹرز

مالی سال 2022 کے لیے آڈیٹرز کی تقرری کے لیے ریٹائر ہونے والے آڈیٹرز میسرز کرو حسین چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو رہے ہیں اور اہل ہیں، نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ کوالٹی کنٹرول ریویو پروگرام کے تحت ضرورت کے مطابق انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کی طرف سے بیرونی آڈیٹرز کو تسلی بخش درجہ

بندی حاصل ہے۔ جیسا کہ آٹھ کمیٹی نے تجویز کیا، بورڈ آف ڈائریکٹرز نے میسرز کرو حسین چوہدری اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو مالی سال 2022 کے لیے قانونی آڈیٹر مقرر کرنے کی سفارش کی جس کی فیس بابمی رضامندی سے ہوگی۔

تعریف اور اعتراف

ہم اپنے قابل قدر کلانتس اور سینئر ہولڈرز کے مسلسل اعتماد کے لیے ان کا شکریہ ادا کرتے ہیں جس نے ہمیں قابل قدر پریمیم ریونیو پیدا کرنے کے لیے اپنی مارکیٹ کی رسانی کو بتدریج بڑھانے کے قابل بنایا۔ ہم اپنے ری بیمہ کنندگان اور بروکرز کا بھی شکریہ ادا کرتے ہیں کہ انہوں نے اپنی ذمہ داریوں کو انجام دینے میں قابل قدر تعاون کیا۔ ہم سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے انشورنس ڈویژن کے تعاون اور پیشہ ورانہ تعاون کے لیے اپنی تعریف بھی ریکارڈ کرنا چاہیں گے۔ آخر میں، ہم کمپنی کے مطلوبہ اہداف اور مقاصد کے حصول کے لیے اپنی مارکیٹنگ ٹیموں، افسران، اور عملے کے اراکین کی محنت اور لگن کو بھی تسلیم کرتے ہیں اور سال 2022 میں ان کے مسلسل تعاون کے منتظر ہیں۔

بورڈ آف ڈائریکٹرز کے لیے اور اس کی جانب سے۔

چیف ایگزیکٹو آفیسر

ڈائریکٹر

کراچی تاریخ:

INDEPENDENT AUDITORS' REPORT

To the Members of East West Insurance Company Limited Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **East West Insurance Company Limited** (the Company), which comprise of the statement of financial position as at December 31, 2021 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

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

Basis for Opinion

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

Key Audit Matters

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

S. No	Key Audit Matter	How the matter was addressed in our audit
01	Revenue Recognition Refer note 5.2 and 24 to the annexed financial statements The Company revenue primarily based on premiums from insurance policies which comprises 95 % of total income.	Our audit procedures included the following: <ul style="list-style-type: none">• Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of premium income;• Assessed the appropriateness of the Company's accounting policy for

	<p>We identified revenue recognition as a key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not be recognized in the appropriate period.</p>	<p>recording of premiums in line with requirements of applicable accounting and reporting standards;</p> <ul style="list-style-type: none"> • Tested the policies on sample basis where premium was recorded close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate accounting period; • Recalculated the unearned portion of the premium income and ensured that amount has been recorded as provision for unearned premium in liabilities. • Consider the adequacy of disclosures as per 'Insurance Rules 2017'.
S. No	Key Audit Matter	How the matter was addressed in our audit
02	<p>Valuation of claim liabilities</p> <p>Refer note 5.3.1 and 25 to the annexed financial statements</p> <p>The Company's claim liabilities represent 31% of its total liabilities. Valuation of these claim liabilities involves significant management judgment regarding uncertainty in the estimation of claims payments and assessment of frequency and severity of claims. Claim liabilities are recognized on intimation of the insured event based on management judgment and estimation.</p> <p>We have identified the valuation of claim liabilities as key audit matter because estimation of claim liabilities involves a significant degree of estimation.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of information related to the claims; • Inspected significant arrangements with reinsurer to obtain an understanding of contracts terms and assessed that recoveries from reinsurance on account of claims reported has been accounted for based on terms and conditions; • Assessed the appropriateness of the Company's accounting policy for recording of claims in line with requirements of applicable accounting and reporting standards; • Tested claims transactions on sample basis with underlying documentations to evaluate that whether the claims reported during the year are recorded in accordance with the requirements of the Company's policy and insurance regulations; • Assessed the sufficiency of reserving of claim liabilities, by testing calculations on the relevant data including recoveries from reinsurers based on their respective arrangements; • Tested specific claims transactions on sample basis recorded close to year end

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		and subsequent to year end with underlying documentation to assess whether claims had been recognized in the appropriate accounting period; and • Considered the adequacy of Company's disclosures about the estimates used and the sensitivity to key assumptions.
S. No	Key Audit Matter	How the matter was addressed in our audit
03	<p>Valuation of Investments</p> <p>Refer note 5.8, 9, 10 and 11 to the financial statements</p> <p>As at December 31, 2021, the Company has investments classified as 'At amortized cost' 'Available for sale' and "At fair value through profit or loss" amounting to Rs 1,872 million which in aggregate represent 43% of the total assets of the Company.</p> <p>We identified the valuation of investments as a key audit matter because their significance in relation to the total assets of the Company and judgement involved in valuation.</p>	<p>Our audit procedures include the following:</p> <ul style="list-style-type: none"> - Assessing the design and tested the operating effectiveness of the relevant controls in place relating to valuation of investments. - Checking on a sample basis, the valuation of investments to support documents, externally quoted market prices and break-up values, and - Evaluating the management's assessment related to classification of investments and performed independent assessment on those classification. - Obtained independent confirmations for verifying the existence of the investment portfolio as at December 31, 2021 and reconciled it with the books and record of the Company.

Information Other than Financial Statements and Auditor's Report Thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), and for

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit, in accordance with ISAs as applicable in Pakistan, we exercise professional 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Matters

The financial statements of the Company for the year ended December 31, 2020 were audited by another firm of chartered accountants who expressed unmodified opinion dated April 05, 2021

The engagement partner on the audit resulting in this independent auditors' report is Imran Shaikh.



Crowe Hussain Chaudhury & Co.
Chartered Accountants

Place: Karachi

Date:

UDIN:

EAST WEST INSURANCE COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	Note	2021 Rupees	2020 Rupees
ASSETS			
Property and equipment	6	115,337,232	128,693,753
Intangible assets	7	946,046	1,049,352
Investment properties	8	45,231,603	47,612,214
Investments			
Equity securities	9	1,306,177,282	816,976,410
Debt securities	10	402,638,123	259,785,281
Term deposit receipts	11	163,382,338	385,045,476
		1,872,197,743	1,461,807,167
Loans and other receivables	12	100,416,094	127,512,183
Insurance / reinsurance receivables	13	799,710,582	732,304,967
Re-insurance recoveries against outstanding claims	25	535,855,031	455,666,161
Deferred commission expense	26	329,200,886	290,582,372
Prepayments	14	535,261,819	566,323,601
Cash and bank	15	27,915,325	26,721,813
		4,362,072,361	3,838,273,583
Total assets of takaful operations		171,732,299	123,004,409
TOTAL ASSETS		4,533,804,660	3,961,277,992
EQUITY AND LIABILITIES			
Capital and reserves attributable to the Company's equity holders			
Ordinary share capital			
Reserves	16	1,360,861,810	1,183,358,100
Unappropriated profit		368,129,837	368,418,628
TOTAL EQUITY		231,950,574	96,987,512
		1,960,942,221	1,648,764,240
LIABILITIES			
Underwriting provisions			
Outstanding claims including IBNR	25	798,276,118	652,587,244
Unearned premium reserves	24	1,335,760,872	1,223,128,077
Unearned reinsurance commission	26	120,510,380	125,918,778
		2,254,547,370	2,001,634,099
Retirement benefit obligations		2,679,452	3,698,757
Premium received in advance	17	45,610,434	62,543,115
Insurance / reinsurance payables	18	3,665,035	17,122,645
Other creditors and accruals	19	137,163,438	109,169,579
Lease liabilities	20	-	5,375,079
Deferred taxation	21	254,684	5,717,273
Taxation - net	22	69,763,189	65,251,738
TOTAL LIABILITIES		2,513,683,602	2,270,512,285
Total liabilities of takaful operations		59,178,837	42,001,467
TOTAL EQUITY AND LIABILITIES		4,533,804,660	3,961,277,992
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes from 1 to 48 form an integral part of these financial statements.

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[Signature]
CHIEF EXECUTIVE OFFICER

[Signature]
DIRECTOR

[Signature]
DIRECTOR

[Signature]
CHAIRMAN

[Signature]
CHIEF FINANCIAL OFFICER

EAST WEST INSURANCE COMPANY LIMITED
PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2021

		2021	2020
	Note	----- Rupees -----	
Net insurance premium	24	2,117,506,997	1,852,505,976
Net insurance claims	25	(887,393,420)	(817,826,898)
Net commission	26	(477,996,709)	(364,477,618)
Insurance claims and acquisition expenses		(1,365,390,129)	(1,182,304,516)
Management expenses	27	(374,889,790)	(339,425,739)
Underwriting results		377,227,078	330,775,721
Investment income	28	91,502,879	84,025,112
Rental income	29	-	56,542
Other income	30	14,267,113	12,482,637
Other expenses	31	(158,010,479)	(141,433,589)
Results of operating activities		324,986,591	285,906,423
Finance cost	32	(547,486)	(1,645,974)
Profit before taxation from window takaful operations - Operator's Fund		33,073,205	13,138,474
Profit before taxation		357,512,310	297,398,923
Income tax expense	33	(45,045,538)	(66,024,175)
Profit after taxation		312,466,772	231,374,748
Earnings per share - basic and diluted (Restated)	34	2.30	1.70

The annexed notes from 1 to 48 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

CHAIRMAN

CHIEF FINANCIAL OFFICER

EAST WEST INSURANCE COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
	----- Rupees -----	
Profit after taxation	312,466,772	231,374,748
Other comprehensive income / (loss)		
Items that may be reclassified subsequently to profit or loss account		
Unrealized (loss) on available for sale investments - net of deferred tax	(3,115,555)	(10,526,950)
Reclassification of loss included in profit or loss account	2,826,764	2,616,272
	(288,791)	(7,910,678)
Total comprehensive income for the year	<u>312,177,981</u>	<u>223,464,070</u>

The annexed notes from 1 to 48 form an integral part of these financial statements.

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 **CHIEF EXECUTIVE OFFICER**
 **DIRECTOR**
 **DIRECTOR**
 **CHAIRMAN**
 **CHIEF FINANCIAL OFFICER**

EAST WEST INSURANCE COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

Description	Share capital Issued, subscribed and paid-up share capital	Reserves		Total reserves	Unappropriated profit	Total
		General reserve	Unrealized loss on revaluation of available for sale investments			
						Rupees
Balance as at January 01, 2020	1,029,007,050	200,000,000	(63,670,694)	136,329,306	259,963,814	1,425,300,170
Total comprehensive income for the year						
Profit after taxation	-	-	(7,910,678)	(7,910,678)	231,374,748	231,374,748
Other comprehensive income	-	-	(7,910,678)	(7,910,678)	231,374,748	(7,910,678)
						223,464,070
Transfer to general reserve		240,000,000		240,000,000	(240,000,000)	-
Issue of bonus shares (20 bonus shares for every 100 shares held)	154,351,050	-	-	-	(154,351,050)	-
Balance as at December 31, 2020	1,183,358,100	440,000,000	(71,581,372)	368,418,628	96,987,512	1,648,764,240
Total comprehensive income for the year						
Profit after taxation	-	-	(288,791)	(288,791)	312,466,772	312,466,772
Other comprehensive loss	-	-	(288,791)	(288,791)	312,466,772	(288,791)
						312,177,981
Transfer to general reserve		-	-	-	-	-
Issue of bonus shares (20 bonus shares for every 100 shares held)	177,503,710	-	-	-	(177,503,710)	-
Balance as at December 31, 2021	1,360,861,810	440,000,000	(71,870,163)	366,129,837	231,950,574	1,960,942,221

The annexed notes from 1 to 48 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER



DIRECTOR



CHAIRMAN



CHIEF FINANCIAL OFFICER

EAST WEST INSURANCE COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

2021 2020
 ----- Rupees -----

OPERATING CASH FLOWS

a) Underwriting activities

Premium received	4,034,535,053	3,267,512,086
Reinsurance premium ceded	(1,871,386,671)	(1,589,125,792)
Claims paid	(1,384,094,201)	(1,081,696,813)
Reinsurance and other recoveries received	562,200,785	330,189,462
Commission paid	(861,001,798)	(700,405,219)
Commission received	363,961,080	384,454,268
Underwriting payments	(388,238,269)	(331,272,349)
Net cash flow from underwriting activities	455,975,979	279,655,643

b) Other operating activities

Income tax paid	(44,724,124)	(33,512,941)
Management and administrative expenses paid	(78,431,447)	(93,204,907)
Other operating (payments) / receipts	(3,548,226)	6,174,910
Net cash flow used in other operating activities	(126,703,798)	(120,542,938)
Total cash flow generated from operating activities	329,272,181	159,112,705

INVESTING ACTIVITIES

Investment income received	30,075,050	42,135,948
Dividend received	69,369,318	44,412,164
Other income received	3,459,781	5,518,299
Payments for investments	(760,981,298)	(772,590,256)
Proceeds from disposal of investment	119,503,117	586,915,424
Fixed capital expenditures	(3,462,577)	(2,880,960)
Purchase of investment property	-	(1,500,000)
Proceeds from disposal of fixed assets	678,000	3,940,300
Total cash flow used in investing activities	(541,358,609)	(94,049,081)

FINANCING ACTIVITIES

Loan received from director	16,067,500	24,020,000
Loan repaid to director	(18,895,000)	(37,575,000)
Payment of financial charges	(5,555,698)	(9,844,718)
Total cash flow used in from financing activities	(8,383,198)	(23,399,718)
Net cash increase in cash and cash equivalents	(220,469,626)	41,663,906
Cash and cash equivalents at beginning of the year	411,767,289	370,103,383
Cash and cash equivalents at end of the year	191,297,663	411,767,289

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EAST WEST INSURANCE COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
	----- Rupees -----	
Reconciliation to profit or loss account		
Operating cash flows	329,272,181	159,112,705
Depreciation expense	(19,155,445)	(22,096,507)
Amortization expense	(103,306)	(147,579)
Profit on disposal of fixed assets	633,736	3,260,647
Investment income	32,061,530	33,640,561
Dividend income	69,369,318	44,412,164
Loss on investment securities	(8,590,408)	(1,580,258)
Other income	3,826,648	5,870,933
Profit on takaful operations	33,073,205	13,138,474
Increase in assets other than cash	(176,783,018)	(118,579,575)
Increase in operating liabilities	48,862,331	114,343,183
Profit after taxation	<u>312,466,773</u>	<u>231,374,748</u>

CASH AND CASH EQUIVALENTS

Cash for the purpose of statement of cash flows consist of:

Cash and other equivalents	14,384	14,069
Saving accounts	27,900,941	26,707,744
Deposits maturing within 12 months	163,382,338	385,045,476
	<u>191,297,663</u>	<u>411,767,289</u>

The annexed notes from 1 to 48 form an integral part of these financial statements.

CWC


CHIEF EXECUTIVE OFFICER


DIRECTOR


DIRECTOR


CHAIRMAN


CHIEF FINANCIAL OFFICER

EAST WEST INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

East West Insurance Company Limited (the Company) was incorporated as a public limited company in the year 1983 under the repealed Companies Act, 1913 (now Companies Act, 2017). The shares of the Company are quoted on the Pakistan Stock Exchange. The Company is engaged in the general insurance business comprising of fire and property, marine, aviation and transport, motor and miscellaneous etc. The company commenced Window Takaful Operations (WTO) from May 08, 2018 as per Securities and Exchange Commission of Pakistan (SECP) Takaful Rules, 2012.

The registered office of the Company is situated at 27, Regal Plaza, Jinnah Road, Quetta. The principal place of business is situated at Sarwar Shaheed Road, Lakson Square Building No. 03, 4th, Floor Karachi. The Company operates through 3 (2020: 3) principal offices and 25 (2020: 24) branches in Pakistan.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements are 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, 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 and the Insurance Accounting Regulations, 2017.

In case requirements of IFRS differ from the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017 shall prevail.

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

2.2 Functional and presentation currency

The financial statements are prepared and presented in Pakistani Rupees, which is the Company's functional and presentation currency.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Standards / amendments that are effective in current year and relevant to the Company

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for annual accounting period which began on January 01, 2021.

However, the application of such standards do not have any significant impact on the Company's financial reporting and, therefore, have not been presented in these condensed interim unconsolidated financial statements.

3.2 Standards / amendments not yet effective

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

		Effective date (annual periods beginning on or after)
IAS-8	The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.	January 01, 2023
IFRS 16	Leases - Amendments regarding replacement issues in the context of the IBOR reform	January 01, 2022
IFRS 3	Business Combinations - amendments updating a reference to the Conceptual Framework	January 01, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets- Amendments regarding the costs to include when assessing whether a contract is onerous	January 01, 2022
IAS 12	Deferred Tax - The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences	January 01, 2023
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities as current or non-current	January 01, 2023
IFRS 9	Financial Instruments - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2023

Insurance Contracts - Amendments to address concerns
and implementation challenges that were identified after
IFRS 17 IFRS 17 was published January 01, 2023

Insurance Contracts - Amendments regarding the expiry
date of the deferral approach January 01, 2023

3.2.1 IFRS 9 - Financial Instruments and Amendment to IFRS 4 'Insurance Contracts- Applying IFRS 9 with IFRS 4'

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan through its S.R.O. 229 (I)/2019 and is effective for accounting period / year ending on or after June 30, 2019.

IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

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

Temporary Exemption from Application of IFRS 9

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 the financial assets with contractual cash flows that meet the 'Solely for Payment of Principal and Interest' (SPPI) criteria excluding those held for trading and for the financial assets that do not meet the SPPI criteria for being eligible to apply the temporary exemption from the application of IFRS 9.

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

The table 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

December 31, 2021				
Fail the SPPI test		Pass the SPPI test		
Fair value	Change in unrealised gain	Fair value	Change in unrealised gain	
Rupees				
Financial assets				
Investments				
Equity securities *				
Debt securities *	1,306,177,282	(13,153,537)	-	-
Term deposit receipts *	-	-	402,638,123	-
Loans and other receivable *	-	-	163,382,338	-
Reinsurance recoveries against outstanding claims	-	-	28,159,494	-
Insurance / reinsurance receivables *	-	-	535,855,031	-
Cash at bank *	14,384	-	799,710,582	-
Window takaful operations- Operator's fund	-	-	27,900,941	-
			59,394,697	-
	1,306,191,666	(13,153,537)	2,017,041,206	-

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

December 31, 2021										
Gross carrying amount of financial assets that pass SPPI test										
AAA	AA+	AA-	AA	A-1+	A-1	A+	A	Suspended	Not rated	
Rupees										
Cash at bank	2,942,993	58,127	16,609,744	3,032,064	-	-	7,240	2,820	2,604,517	2,643,436
Investments										
Debt securities	382,638,123	-	20,000,000	-	-	-	-	-	-	-
Term deposit receipts	1,150,000	-	10,000,000	-	-	-	-	-	-	-
Loans and other receivable	-	-	-	-	-	-	-	118,758,338	26,800,900	26,800,900
Reinsurance recoveries against outstanding claims	-	-	-	-	-	-	-	-	28,159,494	28,159,494
Window takaful operations- Operator's fund	-	-	-	-	-	-	-	-	-	535,855,031
					25,590	553	-	-	6,414	59,362,140
	386,731,116	58,127	46,609,744	3,032,064	25,590	553	7,240	2,820	221,361,269	652,820,101

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2022 but are considered not to be relevant or will not have any significant effect on the Company's operations and are therefore not stated in these financial statements.

4 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except that certain investments are stated at their fair values.

The financial statements have been prepared following the accrual basis of accounting except for the cash flow information.

4.1 Use of judgments and estimates

The preparation of financial statements in conformity with the requirements of approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and associated assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The judgments, estimates and associated assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the revision and future periods, if the revision affects both current and future periods.

The areas where assumptions and estimates are significant to the financial statements or judgment was exercised in application of accounting policies, are as follows:

	Note
- Provision for unearned premiums	5.2.2
- Premium due but unpaid - net	5.2.3
- Provision for outstanding claims (including IBNR)	5.3.1
- Prepaid reinsurance premium ceded	5.4.2
- Reinsurance recoveries against outstanding claims	5.5
- Premium deficiency reserve	5.7
- Deferred commission expense	5.6.1
- Commission income unearned	5.6.2
- Classification of insurance contracts	5.1
- Property and Equipment	5.10
- Investment property life, residual value and depreciation method	5.11
- Segment reporting	5.13
- Taxation (current and deferred)	5.17
- Impairment of asset	5.21

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Insurance contracts

Insurance contracts are those contracts under which the Company as insurer has accepted insurance risk from the insurance contract holder (insured) by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affects the insured. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its tenure, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

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

- Fire and property
- Marine, aviation and transport
- Motor
- Miscellaneous

These contracts are provided to individuals as well as commercial organizations with various tenures according to the nature and terms of the contract and the needs of the insured.

The Company also accepts insurance risk pertaining to insurance contracts of other insurers as reinsurance inward. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insurer.

The Company neither issues investment contracts nor does it issue insurance contracts with Discretionary Participation Features (DPF).

Fire and property damage

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

Marine, aviation and transport

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

Motor

Motor insurance provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident.

Miscellaneous

Other various types of insurance are classified in miscellaneous which mainly includes engineering, bond, hospitalization, accident and health insurance and travel insurances etc.

5.2 Premium

5.2.1 Premium income earned

Premium written (direct or facultative) under a policy is recognized as income over the period of insurance from the date of issue of the policy to which it relates to its expiry as follows:

- (a) for direct business, evenly over the period of the policy;
- (b) for proportional reinsurance business, evenly over the period of underlying reinsurance policies; and
- (c) for non-proportional reinsurance business, on inception of the reinsurance contract in accordance with the pattern of reinsurance service.

Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of incidence of risk.

Where premiums for a policy are payable in installments, full premium for the duration of the policy is recognized as income at the inception of the policy and a related asset is set up in respect of the premium receivable, notwithstanding the fact that some installments may not, by agreement between the insurer and the insured, be payable until later.

5.2.2 Provision for unearned premiums

Provision for unearned premiums represents the portion of premium written relating to the unexpired period of coverage, and is recognized as a liability. The liability is calculated as follows:

- a) in the case of marine, aviation and transport business, as a ratio of unexpired period to the total period of the policy applied on the gross premium written.
- b) for the other classes / line of business, by applying the twenty-fourth method as specified in the Insurance Rules, 2017, as majority of the remaining policies are issued for a period of one year.

5.2.3 Premiums due but unpaid - net

Premiums due but unpaid is recorded as receivable when it is due, at the fair value of consideration receivable less provision for doubtful debts, if any. If there is objective evidence that receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and recognizes that impairment loss in profit and loss account.

5.3 Claims expense

General insurance claims include all claims occurring during the year, whether reported or not, including external claims handling costs that are directly related to the processing and settlement of claims, reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years. Claims are charged to profit and loss account as incurred based on estimated liability for compensation owed under the insurance contracts.

5.3.1 Provision for outstanding claims (including IBNR)

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

Provision for IBNR is based on the management's best estimate which takes into account the past trends net of exceptional claims.

5.4 Reinsurance contracts

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

5.4.1 Reinsurance expense

Reinsurance premium ceded (treaty and facultative) is recognised as an expense over the period of reinsurance from inception to which it relates to its expiry as follows:

- (a) for proportional reinsurance business, evenly over the period of the underlying policies.
- (b) for non-proportional reinsurance business, evenly over the period of indemnity.

Where the pattern of incidence of risk varies over the period of the policy, reinsurance premium is recognized as expense in accordance with the pattern of incidence of risk.

5.4.2 Prepaid reinsurance premium ceded

The portion of reinsurance premium ceded not recognised as an expense as at year end is recognised as prepaid reinsurance premium ceded. Unrecognised portion is determined in the same manner as for provision for unearned premiums.

5.5 Reinsurance recoveries against outstanding claims

Reinsurance recoveries receivable from reinsurers are recognized as an asset at the same time as and when the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be received.

5.6 Commission

5.6.1 Commission expense

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

5.6.2 Commission income

Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognized as liability and recognized in the profit and loss account as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates.

5.7 Premium deficiency reserve - (liability adequacy test)

At each reporting date, liability adequacy test is performed to ensure the adequacy of unearned premium. Where the cumulative unearned premium reserve for any classes of business is not adequate to meet the expected future liability, after reinsurance from claims and other supplementary expenses, including reinsurance expenses, commissions and other underwriting expenses, expected to be incurred after the balance sheet date in respect of unexpired policies in that class of business in force at balance sheet date, a premium deficiency reserve is recognized as a liability to meet the deficit. The movement in premium deficiency reserve is recorded as an expense / income in the profit and loss account for the year. The Company determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired risk. The loss ratios estimated on these basis for the unexpired portion are as follows:

	2021	2020
Fire and property damage	13%	13%
Marine, aviation and transport	40%	45%
Motor	14%	8%
Engineering	19%	16%
Miscellaneous	38%	22%

Based on analysis of combined operating ratio for the expired period of each reportable segment, management is of opinion that there is no need to carry premium deficiency reserve in these financial statements.

5.8 Investments

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

5.8.1 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 amortised cost less provision for impairment, if any.

Any premium paid or discount availed on government securities and term finance certificates is deferred and amortised over the period to maturity of investment using the effective yield.

5.8.2 Available-for-sale

The financial assets that are intended to be held for an indefinite period of time and may be sold in response to the need for liquidity are classified as available-for-sale.

Subsequent to the initial recognition at cost, these are valued at market values and any unrealized gains / (losses) are taken to other comprehensive income.

5.8.3 Held for trading

Investments which are acquired with the intention to trade by taking advantage of short term market / interest rate movements are considered as held for trading. After initial recognition, these are measured at fair values with any resulting gains or losses recognised directly in the profit and loss account, for the period in which it arises. Subsequent to initial recognition these are measured at fair value by reference to quoted market prices.

a) Trade and settlement date accounting

All 'regular way' purchases and sales of financial assets are recognized on the trade date, i.e. the date on which commitment to purchase / sale is made by the Company. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market place.

b) Derecognition

All Investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

c) Impairment

Available-for-sale

The Company considers that available-for-sale Investments is impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance.

5.9 Employee benefits

Defined contribution plan

The Company operates an approved provident fund scheme for all its permanent employees. Equal monthly contributions are made, both by the Company and its employees, to the fund at the rate of 10% of basic salary of the employees.

5.10 Property and equipment

5.10.1 Owned assets

Owned fixed assets are stated at cost, signifying historical cost, less accumulated depreciation and any provision for accumulated impairment. Cost of an item of fixed assets consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying asset directly attributable cost of bringing the asset to working condition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit and loss account.

Depreciation is calculated on reducing balance method at the rates specified in note 7 to the financial statements. Depreciation on additions is charged from the month the assets are available for use while on disposals, depreciation is charged up to the month in which the assets are disposed off.

The carrying value of tangible 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 value exceed the estimated recoverable amounts, the assets are written down to their recoverable amount. The useful life and depreciation method are reviewed and adjusted, if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing process with the carrying amount of the assets disposed of. There are taken to profit and loss account.

5.10.2 Right-of-use-asset

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

The right-of-use asset is subsequently depreciated using straight line method from the date of recognition to the earlier of the end of useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

5.10.3 Capital work-in-progress

Capital work-in-progress is stated at cost. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These expenditures are transferred to relevant category of fixed assets or intangibles as and when the assets start operation.

5.11 Investment properties

Property held for the purpose of rental income and long-term capital appreciation is classified as investment property.

5.11.1 Initial recognition

Investment property is initially recognized at cost which is equal to the fair value of consideration paid at the time of acquisition or construction of the asset.

5.11.2 Measurement subsequent to initial recognition

Subsequent to initial recognition, investment property is carried at historical cost less accumulated depreciation and accumulated impairment losses, if any.

5.11.3 Depreciation

Depreciation is charged to profit and loss account in the same manner as owned fixed assets. Refer note 5.10.1.

5.12 Investment and other income

5.12.1 Dividend income and bonus shares

Dividend income is recognized when the right to receive the same is established.

Entitlement of bonus shares is recognized when the right to receive the same is established.

5.12.2 Interest income

Interest income is recognized on time proportion basis that takes into account effective yield on the assets.

5.12.3 Rental income

Rental income on investment properties is recognized as income on accrual basis.

5.12.4 Administrative surcharge

Administrative surcharge includes documentation and other holders in respect of insurance policies issued, at a rate of 5% of the gross premium, restricted to a maximum of charges recovered by the Company from insurance contract Rs. 2,000 in case of motor and health, and Rs. 4,000 in case of all other insurance contracts. Administrative surcharge is recognized as revenue at the time of issuance of policy. For the purpose of these financial statements, administrative surcharge is included in gross premiums written during the year.

5.13 Segment reporting

The Company's operating business is organized and managed separately according to the nature of the services provided with each segment representing a strategic business unit that serves different markets.

The Company has four major segments namely fire and property damage, marine, aviation and transport, motor and miscellaneous, as disclosed in note 6.1.

The Company accounts for segment reporting are prepared in the format prescribed under the Insurance Ordinance 2000 and the Insurance Rules, 2017 and provide required information at appropriate level of detail.

5.14 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and derecognized 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 derecognition of the financial assets and liabilities is included in the net profit or loss account for the period in which it arises.

Financial instruments carried in the statement of financial position include investments, loan and other receivables, insurance / reinsurance receivables, reinsurance recoveries against outstanding claims, cash and bank, provision for outstanding claims, insurance / reinsurance payables, other creditors and accruals.

5.15 Off setting of financial asset and financial liabilities

Financial assets and financial liabilities are off-set and the net amount is reported in the financial statements when there is a legally enforceable right to set-off the recognized amount and the Company intends either to settle on net basis, or realize the assets and to settle the liabilities simultaneously.

5.16 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the board of directors, it is in the interest of the Company to do so.

5.17 Taxation

5.17.1 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 be applied to the profit for the year, if entered. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessment finalized during the current year for such years.

5.17.2 Deferred

Deferred tax is accounted for using the balance sheet 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 taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised 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 be applied to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in statement of comprehensive income.

5.18 Foreign currencies

Transactions in foreign currency, if any, are converted into Pak rupees at the rate of exchange prevailing on the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into Pak rupees at the rate of exchange prevailing at the reporting date. Exchange difference are taken to profit and loss account.

5.19 Management expenses

Management expenses are allocated to all classes of business in proportion to the net premium income of the year. Underwriting expenses have been allocated to various classes of business on a basis deemed equitable by the management. Provision for bad debts is based on review of outstanding amounts as at reporting date. Bad debts are written off to the profit and loss account when identified. Expenses not allowable to the underwriting business are charged to Other expenses.

5.20 Creditors, accruals and

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

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. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

5.21 Impairment

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment loss impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less cost to sell and value in use. Impairment losses are recognised in profit and loss account. Impairment is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the Investments. A significant or prolonged decline in fair value of an equity investments classified as available-for-sale below its cost is also considered an objective evidence of impairment. Impairment losses are reversed when there is an indication that impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

5.22 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 shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.23 Cash and cash equivalents

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

5.24 Dividend and bonus shares

Dividend to shareholders is recognised as liability in the year in which it is approved. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved. Similarly, reserve for issue of bonus shares is recognised in the year in which such issue is approved.

5.25 Fair value

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.

5.26 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

6

PROPERTY AND EQUIPMENT

Particulars	2021										Depreciation rate (% per annum)
	Cost					Depreciation					
	As at January 01, 2021	Additions	Transfer in / (out)	Disposals	As at December 31, 2021	As at January 01, 2021	Depreciation for the year	Transfer in / (out)	Disposals	As at December 31, 2021	
Rupees											
Owned											
Office premises	62,082,770	-	-	-	62,082,770	15,507,893	2,328,744	-	-	17,836,637	44,246,133
Furniture and fixtures	32,467,272	33,000	-	-	32,500,272	21,741,787	1,073,649	-	-	22,815,436	9,684,836
Electric fittings and	28,468,920	1,289,523	-	-	29,758,443	17,742,737	1,133,108	-	-	18,875,445	10,862,598
Office equipments	9,179,338	-	-	-	9,179,338	6,934,864	224,447	-	-	7,159,311	2,078,027
Motor vehicles	131,578,891	2,039,350	27,440,580	(1,087,449)	159,963,372	90,129,884	11,733,868	11,254,621	(1,043,185)	112,075,288	47,888,084
Computers equipments	17,806,740	120,704	-	-	17,927,444	17,010,872	281,018	-	-	17,291,890	635,554
											33%
Right of use assets											
Motor vehicles	27,440,580	-	(27,440,580)	-	-	11,254,621	-	(11,254,621)	-	-	-
	309,016,511	3,452,577	-	(1,087,449)	311,381,639	180,322,758	16,774,834	-	(1,043,185)	196,034,407	115,337,232
											20%

Particulars	2020						Depreciation rate (% per annum)					
	Cost			Depreciation								
	As at January 01, 2020	Additions	Transfer in / (out)	Disposals	As at December 31, 2020	As at January 01, 2020		Depreciation for the year	Transfer in / (out)	Disposals	As at December 31, 2020	Written down value as at December 31, 2020
Owned												
Office premises	62,082,770	-	-	-	62,082,770	13,055,584	2,451,309	-	-	15,507,893	46,574,877	5%
Furniture and fixtures	32,467,272	-	-	-	32,467,272	20,550,066	1,191,721	-	-	21,741,787	10,725,485	10%
Electric fittings and	28,311,760	137,160	-	-	28,448,920	16,558,218	1,184,519	-	-	17,742,737	10,726,183	10%
Office equipments	9,090,338	89,000	-	-	9,179,338	6,693,109	241,755	-	-	6,934,864	2,244,474	10%
Motor vehicles	136,900,315	2,540,000	-	(7,863,624)	131,576,691	87,522,232	9,797,744	-	(7,189,972)	90,129,984	41,440,907	20%
Computers equipments	17,691,940	114,800	-	-	17,806,740	16,628,769	387,103	-	-	17,010,872	795,868	33%
Right of use assets												
Motor vehicles	27,440,580	-	-	-	27,440,580	6,860,545	4,324,076	-	-	11,754,621	16,185,959	20%
	314,005,125	2,880,560	-	(7,863,624)	309,016,511	162,863,501	19,641,227	-	(7,189,972)	180,322,758	128,663,253	

6.1 Detail of disposal of fixed assets

Particular of asset	Cost	Accumulated depreciation	Book value	Sale proceeds		Profit on disposal	Mode of disposal	Particulars of purchaser
				Rupees				
Motor Vehicles								
Towata Corolla	1,027,949	944,721	43,228	650,800	604,772	604,772	Negotiations	Mr.Umar Iqbal
Honda 125	59,500	59,464	1,036	28,000	29,964	29,964	Negotiations	Mr.Ayan Shah
Total : 2021	1,087,449	1,043,185	44,264	678,000	633,736	633,736		
Total : 2020	7,863,624	7,189,971	673,653	1,940,300	3,260,517	3,260,517		

		2021	2020
	Note	Rupees	
7 INTANGIBLE ASSETS			
Computer software	7.1	241,046	344,352
Capital work in progress	7.2	705,000	705,000
		<u>946,046</u>	<u>1,049,352</u>
7.1 Net carrying value basis			
Opening net book value		344,352	491,931
Amortization charge		(103,306)	(147,579)
Closing net book value		<u>241,046</u>	<u>344,352</u>
Gross carrying value basis			
Cost		1,736,980	1,736,980
Accumulated amortization		(1,495,934)	(1,392,628)
Net book value		<u>241,046</u>	<u>344,352</u>
Amortization rate % per annum		30	30
7.2 Capital work in progress			
Balance as at December 31	7.2.1	<u>705,000</u>	<u>705,000</u>
7.2.1 This represents amount paid to the vendor for the development of computer software.			

8 INVESTMENT PROPERTIES

Particulars	2021								Depreciation rate (% per annum)
	Cost			Depreciation					
	As at January 1, 2021	Additions / transfer in	Deletion / transfer out	As at December 31, 2021	As at January 1, 2021	Depreciation for the year / transfer in	Depreciation on disposal	As at December 31, 2021	
					</				

Particulars	2020							Depreciation rate (% per annum)
	Cost			Depreciation				
	As at January 1, 2020	Additions / transfer in	Deletion / transfer out	As at December 31, 2020	As at January 1, 2020	Depreciation for the year / transfer in	Depreciation on disposal	
(Rupees)								
Office premises	71,019,091	1,500,000	-	72,519,091	22,453,597	2,453,280	-	24,906,877
	71,019,091	1,500,000	-	72,519,091	22,453,597	2,453,280	-	24,906,877
								47,612,214
								47,612,214

8.1 Revaluation was carried out by the Company in the month of September 2021. The valuation exercise was carried out by independent valuers M/S. Al-Shahbaz Surveyors (Private) Limited and M/S. Salam Associates (Private) Limited and revalued market value is estimated at Rs. 172.5 million (2020: Rs. 172.5 million).

8.2 Rental income from investment property amounting to Rs. Nil (2020: Rs. 0.059 million) has been recorded net of depreciation in profit or loss account i.e. Rs. Nil (2020: Rs.0.057 million).

9 INVESTMENTS IN EQUITY SECURITIES

9.1 Investments - Held for Trading

	2021			2020		
	Cost	Impairment / Provision	Carrying value	Cost	Impairment / Provision	Carrying value
Rupees						
Listed securities						
Oil and Gas Development Company Limited	36,549,821	(5,922,962)	30,626,859	46,110,464	(10,797,534)	35,312,930
Kot Addu Power Company Limited	13,600	2,575	16,175	15,765	(2,165)	13,600
Fauji Fertilizer Company Limited	7,052,500	(535,600)	6,516,900	6,434,664	617,836	7,052,500
Silk Bank Limited	2,268,000	777,000	3,045,000	1,974,000	294,000	2,268,000
Fauji Cement Company Limited	18,224	(2,775)	15,449	13,086	5,138	18,224
Pakistan Stock Exchange Limited	5,289,377	(381,891)	4,907,486	4,454,213	835,164	5,289,377
Habib Bank Limited	6,944,700	(822,150)	6,122,550	6,785,213	159,487	6,944,700
Bank Alfalah Limited	1,059,900	(21,900)	1,038,000	1,371,000	(311,100)	1,059,900
Pakistan State Oil Company	3,229,500	(501,150)	2,728,350	2,430,272	799,228	3,229,500
The Hub Power Limited	3,173,200	(319,600)	2,853,600	3,734,000	(560,800)	3,173,200
United Bank Limited	3,775,799	321,600	4,097,399	3,830,576	(54,777)	3,775,799
Pakistan Oilfield limited	12,599,343	(1,155,503)	11,443,840	10,218,069	1,644,231	11,862,300
Pakistan Petroleum Limited	7,056,989	(733,789)	6,323,200	6,471,733	(148,633)	6,323,100
MCB	4,632,000	(798,250)	3,833,750	4,049,582	583,418	4,632,000
Bata Pakistan Limited	306,368	127,862	434,230	270,053	36,315	306,368
	93,969,321	(9,966,533)	84,002,788	98,161,690	(5,900,192)	91,261,498
Mutual funds						
MCB Cash Management Optimizer Fund	150,356,165	273,167	150,629,332	50,319,913	36,252	50,356,165
HBL Cash Fund (formerly PICIC Cash fund)	-	-	-	10,226,086	24,443	10,250,529
Habib Cash Fund	-	-	-	20,066,931	149,336	20,216,267
ABL Cash Fund	150,398,790	413,741	150,812,531	50,233,982	164,808	50,398,790
Faysal Money Market Fund	-	-	-	10,088,535	5,987	10,094,522
UBL Liquidity Plus Fund	150,117,848	497,624	150,615,472	50,000,942	116,906	50,117,848
HBL Cash Fund	150,731,476	1,053,670	151,785,146	40,478,862	44,712	40,523,574
NIT Money Market (Saddar Branch)	150,922,775	(608,350)	150,314,425	137,421,177	(1,498,402)	135,922,775
NIT Money Market (Clifton Branch)	149,879,701	(574,895)	149,304,806	116,448,396	(1,568,697)	114,879,699
NAFA Money Market Fund	100,034,918	143,945	100,178,863	20,000,109	34,809	20,034,918
	1,002,441,673	1,281,102	1,003,642,775	505,284,933	(2,489,846)	502,795,087
	1,096,410,994	(8,765,431)	1,087,645,563	603,446,623	(9,390,038)	594,056,585

9.2 Investments - Available for Sale

	2021			2020		
	Cost	Impairment / Provision	Carrying value	Cost	Impairment / Provision	Carrying value
Related party						
Listed Securities						
Askari Life Assurance Company Limited (note 9.3)	290,305,684	(3,988,715)	286,316,969	290,305,684	3,349,966	293,655,650
Others						
Listed Securities						
AgriTech Limited	10,593,327	(399,391)	10,193,936	10,593,327	266,261	10,859,588
Deficit on revaluation	300,899,011	(4,388,106)	296,510,905	300,899,011	3,616,227	304,515,238
	-	-	(77,979,186)	-	-	(81,595,413)
	300,899,011	(4,388,106)	296,510,905	300,899,011	3,616,227	304,515,238
Total equity securities	1,397,310,005	(13,153,537)	1,306,177,282	904,345,634	(5,773,811)	816,976,410

9.3 This represents investment in associated undertaking.

10

INVESTMENTS IN DEBT SECURITIES

Particulars	2021				2020			
	Cost	Impairment / provision	Surplus on revaluation	Carrying value	Cost	Impairment / Provision	Surplus on revaluation	Carrying value
Rupees								
Held to maturity (note 10.1)								
Government securities								
Pakistan Investment Bonds	282,088,168	-	-	282,088,168	188,065,518	-	-	188,065,518
Treasury Bills	100,549,955	-	-	100,549,955	51,719,763	-	-	51,719,763
	<u>382,638,123</u>			<u>382,638,123</u>	<u>239,785,281</u>			<u>239,785,281</u>
Available for sale (note 10.1)								
Others								
Term Finance Certificate	10,000,000	-	-	10,000,000	15,730,000	-	(5,730,000)	10,000,000
Corporate Sukuk	10,000,000	-	-	10,000,000	15,600,000	-	(5,600,000)	10,000,000
	<u>20,000,000</u>			<u>20,000,000</u>	<u>31,330,000</u>		<u>(11,330,000)</u>	<u>20,000,000</u>
	<u>402,638,123</u>			<u>402,638,123</u>	<u>271,115,281</u>		<u>(11,330,000)</u>	<u>259,785,281</u>

10.1 Investments in debt securities - held to maturity and available for sale

Name of investment	Maturity year	Effective yield %	Profit Payment	Face Value	December 31, 2021
Related party					
- Held to maturity					
<i>Government securities:</i>					
Pakistan Investment Bonds (Note 10.2)					
3 Years Pakistan Investment Bond	2021	7.25%	Half yearly	22,000,000	-
10 Years Pakistan Investment Bond	2021	12.10%	Half yearly	4,000,000	-
10 Years Pakistan Investment Bond	2022	11.64%	Half yearly	5,000,000	4,991,598
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	20,000,000	17,456,746
10 Years Pakistan Investment Bond	2021	12.10%	Half yearly	1,000,000	-
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	20,000,000	17,462,809
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	10,000,000	8,555,831
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	10,000,000	8,556,328
20 Years Pakistan Investment Bond	2024	10.91%	Half yearly	10,000,000	8,556,330
20 Years Pakistan Investment Bond	2024	10.91%	Half yearly	15,000,000	14,170,735
10 Years Pakistan Investment Bond	2022	11.64%	Half yearly	10,000,000	9,550,948
10 Years Pakistan Investment Bond	2026	9.00%	Half yearly	30,000,000	29,950,520
10 Years Pakistan Investment Bond	2026	9.00%	Half yearly	15,000,000	14,868,967
10 Years Pakistan Investment Bond	2026	9.00%	Half yearly	15,000,000	14,869,164
10 Years Pakistan Investment Bond	2026	8.75%	Half yearly	15,000,000	14,869,189
5 Years Pakistan Investment Bond	2025	7.50%	Half yearly	20,000,000	29,937,367
5 Years Pakistan Investment Bond	2025	7.50%	Half yearly	20,000,000	18,790,022
5 Years Pakistan Investment Bond	2025	7.50%	Half yearly	25,000,000	23,781,703
3 Years Pakistan Investment Bond	2023	7.00%	Half yearly	10,000,000	9,534,261
5 Years Pakistan Investment Bond	2025	7.50%	Half yearly	15,000,000	14,160,075
5 Years Pakistan Investment Bond	2025	7.50%	Half yearly	10,000,000	8,810,230
				15,000,000	13,215,345
					<u>282,088,168</u>
<i>Treasury Bills</i>					
3 Months Treasury Bill	2022	10.20%	On maturity	100,000,000	98,106,897
3 Months Treasury Bill	2022	10.25%	On maturity	2,500,000	2,443,058
					<u>100,549,955</u>
					<u>382,638,123</u>
- Available for sale					
<i>Corporate Sukuks (Note 10.3)</i>					
Dubai Islamic Bank	Perpetuity	(KIBOR+1.75%)	Monthly	10,000,000	10,000,000
- Others (Note 10.3)					
<i>Term Finance Certificates</i>					
JS Bank Limited	Perpetuity	(KIBOR+2.25%)	Half yearly	10,000,000	10,000,000
					<u>20,000,000</u>
					<u>402,638,123</u>

Name of Investment	Maturity year	Effective yield %	Profit Payment	Face Value	December 31, 2020
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Related party**- Held to maturity***Government securities**Pakistan Investment Bonds (Note 10.2)*

3 Years Pakistan Investment Bond	2021	7.25%	Half yearly	22,000,000	21,512,360
5 Years Pakistan Investment Bond	2021	12.10%	Half yearly	4,000,000	3,995,049
10 Years Pakistan Investment Bond	2022	11.64%	Half yearly	5,000,000	4,977,702
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	20,000,000	16,979,672
10 Years Pakistan Investment Bond	2021	12.10%	Half yearly	1,000,000	998,743
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	20,000,000	16,983,946
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	10,000,000	8,327,958
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	10,000,000	8,328,333
10 Years Pakistan Investment Bond	2026	11.00%	Half yearly	10,000,000	8,328,334
10 Years Pakistan Investment Bond	2024	10.91%	Half yearly	15,000,000	13,980,581
10 Years Pakistan Investment Bond	2024	10.91%	Half yearly	10,000,000	9,360,815
10 Years Pakistan Investment Bond	2022	11.64%	Half yearly	30,000,000	29,867,558
10 Years Pakistan Investment Bond	2026	9.00%	Half yearly	15,000,000	14,841,942
10 Years Pakistan Investment Bond	2026	9.00%	Half yearly	15,000,000	14,841,593
10 Years Pakistan Investment Bond	2026	9.00%	Half yearly	15,000,000	14,841,532

Treasury Bills

3 Months Treasury Bill	2021	7.05%	On maturity	52,000,000	51,719,763
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- Available for sale*Corporate Sukuks*
Dubai Islamic Bank

Perpetuity (KIBOR+1.75%)	Monthly	10,000,000	10,000,000
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- Others*Term Finance Certificates*
JS Bank Limited

Perpetuity (KIBOR+2.25%)	Half yearly	10,000,000	10,000,000
			20,000,000
			259,785,281

- 10.2 These include PIB's amounting to Rs. 150 million (2020: PIB's amounting to Rs. 119.91 million), which are pledged with State Bank of Pakistan under section 29 of the Insurance Ordinance, 2000.

10.3 **Term Finance Certificate and Corporate Sukuk**

	No. of certificates		Face value	Value of certificate	
	2021	2020		2021	2020
JS Bank Limited	100	100	100,000	10,000,000	10,000,000
Dubai Islamic Bank	2000	2000	5,000	10,000,000	10,000,000
	<u>2,100</u>	<u>2,100</u>		<u>20,000,000</u>	<u>20,000,000</u>

Note 2021 2020
----- Rupees -----

11 **INVESTMENT IN TERM DEPOSIT RECEIPTS**

Deposits maturing within 12 months -
local currency

11.1 163,382,338 385,045,476

- 11.1 These represents Term Deposit Receipts (TDRs) with commercial banks carrying markup ranging from 7.20% to 13.90% (2020: 7.50% to 13.90%).

		2021	2020
	Note	Rupees	Rupees
12 LOANS AND OTHER RECEIVABLES			
Unsecured - considered good			
Accrued investment income			
Advances	12.1	6,179,157	5,530,238
Deposits		72,256,600	103,780,668
Other receivables		13,909,779	15,564,275
		8,070,558	2,637,002
		<u>100,416,094</u>	<u>127,512,183</u>

12.1 This represents advances in the normal course of business which do not carry any interest / mark-up.

		2021	2020
	Note	Rupees	Rupees
13 INSURANCE / REINSURANCE RECEIVABLES			
(Unsecured - considered good)			
Due from insurance contract holders		313,075,295	479,067,029
Provision for impairment of receivables from insurance contract holders	13.1	-	(2,414,077)
Premium written off		(2,049,325)	(3,425,699)
Due from other insurers / reinsurers		311,025,970	473,227,253
		488,684,612	259,077,714
		<u>799,710,582</u>	<u>732,304,967</u>

13.1 Movement of provision for doubtful debts

Opening balance		2,414,077	5,765,134
Charge during the year		7,392,652	-
Reversal during the year	30	(9,806,729)	(3,351,057)
		<u>-</u>	<u>2,414,077</u>

14 PREPAYMENTS

Prepaid reinsurance premium ceded	24	534,873,154	565,677,650
Prepaid rent		163,021	414,577
Others		225,644	231,374
		<u>535,261,819</u>	<u>566,323,601</u>

East West Insurance Company Limited

15	CASH AND BANK	Note	2021	2020
			----- Rupees -----	----- Rupees -----
	Cash and cash equivalents			
	Cash in hand		3,291	12,050
	Policy stamps		11,093	2,019
			<u>14,384</u>	<u>14,069</u>
	Cash at bank			
	Current account		8,448,655	20,752,663
	Saving account	15.1	19,452,286	5,955,081
			<u>27,900,941</u>	<u>26,707,744</u>
			<u>27,915,325</u>	<u>26,721,813</u>

15.1 This represents interest bearing accounts carrying interest rates ranging from 4.10% to 8.20% (2020: 4.10% to 8.20%) per annum.

16 ORDINARY SHARE CAPITAL

16.1 Authorized share capital

2021	2020		2021	2020
-----Number of shares-----	-----Number of shares-----		----- Rupees -----	----- Rupees -----
<u>150,000,000</u>	<u>120,000,000</u>	Ordinary shares of Rs. 10 each	<u>1,500,000,000</u>	<u>1,200,000,000</u>

16.1.1 Authorized share capital has been increased to meet the minimum paid-up capital requirement as required under section 28 of Insurance Ordinance 2000.

16.2 Issued, subscribed and paid up share capital

2021	2020		2021	2020
-----Number of shares-----	-----Number of shares-----		----- Rupees -----	----- Rupees -----
		Ordinary shares of Rs. 10 each, fully paid in cash		
17,788,310	17,788,310		177,883,100	177,883,100
		Ordinary shares of Rs. 10 each, issued as fully paid bonus shares		
<u>118,297,871</u>	<u>100,547,500</u>		<u>1,182,978,710</u>	<u>1,005,475,000</u>
<u>136,086,181</u>	<u>118,335,810</u>		<u>1,360,861,810</u>	<u>1,183,358,100</u>

	2021	2020
	----- Rupees -----	
17 PREMIUM RECEIVED IN ADVANCE		
Premium received in advance	<u>45,610,434</u>	<u>62,543,115</u>
17.1 This includes cash margin (bond) received from policy holders amounting to Rs. 45.298 million (2020: Rs. 61.979 million).		

	2021	2020
	----- Rupees -----	
18 INSURANCE / REINSURANCE PAYABLES		
Due to other Insurers / reinsurers	<u>3,665,035</u>	<u>17,122,645</u>
19 OTHER CREDITORS AND ACCRUALS		
Sundry creditors	15,921,122	18,484,965
Commission payable	61,347,826	30,956,525
Federal excise duty	2,022,492	4,858,214
Federal insurance fee	1,287,701	3,234,804
Workers' Welfare Fund	44,055,542	36,057,172
Withholding tax	2,082,091	6,888,125
Unclaimed dividend	31,303	31,303
Due to directors	10,415,361	8,658,471
19.1	<u>137,163,438</u>	<u>109,169,579</u>

19.1 This represents unsecured and interest free loan obtained from directors of the Company.

	2021	2020
	----- Rupees -----	
20 LEASE LIABILITIES		
Lease liabilities recognized as on January 1	5,375,079	13,982,999
Interest accrued	180,619	1,236,798
Less: Repayment of lease liabilities	<u>(5,555,698)</u>	<u>(9,844,718)</u>
20.1 Break up of lease liabilities	<u>-</u>	<u>5,375,079</u>
Current portion	-	5,375,079
	<u>-</u>	<u>5,375,079</u>

Maturity analysis - contractual undiscounted cash flows:

Description	2021			2020		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
Rupees						
Not later than one year	-	-	-	5,553,495	178,416	5,375,079
Later than one year and not later than five years	-	-	-	-	-	-
Over five years	-	-	-	-	-	-
	<u>5,553,495</u>			<u>5,553,495</u>	<u>178,416</u>	<u>5,375,079</u>

- 20.2 When measuring lease liabilities, the Company discounted lease payments using 3 months KIBOR plus 1.5% ranging from 8.22% to 15.06% (2020: 8.22% to 15.06%) per annum.

	2021	2020
	Rupees	
21 DEFERRED TAXATION		
Deferred tax liability / (asset) arising in respect of:		
Provision for doubtful debts	-	(700,082)
Accelerated tax depreciation	26,910,714	28,849,907
Amortization	(227,541)	(230,632)
Lease liabilities	-	3,135,155
Unrealised gain on available for sale investments	(26,428,490)	(25,337,075)
	<u>254,684</u>	<u>5,717,273</u>
21.1 Balance at beginning of the year	5,717,273	3,939,623
Reversal during the year in respect of temporary differences arising during the year	(5,462,589)	1,777,650
Balance at the end of the year	<u>254,684</u>	<u>5,717,273</u>
22 TAXATION - NET		
Provision for income tax	93,439,511	46,259,874
Less: Advance tax	(23,676,322)	(14,554,897)
	<u>69,763,189</u>	<u>31,704,977</u>
23 CONTINGENCIES AND COMMITMENTS		

There are no contingencies and commitments as at statement of financial position date (2020: Nil).

East West Insurance Company Limited

24	NET INSURANCE PREMIUM	Note	2021	2020
			Rupees	
	Written gross premium		3,889,266,451	3,468,545,435
	Unearned premium reserve - opening		1,223,128,077	1,252,193,521
	Unearned premium reserve - closing		(1,335,760,872)	(1,223,128,077)
	Premium earned		3,776,633,656	3,497,610,879
	Less: Reinsurance premium ceded		1,628,322,163	1,633,641,110
	Prepaid reinsurance premium ceded - opening		565,677,650	577,141,443
	Prepaid reinsurance premium ceded - closing		(534,873,154)	(565,677,650)
	Reinsurance expense		1,659,126,659	1,645,104,903
			2,117,506,997	1,852,505,976
25	NET INSURANCE CLAIMS EXPENSE			
	Claim paid		1,384,094,201	1,081,696,813
	Outstanding claims including IBNR - opening		(652,587,244)	(596,061,338)
	Outstanding claims including IBNR - closing	25.1	798,276,118	652,587,244
	Claim expense		1,529,783,075	1,138,222,719
	Less: Reinsurance and other recoveries received		562,200,785	330,189,462
	Reinsurance and other recoveries in			
	respect of outstanding claims - opening		(455,666,161)	(465,459,802)
	Reinsurance and other recoveries in			
	respect of outstanding claims - closing		535,855,031	455,666,161
	Reinsurance and other recoveries revenue		642,389,655	320,395,821
			887,393,420	817,826,898
25.1	Outstanding claims		766,361,462	604,226,971
	Incurred but not reported claims		-	48,360,273
25.2	Claim development		766,361,462	652,587,244

The Company maintains adequate reserves in respect of its Insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year. The following table shows the development of the claims over a year of time. All amounts are presented in gross numbers before reinsurance:

Accident year	2016 & prior years	2017	2018	2019	2020	2021	Total
Rupees							
Estimate of ultimate claims cost:							
At the end of accident year	533,831,590	432,041,595	91,124,291	108,697,757	197,058,179	391,482,652	1,754,235,064
One year later	419,201,662	366,261,871	89,898,741	107,090,038	224,797,755	-	1,206,270,088
Two years later	413,795,956	368,422,490	78,320,818	108,515,135	-	-	969,054,439
Three years later	413,622,041	356,637,552	78,320,818	-	-	-	948,580,811
Four years later	364,136,708	353,431,430	-	-	-	-	717,538,138
Current estimate of cumulative claims	364,136,708	353,431,430	78,320,818	108,515,135	224,797,755	391,482,652	1,520,654,499
Cumulative payment to date	(252,708,833)	(188,807,863)	(68,239,717)	(96,903,907)	(115,718,361)	-	(722,378,381)
Liability recognized in statement of financial position	111,397,875	164,623,567	10,081,101	11,611,228	109,079,695	391,482,652	798,276,119

		2021	2020
	Note	----- Rupees -----	
26 NET COMMISSION EXPENSE			
Commission paid or payable		891,393,099	715,410,422
Deferred commission expense - opening		290,582,372	328,921,034
Deferred commission expense - closing		(329,200,886)	(290,582,372)
Net commission		852,774,585	753,749,084
Less: Commission received or recoverable			
Unearned reinsurance commission - opening		369,369,478	384,454,268
Unearned reinsurance commission - closing		125,918,778	130,735,976
Commission from reinsurers		(120,510,380)	(125,918,778)
		374,777,876	389,271,466
		477,996,709	364,477,618
27 MANAGEMENT EXPENSES			
Employee benefits cost	27.1	157,620,125	141,279,565
Office repairs and maintenance		10,176,112	7,642,964
Vehicle running expense		89,055,371	83,106,662
Travelling expense		58,919,109	58,280,837
Electricity, gas and water		9,196,688	8,619,232
Printing and stationery		7,760,892	8,389,238
Office rent		6,081,365	5,840,844
Entertainment		22,683,447	18,746,449
Postage, telegrams and telephones		4,580,962	5,203,153
Advertisement and publicity		170,705	355,794
Rent, rates and taxes		297,361	271,882
Miscellaneous		8,347,653	1,689,119
27.1 Employee benefits cost		374,889,790	339,425,739
Salaries, allowance and other benefits		154,594,924	138,211,409
Charges for post employment benefits		3,025,201	3,068,156
		157,620,125	141,279,565
28 INVESTMENT INCOME			
Income from equity securities			
Held for trading			
Dividend income		69,369,318	44,412,164
Gain / (loss) on disposal of securities		175,021	7,809,773
		69,544,339	52,221,937

		2021	2020
	Note	Rupees	
Income from debt securities:			
<i>Held to Maturity</i>			
Return on debt securities			
- Pakistan Investment Bonds	28.1	23,440,258	15,450,231
- GoP Ijara Sukuk		-	-
- Treasury Bills		72,514	87,050
		23,512,772	15,537,281
<i>Available for sale</i>			
Term Finance Certificates		976,629	1,258,301
Corporate Sukuk		927,866	1,177,401
		1,904,495	2,435,702
Return on term deposits		6,644,263	25,057,609
Net unrealized (losses) / gains on investments at fair value through profit or loss (held for trading)		(8,765,429)	(9,390,031)
Investment related expenses		92,840,440	85,862,498
		(1,337,561)	(1,837,386)
		91,502,879	84,025,112
28.1 Pakistan Investment Bonds			
Return on Pakistan Investment Bonds		26,267,022	18,066,503
Amortization of unrealized loss due to reclassification from available for sale to held to maturity		(2,826,764)	(2,616,272)
		23,440,258	15,450,231
29 RENTAL INCOME			
Rental income		-	59,000
Less : Depreciation		-	(2,458)
		-	56,542
30 OTHER INCOME			
Return on bank balances		1,579,804	2,305,264
Profit on disposal of fixed assets		633,736	3,260,647
Reversal of bad debts		9,806,729	3,351,057
Others		2,246,844	3,565,669
		14,267,113	12,482,637
31 OTHER EXPENSES			
Employee benefits cost	31.1	59,267,474	55,058,449
Office repairs and maintenance		11,187,391	11,634,089
Vehicle running expense		15,471,345	11,665,889
Auditors' remuneration	31.3	2,094,592	1,744,402

	Note	2021 ----- Rupees -----	2020 ----- Rupees -----
Remuneration of directors and executives	35	15,695,000	14,355,000
Legal and professional charges		2,744,994	1,890,071
Depreciation	6	19,155,445	22,094,051
Amortisation	7	103,306	147,579
Subscription and membership		8,503,888	7,074,719
Annual supervision fee		2,986,022	3,697,634
Bad debt expense	13	9,441,977	3,425,699
Provision for doubtful debt	13.1	-	-
Rent, rates and taxes		1,428,472	467,231
Electricity, gas and water		507,310	475,420
Postage, telegram and telephone		1,243,728	1,346,942
Workers Welfare Fund		7,998,370	6,069,366
Others		181,165	287,048
31.1 Employee benefits cost		158,010,479	141,433,589
Salaries, allowance and other benefits		57,312,152	49,923,195
Charges for post employment benefits		1,955,322	5,135,254
31.2 Employees' provident fund		59,267,474	55,058,449
Size of the fund		93,723,576	82,167,782
Number of members		128	120
Cost of investment made		56,902,927	45,717,757
Percentage of investment made		61%	56%
Fair value of investment		58,469,868	49,391,402
31.2.1 The Company has contributory provident fund scheme of all its permanent employees. The fund is maintained by the Trustees and all decisions regarding investments and distribution of income etc. are made by the Trustees. The Investments by the fund have been made in accordance with the conditions specified in section 218 of the Companies Act 2017 and rules specified thereunder.			
		2021 ----- Rupees -----	2020 ----- Rupees -----
31.3 Auditors' remuneration			
Audit fee		895,800	700,000
Half yearly review fee		215,136	272,000
Other services		307,692	-
Out-of-pocket expenses		675,964	343,100
		2,094,592	1,315,100

32 FINANCE COST

	2 0 2 1	2 0 2 0
Note	----- Rupees -----	
Bank charges	366,867	409,176
Lease finance charges	180,619	1,236,798
	547,486	1,645,974

33 INCOME TAX EXPENSE

For the year		
Current	93,439,511	80,626,207
Prior	(44,203,935)	(13,566,505)
Deferred	(4,190,038)	(1,035,527)
	45,045,538	66,024,175

33.1

33.1 The income tax assessments of the Company are finalized on self assessment basis. The return of income upto tax year 2021 have been submitted to the authorities. Amount of Rs. 44.203 million (2020: Rs. 13.566 million) represents excess liability recorded in the books of the Company as compared to tax return.

	2 0 2 1	2 0 2 0
Note	----- Rupees -----	

33.2 Relationship between accounting profit and tax expense is as follows:

Accounting profit before tax	357,512,310	297,398,923
Tax @ 29%	103,678,570	86,245,688
Effect of prior year reversal	(44,203,935)	(13,566,505)
Effect of dividend income	(9,711,705)	(6,217,703)
Effect of deductions not allowed	8,921,317	10,906,815
Effect of deferred tax	(4,190,038)	(1,035,527)
Others	(9,448,672)	(10,308,593)
Provision for taxation	45,045,537	66,024,175

34 EARNINGS PER SHARE -

Profit after tax for the year	312,466,772	231,374,748
Weighted average number of ordinary shares outstanding (Numbers)	136,086,181	136,086,181
Basic and diluted earnings per share (Rupees)	2.30	1.70

34.1

34.1 There is no dilution effect on the basic earnings per share as the Company has no convertible dilutive potential ordinary shares outstanding at the year end; consequently, the reported basic earnings per share is also the diluted earnings per share. The corresponding earnings per share has been adjusted on account of issuance of bonus and right shares.

35 REMUNERATION OF DIRECTORS AND EXECUTIVES

	Chief Executive Officer		Directors		Executives	
	2021	2020	2021	2020	2021	2020
	Rupees					
Managerial remuneration	3,312,000	3,312,000	6,095,000	5,040,000	14,523,600	12,832,800
Rent and house maintenance	-	-	-	-	2,155,600	1,926,900
Utilities	1,488,000	1,488,000	3,045,000	2,160,000	13,796,400	12,547,200
Meeting fee	-	-	580,000	705,000	-	-
	4,800,000	4,800,000	9,720,000	7,905,000	30,475,600	27,306,900
Number of persons	1	1	6	6	7	7

- 35.1 In addition to the above, the Chief Executive, Directors and Executives of the Company are provided with Company maintained cars and medical reimbursement at actual up to a maximum of one basic salary, where applicable.

36 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, entities under common control, entities with common directors, major shareholders and key management personnel of the Company. Transactions with related parties are carried out at arm's length prices. Transactions with related parties including remuneration to key management personnel are as follows:

Nature of transaction	Nature of relationship with the Company	2021	2020
		----- Rupees -----	-----
Loan received from directors			
Javed Yunus	Director	16,067,500	5,620,000
Naveed Yunus	Director		-
Loan repaid to directors			
Javed Yunus	Director	13,885,000	3,920,000
Naveed Yunus	Director		5,010,000
Purchase of shares			
Askari Life Assurance Company Limited	Associated	-	4,475,448

Nature of transaction	Nature of relationship with the Company	2021	2020
		----- Rupees -----	-----
Issue of bonus shares and right shares at market value			
Chief Justice (R) Mian Mahboob Naved Yunus	Director	50,960	49,450
Ambreen Naved Yunus	Director	96,564,800	93,688,813
Javed Yunus	Other related party	109,365,840	106,108,539
Rubina Javed Yunus	Director	60,658,000	58,851,528
Pervez Yunus	Other related party	111,473,680	108,153,753
Sarnina Pervez Yunus	Director	106,776,560	103,596,494
Umeed Ansari	Other related party	63,874,800	61,972,503
Ahsan Mahmood Alvi	Director	18,960	18,387
Saad Yunus	Director	17,200	16,691
Urooj Yunus Ansari	Director	65,400,320	63,452,523
Mazhar Zubair Abbasi	Director	42,537,280	41,270,342
East West Holding Company Limited	Director	6,000	5,801
Askari Life Assurance Company Limited	Associated undertaking	117,750,560	114,243,695
	Associated undertaking	76,000	73,278
Remuneration Paid			
Naveed Yunus	Director	4,800,000	4,800,000
Javed Yunus	Director	3,600,000	3,600,000
Pervez Yunus	Director	3,600,000	3,600,000
Chief Justice (R) Mian Mahboob Ahmad	Director	145,000	145,000
Umeed Ansari	Director	175,000	175,000
Ahsan Mahmood Alvi	Director	180,000	180,000
Kazim Raza	Director	85,000	85,000
36.1 Year end balances			
Payable to related parties		10,415,361	8,658,471

Following are the segment assets, liabilities, revenue and expenses of the Company:

Segment current year	Fire and property damage	Marine, aviation &	Motor	Engineering	Miscellaneous	Total
2021 Rupees						
Premium receivable (inclusive of gross direct premium, facultative inward premium and administrative surcharge)	1,272,799,030	436,557,515	538,882,361	1,075,530,667	565,496,879	3,889,266,452
Gross direct premium	323,991,481	264,594,997	189,712,605	865,773,135.00	424,939,713	2,069,011,931
Facultative inward premium	933,693,722	163,170,729	341,158,004	184,728,307.00	123,738,427	1,746,489,189
Administrative surcharge	15,113,827	8,791,789	8,011,752	25,029,225.00	16,818,739	73,765,332
	1,272,799,030	436,557,515	538,882,361	1,075,530,667	565,496,879	3,889,266,452
Written gross premium	1,272,799,030	436,557,515	538,882,361	1,075,530,667	565,496,879	3,889,266,452
Unearned premium reserves - opening	361,270,936	71,682,629	272,248,890	165,459,939	402,465,683	1,223,128,077
Unearned premium reserves - closing	(441,988,148)	(68,236,038)	(247,575,026)	(388,696,574)	(189,265,086)	(1,335,760,872)
Premium earned	1,192,081,818	440,004,106	513,556,725	852,294,032	778,697,476	3,776,633,657
Reinsurance premium ceded	(574,189,584)	(185,396,589)	(98,789,292)	(660,962,517)	(108,984,182)	(1,628,322,164)
Prepaid reinsurance premium ceded - opening	(171,486,152)	(27,890,157)	(37,021,358)	(288,530,121)	(40,749,852)	(565,677,650)
Prepaid reinsurance premium ceded - closing	219,156,326	19,686,132	40,187,026	198,165,292	57,678,378	534,873,154
Reinsurance expense	(526,519,410)	(193,600,624)	(95,623,624)	(751,327,346)	(92,055,656)	(1,659,126,660)
Net insurance premium	665,562,408	246,403,482	417,932,601	100,966,686	686,641,820	2,117,506,997
Commission income	155,861,952	49,057,305	20,093,323	125,174,693	24,590,603	374,777,876
Net underwriting income	821,424,360	295,460,787	438,025,924	226,141,379	711,232,423	2,492,284,873
Insurance claims paid	(407,437,905)	(154,863,540)	(210,089,641)	(378,598,059)	(233,105,056)	(1,384,094,201)
Outstanding claims (including IBNR) - opening	104,633,446	38,286,714	27,232,803	421,315,674	61,118,607	652,587,244
Outstanding claims (including IBNR) - closing	(154,487,217)	(35,136,389)	(45,249,473)	(465,106,577)	(98,296,462)	(798,276,118)
Insurance claims expenses	(457,291,676)	(151,713,215)	(228,106,311)	(422,388,962)	(270,282,911)	(1,529,783,075)
Reinsurance and other recoveries received opening	196,539,341	57,430,278	31,725,692	265,530,090	10,975,384	562,200,785
Reinsurance and other recoveries in respect of outstanding claims - opening	(58,984,408)	(6,271,179)	(9,364,005)	(355,505,935)	(25,540,634)	(455,666,161)
Insurance claims recovered from reinsurers	97,785,376	7,859,070	10,627,267	392,322,076	27,261,242	535,855,031
Net claims	235,340,309	59,018,169	32,988,954	302,346,231	12,695,992	642,389,655
Commission expense	(221,951,367)	(92,695,046)	(195,117,357)	(120,042,731)	(257,586,919)	(887,393,420)
Management expense	(325,318,147)	(86,665,480)	(109,055,247)	(226,391,235)	(105,344,476)	(852,774,585)
Net insurance claims and expenses	(117,833,165)	(43,624,012)	(73,992,041)	(17,875,445)	(121,565,127)	(374,889,790)
Underwriting result	(665,102,679)	(222,984,538)	(378,164,645)	(364,309,411)	(484,496,522)	(2,115,037,793)
Net investment income	156,321,681	72,476,249	59,861,279	(138,168,032)	226,735,901	377,227,078
Rental income						91,502,879
Other income						14,267,113
Other expenses						(158,010,479)
Finance costs						(547,486)
Profit from Window Takaful Operation						33,073,205
Profit before tax						357,512,310
Segment assets	771,486,013	297,809,407.97	367,473,790	773,380,556	277,505,464	2,487,655,230
Un-allocated assets						7,046,149,430
Total assets						4,533,804,660
Segment liabilities	732,827,732	282,886,520	349,060,099	734,627,342	263,599,983	2,363,001,676
Un-allocated liabilities						209,860,763
Total liabilities						2,572,862,439

Segment current year	2020					Rupees	Total
	Fire and property damage	Marine, aviation & transport	Motor	Engineering	Miscellaneous		
Premium receivable (inclusive of gross direct premium, facultative inward premium and administrative surcharge)	1,075,685,350	415,236,585	517,369,850	1,078,326,918	386,926,732		3,468,545,435
Gross direct premium	228,733,205	180,275,013	205,797,888	988,915,367	312,834,159		1,924,555,632
Facultative inward premium	836,592,199	218,864,119	300,787,731	85,234,280	63,888,509		1,505,366,838
Administrative surcharge	10,359,946	8,097,453	5,784,231	4,177,271	10,204,064		38,622,965
	1,075,685,350	415,236,585	517,369,850	1,078,326,918	386,926,732		3,468,545,435
Written gross premium	1,075,685,350	415,236,585	517,369,850	1,078,326,918	386,926,732		3,468,545,435
Unearned premium reserves - opening	362,733,454	54,466,378	197,527,644	439,393,118	198,072,927		1,252,193,521
Unearned premium reserves - closing	(361,270,936)	(71,682,629)	(222,248,890)	(402,465,683)	(165,459,939)		(1,223,128,077)
Premium earned	1,077,147,868	398,020,334	487,648,604	1,115,254,353	419,539,720		3,497,610,879
Reinsurance premium ceded	(522,608,047)	(189,482,950)	(89,948,053)	(720,334,747)	(111,267,313)		(1,633,641,110)
Prepaid reinsurance premium ceded - opening	(129,520,247)	(9,616,320)	(43,294,769)	(359,900,741)	(34,809,366)		(577,141,443)
Prepaid reinsurance premium ceded - closing	171,486,152	27,890,167	37,021,358	288,530,121	40,749,852		565,677,650
Reinsurance expense	(480,642,142)	(171,209,103)	(96,221,464)	(791,705,367)	(105,326,827)		(1,645,104,903)
Net insurance premium	596,505,726	226,811,231	391,477,140	323,548,986	314,212,893		1,852,505,976
Commission income	139,899,784	41,738,752	21,227,270	160,233,145	26,172,514		389,271,466
Net underwriting income	736,405,510	268,549,983	412,654,410	483,782,132	340,385,407		2,241,777,442
Insurance claims paid	(285,089,835)	(99,836,606)	(202,867,458)	(314,660,465)	(179,242,449)		(1,081,696,813)
Outstanding claims (including IBNR) - opening	103,892,000	16,741,421	36,921,124	387,419,515	51,087,278		596,061,318
Outstanding claims (including IBNR) - closing	(104,633,446)	(38,286,714)	(27,232,803)	(421,315,674)	(61,118,607)		(652,587,249)
Insurance claims expenses	(285,831,281)	(121,381,899)	(193,179,137)	(348,556,624)	(189,273,778)		(1,138,222,719)
Reinsurance and other recoveries received	120,890,485	48,187,376	27,284,226	133,827,375	-		330,189,462
Reinsurance and other recoveries in respect of outstanding	(54,542,009)	(4,381,053)	(10,432,071)	(367,226,623)	(28,878,046)		(465,459,802)
Reinsurance and other recoveries in respect of outstanding	58,984,408	6,271,179	9,364,005	355,505,935	25,540,634		455,666,161
Insurance claims recovered from reinsurers	125,332,884	50,077,502	26,216,160	122,106,687	(3,337,412)		320,395,821
Net claims	(160,498,397)	(71,304,397)	(166,962,977)	(226,449,937)	(192,611,190)		(817,826,898)
Commission expense	(327,890,348)	(85,136,266)	(124,604,254)	(137,555,818)	(78,562,398)		(753,749,084)
Management expense	(109,294,868)	(41,557,528)	(71,719,308)	(59,282,321)	(57,571,714)		(339,425,739)
Net insurance claims and expenses	(597,681,613)	(197,998,191)	(363,286,539)	(423,288,076)	(328,745,302)		(1,911,001,721)
Underwriting results	138,721,897	70,551,792	49,367,871	60,494,056	11,640,105		330,775,721
Net investment income							84,025,112
Rental income							56,542
Other income							12,482,637
Other expenses							(141,433,589)
Finance costs							(1,645,974)
Profit from Window Takaful Operation							13,138,474
Profit before tax							297,398,923
Segment assets	712,352,294	274,982,581	339,307,250	714,101,623	256,234,916		2,296,978,664
Un-allocated assets							1,664,299,328
Total assets							3,961,277,992
Segment liabilities	658,490,475	254,190,815	313,651,818	660,107,534	236,860,684		2,123,301,326
Un-allocated liabilities							189,212,426
Total liabilities							2,312,513,752

MOVEMENT IN INVESTMENTS

	Available for sale	Held to Maturity	Held for Trading	Total
	Rupees			
As at January 01, 2020	246,158,153	182,585,614	468,648,702	897,392,469
Additions	4,475,448	96,232,340	671,882,468	772,590,256
Disposals (sale and redemptions)	-	(42,021,106)	(537,084,545)	(579,105,651)
Fair value net gains (excluding net realised gains)	(7,713,773)	-	(9,390,038)	(17,103,811)
Maturity of investment	-	-	-	-
Effect of amortization	-	2,988,429	-	2,988,429
	(3,238,325)	57,199,663	125,407,885	179,369,223
As at December 31, 2020	242,919,828	239,785,277	594,056,587	1,076,761,692
Additions	-	218,065,573	542,915,725	760,981,298
Disposals (sale and redemptions)	-	(78,766,780)	(40,561,316)	(119,328,096)
Fair value net gains (excluding net realised gains)	(4,388,106)	-	(8,765,431)	(13,153,537)
Maturity of investment	-	3,554,049	-	3,554,049
	(4,388,106)	142,852,842	493,588,978	632,053,714
As at December 31, 2021	238,531,722	382,638,119	1,087,645,565	1,708,815,406

MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

The Company's activities expose it to a variety of insurance and 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 insurance and financial risk without any material change from previous year in the manner described in notes below. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing the Company's risk management policies.

39.1 Insurance risk

The risk under an insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim i.e. frequency and severity of claims and that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The Company's risk profile is improved by diversification of these risks of losses to a large portfolio of contracts, since a diversified portfolio is less likely to be affected by an unexpected event in single subset.

The Company principally issues the general insurance cover. Risks under these policies usually cover a twelve month duration. For general insurance contracts, the most significant risks arise from fire.

Underwriting limits and retention policies and procedures precisely regulate who is authorized and accountable for concluding insurance and reinsurance contracts and at what conditions. Compliance with these guidelines is regularly checked and developments in the global, regional and local markets are closely observed, reacting, where necessary, with appropriate measures that are translated without delay into underwriting guidelines if required.

The primary risk control measure in respect of the insurance risk is the transfer of the risks to third parties through reinsurance. The reinsurance business ceded is placed on a proportional and non proportional basis with retention limits varying by lines of business.

Reinsurance is used to manage insurance risk. Although the Company has reinsurance arrangements, it does not, however, discharge the Company's liability as primary insurer and thus a credit risk exposure remains with respect to reinsurance ceded to the extent that any reinsurer may be unable to meet its obligations under such reinsurance arrangements. The Company minimizes such credit risk by entering into reinsurance arrangements with reinsurers having good credit ratings, which are reviewed on a regular basis. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

39.1.1 Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical factors, atmospheric disturbances, natural disasters, concentration of risks, civil riots etc. The Company manages these risk through the measures described above.

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

Class of business	2021				2020			
	Gross claims liability	Net claims liability	Gross premium liability	Net premium liability	Gross claims liability	Net claims liability	Gross premium liability	Net premium liability
	%	%	%	%	%	%	%	%
Fire and property damage	19%	22%	33%	28%	16%	23%	30%	29%
Marine, aviation and transport	4%	10%	5%	6%	6%	16%	6%	7%
Motor	6%	13%	19%	26%	4%	9%	13%	28%
Engineering	58%	28%	25%	24%	65%	33%	33%	17%
Miscellaneous	12%	27%	14%	16%	9%	18%	14%	19%
Total	100%	100%	100%	100%	100%	100%	100%	100%

39.1.2 Reinsurance arrangements

Keeping in view the maximum exposure in respect of key zone aggregates, 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 a multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above the said limit would be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Company.

In compliance with regulatory requirements, the reinsurance agreements are duly submitted to the SECP on an annual basis.

The Company's class wise risk exposure (based on maximum loss coverage in a single policy is as follows):

East West Insurance Company Limited

Class	Gross sum insured	Reinsurance	Net exposure of risk	Net exposure of risk
			2 0 2 1	2 0 2 0
			----- Rupees -----	
Fire and property damage	954,790,279,357	450,499,359,569	504,290,919,788	432,184,206
Marine, aviation and transport	355,230,702,711	178,524,359,938	176,706,342,773	495,752,691
Motor	42,280,408,945	6,563,709,940	35,716,699,005	896,315,000
Engineering	976,621,927,978	476,752,854,247	499,869,073,731	-
Miscellaneous	195,493,935,687	161,336,674,828	34,157,260,859	40,100,000
	2,524,417,254,678	1,273,676,958,522	1,250,740,296,156	1,864,351,897

39.1.3 Source of uncertainty in estimation of future claim payments

The key source of estimation of uncertainty at the reporting date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs.

Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors, involving varying and significant degrees of judgment and uncertainty, and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Similarly, the provision for claims incurred but not reported is based on historic reporting pattern of the claims; hence, actual amount of incurred but not reported claims may differ from the amount estimated.

39.1.4 Key assumptions

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

39.1.5 Claim development

The Company maintains adequate reserves in respect of its insurance business in order to protect itself against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year.

Claims which involve litigation and, in the case of Marine, general average adjustments take longer for the final amounts to be determined which exceed one year. Claims of last five years are disclosed in note 26.2. All amounts are presented in gross numbers before reinsurance.

39.1.6 Sensitivity analysis

The insurance claim liabilities are sensitive to the incidence of insured events and severity / size of claims. The impact on the before tax and shareholders's equity of the changes in the claim liabilities net of reinsurance is analyzed below, the sensitivity to changes in claim liabilities net of reinsurance is determined separately for each class of business while keeping all the other assumptions constant.

	Pre-tax profit		Shareholders' equity	
	2021	2020	2021	2020
	Rupees		Rupees	
10% Increase in loss				
Fire and property damage	(22,195,137)	(16,049,840)	(15,758,547)	(11,395,386)
Marine, aviation and transport	(9,269,505)	(7,130,440)	(6,581,348)	(5,062,612)
Motor	(19,511,736)	(16,696,298)	(13,853,332)	(11,854,371)
Engineering	(22,639,124)	(13,755,582)	(16,073,778)	(9,766,463)
Miscellaneous	(25,758,692)	(19,261,119)	(18,288,671)	(13,675,394)
	(99,374,192)	(72,893,278)	(70,555,676)	(51,754,226)

	Pre-tax profit		Shareholders' equity	
	2021	2020	2021	2020
	Rupees		Rupees	
10% decrease in loss				
Fire and property damage	22,195,137	16,049,840	15,758,547	11,395,386
Marine, aviation and transport	9,269,505	7,130,440	6,581,348	5,062,612
Motor	19,511,736	16,696,298	13,853,332	11,854,371
Engineering	22,639,124	13,755,582	16,073,778	9,766,463
Miscellaneous	25,758,692	19,261,119	18,288,671	13,675,394
	99,374,192	72,893,278	70,555,676	51,754,226

39.2 Financial risk**39.2.1 Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of adequate funds through committed credit facilities. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management follows an effective cash management program to mitigate the liquidity risk.

The following are the contractual maturities of financial liabilities, including estimated interest payments on an undiscounted cash flow basis:

East West Insurance Company Limited

**Non-derivative
Financial liabilities**

Outstanding claims including IBNR
Insurance / reinsurance payables
Other creditors and accruals
Lease liability

2021			
Carrying amount	Contractual cash flows	Upto one year	More than one year

Rupees

798,276,118	798,276,118	296,238,835	502,037,283
3,665,035	3,665,035	3,665,035	-
87,715,612	87,715,612	87,715,612	-
-	-	-	-
889,656,765	889,656,765	387,619,482	502,037,283

**Non-derivative
Financial liabilities**

Outstanding claims including IBNR
Insurance / reinsurance payables
Other creditors and accruals
Lease liability

2020			
Carrying amount	Contractual cash flows	Upto one year	More than one year

Rupees

652,587,244	652,587,244	197,058,179	455,529,065
17,122,645	17,122,645	17,122,645	-
58,131,264	58,131,264	58,131,264	-
5,375,079	5,375,079	5,375,079	-
733,216,232	733,216,232	277,687,167	455,529,065

39.2.2 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Company's business activities are interest / mark-up rate risk, price risk and currency risk.

a) Interest / mark-up rate risk

Interest / mark-up rate risk is the risk that 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 repaid in a given year. The Company manages this mismatch through risk management strategies where significant changes in gap position can be adjusted. At the reporting date, the interest / mark-up rate profile of the Company's significant interest / mark-up bearing financial instruments was as follows:

Financial assets	2021						
	Interest / mark-up bearing			Non-interest bearing			Total
	Effective yield / Interest rate	Maturity upto one year	Maturity after one year	Sub total	Maturity within one year	Maturity after one year	
Investments							
Equity securities							
Debt securities	7.25% to 15.73%	34,942,118	257,146,050	302,088,168	100,549,955	1,306,177,282	1,306,177,282
Term deposits	7.20% to 13.90%	163,382,338	-	163,382,338	-	100,549,955	402,636,123
		198,324,456	257,146,050	465,470,506	100,549,955	1,306,177,282	1,872,197,743
Loan and other receivables					28,159,494	-	28,159,494
Insurance / reinsurance receivables					799,710,582	-	799,710,582
Reinsurance recoveries against outstanding claims					-	-	-
Cash and bank	4.10% to 8.20%	19,452,286	-	19,452,286	535,855,031	-	535,855,031
		217,776,742	257,146,050	484,922,792	1,464,289,446	1,306,177,282	3,255,389,520

East West Insurance Company Limited

Effective yield / Interest rate	2021						Total
	Interest / mark-up bearing			Non-interest bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity within one year	Maturity after one year	Sub total	
	Rupees						
Financial liabilities							
Outstanding claims including IBNR	-	-	-	798,276,118	-	798,276,118	798,276,118
Insurance / reinsurance payables	-	-	-	3,665,035	-	3,665,035	3,665,035
Other creditors and accruals	-	-	-	87,715,612	-	87,715,612	87,715,612
Lease liability	6.22% to 15.06%	-	-	-	-	-	-
On balance sheet gap (a)				889,656,765	-	889,656,765	889,656,765
Off balance sheet financial instrument		217,776,742	267,146,050	484,922,792	574,632,681	1,306,177,282	1,880,809,963
Off balance sheet gap (b)							2,365,732,755
Total interest rate sensitivity gap (a) + (b)		217,776,742	267,146,050	484,922,792			
Cumulative interest rate sensitivity gap		217,776,742	267,146,050				

Effective yield / Interest rate	2020						Total
	Interest / mark-up bearing			Non-Interest bearing			
	Maturity upto one year	Maturity after one year	Sub Total	Maturity within one year	Maturity after one year	Sub Total	
	Rupees						
Financial assets							
Investments							
Equity securities	7.25% to 13.40%	26,508,152	181,559,366	208,065,518	816,976,410	816,976,410	816,976,410
Debt securities	7.50% to 13.90%	385,045,476	-	385,045,476	-	51,719,763	259,785,281
Term deposits		411,551,628	181,559,366	593,110,994	-	808,656,173	1,461,807,167
Loan and other receivables		-	-	-	51,719,763	816,976,410	868,696,173
Insurance / reinsurance receivables		-	-	-	23,731,515	-	23,731,515
Reinsurance recoveries against outstanding claims		-	-	-	732,304,967	-	732,304,967
Cash and bank	5% to 10%	5,955,081	-	5,955,081	455,666,161	-	455,666,161
Financial liabilities		417,505,709	181,559,366	599,065,075	14,069	14,069	5,969,150
Outstanding claims including IBNR		-	-	-	1,263,436,475	816,976,410	2,080,412,885
Insurance / reinsurance payables		-	-	-	-	-	-
Other creditors and accruals		-	-	-	652,587,244	-	652,587,244
Lease liability	12.01% to 15.09%	5,375,079	-	5,375,079	17,122,645	-	17,122,645
On balance sheet gap (a)		5,375,079	-	5,375,079	58,131,264	-	58,131,264
Off balance sheet financial instrument		412,131,630	181,559,366	593,690,996	777,841,153	-	777,841,153
Off balance sheet gap (b)		-	-	-	535,585,322	816,976,410	1,352,571,732
Total interest rate sensitivity gap (a) + (b)		412,131,630	181,559,366	593,690,996	-	-	-
Cumulative interest rate sensitivity gap		412,131,630	181,559,366	593,690,996	-	-	-

The financial instruments of the Company can be classified into fixed rate instruments and variable rate instruments as shown below:

	Carrying amount	
	2021	2020
	Rupees	
Fixed rate instruments		
Financial assets	445,470,506	573,110,994
Variable rate instruments		
Financial assets	39,452,286	25,955,081

Sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at held to maturity. Therefore, a change in interest rates at reporting date would not affect profit and loss account.

Sensitivity analysis of variable rate instruments

An increase of 100 basis points in interest rates would have increased the profit and loss account by the amounts shown below. Reduction in interest rates by 100 basis points would have an opposite impact. This analysis assumes that all variables remain constant. The analysis has been performed on the same basis for the comparative period.

	Profit before tax		Total equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
As at December 31, 2021				
Sensitivity	394,523	(394,523)	280,111	(280,111)
As at December 31, 2020				
Sensitivity	259,551	(259,551)	184,281	(184,281)

Above sensitivities are calculated on the assumption that all factors remain constant except interest rates and resulting variation in fair values of the investments and impact on the profit and loss.

The Company monitors the interest rate environment on a regular basis and alters the portfolio mix of fixed and floating rate securities. The Company's policy requires the management to manage the risk by measuring the mismatch of the interest rate sensitivity gap of financial assets and liabilities and calculating the average duration of the portfolio of fixed interest securities. The average effective duration of the Company's portfolio is a measure of the sensitivity of the fair value of the Company's fixed interest securities to the changes in market interest rates.

b) Price risk

Price risk represents the risk that the fair value of a financial instrument 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 factor specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instrument traded in the market.

Primarily, the Company's equity investments are exposed to the price risk. Price risk is limited by the Company through diversification of its portfolio and active monitoring of capital markets.

The table below summarizes the Company's equity price risk as of December 31, 2021 and 2020 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. The results could be worse in Company's equity investment portfolio because of the nature of equity markets.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in price	Hypothetical increase / (decrease) in shareholder's equity	Hypothetical increase / (decrease) in profit / (loss) before tax
December 31, 2021	1,306,177,282	10% increase 10% decrease	1,436,795,010 1,175,559,554	92,738,587 (92,738,587)	130,617,728 (130,617,728)
December 31, 2020	816,976,410	10% increase 10% decrease	898,674,051 735,278,769	58,005,325 (58,005,325)	81,697,641 (81,697,641)

c) 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 is not exposed to foreign currency risk as the Company has no financial assets and financial liabilities in foreign currencies.

39.2.3 Credit risk

Credit risk is the risk that arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various sectors and by continually assessing the credit worthiness of counterparties.

Exposure to credit risk

The maximum exposure to credit risk before any credit enhancements at December 31, 2021 is the carrying amount of the financial assets as set out below:

	2021	2020
	----- Rupees -----	
Nature of financial assets		
Investments		
Equity securities	1,306,177,282	816,976,410
Debt securities	402,638,123	259,785,281
Term deposits	163,382,338	385,045,476
	1,872,197,743	1,461,807,167
Loans and other receivables	28,159,494	23,731,515
Insurance / reinsurance receivables	799,710,582	732,304,967
Reinsurance recoveries against outstanding claims	535,855,031	455,666,161
Bank balances	27,900,941	26,707,744
	3,263,823,791	2,700,217,554

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 age analysis of due from insurance contract holders from other than related parties is as follows:

	2021	2020
	----- Rupees -----	
Upto 3 months	231,670,038	423,672,798
3 to 6 months	79,355,932	47,140,379
6 to 12 months	-	4,828,153
Above 12 months	2,049,325	3,425,699
	313,075,295	479,067,029

Concentration of credit risk

Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The Company's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties, thereby mitigating any significant concentration of credit risk. Provision for impairment is made for doubtful receivables according to the Company's policy. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers / reinsurers for whom there is no history of default. The credit quality of the banks with which Company has balances including TDR's can be assessed with reference to external credit ratings as follows:

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Name of banks	Rating		Rating agency	2021	2020
	Long term	Short term			
Cash at bank					
Rupees					
Allied Bank Limited	AAA	A-1+	PACRA	19,748	2,767,120
Askani Bank Limited	AA+	A-1+	PACRA	45,858	2,603
A-Baraka Bank (Pakistan) Limited	A	A1	PACRA	2,820	2,820
Bank Alfalah Limited	AA+	A-1+	PACRA	4,494	4,494
BankIslami Pakistan Limited	A+	A1	PACRA	5,762	200
The Bank of Punjab	AA+	A-1+	PACRA	41,603	217,099
Dubai Islamic Bank	AA-	A-1+	JCR-VIS	15,008,192	26,311
Faysal Bank Limited	AA	A-1+	JCR-VIS	2,990,461	5,568,550
Habib Metropolitan Bank	AA+	A-1+	PACRA	12,269	16,484
Habib Bank Limited	AAA	A-1+	JCR-VIS	6,330	2,674
MCB Bank Limited	AAA	A-1+	PACRA	1,762,007	118,624
National Bank of Pakistan	AAA	A1+	PACRA	172,068	10,241
Sonnet Bank Limited	AA-	A-1+	PACRA	1,513,657	1,047,040
Summit Bank Limited	Suspended		JCR-VIS	2,604,517	6,163,015
Sindh Bank Limited	A+	A-1	JCR-VIS	1,478	584,229
United Bank Limited	AAA	A-1+	JCR-VIS	97,667	158,848
The Punjab Provincial Bank	Not available			119,416	6,030
JS Bank Limited	AA-	A-1+	PACRA	87,895	553,205
MCB Bank Limited (Formerly NIB Bank Limited)	AAA	A-1+	PACRA	7,653	7,653
The Karakoram Cooperative Bank	Not available			2,524,020	2,334,403
Zaral Tarqati Bank Limited	AAA	A-1+	JCR-VIS	873,026	8,683,064
				27,900,941	28,275,707
Term deposit certificates					
JS Bank Limited	AA-	A-1+	PACRA	-	250,000,000
Summit Bank Limited	Suspended		JCR-VIS	118,750,338	79,965,467
Dubai Islamic Bank	AA-	A-1+	JCR-VIS	10,000,000	20,000,000
MCB Bank Limited	AAA	A-1+	PACRA	1,150,000	80,000
Allied Bank Limited	AAA	A-1+	PACRA	-	5,000,000
The Karakoram Cooperative Bank	Not available			16,800,000	10,000,000
Bank Islami Limited	A+	A-1+	PACRA	10,000,000	20,000,000
Sonnet Bank Limited	AA-	A-1+	PACRA	2,500,000	-
The Bank of Punjab	AA+	A-1+	PACRA	150,000	-
The Punjab Provincial Bank	Not available			782,000	-
United Bank Limited	AAA	A-1+	JCR-VIS	3,250,000	-
				162,382,338	385,045,467

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. The minimum paid-up capital requirement for non-life insurers is Rs. 500 million. The Company's current paid-up capital is well in excess of the limit prescribed by the SECP;

To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for the other stakeholders;

To provide an adequate return to shareholders by pricing Insurance contracts commensurately with the level of risk;

To maintain strong ratings and to protect the Company against unexpected events / losses; and

To ensure a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

42 FAIR VALUE OF NON FINANCIAL ASSET

Fair value is the price that would be received to sell an assets or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement of investment property is based on the valuation carried out by independent valuers M/s. Al-Shahbaz Surveyors (Private) Limited and M/s. Salam Associates (Private) Limited on the basis of market value. Fair value measurement of revalued premises is based on assumptions considered to be level 2 inputs.

Valuation techniques used to derive level 2 fair values

Fair value of freehold land and investment property was derived using sale comparison approach, standard appraisal procedures and physical site inspection. Sale prices of comparable land in close proximity is adjusted for differences in key attributes, such as location and size of the land. The most significant input in this valuation approach is price / rate per kanal / acre in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

43 STATEMENT OF SOLVENCY

2 0 2 1
Rupees

ASSETS

Property and equipment	
Office premises	
Furniture and fixtures	
Electric fittings and equipments	
Office equipments	
Motor vehicles	
Computers equipments	
	44,246,133
	9,684,836
	10,862,598
	2,020,027
	47,888,084
	635,554
	115,337,232
Intangible assets	
Investment Properties	
Investments	
Equity securities	
Debt securities	
Term deposit receipts	
	1,306,177,282
	402,638,123
	163,382,338
	1,872,197,743
Loans and other receivables	
Current assets - others	
Insurance / reinsurance receivables	
Re-insurance recoveries against outstanding claims	
Deferred commission expense	
Prepayments	
Cash and bank	
	799,710,582
	535,855,031
	329,200,886
	535,261,819
	27,915,325
	2,227,943,643
Total assets	
Total assets of takaful operations	
Total assets	
	4,362,072,361
	171,732,299
	4,533,804,660

2021
Rupees

Inadmissible Assets

Marketable securities	123,793,501
Premium due but unpaid	79,355,932
Furniture and fixtures	9,684,836
Electric fittings and equipments	10,862,598
Computers	635,554
Office equipment	2,020,027
Vehicles	47,888,084
Vehicles - Operators' Fund	1,300,267
Qard-e-Hasna	18,150,000
Receivable from PTF	83,454,307
Computer software	241,046
Capital working progress	705,000
Total inadmissible assets	378,091,153
Total admissible assets	4,155,713,507

LIABILITIES

Underwriting Provisions	798,276,118
Outstanding claims including IBNR	1,335,760,872
Unearned premium reserves	120,510,380
Unearned reinsurance commission	2,254,547,370
Retirement benefit obligations	2,679,452
Premium received in advance	45,610,434
Insurance / reinsurance payables	3,665,035
Other creditors and accruals	137,163,438
Deferred taxation	254,684
Taxation - net	69,763,189
Total Liabilities	2,513,683,602
Total liabilities of takaful operations	59,178,837
Total Liabilities	2,572,862,439
Total net admissible assets	1,582,851,068

Minimum Solvency Requirement (higher of following)

Method A - u/s 36(3)(a)	150,000,000
Method B - u/s 36(3)(b)	423,501,399
Method C - u/s 36(3)(c)	240,005,155
Excess in Net Admissible Assets over Minimum Requirements	423,501,399
	1,159,349,669

44 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organization declared the COVID-19 outbreak "Public Health Emergency of International Concern". Many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. The evolution of COVID-19 as well as its impact on the global and the local economy is difficult to predict at this stage. As of the release date of these financial statements, there has been no specifically material quantifiable impact of COVID-19 on the Company's financial condition or results of operations.

	2021	2020
	-----	Numbers -----
45 NUMBER OF EMPLOYEES		
Number of employees at the end of the year	151	155
Average number of employees	153	150

46 CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, where ever necessary for the purpose of comparison, the effect of which is not material.

47 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on _____ by the Board of Directors of the Company.

48 GENERAL

Figures have been rounded off to the nearest Pakistan rupee unless otherwise stated.






CHIEF EXECUTIVE OFFICER DIRECTOR DIRECTOR CHAIRMAN CHIEF FINANCIAL OFFICER

INDEPENDENT AUDITORS' REPORT

To the Members of East West Insurance Company Limited – Window Takaful Operations Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **East West Insurance Company Limited – Window Takaful Operations** (the Operator), which comprise of the statement of financial position as at December 31, 2021 and the profit and loss account, the statement of comprehensive income, the statement of changes in fund and the cashflows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors' 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.

Key Audit Matters

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



S. No	Key Audit Matter	How the matter was addressed in our audit
01	<p>Revenue Recognition</p> <p>Refer note 20 and 22 to the annexed financial statements</p> <p>The revenue of Participants' Takaful Fund of the Operator based on contribution earned and re-takaful rebate from takaful policies which comprises almost 99.98 % of total income.</p> <p>We identified revenue recognition as a key audit matter as it is one of the key performance indicators of the Operator and because of the potential risk that revenue transactions may not be recognized in the appropriate period.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of income; • Assessed the appropriateness of the Operator's accounting policy for recording takaful contributions in line with requirements of applicable accounting and reporting standards; • Tested the policies on sample basis where contributions were recorded close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate accounting period; • Recalculated the unearned portion of the contribution and re-takaful rebate and ensured that appropriate amount has been recorded as provision for unearned contribution reserve and re-takaful rebate. • Considered the adequacy of disclosure as per 'General Takaful Accounting Regulation 2019'.

Information Other than Financial Statements and Auditor's Report Thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and 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 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.

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

Other Matters

The financial statements of the Operator for the year ended December 31, 2020 were audited by another firm of chartered accountants who expressed unmodified opinion dated April 05, 2021.

The engagement partner on the audit resulting in this independent auditors' report is Imran Shaikh.



Crowe Hussain Chaudhury & Co.
Chartered Accountants

Place: Karachi

Date:

EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	Note	Operator's Fund		Participant's Takaful Fund	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
ASSETS		Rupees		Rupees	
Property and equipment	7	10,250,060	11,046,167	-	-
Investment property - at cost	8	33,482,748	35,245,000	-	-
Investment					
Term deposits		1,000,000	-	-	-
Accrued investment income	9	4,468	1,200	2,418	13,553
Qard-e-Hasna to Participants' Takaful Fund (PTF)	10	18,150,000	18,150,000	-	-
Takaful / re-takaful receivables	11	-	-	150,447,508	82,028,389
Receivable from PTF	12	83,454,307	41,212,140	-	-
Taxation - payment less provision	13	23,392	17,239	7,783	5,780
Deferred wakala fee expense		-	-	41,586,885	31,668,279
Deferred commission expense	23	24,336,954	17,075,306	-	-
Prepayments	14	810,300	226,000	61,240,665	45,757,947
Cash and bank	15	220,070	31,357	783,022	20,879,038
TOTAL ASSETS		171,732,299	123,004,409	254,068,281	180,352,986
FUND AND LIABILITIES					
Operators' Fund					
Statutory Fund		50,000,000	50,000,000	-	-
Accumulated profit		57,300,997	24,227,792	-	-
Total Operators Fund		107,300,997	74,227,792	-	-
Participants' Takaful Fund					
Ceded money		-	-	500,000	500,000
Accumulated surplus		-	-	30,618,322	15,104,934
Balance of Participant Takaful Fund		-	-	31,118,322	15,604,934
Qard-e-Hasna from Operator's Fund	10	-	-	18,150,000	18,150,000
LIABILITIES					
Underwriting provisions					
Unearned contribution reserve		-	-	110,072,202	86,086,761
Unearned Re-takaful rebate		-	-	9,412,256	6,804,133
Takaful / Re-takaful payable	16	-	-	119,484,458	92,890,894
Unearned wakala fee		41,586,885	31,668,279	816,714	10,130,951
Contribution received in advance		-	-	-	-
Payable to OPF	12	-	-	134,486	1,954,934
Other creditors and accruals	17	17,591,952	10,333,188	82,954,307	40,712,140
Payable to East West Insurance Company Limited	18	5,252,465	6,775,150	1,409,994	909,133
TOTAL LIABILITIES		64,431,302	48,776,617	204,799,959	146,598,052
TOTAL FUND AND LIABILITIES		171,732,299	123,004,409	254,068,281	180,352,986
CONTINGENCIES AND COMMITMENTS	19				

The annexed notes from 1 to 35 form an integral part of this financial information.

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[Signature]
CHAIRMAN

[Signature]
CHIEF EXECUTIVE OFFICER

[Signature]
DIRECTOR

[Signature]
DIRECTOR

[Signature]
CHIEF FINANCIAL OFFICER

EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021

	December 31 2021	December 31 2020
	-----Rupees-----	
Participants' Takaful Fund		
Surplus for the year	15,513,388	5,664,911
Other comprehensive income	-	-
Total comprehensive surplus for the year	<u>15,513,388</u>	<u>5,664,911</u>
Operator's Fund		
Profit for the year	33,073,205	13,138,474
Other comprehensive income	-	-
Total comprehensive income for the year	<u>33,073,205</u>	<u>13,138,474</u>

The annexed notes from 1 to 35 form an integral part of this financial information.

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CHAIRMAN

[Signature]

CHIEF EXECUTIVE OFFICER

[Signature]

DIRECTOR

[Signature]

DIRECTOR

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CHIEF FINANCIAL OFFICER

EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2021

		December 31 2021	December 31 2020
Participants' Takaful Fund	Note	-----Rupees-----	
Contributions earned	20	188,932,769	129,430,793
Less: Contributions ceded to retakaful	20	(150,751,067)	(105,817,755)
Net contributions revenue		38,181,702	23,613,038
Retakaful rebate	22	21,716,473	14,945,097
Net underwriting income		59,898,175	38,558,135
Net claims - reported / settled	21	(44,396,414)	(32,920,556)
Other direct expenses		(8,766)	(339)
Surplus before investment income		15,492,995	5,637,240
Investment income	26	40,787	55,342
Less: Modarib share of investment income	26	(20,394)	(27,671)
Surplus transferred to accumulated surplus		15,513,388	5,664,911
Operator's Fund			
Wakala fee	24	113,628,984	77,383,270
Commission expense	23	(66,890,410)	(46,793,159)
Management expenses	25	(16,133,240)	(18,821,683)
Modarib's share of PTF investment income		30,605,334	11,768,428
Investment income	26	20,394	27,671
Rental income		49,085	12,083
Other expenses	27	3,076,300	2,322,000
Profit for the period		(677,908)	(991,708)
		33,073,205	13,138,474

The annexed notes from 1 to 35 form an integral part of this financial information.

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CHAIRMAN

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CHIEF EXECUTIVE OFFICER

[Signature]

DIRECTOR

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DIRECTOR

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CHIEF FINANCIAL OFFICER

EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Operator's Fund		
	Statutory Fund	Accumulated (Losses) / Profit	Total
	----- Rupees -----		
Balance as at January 1, 2020	50,000,000	11,089,318	61,089,318
Total comprehensive income for the period			
Profit for the period	-	13,138,474	13,138,474
Balance as at December 31, 2020	50,000,000	24,227,792	74,227,792
Balance as at January 1, 2021	50,000,000	24,227,792	74,227,792
Total comprehensive income for the period			
Profit for the period	-	33,073,205	33,073,205
Balance as at December 31, 2021	50,000,000	57,300,997	107,300,997
	Participants' Fund		
	Ceded Money	Accumulated (Deficit) / Surplus	Total
	----- Rupees -----		
Balance as at January 1, 2020	500,000	9,440,023	9,940,023
Total comprehensive income for the period			
Surplus for the period	-	5,664,911	5,664,911
Balance as at December 31, 2020	500,000	15,104,934	15,604,934
Balance as at January 1, 2021	500,000	15,104,934	15,604,934
Total comprehensive income for the period			
Surplus for the period	-	15,513,388	15,513,388
Balance as at December 31, 2021	500,000	30,618,322	31,118,322

The annexed notes from 1 to 35 form an integral part of this financial information.

CHAIRMAN

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Operator's Fund		Participant's Takaful Fund	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	-----Rupees-----			
OPERATING CASH FLOWS				
(a) Takaful activities				
Contribution received	-	-	246,993,390	197,355,803
Retakaful contribution paid	-	-	(166,233,785)	(107,120,838)
Claims paid	-	-	(162,352,402)	(120,548,827)
Retakaful and recoveries received	-	-	117,955,988	87,628,271
Commission paid	(65,853,984)	(42,157,868)	-	-
Retakaful rebate received	-	-	24,324,596	14,430,145
Wakala fee received	123,547,590	77,350,449	-	-
Wakala fee paid	-	-	(123,547,590)	(77,350,449)
Modarib share received	20,394	27,671	-	-
Modarib share paid	-	-	(20,394)	(27,671)
Net cash flow tactful activities	57,714,000	35,220,252	(62,880,197)	(5,633,566)
(b) Other operating activities				
Income tax paid	(6,153)	368,678	(2,003)	9,209
Direct expenses paid	-	-	(8,766)	(339)
Other operating payment	(677,908)	1,765,459	-	-
Management expenses paid	(13,129,190)	(17,539,377)	-	-
Other operating receipts	(43,764,852)	(22,133,290)	42,743,028	25,644,760
Net cash flow from other operating activities	(57,578,103)	(37,538,530)	42,732,259	25,653,630
Total cash used in all operating	135,897	(2,318,278)	(20,147,938)	20,020,064
INVESTMENT ACTIVITIES				
Profit received on investment income	45,816	11,294	51,922	47,015
Rental income	1,007,000	2,322,000	-	-
Addition to investment	(1,000,000)	-	-	-
Total cash flow generated from / (used in) investing activities	52,816	2,333,294	51,922	47,015
Net cash flow from all activities	188,713	15,016	(20,096,016)	20,067,079
Cash and cash equivalents at beginning of the period	31,357	16,341	20,879,038	811,959
Cash and cash equivalents at end of the period	220,070	31,357	783,022	20,879,038
Reconciliation to profit and loss account:				
Operating cash flows	135,897	(2,318,278)	(20,147,938)	20,020,064
Depreciation	(2,558,360)	(2,757,167)	-	-
Investment income	45,816	11,294	51,922	47,015
Rental income	1,007,000	2,322,000	-	-
Increase / (decrease) in assets other than cash	50,097,537	21,904,174	93,811,311	4,824,149
Increase / (decrease) in liabilities	(15,654,685)	(6,023,549)	(58,201,907)	(19,226,317)
Profit / surplus for the period	33,073,205	13,138,474	15,513,388	5,664,911

The annexed notes from 1 to 35 form an integral part of this financial information.

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CHAIRMAN

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

EAST WEST INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

East West Insurance Company Limited (the Operator) has been allowed to undertake Window Takaful Operations (WTO) on May 08, 2018 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules 2012 to carry on General Window Takaful Operations in Pakistan.

For the purpose of carrying on the Takaful business, the Operator has formed a Participants' Takaful Fund (PTF) on April 06, 2018 under the Waqf deed. The Waqf deed governs the relationship of Operator and participants for management of takaful operations.

The registered office of the Operator is situated at 27, Regal Plaza, Jinnah Road, Quetta. The principal place of business is situated at Sarwar Shaheed Road, Lakson Square Building No. 03, 4th, Floor Karachi.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These financial statements are prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial accounting Standards (IFAS) issued by the Institute of Chartered Accountant of Pakistan, as are notified under the Companies Act 2017, provision of and directives issued under the Companies Act 2017, the Insurance Ordinance 2000, the Takaful Rules 2012 and the General Takaful Accounting Regulations 2019. In case requirements differ, the provision or directives of the Companies Act 2017, the Insurance Ordinance 2000, the Takaful Rules 2012 and the General Takaful Accounting Regulations 2019 shall prevail. These financial statements reflect the financial position and results of operations of both the company and PTF in a manner that the assets, liabilities, income and expenses of the company and PTF remain separately identifiable.

2.1 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is also the Operator's functional currency. All financial statements presented in Pak Rupees have been rounded to nearest Rupees, unless otherwise stated.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

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

There are certain new and amended standards, interpretations and amendments that are mandatory for the Operator's accounting periods beginning on or after January 1, 2021 but are considered not to be relevant or do not have any significant effect on the Operator's operations and therefore, have not been stated in these financial statements.

3.2 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are not yet effective

The following standards, amendments and interpretations of the accounting and reporting standards as applicable in Pakistan will be effective for accounting periods beginning on or after January 1, 2022:

Standards, amendments or interpretations

	Effective date (period beginning on or after)
- IFRS 16 - 'Leases' (amendments)	April 1, 2021
- IAS 16 - 'Property, plant and equipment' (amendments)	January 1, 2022
- IAS 37 - 'Provisions, contingent liabilities and contingent assets' (amendments)	January 1, 2022
- IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (amendments)	January 1, 2023
- IAS 12 - 'Income taxes' (amendments)	January 1, 2023
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2024

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023 and yet to be notified by the Securities and Exchange Commission of Pakistan.

4 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except that certain investments are stated at lower of cost and market value.

The financial statements have been prepared following the accrual basis of accounting except for the cash flow information.

4.1 Use of judgments and estimates

The preparation of financial statements in conformity with the requirements of accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and associated assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The judgments, estimates and associated assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates

The areas where assumptions and estimates are significant to the financial statements or judgment was exercised in application of accounting policies, are as follows:

	Note
- Unearned contribution reserve	6.5.2
- Contribution due but unpaid - net	6.5.3
- Provision for outstanding claims (including IBNR)	6.7
- Taxation (current and deferred)	6.2
- Unearned retakaful rebate	6.11
- Retakaful recoveries against outstanding claims	6.9
- Prepaid Retakaful contribution ceded	6.8.2
- Deferred commission expense	6.10.1

Judgments

In the process of applying the Operator's accounting policies, management has made following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Classification of investments

As the Operator's objective is to maintain an investment portfolio that can generate a constant return in terms of dividend and capital appreciation and not for the purpose of making short term profit from market volatility, all other debt, investment funds, and equity investment securities are classified as available-for-sale.

The Operator treats available-for-sale equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. In addition, the Operator evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

5 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organization declared the COVID-19 outbreak "Public Health Emergency of International Concern". Many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. The evolution of COVID-19 as well as its impact on the global and the local economy is difficult to predict at this stage. As of the release date of these financial statements, there has been no specifically material quantifiable impact of COVID-19 on the Company's financial condition or results of operations.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below:

6.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment in value, if any.

Depreciation is charged to profit and loss account applying the reducing balance method at the rates specified in the note 6 to the financial statements.

In respect of addition and disposal during the period, depreciation is charged from the month of acquisition and upto the month preceding the disposal respectively.

6.2 Investment property

These are assets held for capital appreciation and for rental earnings and are measured under the cost model. These are stated at cost less accumulated depreciation and impairment.

Investment property is derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposals and carrying amount of the asset is recognised in the Statement of profit or loss in the year of derecognition.

Transfers are made to or from the investment property only when there is a change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment upto the date of change in use.

Depreciation is charged to Statement of profit or loss using the straight-line method over their estimated useful lives at the rates disclosed in note 8 to these financial statements, whereby the cost of an asset less residual value is written-off over its estimated useful life. A full month's depreciation is charged for assets in the month of purchase and no depreciation is charged in the month of disposal.

Maintenance and normal repairs are charged to Statement of profit or loss as and when incurred. Major renewals and improvements, if any, are capitalised.

6.3 IFRS 9 - Financial Instruments and Amendment to IFRS 4 'Insurance Contracts-Applying IFRS 9 'Financial Instruments with IFRS 4

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan through its S.R.O. 229 (I)/2019 and is effective for accounting period / year ending on or after June 30, 2019.

IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

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

Temporary Exemption from Application of IFRS 9

As an insurance Operator, 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 fair value of the financial assets are not significantly different from their carrying amounts since these assets are short term in nature or are frequently repriced to market rate.

When adopted IFRS 9 replaces the existing IAS 39, 'Financial Instruments - Recognition and Measurement' and will affect the following two areas.

Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss (ECL) model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized. The ECL model involve significant judgments and estimation processes. The Operator is currently in the process of analyzing the potential impact of expected credit loss model upon adoption of IFRS 9.

6.4 Takaful contracts

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

A separate Participants Takaful Fund (PTF) is created in which all contribution received under general takaful contribution net off any government levies and administrative surcharge are credited. The role of Takaful Operator is of the management of the PTF. At the initial stage of the setup of the PTF, the Takaful Operator makes payment as ceded money to the PTF. The terms of the takaful contracts are in accordance with the generally accepted principles and norms of insurance business suitably modified with guidance by the Shariah Advisor of the Takaful Operator.

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

The Operator underwrites non-life takaful contracts that can be categorised into:

- Fire and property damage
- Marine, aviation and transport
- Motor
- Miscellaneous

Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Takaful contracts entered into by the Operator under which the contract holder is another takaful operator (inwards retakaful) of a facultative nature are included within the individual category of takaful contracts, other than those which fall under treaty. The takaful risk involved in these contracts is similar to the contracts undertaken by the Operator as takaful

Fire and property damage

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

Marine, aviation and transport

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

Motor

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

Miscellaneous

All other takaful contracts like machinery breakdown, bonds, cash in hand, cash in transit, personal accident, public liabilities, health, crop, livestock, travel, bankers and other financial institutions packages, product liabilities, professional indemnity, workers compensation etc. are included under Miscellaneous takaful cover.

6.5 Contribution

6.5.1 Contribution income earned

Contribution written under a policy is recognized as income over the period of takaful from the date of issue of the policy to which it relates to its expiry as follows:

- a) for takaful business, evenly over the period of the policy;
- b) for proportional retakaful business, evenly over the period of underlying retakaful policies; and
- c) for non-proportional retakaful business, on inception of the retakaful contract in accordance with the pattern of retakaful service.

Where the pattern of incidence of risk varies over the period of the policy, contribution is recognized as revenue in accordance with the pattern of incidence of risk.

Where contribution for a policy is payable in installments, full contribution for the duration of the policy is recognized as written at the inception of the policy and a related asset is set up in respect of the contribution receivable at a later date. Contribution is stated gross of commission payable to intermediaries and exclusive of taxes and duties levied on contributions.

6.5.2 Unearned contribution reserve

The unearned contribution reserve is the unexpired portion of the contribution including administrative surcharge which relates to business in force at the balance sheet date. Unearned contribution has been calculated by applying 1/24th method and proportionate method for policies covering a period of one year and other policies respectively as specified in the Insurance Rules, 2017.

6.5.3 Contribution due but unpaid - net

Contribution due but unpaid under takaful contracts is recorded as receivable when it is due, at the fair value of consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Operator reduces the carrying amount of the receivable accordingly and recognizes it as impairment loss in profit and loss account.

6.6 Claims expense

Takaful claims are charged to PTF and include all claims occurring during the year, whether reported or not, including external claims handling costs that are directly related to the processing and settlement of claims, reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years. Claims are charged to profit and loss account as incurred based on estimated liability for compensation owed under the takaful contracts.

6.7 Provision for outstanding claims (including IBNR)

The PTF recognises liability in respect of all claims incurred upto the balance sheet 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 a Takaful contract.

The provision for claims incurred but not reported (IBNR) is made at the balance sheet date, in accordance with SECP circular no. 9 of 2016. Since no historical data is available, provision for IBNR claims has not been recorded. However, any claim reported before finalization of accounts will be considered as IBNR claim.

6.8 Retakaful contracts

6.8.1 Retakaful expense

Contribution ceded is recognized as an expense over the period of retakaful from inception to which it relates to its expiry as follows:

- a) for proportional retakaful business, evenly over the period of the underlying policies;
- b) for non-proportional retakaful business, evenly over the period of indemnity.

Where the pattern of incidence of risk varies over the period of the policy, retakaful contribution is recognized as expense in accordance with the pattern of incidence of risk.

6.8.2 Prepaid retakaful contribution ceded

The portion of retakaful contribution ceded not recognized as an expense as at year end is recognized as prepaid retakaful contribution ceded. Unrecognized portion is determined in the same manner as for unearned contribution reserve.

6.9 Retakaful recoveries against outstanding claims

Claims recoveries receivable from retakaful operator are recognized as an asset at the same time as the claims, which give rise to the right of recovery, are recognized as a liability and are measured at the amount expected to be received.

6.10 Commission

6.10.1 Commission expense

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

6.11 Rebate from retakaful operators

Rebate income from retakaful is recognised at the time of issuance of the underlying takaful policy. These are deferred and recognized as liability and recognized in the profit and loss account as revenue in accordance with the pattern of recognition of retakaful contribution.

6.12 Wakala and Mudarib fee

The Operator manages the general takaful operations for the participants and charges 40% for fire and property, 40% for marine, aviation and transport, 35% for motor, 35% for miscellaneous and 20% for health, on gross contribution written including administrative surcharge as wakala fee against the services.

Wakala fee is recognised on the same basis as the related revenue is recognised. Unexpired portion of wakala fee is recognized as a liability of OPF and an asset of PTF.

The Operator also manages the Participants' Investment as Mudarib and charges 50% of the investment / deposit income earned by the PTF as Mudarib's share.

6.13 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.

6.14 Qard-e-Hasna

Qard-e-Hasna is provided by Operators' Fund to PTF in case of deficit in PTF. Qard-e-Hasna is recognised at the amount provided to PTF less impairment, if any. In the event of future surplus in the Participants' Takaful Fund, to which a Qard-e-Hasna has been made, the Qard-e-Hasna shall be repaid prior to distribution of surplus to Participants.

6.15 Revenue recognition

6.15.1 Participants' takaful fund

6.15.1.1 Contribution

The revenue recognition policy for contributions is given under note 6.2.1.

6.15.1.2 Rebate from retakaful operators

The revenue recognition policy for rebate from Re-takaful operators is given under note 6.6.2.

6.15.2 Operator's fund

The revenue recognition policy for wakala fee is given under note 6.7.

6.15.3 Participants' takaful fund / Operator's fund

6.15.3.1 Investment income

Profit on Investments, return on profit and loss sharing accounts and bank deposits are recognized on accrual basis.

6.16 Segment reporting

An operating segment is a component of the Operator that engages in business activities from which it may earn revenues and incur expenses. The Operator presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Rules, 2017 as the primary reporting format.

The Operator has four primary business segments for reporting purposes namely; fire and property damage, marine, aviation and transport; motor and miscellaneous. The nature and business activities of these segments are disclosed in note 6.3.

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

6.17 Financial instruments

Financial assets and financial liabilities are recognized when the Operator becomes a party to the contractual provisions of the instrument and derecognized 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 derecognition of the financial assets and liabilities is included in the net profit or loss account for the period in which it arises.

Financial instruments carried in the balance-sheet include investments, accrued investment income, takaful / retakaful receivables, receivable from PTF, cash and bank deposits, payable to OPF, other creditors and accruals and payable to East West Insurance Company Limited.

6.18 Off setting of financial asset and financial liabilities

Financial assets and financial liabilities are off-set and the net amount is reported in the financial statements when there is a legally enforceable right to set-off the recognized amount and the Operator intends either to settle on net basis, or realize the assets and to settle the liabilities simultaneously.

6.19 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the board of directors, it is in the interest of the Operator to do so.

6.20 Taxation

The profit of the Operator is taxed as part of total profit of the East West Insurance Company Limited as the Operator is not separately registered for tax purposes.

6.21 Foreign currencies

Transactions in foreign currency, if any, are converted into Pak rupees at the rate of exchange prevailing on the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into Pak rupees at the rate of exchange prevailing at the reporting date. Exchange difference are taken to profit and loss account.

6.22 Management expenses

Expenses allocated to the PTF represent directly attributable expenses and these are allocated to various revenue accounts on equitable basis. Expenses not directly allocable to PTF are charged to OPF.

6.23 Creditors, accruals and provisions

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

Provisions are recognised when the Operator / PTF 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.

Provisions will be reviewed at each balance sheet date and will be adjusted to reflect the current estimate.

7 PROPERTY AND EQUIPMENT

December 31, 2021							
Cost			Accumulated depreciation			Depre- ciation rate %	
As at January 1, 2021	Addition during the period	As at December 31, 2021	As at January 1, 2021	Depreciati- on for the period	As at December 31, 2021		
							Written down value
-----Rupees-----							
Office Premises	10,000,000	-	10,000,000	579,166	471,042	1,050,208	5%
Vehicles	2,300,000	-	2,300,000	674,666	325,067	999,733	20%
	12,300,000	-	12,300,000	1,253,832	796,109	2,049,941	
December 31, 2021 - audited	12,300,000	-	12,300,000	351,666	902,167	1,253,833	
						11,046,167	

8 INVESTMENT PROPERTY

December 31, 2020						
Cost			Accumulated depreciation			Depre ciatio n rate %
As at January 1, 2021	Addition during the period	As at December 31, 2021	As at January 1, 2021	Depreciat on for the period	As at December 31, 2021	
----- Rupees -----						
Office premises	-	38,000,000	2,755,000	1,762,253	4,517,253	5%
	-	38,000,000	2,755,000	1,762,253	4,517,253	
December 31, 2020 - audited	-	38,000,000	900,000	1,855,000	2,755,000	
					33,482,748	
					33,482,748	
					35,245,000	

Revaluation was carried out by the Company in the month of July 2021. The valuation exercise was carried out by independent valuers M/s. Al-Shahbaz Surveyors (Private) Limited and M/s. Salam Associates (Private) Limited and revalued market value is estimated at Rs. 38.7 million (2020: Rs. 38 million).

Rental income from investment property is Rs. 3.076 million (2020: Rs. 2.322 million).

Depreciation on this property is calculated using reducing balance method @5% calculated on written down value (WDV) of the property.

Note	Operator's Fund		Participants Takaful Fund	
	December 31,	December 31,	December 31,	December 31,
	2021	2020	2021	2020
	Rupees			
9 ACCRUED INVESTMENT INCOME				
Income accrued on savings account	4,468	1,200	2,418	13,553
	<u>4,468</u>	<u>1,200</u>	<u>2,418</u>	<u>13,553</u>
10 QARD-E-HASNA TO PARTICIPANT'S TAKAFUL FUND (PTF)				
Opening as at January 1st			18,150,000	18,150,000
Closing as at December 31st			<u>18,150,000</u>	<u>18,150,000</u>
11 TAKAFUL / RE-TAKAFUL RECEIVABLES (PTF)				
Participants' Takaful Fund				
Due from takaful participant holders			80,273,075	24,751,565
Due from other takaful / re-takaful operators			<u>70,174,433</u>	<u>57,276,824</u>
			<u>150,447,508</u>	<u>82,028,389</u>
12 RECEIVABLE FROM PTF / PAYABLE TO OPF				
Other receivable / payable	83,433,913	41,212,140	(82,933,913)	(40,712,140)
	<u>83,433,913</u>	<u>41,212,140</u>	<u>(82,933,913)</u>	<u>(40,712,140)</u>
13 TAXATION - PAYMENT LESS PROVISION				
Tax deducted at source	23,392	17,239	7,783	5,780
14 PREPAYMENTS				
Prepaid retakaful contribution ceded	-	-	61,240,665	45,757,947
Other prepayments	810,300	226,000	-	-
	<u>810,300</u>	<u>226,000</u>	<u>61,240,665</u>	<u>45,757,947</u>

		Operator's Fund		Participants Takaful Fund	
		December 31, 2021 (Unaudited)	December 31, 2020 (Audited)	December 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Note					
-----Rupees-----					
15	CASH AND BANK				
	Cash at bank				
	Current accounts	1,337	1,337	75	75
	Savings accounts	218,733	30,020	782,947	20,878,963
15.1		220,070	31,357	783,022	20,879,038
These represent profit and loss sharing accounts carrying profit rates ranging from 5% to 10% (2019: 7% to 10%) per annum.					
		December 31, 2021 (Unaudited)	December 31, 2020 (Audited)	December 31, 2021 (Unaudited)	December 31, 2020 (Audited)
-----Rupees-----					
16	TAKAFUL / RETAKAFUL PAYABLE (PTF)				
	Participants' Takaful Fund				
	Due to other takaful / re-takaful				
	Local			816,714	10,130,951
				816,714	10,130,951
17	OTHER CREDITORS AND ACCRUALS				
		Operator's Fund		Participants Takaful Fund	
	Salaries payable	786,810	925,706	-	-
	Staff provident fund	467,452	396,952	-	-
	Commission payable	15,028,281	6,730,207	-	-
	Withholding tax payable	23,187	83,052	-	-
	Accrued expenses	1,286,222	2,197,271	1,409,994	909,133
		17,591,952	10,333,188	1,409,994	909,133
18	PAYABLE TO EAST WEST INSURANCE COMPANY LIMITED (OPF)				
This represents the amount payable in respect of expenses incurred by East West Insurance Company Limited on behalf of the Operator.					
19	CONTINGENCIES AND COMMITMENTS				
There were no contingencies and commitments outstanding as at December 31, 2021 (December 31, 2020: Nil).					

		December 31, 2021	December 31, 2020
	Note	-----Rupees-----	
20 NET TAKAFUL CONTRIBUTION			
		Participants' Takaful Fund	
Written gross contribution		326,547,194	206,477,181
Wakala fee		(113,628,984)	(77,383,270)
Contribution net of wakala	24	212,918,210	129,093,911
Unearned contribution reserve -Opening		86,086,761	86,423,643
Unearned contribution reserve -Closing		(110,072,202)	(86,086,761)
Contribution earned		188,932,769	129,430,793
Less:			
Re-takaful contribution ceded		166,233,785	107,120,838
Prepaid retakaful contribution		45,757,947	44,454,864
ceded-Opening		(61,240,665)	(45,757,947)
Prepaid retakaful contribution		150,751,067	105,817,755
ceded -Closing		38,181,702	23,613,038
Retakaful expense			
21 NET TAKAFUL CLAIMS			
Claim expense / paid		162,352,402	120,548,827
Retakaful and other recoveries received		(117,955,988)	(87,628,271)
22 RETAKAFUL REBATE		44,396,414	32,920,556
Retakaful rebate received		24,324,596	14,430,145
Unearned retakaful rebate - opening		6,804,133	7,319,085
Unearned retakaful rebate - closing		(9,412,256)	(6,804,133)
Rebate from takaful operator		21,716,473	14,945,097
23 COMMISSION EXPENSE			
		Operators' Fund	
Commission paid		74,152,058	44,297,329
Deferred commission expense - opening		17,075,306	19,571,136
Deferred commission expense - closing		(24,336,954)	(17,075,306)
24 WAKALA EXPENSE		66,890,410	46,793,159
		Participants' Takaful Fund	
Gross wakala fee		123,547,590	77,350,449
Deferred wakala expense - opening		31,668,279	31,701,100
Deferred wakala expense - closing		(41,586,885)	(31,668,279)
Deferred wakala expense		113,628,984	77,383,270

24.1 The operator manages the general takaful operations for the participants' and charges 40% for fire, 35% for motor, 40% for marine and 35% for miscellaneous classes, of gross contribution including administrative surcharges as wakala fee against the services.

	December 31, 2021	December 31, 2020
Note	-----Rupees-----	
25 MANAGEMENT EXPENSES		
Salaries, allowances and employee benefit		
Staff welfare expenses	10,118,454	12,349,315
Depreciation expenses	60,672	34,655
Office rent and maintenance	2,558,360	2,757,167
Motor vehicle running expense	1,881,006	1,995,987
Printing and stationary	41,330	188,517
Postage and telegram	3,830	5,328
Utility expenses	1,200	3,406
Repair and maintenance	263,437	260,513
Computer Expenses	400	22,590
Newspaper and periodicals	-	3,000
Shariah registrar fees	935	1,170
Bank charges	1,200,000	1,200,000
	3,616	35
	16,133,240	18,821,683
26 INVESTMENT INCOME		
Return on bank balances		
- Return on saving Accounts		
Total investment income	49,085	12,083
	49,085	12,083
Return on bank balances		
- Return on saving Accounts		
Less: Investment related expense		
	40,787	55,342
	(20,394)	(27,671)
	20,393	27,671
27 OTHER EXPENSES		
Auditor's remuneration		
	677,908	991,708
	677,908	991,708

28 RELATED PARTY TRANSACTION

The Operator has related party comprise of the associates, subsidiary company, directors, key management personnel and staff retirement funds. All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions. Detail of related parties transactions with balances are as follows:

Relationship with the Company	Basis of Relationship	2021	2020
		-----Rupees-----	
Loan received from East West Insurance Company Limited	Window Takaful Operator	(1,522,685)	2,634,603
Loan paid from East West Insurance Company Limited			

Remuneration Paid

Sohail Nazeer	Head of Window Takaful Operation	Key Management Personal	200,000	-
Sajjad Usmani	Shariah Advisor	Key Management Personal	1,200,000	1,200,000
Mushtaq Hussain	Ex-Head of Window Takaful Operation	Key Management Personal	531,667	-
Abdul Hakeem Siddiqui	Ex-Head of Window Takaful Operation	Key Management Personal	-	956,667

Year end balances**Payable to related parties**

East West Insurance Company Limited	5,252,465	6,775,150
Key management personnel	300,000	306,667
	<u>5,552,465</u>	<u>7,081,817</u>

29 SEGMENT REPORTING

Operator's Fund	Fire and property damage	Marine, aviation and transport	Motor	Engineering	Miscellaneous	Total
December 31, 2021						
Rupees						
Wakala fee earned	42,944,139	18,937,170	30,788,786	18,887,793	2,071,096	113,628,984
Commission expense	(26,386,452)	(12,548,870)	(17,835,570)	(8,889,669)	(1,229,849)	(66,890,410)
Management expenses	(6,097,283)	(2,688,732)	(4,371,445)	(2,681,722)	(294,058)	(16,133,240)
Underwriting results	10,460,404	3,699,568	8,581,771	7,316,402	547,190	30,605,334
Mudarib's share of PTF investment income						20,394
Direct expenses						(677,908)
Investment income						49,085
Rental income						3,076,300
Profit before taxation for the year						33,073,205
Corporate segment assets	11,060,292	3,899,271	5,615,290	3,169,798	592,303	24,336,954
Corporate unallocated assets						147,395,345
Total assets						171,732,299
Corporate segment liabilities	19,004,811	5,488,106	8,803,068	7,301,302	989,598	41,586,885
Corporate unallocated liabilities						22,844,417
Total liabilities						64,431,302

Operator's Fund	Fire and property damage	Marine, aviation and transport	Motor	Engineering	Miscellaneous	Total
December 31, 2020						
Rupees						
Wakala fee earned	30,720,041	12,243,407	20,608,052	12,937,643	874,127	77,383,270
Commission expense	(18,759,631)	(8,008,906)	(12,185,225)	(7,401,695)	(437,702)	(46,793,159)
Management expenses	(7,471,936)	(2,977,924)	(5,012,430)	(3,146,781)	(212,611)	(18,821,682)
Underwriting results	4,488,474	1,256,577	3,410,397	2,389,167	223,814	11,768,429
Mudarib's share of PTF investment income						27,671
Direct expenses						(991,708)
Investment income						12,083
Rental income						2,322,000
Profit before taxation for the year						13,138,475
Corporate segment assets	6,427,773	1,259,213	6,554,673	2,612,479	221,168	17,075,306
Corporate unallocated assets						105,929,103
Total assets						123,004,409
Corporate segment liabilities	10,707,168	1,618,479	12,568,809	6,197,606	576,217	31,668,279
Corporate unallocated liabilities						17,108,338
Total liabilities						48,776,617

Participants' Takaful Fund

Participants' Fund	Fire and property damage	Marine, aviation and transport	Motor	Engineering	Miscellaneous	Total
December 31, 2021						
Rupees						
Written gross contribution including administrative surcharge	128,104,454	57,016,993	77,208,700	57,118,540	7,098,507	326,547,194
Gross direct contribution	39,120,746	16,292,136	10,046,700	33,744,724	2,379,664	101,583,970
Facultative inward contribution	87,059,664	39,948,759	66,653,481	22,133,697	4,613,938	220,419,539
Administrative surcharge	1,924,044	776,098	498,519	1,240,119	104,905	4,543,685
Wakala Fee	(42,944,139)	(18,937,170)	(30,788,786)	(18,887,793)	(2,071,096)	(113,628,984)
Contribution earned	64,421,554	28,405,755	57,179,175	35,077,332	3,848,953	188,932,769
Retakaful expense	(67,812,339)	(27,425,442)	(22,980,956)	(29,277,499)	(3,259,831)	(150,751,067)
Net takaful contribution	(3,390,785)	980,313	34,198,219	5,804,833	589,122	38,181,702
Retakaful rebate earned	10,207,882	4,124,372	3,949,978	2,945,264	488,977	21,716,473
Net underwriting income	6,817,097	5,104,685	38,148,197	8,750,097	1,078,099	59,898,175
Takaful claims	(59,167,161)	(29,230,305)	(37,845,536)	(32,966,132)	(3,143,268)	(162,352,402)
Takaful claims recovered from retakaful	52,611,377	22,536,929	13,195,286	26,807,322	2,805,074	117,955,988
Net claims	(6,555,784)	(6,693,376)	(24,650,250)	(6,158,810)	(338,194)	(44,396,414)
Direct expenses	(8,766)	-	-	-	-	(8,766)
Surplus/(Deficit) before investment income	252,547	(1,588,691)	13,497,947	2,591,287	739,905	15,492,995
Investment income	-	-	-	-	-	40,787
Modarib's share of investment income	-	-	-	-	-	(20,394)
Surplus transferred to accumulated surplus	-	-	-	-	-	15,513,388
Corporate segment assets	86,360,736	38,079,520	76,651,917	47,023,147	5,159,738	253,275,058
Corporate unallocated assets	-	-	-	-	-	793,223
Total assets	-	-	-	-	-	254,068,281
Segment Liabilities	41,065,678	18,107,318	36,449,006	22,360,132	2,453,524	120,435,658
Unallocated Liabilities	-	-	-	-	-	84,364,301
	-	-	-	-	-	204,799,959

Participants' Fund	Fire and property damage	Marine, aviation and transport	Motor	Engineering	Miscellaneous	Total
December 31, 2020						
Rupees						
Written gross contribution including administrative surcharge	73,213,506	28,455,215	64,260,675	37,971,742	2,576,043	206,477,181
Gross direct contribution	9,710,540	7,743,688	18,507,827	20,498,878	106,038	56,566,971
Facultative inward contribution	63,076,358	20,337,545	44,836,008	16,775,993	2,470,005	147,495,909
Administrative surcharge	426,608	373,982	916,840	696,871	-	2,414,301
Wakala Fee	(30,720,041)	(12,243,407)	(20,608,052)	(12,937,543)	(874,127)	(77,383,270)
Contribution earned	46,074,717	18,365,109	38,272,098	24,027,053	2,691,816	129,430,793
Retakaful expense	(36,567,911)	(22,057,217)	(19,495,075)	(25,913,897)	(1,783,655)	(105,817,755)
Net takaful contribution	9,506,806	(3,692,108)	18,777,023	(1,886,844)	908,161	23,613,038
Retakaful rebate earned	5,449,153	3,308,575	2,732,172	3,187,649	267,548	14,945,097
Net underwriting income	14,955,959	(383,533)	21,509,195	1,300,805	1,175,709	38,558,135
Takaful claims	(48,856,708)	(21,341,176)	(20,491,812)	(25,253,325)	(4,605,806)	(120,548,827)
Takaful claims recovered from retakaful	38,352,868	16,312,953	9,026,766	21,654,984	2,280,700	87,628,271
Net claims	(10,503,840)	(5,028,223)	(11,465,046)	(3,598,341)	(2,325,106)	(32,920,556)
Direct expenses	(339)	-	-	-	-	(339)
Surplus/(Deficit) before investment income	4,451,780	(5,411,756)	10,044,149	(2,297,536)	(1,149,397)	5,637,240
Investment income	-	-	-	-	-	55,342
Modarib's share of investment income	-	-	-	-	-	(27,671)
Surplus transferred to accumulated surplus	-	-	-	-	-	5,664,911
Corporate segment assets	56,762,583	22,625,229	47,150,005	29,600,564	3,316,232	159,454,614
Corporate unallocated assets	-	-	-	-	-	20,898,371
Total assets	-	-	-	-	-	180,352,985
Segment Liabilities	37,369,588	14,895,296	31,041,157	19,487,500	2,183,238	104,976,779
Unallocated Liabilities	-	-	-	-	-	41,621,272
	-	-	-	-	-	146,598,051

30 MANAGEMENT OF TAKAFUL AND FINANCIAL RISK

The risks involved with financial instruments and the Operator's approach to managing such risks are discussed below.

30.1 Takaful risk

The risk under a takaful contract is the possibility that the covered event occurs and the uncertainty of the amount of the resulting claim. By the very nature of a takaful contract, this risk is random and therefore unpredictable. The principal risk faced under such contracts is that the occurrence of the covered events and the severity of reported claims. The Operator's risk profile is improved by diversification of these risks of losses to a large portfolio of contracts as a diversified portfolio is less likely to be affected by an unexpected event in single subset.

The Operator principally issues the general takaful cover. Risks under these policies usually cover a twelve month duration. For general takaful contracts, the most significant risks arise from fire.

Underwriting limits and retention policies and procedures precisely regulate who is authorized and accountable for concluding takaful and retakaful contracts and at what conditions. Compliance with these guidelines is regularly checked and developments in the global, regional and local markets are closely observed, reacting where necessary with appropriate measures that are translated without delay into underwriting guidelines, if required.

The primary risk control measure in respect of the Takaful risk is the transfer of the risks to third parties via retakaful. The retakaful business ceded is placed on a proportional and non proportional basis with retention limits varying by lines of business.

Frequency and severity of claims

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

The Operator class wise major risk exposure is as follows:

- Fire and property damage
- Marine, aviation and transport
- Motor
- Miscellaneous

The primary risk control measure in respect of the takaful risk is the transfer of the risks to third parties via retakaful. The retakaful business ceded is placed on a proportional and non proportional basis with retention limits varying by lines of business.

Retakaful is used to manage takaful risk. Although the Operator has retakaful arrangements, it does not, however, discharge the Operator's liability and thus a credit risk exposure remains with respect to retakaful ceded to the extent that any retakaful operator may be unable to meet its obligations under such retakaful arrangements. The Operator minimizes such credit risk by entering into retakaful arrangements with retakaful operators having good credit ratings, which are reviewed on a regular basis. The creditworthiness of retakaful operators is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

Uncertainty in the estimation of future claims payment

Claims on general takaful contracts are payable on a claim occurrence basis. The PTF is liable for all covered events that occur during the term of the takaful contract including the event reported after the expiry of the takaful contract term.

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

There are several variable factors which affect the amount and timing of recognized claim liabilities. The operations takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be significantly different from initial recognized amount.

Claims development

The development of claims against takaful contracts written is not disclosed as uncertainty about the amount and timing of claim settlement is usually resolved within one year. Statement of age-wise breakup of unclaimed takaful benefits is not presented as there are no claims that are past due for more than 6 months.

30.1.1 Sensitivity analysis

The Operator believes that the claim liabilities under takaful contracts outstanding at the year end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The impact on the PTF surplus of the changes in the claim liabilities net of retakaful is analysed below. The sensitivity to changes in claim liabilities net of retakaful is determined separately for each class of business while keeping all other assumptions constant. Sensitivity analysis is not presented as there is no claim payable by the Operator as at the reporting date.

30.2 Retakaful risk

Retakaful ceded does not relieve the PTF from its obligation towards participants and, as a result, the PTF remains liable for the portion of outstanding claims covered through retakaful to the extent that retakaful operators fail to meet the obligation under the retakaful agreements.

Rating	2021			2020		
	Amount due from Re-takaful operators	Re-takaful recoveries against outstanding	Other Retakaful assets	Amount due from Re-takaful operators	Re-takaful recoveries against outstanding	Other Retakaful assets
A or above (including PRCL)	70,174,433	-	61,240,665	57,276,824	-	45,757,947

30.3 Credit risk

Credit risk is the risk that the counter party to a financial instrument will cause a financial loss for the Operator by failing to discharge an obligation. The Operator's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements.

30.3.1 Exposure to credit risk

The maximum exposure to credit risk before any credit enhancements at December 31, 2020 is the carrying amount of the financial assets as set out below:

	2021			2020		
	Operator's Fund	Participants' Fund	Aggregate	Operator's Fund	Participants' Fund	Aggregate
	Rupees			Rupees		
Accrued investment income	4,468	2,418	6,886	1,200	13,553	14,753
Takaful / retakaful receivables	-	150,447,508	150,447,508	-	82,028,389	82,028,389
Receivable from PTF	83,454,307	-	83,454,307	41,212,140	-	41,212,140
Cash and bank	220,070	783,022	1,003,092	31,357	20,879,038	20,910,395
	83,678,845	151,232,948	234,911,793	41,244,697	102,920,980	144,165,677

30.3.2 Concentration of credit risk

Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Operator's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. Provision for impairment is made for doubtful receivables according to the Operator's policy. The remaining past due balances were not impaired as they relate to a number of policy holders and other takaful / retakaful operators for whom there is no history of default. The credit quality of the banks with which Operator has balances can be assessed with reference to external credit ratings.

30.4 Impaired assets

The impairment provision is written-off when the Operator expects that it cannot recover the balance due. During the year, receivables of Rs. Nil were provided for or impaired.

30.5 Liquidity risk

Liquidity risk is the risk that the Operator will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Operator could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Operator's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Operator's reputation. In the case of the Operator, the liquidity level remained on satisfactory level during the year and Operator did not face any difficulty in generation of liquidity.

East West Insurance Company Limited - Window Takaful Operations

The following are the contractual maturities of financial liabilities on an undiscounted cashflow basis:

Operator's Fund	December 31, 2021			
	Carrying amount	Contractual cash flows	Upto one year	Over one year

-----Rupees-----

Financial liabilities

Other creditors and accruals
Payable to East West Insurance
Company Limited

17,568,765 17,568,765 17,568,765 -

5,252,465 5,252,465 5,252,465 -

22,821,230 22,821,230 22,821,230 -

Operator's Fund	December 31, 2020			
	Carrying amount	Contractual cash flows	Upto one year	Over one year

-----Rupees-----

Financial liabilities

Other creditors and accruals
Payable to East West Insurance
Company Limited

10,250,136 10,250,136 10,250,136 -

6,775,150 6,775,150 6,775,150 -

17,025,286 17,025,286 17,025,286 -

Participants' Fund	December 31, 2021			
	Carrying amount	Contractual cash flows	Upto one year	Over one year

-----Rupees-----

Financial liabilities

Payable to OPF
Other creditors and accruals

82,954,307 82,954,307 82,954,307 -

1,409,994 1,409,994 1,409,994 -

84,364,301 84,364,301 84,364,301 -

Participants' Fund	December 31, 2020			
	Carrying amount	Contractual cash flows	Upto one year	Over one year

-----Rupees-----

Financial liabilities

Payable to OPF
Other creditors and accruals

40,712,140 40,712,140 40,712,140 -

909,133 909,133 909,133 -

15,976,512 15,976,512 15,976,512 -

30.6 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. The Operator manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the investment committee. Market risk comprises of three types of risk: currency risk, profit rate risk and price risk.

30.6.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

30.6.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. Majority of the profit rate exposure arises from Term Deposits. The information about the exposure to profit rate risk based on contractual reprising or maturity dates whichever is earlier is as follows:

	2021			2020		
	Operator's Fund	Participants' Fund	Aggregate	Operator's Fund	Participants' Fund	Aggregate
	Rupees			Rupees		
Variable rate instruments						
Financial assets	220,070	783,022	1,003,092	31,357	20,879,038	20,910,395
	220,070	783,022	1,003,092	31,357	20,879,038	20,910,395

Sensitivity analysis for fixed rate instruments

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

Sensitivity analysis for variable rate instruments

Presently, the Operator does not hold any variable rate instrument and is not exposed to profit rate risk except for balances in certain profit and loss sharing accounts, the profit rate on which range between 4.1% to 8.2% (2019: 5.5% to 9.6%) per annum.

An increase of 100 basis points in profit rates would have increased the profit and loss by the amounts shown below. Reduction in profit rates by 100 basis points would have a vice versa impact. This analysis assumes that all variables remain constant.

Operator's Fund	Profit / (loss) for the year / period		Total equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease

As at December 31, 2021
Sensitivity

2,187	(2,187)	2,187	(2,187)
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As at December 31, 2020
Sensitivity

300	(300)	300	(300)
-----	-------	-----	-------

Participants' Fund	Surplus / (deficit) for the year / period		Total equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease

As at December 31, 2021
Sensitivity

7,829	(7,829)	7,829	(7,829)
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As at December 31, 2020
Sensitivity

208,790	(208,790)	208,790	(208,790)
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Above sensitivities are calculated on the assumption that all factors remain constant except profit rates and resulting variation in fair values of the investments and impact on the profit and loss.

The Operator monitors the profit rate environment on a regular basis and alters the portfolio mix of fixed and floating rate securities.

The Operator's policy requires the management to manage this risk by measuring the mismatch of the profit rate sensitivity gap of financial assets and liabilities and calculating the average duration of the portfolio of fixed profit securities.

The average effective duration of the Operator's portfolio is a measure of the sensitivity of the fair value of the Operator's fixed profit securities to changes in market profit rates.

The Operator's policy refrains from holding profit bearing instruments that induce the average effective duration of the fixed profit portfolio to pass the benchmark of the average duration.

30.6.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Operator is not exposed to any such risk.

31 CAPITAL MANAGEMENT

The objectives, policies and processes for managing capital of the Operator are as follows:

- to be an appropriately capitalized institution, as defined by regulatory authorities and comparable to the peers;
- maintain strong rating and to protect the Operator against unexpected events;
- availability of adequate capital at reasonable cost so as to enable the Operator to expand; and
- achieve low cost of capital with appropriate mix of capital elements.

32 STATEMENT OF SOLVENCY - PTF

	December 31, 2021	December 31, 2020
	Participants' Takaful Fund	Participants' Takaful Fund
ASSETS		
Accrued Investment Income	2,418	13,553
Takaful/ retakful receivable	150,447,508	82,028,389
Taxation deducted at source	7,783	5,780
Deferred Wakala expense	41,586,885	31,668,279
Prepayments	61,240,665	45,757,947
Bank balances	783,022	20,879,038
Total Assets (A)	254,068,281	180,352,986
In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000		
Takaful/ retakful receivable	37,975,599	24,502,744
Total In-admissible Assets (B)	37,975,599	24,502,744
Total Admissible Assets (C=A-B)	216,092,682	155,850,242
LIABILITIES		
PTF Underwriting provisions	110,072,202	86,086,761
Unearned contribution reserve	9,412,256	6,804,133
Unearned retakaful rebate	134,486	1,954,934
Contribution received in advance	82,954,307	40,712,140
Payable to OPT	816,714	10,130,951
Takaful / retakaful payable	1,409,994	909,133
Other creditors and accruals		
Total Liabilities (D)	204,799,959	146,598,052
Total Net Admissible Assets (E=C-D)	11,292,723	9,252,190

32.1 In the absence of any specific guidance, "prepaid re-takaful contribution ceded" has been treated as admissible

33 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences may arise between the carrying values and the fair values estimates.

The Operator measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input for which the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input for which the fair value measurement is unobservable.

34 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on _____ by the Board of Directors of the Operator.

35 GENERAL

Figures have been rounded off to the nearest rupee unless otherwise stated.


CHAIRMAN


CHIEF EXECUTIVE OFFICER


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

EAST WEST INSURANCE CO., LIMITED
Pattern of Shareholdings
As At December 31, 2021

Number of Shareholders	Shareholdings		Share Held	Percentage
	From	To		
28	1	200	3,522	0.0026
177	201	500	49,716	0.0365
7	501	1,000	4,020	0.0030
6	1,001	5,000	16,725	0.0123
4	5,001	10,000	26,162	0.0192
9	10,001	25,000	203,558	0.1496
7	25,001	30,000	191,526	0.1407
6	30,001	35,000	200,418	0.1473
6	35,001	50,000	260,340	0.1913
9	50,001	70,000	531,565	0.3906
3	70,001	1,000,000	287,905	0.2116
1	1,000,001	2,000,000	1,964,832	1.4438
1	2,000,001	3,000,000	2,472,033	1.8165
2	3,000,001	5,000,000	8,856,327	6.5079
4	5,000,001	6,000,000	22,328,886	16.4079
2	6,000,001	7,000,000	12,388,882	9.1037
2	7,000,001	9,000,000	14,934,438	10.9743
2	9,000,001	10,000,000	18,515,165	13.6055
4	10,000,001	11,000,000	41,565,724	30.5437
1	11,000,001	12,000,000	11,284,437	8.2921
281			136,086,181	100.0000

Categories Of Shareholders	Number	Share Held	Percentage
CEO, Directors and their spouses and minor children	12	62,938,066	46.2487
Joint Stock Companies, Insurance Companies, Investment Companies & Modaraba	2	11,291,722	8.2975
Individual	267	61,856,393	45.4538
Total	281	136,086,181	100.0000

Information as required under the Code of Corporate Governance

Categories of Shareholders	Shareholders	Share Held	Percentage
<u>Associated Company</u>			
M/s. Askari Life Assurance Co., Ltd.	1	7,285	0.0054
M/s. East West Holding Company Ltd.	1	11,284,437	8.2921
<u>CEO, Directors, their Spouses and Minor Children</u>			
Chief Justice (R) Mian Mahboob Ahmed	1	4,889	0.0036
Javed Yunus	1	5,813,067	4.2716
Pervez Yunus	1	10,232,763	7.5193
Naved Yunus	1	9,254,133	6.8002
Saad Yunus	1	6,267,538	4.6056
Urooj Yunus Ansari	1	4,076,490	2.9955
Umeed Ansari	1	1,819	0.0013
Ahsan Mahmood Alvi	1	1,652	0.0012
Mazhar Zubair Abbasi	1	575	0.0004
Ambreen N. Yunus	1	10,480,896	7.7017
Rubina J. Yunus	1	10,682,900	7.8501
Samina P. Yunus	1	6,121,344	4.4981
Individual	267	61,856,393	45.4538
Total	281	136,086,181	100.0000