

AA+

Rated by: PACRA & VIS

UIG
Group of Companies



FOCUSED ON OUTCOMES

ANNUAL REPORT

2021

UIC
PAKISTAN
Rated AA+ by PACRA & VIS
تحفظ کی علامت

The United Insurance
Company of Pakistan Ltd.

TAMEEM
التأميم
UNITED
WINDOW TAKFUL
OPERATOR

KEY INFORMATION 2021

AA+

Rated by: PACRA & VIS

Rupees in Millions

6,580

Premium
2021

(Including Takaful
Contribution)

5,722

Premium
2020

(Including Takaful
Contribution)

2,068

Gross
Claims

10,543

Total
Assets

1,057

Profit
Before Tax

809

Profit
After Tax

950

Underwriting
Results

1,696

Total
Investments

4,318

Shareholders
Equity

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UNITED INTERNATIONAL GROUP

We're leading our sector and working with our clients to advance the cause of sustainability — even in places where you might not expect us.





The United Insurance Company of Pakistan Ltd.

The United Insurance Company of Pakistan Limited, a leading insurance provider in Pakistan, was established in the year 1959 on the 20th day of October. It was operational in Pakistan including East Pakistan (now Bangladesh). UIC has established a large network of branches throughout Pakistan currently operating 150 branches all over Pakistan. UIC doing General business including Group Health Insurance, Travel Insurance (Health), Travel Bonds & Guarantees, Livestock and Crop Insurance.

UIC is a part of the United International Group (UIG) as well as the company is a public limited company listed on Pakistan Stock Exchange Limited (Formerly Karachi Stock Exchange Limited).

Our traditional business model is based on cost effective risk management solutions to our policyholders through highest level of quality. We are dedicated to our customer as well as our shareholders to maximize their profits depending on the variables that are factored in with the investments. We are leading the insurance sector and working with our clients to advance the cause of sustainability even in the rural areas.

With our experience, global resources and vision we aim to provide financial certainties and eliminate financial risk from this uncertain world. Hence our motto "Your risk is secure with us" serves this purpose.



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CORPORATE CALENDAR 2021

**March
24 & 25,
2021**

Audit Committee and Board of Directors meeting to consider annual accounts of the Company for the year ended December 31, 2020.

**April 30,
2021**

Annual General Meeting of Shareholders to consider annual accounts of the Company for the year ended December 31, 2020.

**August
26 & 27,
2021**

Audit Committee and Board of Directors meeting to consider half yearly accounts of the Company for the half year ended June 30, 2021.

**April 29 &
30, 2021**

Audit Committee and Board of Directors meeting to consider quarterly accounts of the Company for the quarter ended March 31, 2021.

**October
29 & 30,
2021**

Audit Committee and Board of Directors meeting to consider quarterly accounts of the company for the quarter ended September 30, 2021.

VISION & MISSION STATEMENT



OUR VISION

As an Insurance Company – to be the
“FIRST CHOICE”.



OUR MISSION

By adopting insurance technologies will meet the global requirements for the regulators' compliances, enhance confidence of shareholders, country's business community & generate revenue in the shape of taxes.

CORE VALUES

UIC believes in providing high quality solutions to risk exposures to the fulfillment of its customers thought:

- | | | |
|------------------------------|---|------------------------------------------------------------------------------------------|
| • Integrity | : | To treat everyone fairly and honestly |
| • Customer Centricity | : | To put our customers at the heart of all we do |
| • Sustainable Value Creation | : | To create and sustain value for our customers, our shareholders, our people and society. |
| • Excellence | : | To aim for the highest quality and strive for continuous Improvement in all that we do |
| • Teamwork | : | To work together as a team |

BOARD OF DIRECTORS



Muhammad Akram Shahid

CHIEF EXECUTIVE OFFICER

BOARD OF DIRECTORS



Jamil Ahmed Khan

CHAIRMAN



Muhammad Rahat Sadiq

DIRECTOR



Huma Waheed

DIRECTOR



Khawas Khan Niazi

DIRECTOR



Agha Ali Imam

DIRECTOR



Syed Rahat Ali Shah

DIRECTOR

CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN

Jamil Ahmed Khan

CHIEF EXECUTIVE OFFICER

Muhammad Akram Shahid

DIRECTORS

Khawas Khan Niazi

Muhammad Rahat Sadiq

Huma Waheed

Agha Ali Imam

Syed Rahat Ali Shah

ADVISORS

Major General (R) Asif Duraiz
Akhtar

Sardar Khan
(Former Managing Director
Universal Insurance Company
Limited)

COMPANY SECRETARY

Athar A. Khan

CHIEF FINANCIAL OFFICER

Maqbool Ahmad

CHIEF INTERNAL AUDITOR

Abdul Mannan Munir

AUDITOR

M/S. Ilyas Saeed & Co.
Chartered Accountants

LEGAL ADVISORS

Mohammed Farooq Sheikh
(Advocate)

Mian Asghar Ali
(Advocate)

TAX ADVISOR

M/S. Sarwars Chartered
Accountants

CREDIT RATING AGENCIES

PACRA & VIS

INSURER FINANCIAL STRENGTH

AA+ (Double A Plus) The rating denotes a very strong capacity to meet policy holders and contract obligations. Risk factors are minimal and the impact of any adverse business and economic factors are expected to be extremely small.

COMPANY'S SHARE REGISTRAR

M/S. F.D.Registrar
Services(SMC-Pvt) Ltd.
1705,17th Floor, Saima Trade
Center, I.I.Chundrigar Road,
Karachi.

WEB PRESENCE

www.theunitedinsurance.com



REGISTERED OFFICE

204, 2nd Floor, Madina City
Mall, Abdullah Haroon Road,
Saddar Karachi.

TEL: 021-35621460-2,

021-35221803-4

FAX: 021-35621459

Email:
info@theunitedinsurance.com

HEAD OFFICE

UIG House, 1 Upper Mall,
Lahore

TEL: 042-35776475

UAN: 92-42-111-000-014

FAX: 92-42-35776486, 35776487

Email:
uicp@theunitedinsurance.com

KEY MANAGEMENT PERSONNEL

CONVENTIONAL BUSINESS

HEAD OF CONVENTIONAL BUSINESS

Tajammal Iqbal

CHIEF OPERATING OFFICER/ EXECUTIVE DIRECTOR

Amir Hameed

SR. EXECUTIVE DIRECTOR UNDERWRITING

S.M. Qaiser Imam

SR. EXECUTIVE DIRECTOR/ GROUP COUNTRY MANAGER

Dr. Murtaza Mughal

JOINT DIRECTOR OPERATIONS - UNDERWRITING

Tayyab Bashir

SR. GENERAL MANAGER RE-INSURANCE

Abrar Ahmed Khan Minhas

GENERAL MANAGER HR & R

Wakeel Ahmed Mirza

GENERAL MANAGER HEALTH / TRAVEL

Kashif Shafique

CHIEF COMPLIANCE OFFICER

Ali Hassan Bhatti

CHIEF INFORMATION SECURITY OFFICER

Munir Ahmad

GENERAL MANAGER ADMINISTRATION

Maj.(R) Nadeem Iqbal Naz

DEPUTY GENERAL MANAGER - CLAIMS

Kamran Zaman

DEPUTY GENERAL MANAGER- UNDERWRITING (CO-INSURANCE)

Manzoor Hussain Mirza

A.G.M REINSURANCE

Naeem Ahmed Babar

CHIEF MANAGER (WEB)

Mohammed Arshad

HEAD OF AGRICULTURE

Zulfiqar Ahmed

SR. MANAGER COORDINATION

Tahira Ashar

WINDOW TAKAFUL OPERATIONS

JOINT DIRECTOR - FINANCE/ HEAD OF TAKAFUL OPERATIONS

Raja Naeem Tariq

HEAD OF TAKAFUL BUSINESS/ DEPUTY MANAGING DIRECTOR

Shakeel Ahmed

SHARIAH ADVISOR

Mufti Farhan Farooq

SHARIAH COMPLIANCE OFFICER

Saad Munir Malik

EXECUTIVE DIRECTORS (MARKETING)

Mian Muhammad Anwar Zahid

Zarrar Ahmed Butt

Mian Kashif Rasheed

Ch. Aslam Feroze

Rizwan-ul-Haq

Shafaqat Ali Goraya

Syed Hassan Nadeem

Ch. Shamas-ul-Haq

Kh. Adnan Hassan

Muhammad Mazhar Shah

Malik Khurram Mansoor

Nauman-ul-Haq

Tanveer Ahmad Bhatti

JOINT DIRECTORS (MARKETING)

Aslam Rajpoot

Mian Muhammad Rafi

Faisal Javaid

Muhammad Mohsin ullah

Chaudhary Iqbal Tahir

Zafar Mahmood

Hassan Bin Dawood

Malik Azhar Ahmad

Mujeeb-ur-Rehman Khokhar

Zahid Mukhtar Paracha

Mian Muhammad Asif

Raheel Zia

Rana Muhammad Ashraf

Shahid Hussain Chishti

Junaid Akhtar Samoo

Mumtaz Ahmad Kahlon

Jamshed Mir

Rizwan Masoom Ali

Junaid Memon

Brig.(R) M. Aslam Khan

Muhammad Saif-ud-din Sheikh

Muhammad Ashraf Kharl

BANKS & LEASING COMPANIES

BANKS

State Bank of Pakistan
National Bank of Pakistan
Bank Al-Habib Limited
Soneri Bank Limited
Bank Alfalah Limited
Meezan Bank Limited
SME Bank Limited
The Bank of Khyber
Summit Bank Limited
Silk Bank Limited
Samba Bank Limited
Zarai Taraqati Bank Limited
Sindh Bank Limited
The Bank of Punjab
First Women Bank Limited
The Punjab Provincial Cooperative Bank Limited
Allied Bank Limited
Habib Bank Limited
MCB Bank Limited
United Bank Limited
Al Baraka Bank (Pakistan) Limited
Askari Bank Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Standard Chartered Bank (Pakistan) Limited
Barclays Bank PLC, Pakistan
Habib Metropolitan Bank Limited
Karakoram Cooperative Bank Limited
JS Bank Limited
Bank Islami Pakistan Limited
Bank of Azad Jammu and Kashmir
MCB Islamic Bank Limited

LEASING COMPANIES

Orix Leasing Company Limited
Crescent Standard Modaraba


MICRO FINANCE BANKS

APNA Microfinance Bank Limited
Khushhali Microfinance Bank Limited
Pak-Oman Microfinance Bank Limited
The First Microfinance Bank Limited
U Microfinance Bank Limited
NRSP Microfinance Bank Limited
Telenor Microfinance Bank Limited
Mobilink Microfinance Bank Limited



THE UNITED INSURANCE AT A GLANCE

- United Insurance is a member Company of “United International Group”.
- Operating Since 1959, dealing in all areas of General Insurance business.
- One of the premier general insurance companies of Pakistan.
- First insurance company to obtain Window Takaful Operator License from SECP
- Rated AA+ which signifies very High Financial Capacity to meet Policy holders and contract obligations.
- Very strong Reinsurance arrangements with world renowned reinsurers.
- Focused on prompt settlement of claims.
- Extending success into new challenges.
- Pioneer of crop & live stock insurance



AA+

Rated by: PACRA & VIS



SIX YEARS AT A GLANCE

SIX YEARS AT A GLANCE

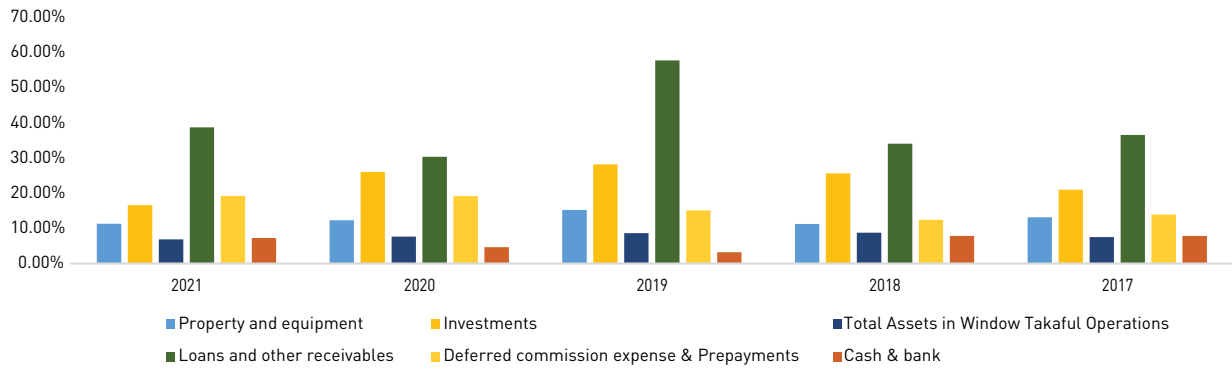
(RUPEES IN MILLION)

	2021	2020	2019	2018	2017	2016
FINANCIAL DATA - CONVENTIONAL						
Ordinary share capital	2,950.000	2,950.000	2,601.017	2,261.754	2,001.552	1,803.200
Reserves	42.460	52.846	49.899	58.204	46.613	105.234
Total Equity	4,317.694	3,754.097	3,437.546	3,043.496	2,641.890	2,588.325
Underwriting provisions	4,450.280	4,277.408	3,666.234	3,419.505	3,087.593	2,366.383
Investments including associate	1,696.119	2,531.528	2,298.614	1,762.342	1,301.523	1,200.590
Total Assets	10,543.291	9,860.745	8,183.063	6,895.465	6,213.248	5,499.512
Property and equipment	1,248.329	1,243.134	1,245.612	774.641	810.596	841.897
Cash & bank	764.875	457.297	266.126	542.589	490.059	365.488
Loans and other receivables	1,443.962	129.665	126.657	158.735	178.082	238.938
OPERATING DATA - CONVENTIONAL						
Written gross premium	5,196.471	4,920.602	4,310.794	4,227.348	4,163.546	3,781.741
Net insurance premium	2,722.938	1,868.698	2,541.595	2,574.381	2,678.708	2,473.432
Net insurance claims	533.540	438.671	1,153.501	2,730.465	1,287.193	934.519
Management expenses	1,075.543	919.975	917.014	832.410	921.226	797.738
Premium deficiency	-5.895	37.162	-1.165	-17.269	17.032	3.565
Underwriting results	950.140	451.682	351.574	323.246	221.312	509.741
Investment income	63.603	57.171	67.101	8.365	67.205	73.106
Profit before tax	1,057.230	534.400	609.114	562.701	487.345	357.960
Income tax expense	248.163	119.846	207.523	173.478	195.061	79.513
Profit after tax	809.067	414.555	401.591	389.223	292.284	278.448
FINANCIAL RATIOS - CONVENTIONAL						
Profit before tax / Written gross premium (%)	20.345	10.860	14.130	13.311	11.705	9.465
Profit before tax / Net insurance premium (%)	38.827	28.597	23.966	21.858	18.193	14.472
Profit after tax / Written gross premium (%)	15.570	8.425	9.316	9.207	7.020	7.363
Profit after tax / Net insurance premium (%)	29.713	22.184	15.801	15.119	10.911	11.258
Management expenses / Written gross premium (%)	20.698	18.696	21.272	19.691	22.126	21.094
Management expenses / Net insurance premium (%)	39.499	49.231	36.080	32.334	34.391	32.252
Underwriting results / Net insurance premium (%)	34.894	24.171	13.833	12.556	8.262	20.609
Net insurance claims / Net insurance premium (%)	19.594	23.475	45.385	106.063	48.053	37.782
Return on Assets (%)	7.674	4.204	4.908	5.645	4.704	5.063
RETURN TO MEMBERS - CONVENTIONAL						
Return on Total equity - PBT (%)	24.49	14.24	17.72	18.49	18.45	13.83
Return on Total equity - PAT (%)	18.74	11.04	11.68	12.79	11.06	10.76
Earning Per Share (Rs.)	2.74	1.41	1.36	1.50	1.29	1.39
Price earning ratio (times)	2.92	5.73	7.06	7.91	12.00	16.02
Market value at end of year (Rs.)	8.00	8.08	9.60	11.86	15.48	22.28
Highest value during the year (Rs.)	8.43	9.95	11.820	12.700	26.610	28.990
Lowest value during the year (Rs.)	6.80	6.81	5.700	10.460	13.750	14.340
Stock dividend per share (Rs.)	0.00	1.13	1.15	1.13	1.11	4.00
Cash dividend per share (Rs.)	1.00	0.60	-	-	1.00	-
Total assets per share (times)	35.740	33.426	31.461	30.487	31.042	30.499
LIQUIDITY / LEVERAGE RATIO - CONVENTIONAL						
Total assets turnover (times)	2.03	2.00	1.90	1.63	1.49	1.45
Property and equipment turnover (times)	0.24	0.25	0.29	0.18	0.19	0.22
Total liability / Total equity (times)	1.36	1.51	1.25	1.24	1.32	1.09
Return on capital employed (%)	24.49	14.24	17.72	18.49	18.45	13.83
Ordinary share capital / Total assets (%)	27.98	29.92	31.79	32.80	32.21	32.79
Total equity / Total assets (%)	40.95	38.07	42.01	44.14	42.52	47.06
DISTRIBUTION - CONVENTIONAL						
Bonus share (Rs.)	0.00	1.13	1.15	1.13	1.11	4.00
Bonus share (%)	0.00%	13.41%	15%	13.00%	11.00%	40.00%
Cash dividend share (Rs.)	1.00	0.60	-	-	1.00	-
Cash dividend share (%)	10%	6.0%	0%	0%	10%	0%
Total distributions (%)	10%	14.01%	15%	13%	21%	40%

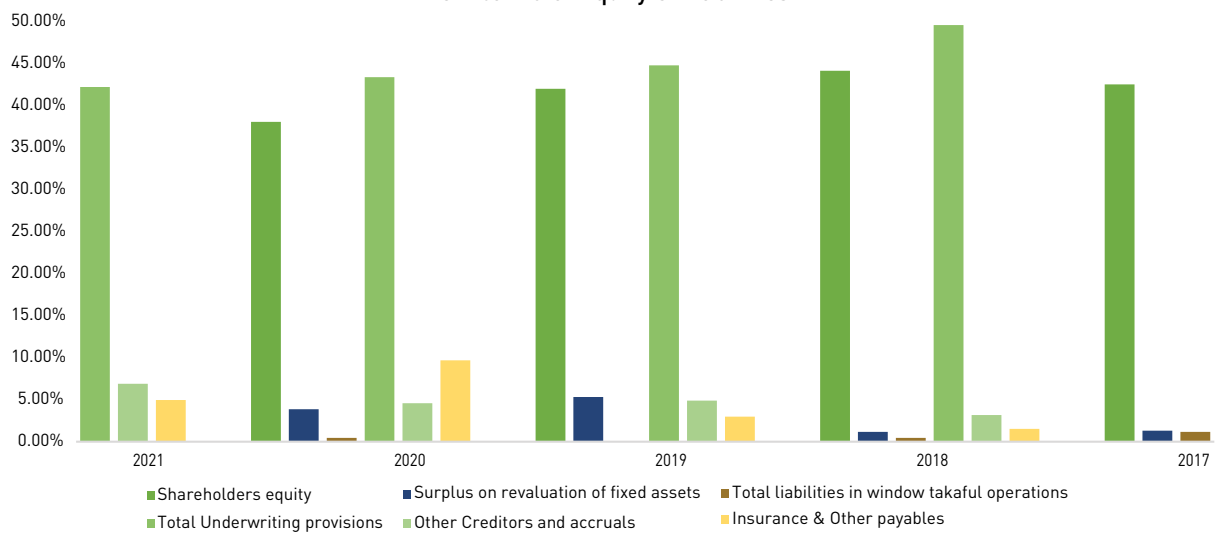
VERTICAL ANALYSIS

	YEARS				
	2021	2020	2019	2018	2017
STATEMENT OF FINANCIAL POSITION					
Property and equipment	11.33%	12.27%	15.22%	11.23%	13.05%
Intangible assets	0.01%	0.02%	0.03%	0.05%	0.08%
Investment property	0.49%	0.32%	0.06%	0.04%	0.04%
Investments in subsidiary and associate	6.14%	19.61%	19.15%	19.35%	14.10%
Investments					
Equity securities	0.29%	0.49%	0.70%	0.42%	1.33%
Debt securities	5.86%	3.85%	3.62%	4.11%	4.55%
Term deposits	3.79%	1.73%	4.62%	1.68%	0.96%
Total Assets in Window Takaful Operations	6.89%	7.65%	8.66%	8.78%	7.52%
Loans and other receivables	13.70%	1.44%	29.60%	2.30%	2.87%
Insurance / Reinsurance receivables	10.80%	15.18%	10.77%	11.71%	17.22%
Reinsurance recoveries against outstanding claims	14.21%	13.69%	17.27%	20.00%	16.46%
Deferred commission expense / Acquisition cost	3.56%	2.16%	2.93%	2.53%	2.83%
Deferred taxation	0.00%	0.00%	0.00%	0.00%	0.00%
Prepayments	15.66%	16.96%	12.15%	9.92%	11.11%
Cash & bank	7.25%	4.64%	3.25%	7.87%	7.89%
TOTAL ASSETS	100%	100%	100%	100%	100%
TOTAL EQUITY AND LIABILITIES					
Ordinary share capital	27.98%	29.92%	31.79%	32.80%	32.21%
Reserves	0.40%	0.54%	0.61%	0.84%	0.75%
Unappropriated profit	12.57%	7.62%	9.61%	10.49%	9.56%
Surplus on revaluation of fixed assets	3.22%	3.86%	5.31%	1.16%	1.31%
Total liabilities in window takaful operations	1.80%	0.45%	0.02%	0.43%	1.17%
Outstanding claims including IBNR	19.05%	17.83%	23.11%	24.93%	22.30%
Unearned premium reserves	20.32%	23.55%	18.94%	22.27%	25.45%
Premium deficiency reserves	0.06%	0.00%	0.45%	0.52%	0.30%
Unearned Reinsurance Commission	2.79%	1.99%	2.29%	1.87%	1.64%
Deferred taxation	1.20%	1.53%	2.15%	0.54%	0.21%
Borrowings	0.88%	0.93%	0.95%	0.76%	1.12%
Insurance / Reinsurance Payables	4.07%	8.74%	2.02%	0.77%	1.74%
Other Creditors and Accruals	3.07%	1.15%	0.83%	1.01%	1.15%
Taxation - provision less payment	2.60%	1.88%	1.91%	1.60%	1.09%
TOTAL EQUITY AND LIABILITIES	100%	100%	100%	100%	100%
PROFIT AND LOSS ACCOUNT					
Net insurance premium	100%	100%	100%	100%	100%
Net insurance claims	-19.59%	-23.47%	-45.38%	-50.70%	-48.05%
Premium deficiency	-0.22%	1.99%	-0.05%	-0.67%	-0.64%
Net Commission and other acquisition costs	-5.80%	-5.11%	-4.66%	-3.74%	-8.66%
Management expenses	-39.50%	-49.23%	-36.08%	-32.33%	-34.39%
Other expenses	-0.48%	-0.37%	-0.19%	-0.31%	-0.33%
Finance cost	-0.23%	-0.34%	-0.23%	-0.12%	-0.20%
Investment income	2.34%	3.06%	2.64%	0.32%	2.51%
Rental income	0.09%	0.15%	0.09%	0.09%	0.09%
Other income	1.19%	0.95%	1.95%	1.08%	1.75%
Share of Profit (loss) from associate	-0.26%	0.89%	0.94%	0.92%	-1.32%
Profit from Window Takaful Operations	1.29%	0.09%	4.94%	7.32%	7.43%
Income tax expense	9.11%	6.41%	8.17%	6.74%	7.28%
Profit/ (loss) after Tax	29.71%	15.80%	15.80%	15.12%	10.91%

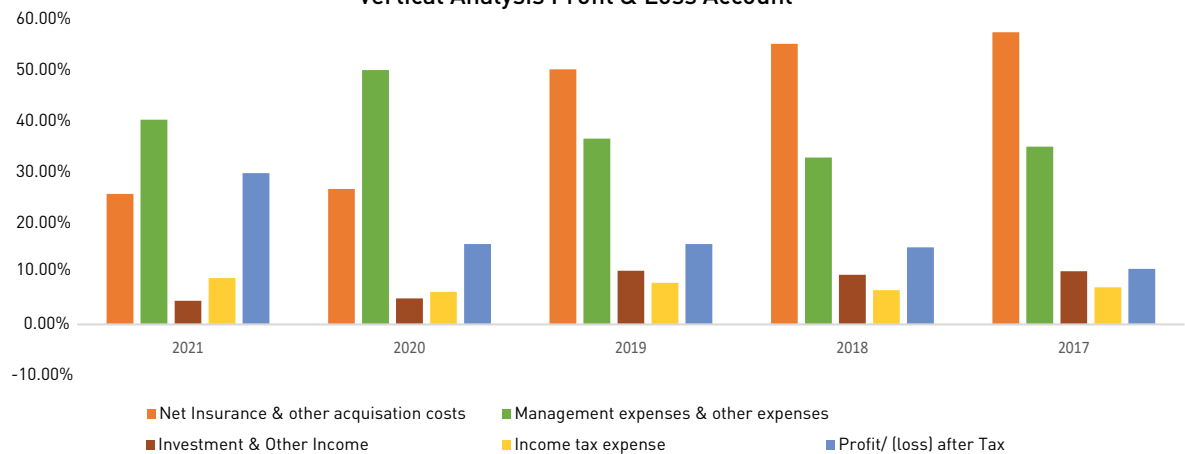
Vertical Analysis-Total Assets



Vertical Total Equity & Liabilities



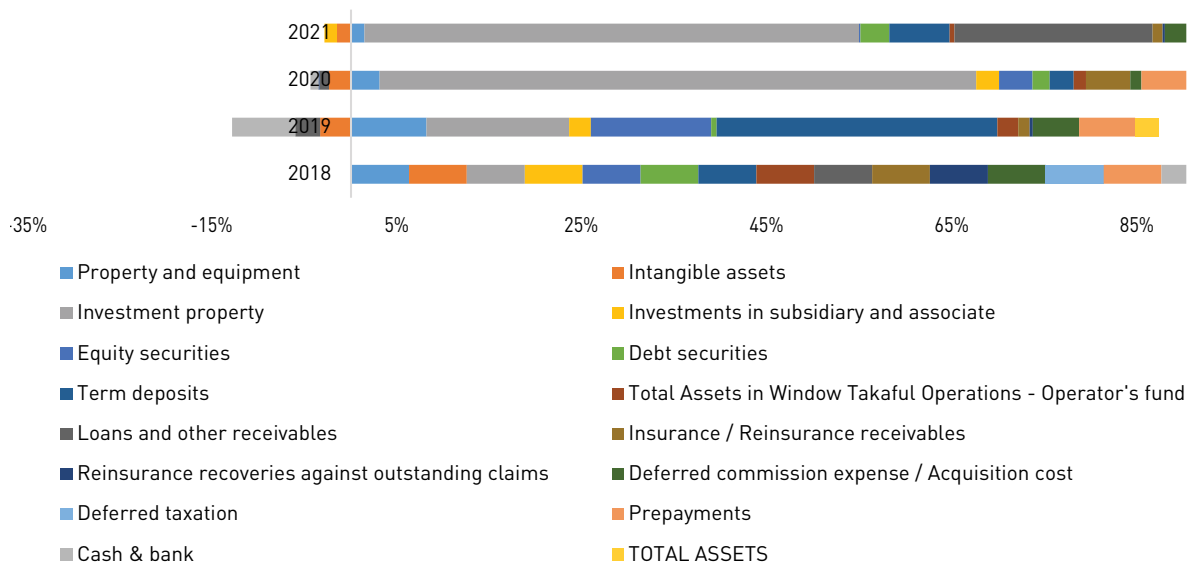
Vertical Analysis Profit & Loss Account



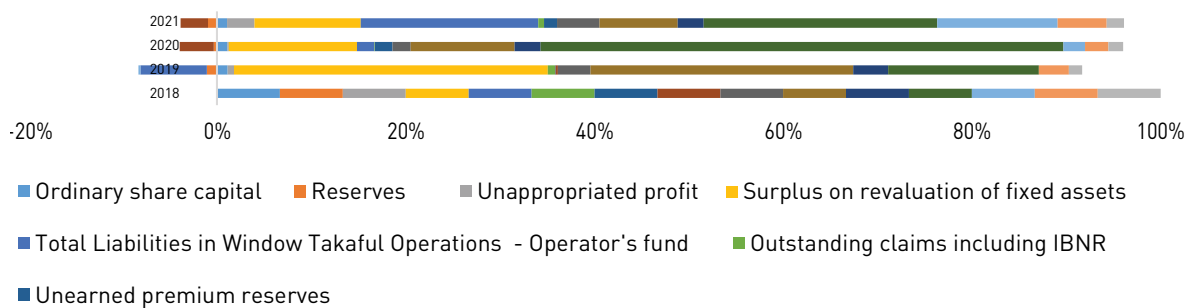
HORIZONTAL ANALYSIS

	YEARS			
	2018	2019	2020	2021
STATEMENT OF FINANCIAL POSITION				
Property and equipment	100	60.80%	56.20%	54.26%
Intangible assets	100	-25.00%	-43.75%	-57.81%
Investment property	100	115%	1174%	2021%
Investments in subsidiary and associate	100	17.46%	44.93%	-51.46%
Equity securities	100	97.26%	65.61%	5.82%
Debt securities	100	4.49%	33.91%	117.98%
Term deposits	100	226.80%	47.10%	246.01%
Total Assets in Window Takaful Operations - Operator's fund	100	16.94%	24.48%	19.86%
Loans and other receivables	100	-20.21%	-10.49%	809.67%
Insurance / Reinsurance receivables	100	9.17%	85.42%	40.98%
Reinsurance recoveries against outstanding claims	100	2.49%	-2.14%	8.66%
Deferred commission expense / Acquisition cost	100	37.41%	21.90%	114.99%
Deferred taxation	100	0.00%	0.00%	0.00%
Prepayments	100	45.40%	144.54%	141.42%
Cash & bank	100	-50.95%	-15.72%	40.97%
TOTAL ASSETS	100	18.67%	43.00%	52.90%
TOTAL EQUITY AND LIABILITIES				
Ordinary share capital	100	15.00%	30.43%	30.43%
Reserves	100	-14.27%	-9.21%	-27.05%
Unappropriated profit	100	8.72%	3.83%	83.16%
Surplus on revaluation of fixed assets	100	440.75%	373.52%	322.37%
Total Liabilities in Window Takaful Operations - Operator's fund	100	-93.28%	50.52%	538.31%
Outstanding claims including IBNR	100	10.02%	2.29%	16.81%
Unearned premium reserves	100	0.95%	51.23%	39.48%
Premium deficiency reserves	100	3.24%	-100.00%	-83.62%
Unearned Reinsurance Commission	100	45.65%	52.58%	128.50%
Deferred taxation	100	368.94%	303.84%	237.64%
Borrowings	100	49.09%	75.26%	78.46%
Insurance / Reinsurance Payables	100	211.51%	1524.70%	708.50%
Other Creditors and Accruals	100	-2.84%	63.20%	364.43%
Taxation - provision less payment	100	42.13%	68.55%	149.21%
TOTAL EQUITY AND LIABILITIES	100	18.67%	43.00%	52.90%
PROFIT AND LOSS ACCOUNT				
Net insurance premium	100	-1.27%	-27.41%	5.77%
Net insurance claims	100	-11.63%	-66.39%	-59.12%
Premium deficiency	100	-93.25%	-315.20%	-65.86%
Net Commission and other acquisition costs	100	23.04%	-0.68%	64.08%
Management expenses	100	10.16%	10.52%	29.21%
Investment income	100	702.12%	583.42%	660.30%
Rental income	100	0.00%	19.37%	6.90%
Other income	100	78.61%	-35.70%	16.61%
Other expenses	100	-39.50%	-14.34%	61.26%
Finance cost	100	86.59%	105.77%	102.39%
Share of (loss) / profit from associate	100	0.49%	-30.12%	-130.27%
Profit from Window Takaful Operations - Operator's fund	100	-33.45%	-99.09%	-81.35%
Income tax expense	100	19.62%	-30.92%	43.05%
Profit after tax	100	3.18%	6.51%	107.87%

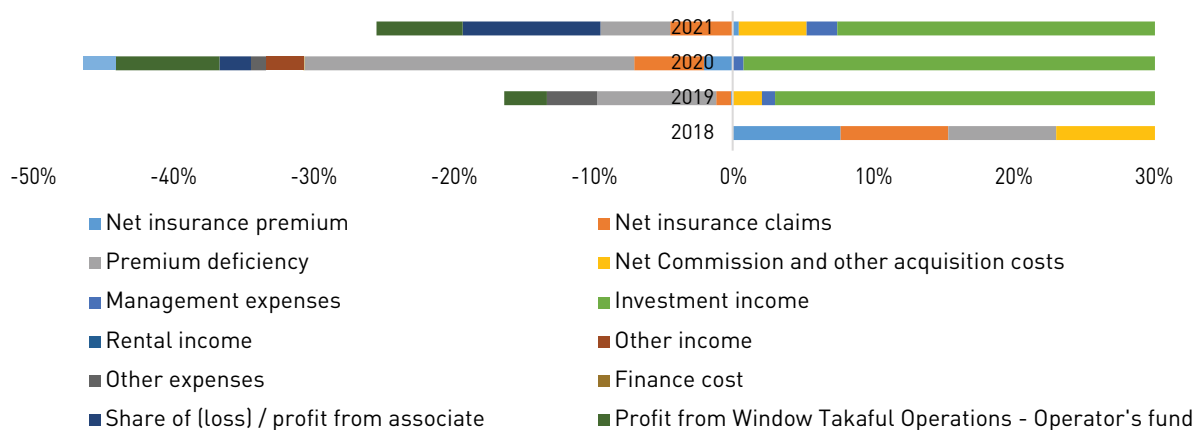
Horizontal Analysis Total Assets



Horizontal Analysis Equity & Liabilities



Horizontal Analysis Profit & Loss Account



SEGMENTWISE OUTLINE

Fire and Property Damage

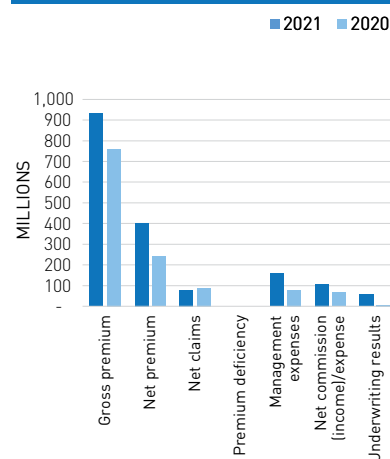
Riot and Strike Damage

This policy provides coverage against loss or damage caused due to riot & strike or civil commotion or malicious damage due to any person who is member of an organization which aim is to overthrow any legal or de facto Government by terrorism or violence.

Allied Perils

This is the most important and basic form of insurance and is essential for all types of business concerns. Fire and Allied Perils Insurance provides comprehensive cover in respect of loss of or damage to your property against fire and lightning. To further safeguard the interest of our valued clients the policy can be extended to cover riot and strike damage, malicious damage, atmospheric disturbance, earthquake (fire and shock), explosion, impact damage, aircraft damage etc.

FIRE



	2021	2020	Change %
	Rupees	Rupees	
Gross premium	932,542,990	759,831,536	22.73
Net premium	401,427,613	240,935,871	66.61
Net claims	78,903,045	89,495,289	(11.84)
Premium deficiency	-	-	-
Management expenses	158,561,408	78,614,635	101.69
Net commission (income)/expense	107,387,293	66,643,224	61.14
Underwriting results	56,575,867	6,182,723	815.06

Claim Ratio	19.66%	37.14%
Expense Ratio	39.50%	32.63%
Combined Ratio	85.91%	97.43%

SEGMENTWISE OUTLINE

Marine, Aviation and Transport

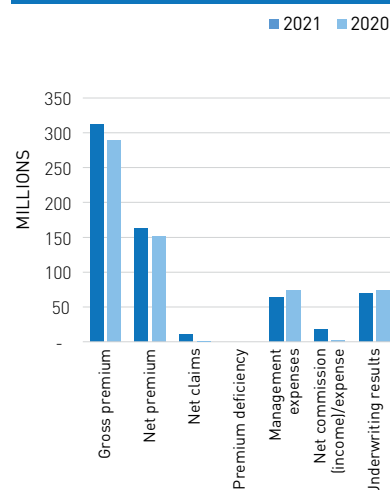
Marine Cargo

Marine Cargo insurance protects all goods while in transit depending upon the needs of client. Three broad types of cover are available i.e. Institute Cargo Clauses "A", "B" & "C". The cover takes care of risks associated with different modes of transportation.

Marine Hull Insurance

This cover is available for ocean going vessels, barges, tugs, dredgers, fishing trawlers, yachts, wooden dhows, pleasure/speed boats etc., under Institute Time Clauses Hulls. Cover is also provided for last breakup voyages from Karachi anchorage to Gadani.

MARINE



	2021	2020	Change %
	Rupees	Rupees	
Gross premium	312,099,975	289,913,231	7.65
Net premium	162,808,058	151,114,925	7.74
Net claims	10,921,578	528,859	1,965.12
Premium deficiency	-	-	-
Management expenses	64,308,169	74,395,073	(13.56)
Net commission (income)/expense	18,077,220	2,334,669	674.29
Underwriting results	69,501,091	73,856,324	(5.90)
Claim Ratio	6.71%	0.35%	
Expense Ratio	39.50%	49.23%	
Combined Ratio	57.31%	51.13%	

SEGMENTWISE OUTLINE

Motor

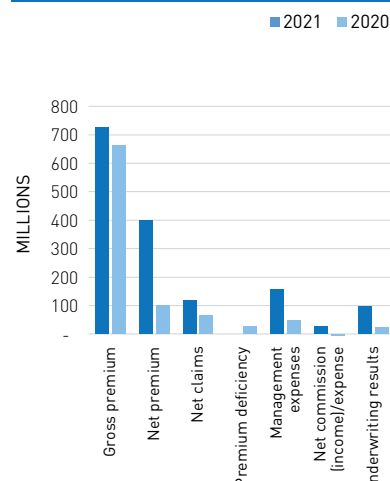
Auto Sure Plan - Auto Insurance with free Tracker Risks Covered

Accidental External means.
Riots, Strikes & Malicious Damages
Theft.
Fire, External explosion, self-ignition or lightning or frost.
Third Party Liability.

Value Added Features:

- Free towing to the nearest workshop.
- Get your car repaired from the workshop of your own choice.
- UIC claim experts will help in getting the Final Police Investigation Report.
- Free death repatriation of the driver within Pakistan.
- Funeral expenses & arrangements for the said person will be borne by UIC.
- No hidden taxes & charges.
- We commit to settle all theft and total loss claims within 30 days after reporting/submission of requisite documents.

MOTOR



	2021 Rupees	2020 Rupees	Change %
Gross premium	726,662,917	661,974,176	9.77
Net premium	400,792,575	99,320,204	303.54
Net claims	117,546,320	64,348,000	82.67
Premium deficiency	-	28,763,802	(100.00)
Management expenses	158,310,572	48,896,122	223.77
Net commission (income)/expense	27,091,615	(6,360,934)	(325.91)
Underwriting results	97,844,068	21,200,818	361.51

Claim Ratio	29.33%	64.79%
Expense Ratio	39.50%	49.23%
Combined Ratio	75.59%	107.61%

SEGMENTWISE OUTLINE

Crop

Crop Insurance

Financial protection against natural disasters, fire & lightning and insect / pets attack on standing crop.

Farmer

- Project his source of credit and debit carrying capacity.
- Low premium rates.

Lender (Bank)

Protected against default when crops fail.

Insurer

Selling and administration cost is greatly reduced due to larger business volume / turnover.

Farmer

Mandatory for all borrower farmers.

Crops Covered

All field Crops.

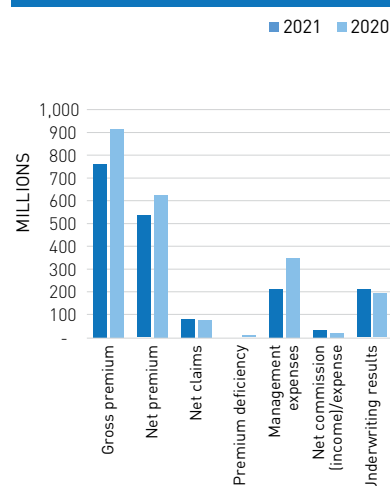
Types of Cover

The consortium provides two types of cover:

1. Catastrophe Area Loss Cover (CALC)
2. Catastrophe Individual Loss Cover (CILC)

	2021	2020	Change %
	Rupees	Rupees	
Gross premium	762,753,774	916,933,901	(16.81)
Net premium	534,967,406	625,174,973	(14.43)
Net claims	80,101,005	75,201,694	6.51
Premium deficiency	-	8,398,084	(100.00)
Management expenses	211,308,795	347,778,584	(39.24)
Net commission (income)/expense	33,266,646	18,012,204	84.69
Underwriting results	210,290,960	192,580,575	9.20
Claim Ratio	14.97%	12.03%	
Expense Ratio	39.50%	55.63%	
Combined Ratio	60.69%	70.54%	

CROP



SEGMENTWISE OUTLINE

Miscellaneous

Workmen's Compensation

Employees are the most precious assets and result in the growth and prosperity for any organization. To protect the rights of this invaluable asset Workmen Compensation /Employer Liability Insurance provides coverage for any legal liabilities of the employers arising out of and in the course of employment as per Workmen Compensation Act, Fatal Accident Act, or as per Common Law.

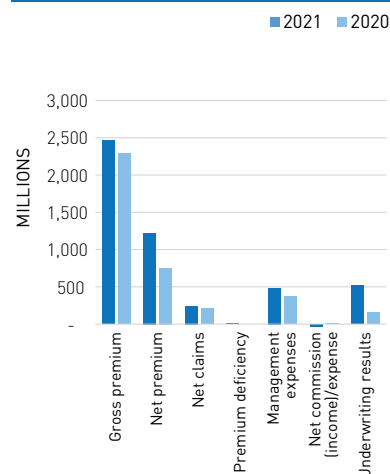
Cash in Transit Insurance

This policy provides coverage against loss of money whilst in transit due to forcible, violent, external and visible means.

Accident Coverage

This cover operates 24 hours and on worldwide basis. It provides for payment of specified capital benefits following accidental death, bodily injury, permanent total disablement, permanent partial disablement, temporary total and temporary partial disablement caused by an accident. In addition the cover also provides reimbursement of emergency transportation to the nearest hospital and expense incurred for preparation and transportation of the mortal remains of the insured person from the place of death to home and can also be extended to cover medical expenses.

MISCELLANEOUS



	2021	2020	Change %
	Rupees	Rupees	
Gross premium	2,462,411,686	2,291,949,399	7.44
Net premium	1,222,941,871	752,152,268	62.59
Net claims	246,068,073	209,096,989	17.68
Premium deficiency	(5,895,297)	-	100
Management expenses	483,054,426	370,290,511	30.45
Net commission (income)/expense	(28,003,700)	14,903,117	(287.90)
Underwriting results	515,927,775	157,861,651	226.82
Claim Ratio	20.12%	27.80%	
Expense Ratio	39.50%	49.23%	
Combined Ratio	57.33%	79.01%	

SEGMENTWISE OUTLINE

Overall



Fire & Property Damage Insurance:

- Fire & allied perils
- Property all risk
- Industrial all risk
- Burglary
- Contractors all risk
- Machinery breakdown

Marine Aviation & Transport Insurance

- Marine Cargo Export
- Marine Cargo Import
- Marine Cargo inland transit
- Marine hull

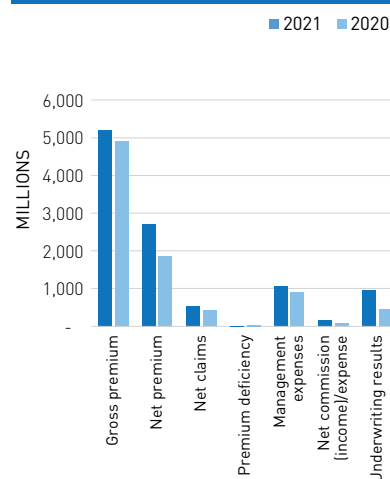
Motor Insurance

- Commercial vehicle comprehensive
- Private vehicle comprehensive
- Motor cycle comprehensive
- Motor third party liability

Miscellaneous Insurance

- Performance bond
- Maintenance bond
- Cash in safe
- Cash in transit
- Workmen's compensation
- Travel
- Aviation
- Health
- Live Stock
- Crop

OVERALL



	2021 Rupees	2020 Rupees	Change %
Gross premium	5,196,471,342	4,920,602,243	5.61
Net premium	2,722,937,523	1,868,698,241	45.71
Net claims	533,540,021	438,670,831	21.63
Premium deficiency	(5,895,297)	37,161,886	(115.86)
Management expenses	1,075,543,369	919,974,925	16.91
Net commission (income)/expense	157,819,074	95,532,280	65.20
Underwriting results	950,139,760	451,682,091	110.36
Claim Ratio	19.59%	23.47%	
Expense Ratio	39.50%	49.23%	
Combined Ratio	64.89%	77.82%	

CHAIRMAN'S REVIEW REPORT



Dear Shareholders,

It gives me immense pleasure to present this Review Report as per Section 192 of the Companies Act, 2017 to the shareholders of The United Insurance Company of Pakistan Limited pertaining to the overall performance of the Board and effectiveness of its role in attaining the Company's aims and objectives.

UIC has implemented a strong governance framework supportive of effective and prudent management of business matters, which is regarded as instrumental in achieving long-term success of the Company.

Review of Overall Performance of the Board:

During the year, the Board Committees continued to work with a great measure of proficiency. The Board as a whole has reviewed the Annual Report and Financial Statements, and is pleased to confirm that in its view the report and financial statements, taken as a whole, are fair, balanced, and understandable.

The Board carries out a review of its effectiveness and performance each year on a self-assessment basis. The Board Performance assessment for the year was based on an evaluation of the integral components i.e. Strategic Planning, Board Composition, Board Committees, Board Procedures, Board Interactions, Board and CEO's Compensation, Board Information and Board & CEO's Effectiveness.

Financial Reporting:

With strong oversight on the reporting front, the Board has a responsibility to provide analytical financial reports to shareholders within statutory and regulatory legal financial reporting framework applicable in Pakistan. During the year, we

incorporated the new IFRS/AML requirements and ensured compliance with the disclosure requirement of the Companies Act.

The Board of Directors of the Company received agendas and supporting written material including follow up materials in sufficient time prior to the Board and its Committee meetings. The Board meets frequently enough to adequately discharge its responsibilities. The non-executive and Independent directors are equally involved in important decision.

Acknowledgment:

Finally, I would like to express my appreciation for the support of all members which enabled the Board to discharge its fiduciary responsibilities effectively. On behalf of the Board, I wish to express our sincere gratitude to UIC's shareholders who remain a source of strength and have supported the Company's progress and milestones.

Sincerely

A handwritten signature in blue ink, appearing to read 'Jamil Ahmed Khan'.

Jamil Ahmed Khan
Chairman

Date: April 01, 2022

CHIEF EXECUTIVE'S MESSAGE



Revolution in Insurance Industry

The insurance industry is undergoing significant change both in terms of its size and products. Takaful companies and Takaful Window operations in Conventional Insurance companies have been established and are gaining market acceptance. Life insurance which was a preserve for Public sector only is now flourishing in private sector and is slowly gaining market share. Insurers have adapted well to a rapidly changing regulatory and business landscape and can now set their sights on growth.

Intense regulatory scrutiny and control will promote transparency and financial strength across the industry. At the same time, developments in technology are creating opportunities for insurers to provide their customers with the right services and products at the right time.

The COVID-19 pandemic severely disrupted insurer operations, prompting an overnight shift to remote work and virtual customer engagement while exposing gaps in digital capabilities and raising cybersecurity concerns.

The need to accelerate digitization and enhance virtual operations turned headwinds into tailwinds at many insurers, driving faster action to deliver within the coming year what might originally have

been three-to-five-year transformation plans.

Necessity might have been the mother of reinvention for many insurers during the pandemic, but the speed of change and much greater reliance on connectivity and remote access may also generate a host of new exposures for carriers and their policyholders, particularly in terms of cyber risk and business interruption.

Lastly, I would also like to appreciate and acknowledge the Board of Directors for their valuable support and guidance, our employees for their ultimate commitment to the Company, our customers for their continued trust in us and other stakeholders including all the regulatory bodies for their continuing support

Sincerely

Muhammad Akram Shahid
Chief Executive Officer
Date: April 01, 2022

DIRECTORS' REPORT TO THE MEMBERS

The Directors of “The United Insurance Company of Pakistan Limited” feel the honor to present the Company’s 62nd Annual Report of your Company, together with the combined audited financial statements of UIC and its Window Takaful Operations for the year ended December 31, 2021. This Directors’ Report has been prepared in accordance with section 227 of the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations 2019.

COVID-19 AND INSURANCE INDUSTRY

COVID-19 has accelerated the transformation of the insurance industry in multiple respects. The role of technology in all aspects of operations in the world has taken on even more importance in an office work-from-home. Covid series exists and spreading affecting the world’s economy such as the cost of transportation of cargo getting higher side causing the increase in the price of commodities.

To minimize sequential losses need to focus on the potential emergence of black swan events may create more impetus for companies to reevaluate their operating models and continued independency. For the insurance sector scope of underinsurance has been demonstrated as an issue not limited to the developing world or singular risk.

PAKISTAN’S ECONOMIC OVERVIEW

The FY2021 began in the midst of the most severe global health crisis experienced in modern history. Pakistan’s economy, like the rest of the world, has struggled to combat the economic consequences of the COVID-19 shock through prompt measures for supporting the economy and saving lives and livelihoods. Besides, virus containment measures, the government has implemented a comprehensive set of measures including the largest ever economic stimulus package of Rs 1,240 billion, a construction package, an expansion of the social safety net to protect the vulnerable segments of the society, and supportive monetary policy stance

along with targeted financial initiatives. These measures helped the economy in lessening the negative impact of the pandemic. In contrast to other world economies, Pakistan started witnessing recovery during the first half of FY2021 on the back of continued domestic economic activity due to the above-stated measures along with a smart lockdown policy.

The impact of the government’s timely and appropriate measures is visible in the form of a V-shaped economic recovery on the back of broad-based growth across all sectors. The provisional GDP growth rate for FY2021 is estimated at 3.94 percent, higher than the targeted growth of 2.1 percent, for the outgoing fiscal year. The government is monitoring the country’s situation actively and is taking necessary measures to facilitate agriculture and industry sectors to avoid the downside risk and to further accelerate the economic recovery.

The GDP growth is based on 2.77, 3.57, and 4.43 percent growth in the agriculture, industrial, and services sector, respectively. To uplift the agriculture sector, the National Agriculture Emergency Programme with a cost of Rs 277 billion is already underway. Under this program, 13 mega projects are under execution. During FY2021, the government also announced the “Rabi Package” of Rs 5.4 billion to reduce the input cost for the farmers with the special intent to increase the production of wheat in the country. In addition, the Minimum Support Price of wheat has been further enhanced from Rs 1,400 to Rs 1,800 per 40 kg to encourage wheat cultivation. Similarly, the agriculture credit disbursement target for the current fiscal year has been set at Rs 1,500 billion. These measures have borne the fruit in terms of significant growth in major and minor crops.

On the external front, the current account balance remained in surplus during the first ten months of

DIRECTORS' REPORT TO THE MEMBERS

FY2021 due to strong growth in remittances and an ongoing pickup in exports. Remittances witnessed a remarkable growth as more formal channels were opted due to restrictions imposed on informal means in the wake of COVID-19. Most importantly, measures undertaken as part of anti-money laundering regulations in accordance with FATF recommendations have also facilitated a shift from informal to formal channels of sending remittances. Similarly, efforts under the Pakistan Remittances Initiative (PRI) and the gradual re-opening of businesses in major host countries such as the Middle East, the UK, and the USA also played their part in giving a boost to the remittances. Added with this, timely resumption of economic activities helped the Overview of the Economy export sector perform relatively better than other emerging economies; both of which led to an improvement in the external sector. It is worth mentioning here that under the IMF program there are better prospects for the external sector which ensures that the external financing needs will be comfortably met

Today, the economy is steadily progressing towards a more sustainable and inclusive growth path. The performance in agriculture, LSM, construction, and exports sectors are among the key success stories. The current account balance is in surplus, the fiscal deficit is manageable with the primary balance in surplus, the rupee is stable, and foreign exchange reserves (SBP and commercial) have reached \$ 23.2 billion (as of 3rd June 2021). Most importantly, the government has effectively managed the pandemic through swift policy measures. With current year performance, it is expected that the economy will grow by 5 percent in FY2022 and will accelerate further over the medium term.

BUSINESS REVIEW CONVENTIONAL BUSINESS FOR THE YEAR ENDED DECEMBER 31, 2021

The Company's performance for 2021 remained impressive as we closed the year delivering sound financial results with gross premium growth of 5.61 % per annum. We continued to follow the strategy of sustainable growth by focusing on further strengthening

risk and compliance management.

THE SEGMENT WISE PERFORMANCE WAS AS FOLLOWS:

Fire and Property

Written gross premium increased by 22.73% to Rs. 932.543 million compared to Rs. 759.832 million in 2020. Net claims as a percentage of net premium revenue were 19.66% as against 37.14% in 2020. Underwriting profit for the year was Rs. 56.576 million compared to Rs. 6.183 million in 2020.

Marine, Aviation and Transport

Written gross premium increased by 7.65% to Rs. 312.100 million compared to Rs. 289.913 million in 2020. Net claims as a percentage of net premium revenue were 6.71% against 0.35% in 2020 and underwriting profit was Rs. 69.501 million compared to Rs. 73.856 million in 2020.

Motor

The written gross premium was Rs. 726.663 million compared to Rs. 661.974 million in 2020. Net claims as a percentage of net premium revenue were 29.33% as against 64.79% in 2020 and the underwriting profit was Rs. 97.844 million compared to Rs. 21.201 million in 2020.

Crop

The written gross premium was Rs. 762.754 million compared to Rs. 916.934 million in 2020. Net claims as a percentage of net premium revenue were 14.97% as against 12.03% in 2020 and underwriting profit was Rs. 210.291 million compared to Rs. 192.581 million in 2020.

Miscellaneous

The written gross premium was Rs. 2,462.412 million compared to Rs. 2,291.949 million in 2020. Net claims as

DIRECTORS' REPORT TO THE MEMBERS

a percentage of net premium revenue were 20.12% as against 27.80% in 2020 and underwriting profit was Rs. 515.928 million compared to Rs. 157.862 million in 2020.

Window Takaful Operations

The Company's performance for 2021 remained impressive as we closed the year delivering sound financial results with premium growth of 72.7% per annum. We continued to follow the strategy of sustainable growth by focusing on further strengthening risk and compliance management.

The written contribution revenue increased by 72.67% to Rs. 1,383.948 million as against Rs. 801.481 million in the previous year; while net contribution revenue was Rs. 610.391 million compared to Rs. 206.721 million in 2020 and profit for Takaful Operator's Funds for the year was Rs. 35.154 million as against Rs. 1.709 million last year.

COMPANY'S ASSETS

Total assets of the Company as of 31st December 2021 stood at Rs. 10,543.291 million against Rs. 9,860.745 million last year showing an increase of 6.92% mainly due to investment and recoveries. The management's strategy is to optimize the utilization of funds to maximize investment returns.

ANTI-MONEY LAUNDERING AND COUNTERING OF TERRORISM FINANCING POLICY

The modern world, due to the use of technological innovations, is becoming easier, particularly with respect to conducting financial transactions such as the transfer of funds from one person to another within the country as well as abroad. However, risk has been increased by so many times as compared to earlier that these financial transactions and transfers of money can be misused and may help in the concealment of the origins

of illegally obtained money, by involving banks, non-banking financial institutions, and/or through legitimate businesses. These types of transactions are not only conducted to convert the money earned from illegitimate sources into legitimate ones but there is an international consensus that such type of money is also utilized to finance terrorism and criminal activities against society, country, or any nation.

In Pakistan, the State Bank of Pakistan and SECP being regulators of the banking and non-banking institutions respectively have also introduced the guidelines/regulations in line with globally acceptable anti-money laundering policies and procedures. SECP has also issued various circulars for the implementation of Know Your Customer (KYC) Guidelines applicable to insurance companies working in Pakistan. However, recently the SECP has issued the Anti-Money Laundering and Countering Financing of Terrorism Regulations, 2018 (AML & CTF Regulations, 2018) which are very comprehensive guidelines for AML and KYC for Insurance. Although general insurance companies' nature of business does not completely attract these regulations as the estimated risk assessment is "low", however, the Company is required to implement these guidelines to an extent in order to cater to the relevant risk and exposure.

UIC is also keen to implement the modern tools and techniques of anti-money laundering not only to adhere to the requirements of the SECP but also to contribute its due share for the safety and security of our people and beloved country.

In the Company, a very comprehensive Anti-Money Laundering and Countering Financing of Terrorism Policy (AML & CTF Policy) has been formulated, which is duly approved by the Board of Directors of the Company. The Management is in the process of adhering to the same in letter and spirit.

UIC is speedily implementing the AML & CTF Policy

DIRECTORS' REPORT TO THE MEMBERS

through the utilization of relevant modern tools, techniques and by amending the operational procedures in the Company accordingly. The Company is also conducting/arranging training for its staff with regards to AML & CTF. We are working to make UIC one of the organizations which are fully compliant with the relevant guidelines issued by the SECP.

SHARIAH COMPLIANCE MECHANISM FOR WINDOW TAKAFUL OPERATIONS

The Company, as an operator, is required to carry out its Window Takaful Operations (WTO) under strict Shariah compliance not only to adhere to the requirements prescribed by the regulator but also to consider it a primary responsibility towards its participants to provide them pure Shariah compliant Takaful services to their satisfaction.

In view of the above, it is a fundamental requirement of WTO that the whole business practices, products, and operations are based on Shariah rules and principles under the regulatory framework along with the guidance and supervision of our worthy Shariah Advisor Mufti Farhan Farooq.

As an operator of WTO, the Company understands that being Shariah-compliant is its utmost responsibility. The relevant staff of WTO is fully committed as its prime objective is perfect and flawless processes. The Company, as an operator of WTO, continuously focuses on Shariah compliance culture and all efforts are made for its further improvements. The Shariah Compliance Officer as required under Takaful Rules, 2012, monitors day-to-day Takaful operations and ensures compliance with procedures laid down by the Shariah Advisor. In order to enhance the knowledge of the staff in respect of Takaful business, as per the requirement of Takaful Rules 2012, the Operator arranges in-house training for the senior management of Takaful Operations, which is conducted by our Shariah Advisor. In addition to that, other staff and salesforce are also trained on

a continuous basis through renowned institutions duly approved by the SECP for Takaful training.

INVESTORS' RELATIONS SECTION ON WEBSITE

The Company convenes annual and extraordinary general meetings in accordance with the requirement of the Companies Act 2017. The Company's interim results and reports are placed on the Company's website and are also notified to the Pakistan Stock Exchange for shareholders' information. Any other price sensitive information including dates of the Board of Directors' meeting is also communicated to the Stock Exchange on a timely basis. The Company's website also has an "Investor Relations" section, which contains all relevant information for the use of investors and is updated on a timely basis.

In order to provide ease of access to our stakeholders, the Company's latest information for investors is available on our website, under the "Investors Information" section on the Company's website (www.theunitedinsurance.com).

This page is updated regularly to provide transparent, adequate, and up-to-date information to all investors and stakeholders. In compliance with the rules and regulations of Pakistan, all the information is made available in both English and Urdu.

CLAIMS

Prompt settlement of claims is our vital function of which we are proud of. National Catastrophic claims are unavailable and are complex in nature; these are either total or partial loss. Fire Motor "own damage". Crop and Health claims accounted for majority of the claims which were promptly settled.

RE-INSURANCE

Your Company continues to enjoy very sound reinsurance

DIRECTORS' REPORT TO THE MEMBERS

arrangements with leading international securities, like Swiss Reinsurance Company, Korean Reinsurance Company, Hannover Reinsurance Company, Qatar General Insurance, Labuan Reinsurance Company, Malaysian Reinsurance Company, Kuwait Reinsurance Company, Singapore Pte Limited, Emirates International Dubai, Beazley Pte Limited and Canopus Asia Pte Limited.

INTERNAL CONTROLS AND ITS ADEQUACY

The Board of Directors is responsible for the management of risk at The United Insurance Company of Pakistan Limited and is also responsible for ensuring adequate and effective internal controls exist within the company. The United Insurance Company's activities expose it to a variety of risks. The UIC management and staff enable the board to meet these responsibilities by implementing standards and systems of internal control. The Securities and Exchange Commission of Pakistan has issued CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016. The Company's Internal Control policy is prepared in light of the said code.

This policy, therefore, sets out the Key Internal Control objectives and principles for the UIC as well as the duties of the Board, Audit and Risk Committee, Management and staff, internal and external audit, and other internal control functions at the company.

RISK MANAGEMENT POLICY

United Insurance risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance using a proactive approach.

The Board has adopted the role of the Risk management department as provided in the Code. The key objectives/policy of the department are:

- a) To assist the Board in designing, and document the risk model.
- b) To assist the Board, through The Risk management Committee, in effective implementation of risk management system.
- c) To maintain a group-wide and aggregated view on the Company's risk profile in addition to individual risks.
- d) To report to the Board through Risk Management Committee, details on the risk exposures and the actions taken in this regard
- e) To assist the Board through Risk Management Committee, with regard to risk management decisions in relation to strategic and operational matters including investments, major business decisions etc.
- f) To monitor and report to the Risk Management Committee regarding operational and other related risks.
- g) To assist the Board in the process of IFS credit rating.

ISO 9001 CERTIFICATION

United Insurance has always strived to enhance customer satisfaction through continuous improvements in the quality management system practices, processes, and standards all departments of United Insurance are ISO 9001:2015 certified. UIC has once again assured its customers that it will continue to fulfill their insurance, regulatory, and quality requirements, adding even more value to its customer services.

HUMAN RESOURCE

United Insurance truly believes that our employees are the greatest strength we have. Talent Management is a continuous process and we ensure that we hire the right people for the right jobs. At UIC we provide continuous & challenging opportunities for the intellectual and professional growth of our employees.

DIRECTORS' REPORT TO THE MEMBERS

The Company has created a culture that promotes teamwork, collaboration, openness, and transparency of processes which build overall trust resulting in improvement and reward recognition for its employees.

CORPORATE SOCIAL RESPONSIBILITIES – CSR

The Company recognizes the importance of its Corporate Social Responsibility toward the community. The Company considers that society is one of the important stakeholders and is always keen to take steps for its welfare and betterment.

The Company has devised a comprehensive CSR Policy which is approved by the Board of Directors. The objective of the CSR Policy of the Company is to affect positively society by contributing to the development of the country and its people.

As per the approved CSR Policy's main areas for CSR activities of the Company would be Health, Education, Environment Sustainability, and Recreation Activities for the underprivileged people.

POLICY FOR RELATED PARTY TRANSACTIONS

In order to comply with the requirements of the Companies Act 2017, Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018, and explanation of the SECP with respect to related party transactions, the Company has approved policy for the same. The policy for related party transactions, besides meeting all the applicable requirements of the relevant law and regulation, also guides respect to the Company's internal monetary limits for related party transactions and information to be placed with the Board Audit Committee (BAC).

As per the policy, all the transactions under eligible criteria are presented to the BAC on a quarterly basis. The BAC, after thorough perusal, recommends the same to the Board of Directors for its approval.

INVESTMENT IN ASSOCIATED COMPANY - APNA MICROFINANCE BANK LIMITED (AMBL)

As per the recommendation of Investment Committee, the Board of Directors of the United Insurance Company of Pakistan Limited has decided to reduce investment in shares of Apna Microfinance Bank Limited (AMBL) from 46.5% to 12%. It is pertinent to mention that there is no change in ultimate beneficial ownership in AMBL.

Auditor's Opinion on the matter

Auditor of the company has included emphasis of matter paragraph in his audit report to the member which states that

"We draw attention of the members to note 8.1 and note 12.1 to the financial statements which explain the position of investment in associate. The Company has sold substantial shares of Apna Microfinance Bank Limited to other sponsors / related parties at a price of Rs.6/- per share as the same are not saleable in open market. The sale price approximates to the book value determined. The consideration against sale of such shares shall be received between January 01, 2022 to June 30, 2023 as more fully explained in the aforesaid notes.

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

INSURER'S FINANCIAL STRENGTH RATING

VIS Credit Rating Company Limited (VIS) & Pakistan Credit Rating Agency (PACRA) have harmonized the IFS rating of The United Insurance Company of Pakistan Limited from 'AA' (Double-A) to 'AA+' (Double A Plus) with "Stable" outlook as per modified Rating Scale for Insurer Financial Strength (IFS) rating.

The IFS rating of 'AA+' denotes a very strong capacity to

DIRECTORS' REPORT TO THE MEMBERS

meet policyholders and contract obligations. Risk factors are very low, and the impact of any adverse business and economic factors is expected to be very small.

CODE OF CONDUCT

Your Company has designed a Code of Conduct to ensure ethical practices and integrity signed by all the employees. All our operational activities are carried out in a transparent manner strictly following the code of ethics, to which there is no compromise. This Code is mandatory for all employees including senior management.

EARNING PER SHARE

Your Company has reported earning per share of Rs. 2.74 in 2021 as compared to Rs. 1.41 in 2020.

APPROPRIATION

Interim dividend at 10% (2020:6%) which is Rs.1 (2020:Rs.0.6) per share was paid during the year 2021.

FUTURE OUTLOOK

Climate change and sustainability are at the heart of the insurance sector, impacting both the asset and liability side of the balance sheet, and as such, these will be key themes to watch in 2022. Also in focus: the re-risking of portfolios with alternative asset classes and post-Covid-19 shocks in the non-life segment.

The insurance industry must seek to lead with purpose and live up to its highest aspirations, particularly in the wake of the COVID-19 pandemic. Insurers had to be there for customers and undertook large-scale change quickly to make sure they could serve people in need – and they must continue to do so, particularly if they are to help the world prepare for increasing climate risk.

The insurance market is becoming more competitive, Company has to enhance its efforts to maintain its

profitability and to adopt modern strategies and tools of insurance and smart underwriting criteria to take more market share and react wisely by adopting the policies, to prevent its shares. Improve cyber security systems and customize its services. To strengthen its potential to meet the challenges like inflation including climate change diversity and rapidly evolving.

ACKNOWLEDGEMENT

Your Directors would like to express their sincere appreciation for the assistance and cooperation received from the SECP, Bankers, Government authorities, and Business associates at all levels. We also thank our shareholders for posing their trust and confidence in the Company. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the Company's executives, staff, and workers.



Muhammad Akram Shahid
Chief Executive Officer



Jamil Ahmed Khan
Chairman

Date: April 01, 2022

اراکین کو ڈائریکٹرز رپورٹ

اپروپیریشن

کمپنی نے امسال اپنے شیئر ہولڈرز کو (۲۰۲۰٪) ۱۰ فیصد ضمنی منافع دیا ہے۔

مستقبل کا نقطہ نظر

ماحولیات میں تبدیلی اور پائیدار ترقی انشورنس کے لئے آکسیجن کا کردار ادا کرتی ہے۔ یہ عوامل انشورنس کے اثاثہ جات اور انشورنس کی ذمہ داریوں میں تبدیلی میں کردار ادا کرتے ہیں۔ یہ عوامل ۲۰۲۲ میں بھی اپنا کردار ادا کرتے رہیں گے اس طرح کووڈ-۱۹ کے آفٹر شاکس بھی انشورنس انڈسٹری پر اثرات مرتب کریں گے

انشورنس انڈسٹری ان تمام عوامل کے سامنا کرنے کے لئے ۲۰۲۲ میں تیار رہے گی اور اپنے کسٹمرز کو ان کی ضروریات کے مطابق سہولیات فراہم کرتی رہے گی

انشورنس مارکیٹ میں مقابلہ بہت زیادہ بڑھ گیا ہے۔ کمپنی کو اپنی شرع منافع برقرار رکھنے کے لئے مزید محنت کی ضرورت پڑے گی اور کمپنی کو بہتر ٹیکنالوجی کا استعمال کرنا پڑے گا تاکہ کسٹمرز کو انکے دروازے پر سروس دی جا سکے اس سے مارکیٹ شیر میں بھی اضافہ ہوگا۔ سائبر سیکورٹی سسٹم میں کافی بہتری کرنے کی ضرورت ہے تاکہ کسٹمرز کو بہترین سروس دی جا سکے

اظہار تشکر

آپ کے ڈائریکٹرز تمام اداروں، بنکس، حکومتی اداروں، ایس ای سی پی کا تمام مرحلوں میں تعاون پر بے حد مشکور ہیں، ہم اپنے تمام شیئر ہولڈرز کے اعتماد اور تعاون پر مشکور ہیں۔ تمام ڈائریکٹرز کمپنی ملازمین اور سینئر مینجمنٹ کا بھی مشکور ہیں جو اپنی انتھک محنت سے کمپنی کی ترقی میں کردار ادا کر رہے ہیں۔



محمد اکرم شاہد
چیف ایگزیکٹو آفیسر



جمیل احمد خان
چیئرمین

1 اپریل 2022ء

اراکین کو ڈائریکٹرز رپورٹ

کا مقصد یہ کہ ملک کے لوگوں کو ایسی سہولیات دی جا سکیں جس سے وہ سوسائٹی میں مثبت کردار ادا کر سکے سی ایس آر کی پالیسی کے مطابق اس کا بنیادی مقصد صحت ، تعلیم اور سوسائٹی میں موجود نظر انداز لوگوں کی مدد کرنا ہے

متعلقہ پارٹیز کے ساتھ لین دین

کمپنیز ایکٹ ۲۰۱۷ اور کمپنیز متعلقہ پارٹیز ریگولیشنز، ۲۰۱۸ کے مطابق ، کمپنی کی متعلقہ کمپنیز کے ساتھ لین دین پالیسی موجود ہے اور بورڈ سے منظور شدہ ہے . یہ پالیسی نہ صرف قوانین کی پیروی کرتی بلکہ بورڈ کو بھی معاونت فراہم کرتی ہے

پالیسی کے مطابق تمام ایسا لین دین بورڈ کی آڈٹ کمیٹی میں ہر سہ ماہی پر پیش کیا جاتا ہے اور اس پر بحث کے بعد بورڈ سے اسکی منظوری لی جاتی ہے

ایسوسی ایٹڈ کمپنی میں سرمایہ کاری - اپنا مائیکرو فنانس بینک

انویسٹمنٹ کمیٹی کی میٹنگ تجویز کے مطابق یو ای سی کے بورڈ نے منظوری دی ہے کہ کمپنی اپنا بینک میں موجود اپنی سرمایہ کاری کو ۴۶.۵ فی صد سے ۱۲ فی صد تک کم کر لے . یہاں یہ بتانا بہت ضروری ہے کہ اپنا بینک کی حتمی ملکیت پر کوئی فرق نہیں پڑے گا

معاملے پر آڈیٹرز کی رائے

کمپنی کے آڈیٹر نے ممبر کو اپنی آڈٹ رپورٹ میں اس معاملے پر زور دیا ہے جس میں کہا گیا ہے کہ

ہم ممبران کی توجہ مالیاتی رپورٹ کے نوٹ نمبر ۸.۱ اور نوٹ نمبر ۱۲.۱ کی طرف مبذول کرانا چاہتے ہیں جو ایسوسی ایٹ میں سرمایہ کاری کی پوزیشن کی وضاحت کرتے ہیں۔ کمپنی نے اپنا مائیکرو فنانس بینک لمیٹڈ کے زیادہ تر حصص دیگر سپانسرز متعلقہ فریقوں کو ۱/۶ - روپے فی شیئر کی قیمت پر فروخت کیے ہیں کیونکہ یہ اوپن مارکیٹ میں فروخت کے قابل نہیں ہیں۔ فروخت کی قیمت طے شدہ کتابی قیمت کے قریب ہے۔ حصص کی فروخت کی قیمت ۰۱ جنوری ۲۰۲۲ سے ۳۰ جون ۲۰۲۳ کے درمیان وصول کی جائے گی جیسا کہ مذکورہ نوٹ میں مزید وضاحت کی گئی ہے۔

مذکورہ معاملے کے سلسلے میں ہماری رائے میں کوئی تبدیلی نہیں کی گئی ہے۔

انشورنس کی مالیاتی مضبوطی کی ریٹنگ

AA+ کردی ہے اور اس کی اوٹ لک stable ہے۔
اور پاکستان کریڈٹ ریٹنگ ایجنسی نے یونائیٹڈ انشورنس کمپنی کی ریٹنگ

یہ ریٹنگ بتاتی ہے کہ کمپنی پالیسی ہولڈرز کے ایگریمنٹ سے متعلق اپنی تمام مالیاتی ذمہ داریاں بخوبی سرانجام دے

سکتی ہے۔ رسک فیکٹر کم ہیں اور اکانومی یا بزنس سے متعلق عوامل کا برا اثر پڑنے کا احتمال بہت کم ہے

کوڈ آف کنڈکٹ

کمپنی نے معاملات میں ایمانداری اور اخلاقی ذمہ داریوں کو پورا کرنے کیلئے تمام ملازمین سے دستخط شدہ کوڈ آف کنڈکٹ مرتب کیا ہوا ہے۔ ضابطہ اخلاق کے مطابق کمپنی کی تمام سرگرمیاں سرانجام دی جاتی ہیں جن پر کوئی سمجھوتہ نہیں کیا جاتا ہے۔ یہ ضابطہ اخلاق تمام ملازمین پر لازم ہے اور تمام سینئر مینجمنٹ بھی اس پر عملدرآمد کرتی ہے۔

فی حصص آمدن

کمپنی کی امسال فی حصص آمدن ۲,۴۱ روپے رہی ہے جو کہ ۲۰۲۰ میں ۱,۴۱ روپے فی حصص تھی۔

اراکین کو ڈائریکٹرز رپورٹ

اور انتظامیہ سے انٹرنل کنٹرول کا مربوط نظام مرتب کیا ہوا ہے۔ کمپنی کی انٹرنل کنٹرول پالیسی ایس ای سی پی کے جاری کردہ کوڈ آف کارپوریٹ گورننس کے مطابق ترتیب دی گئی ہے

کمپنی کے بورڈ، انتظامیہ اور اسٹاف کے لئے یہ پالیسی کچھ اصول اور ضوابط مرتب کرتی ہے جن پر عمل کرتے ہوئے سب اپنی ذمہ داریاں ادا کرتے ہیں۔

خطرات سے نمٹنے کی پالیسی

رسک مینجمنٹ پالیسی مارکیٹ میں موجود ملی غیر یقینی صورتحال کا احاطہ کرتی ہے تاکہ غیر معمولی حالات سے نمٹنے کے لئے پہلے سے تیار رہا جائے۔ جو قوائد ایس ای سی پی کے جاری کردہ کوڈ میں گئے ہیں کمپنی نے من و عن اس پر عمل کرتی ہے۔ اس ڈیپارٹمنٹ کے مقاصد درج ذیل ہیں

۱. رسک ماڈل بنانے کے لئے بورڈ کی معاونت فراہم کرنا

۲. رسک مینجمنٹ کمیٹی کے ذریعے بورڈ کی معاونت کرنا تاکہ رسک مینجمنٹ پالیسی کو مؤثر انداز میں لاگو کیا جا سکے

۳. کمپنی کی رسک پروفائل کا جائزہ لینا تاکہ ہر رسک کو انفرادی سطح اور اجتماعی سطح پر دیکھا جا سکے

۴. رسک مینجمنٹ کمیٹی کے ذریعے بورڈ کی معاونت اور رسک کو ختم کرنے سے متعلق کیے گئے اقدامات

۵. رسک مینجمنٹ سے متعلق کئے گئے فیصلوں کے بارے میں بورڈ کو معلومات فراہم کرنا

۶. آپریشنل اور دوسرے رسک سے متعلق بورڈ کو معلومات فراہم کرنا

۷. کریڈٹ رائٹنگ سے مطلق بورڈ کو معاونت فراہم کرنا

آئی ایس او ۹۰۰۱ سرٹیفیکیشن

کمپنی کا بنیادی مقصد اپنے کسٹمرز کو مطمئن رکھنا ہے اس مقصد کو حاصل کرنے کیلئے کمپنی نے بہترین سسٹم ۹۰۰۱:۲۰۱۵ سرٹیفائیڈ ہیں۔ کمپنی اپنے کسٹمرز کو دوبارہ یقین دلانا ISO بنا رکھے ہیں اور کمپنی کے تمام ڈیپارٹمنٹ چاہتی ہے کہ ہم اپنے تمام سسٹم کو مزید بہتر بنائیں گے تاکہ تمام کسٹمرز کو مطمئن کیا جا سکے۔

ہیومن ریسورس

کمپنی یہ یقین رکھتی ہے کہ ہمارے ملازمین ہماری طاقت ہیں۔ ٹیلنٹ مینجمنٹ ایک جہد مسلسل ہے اور ہماری یہ کوشش ہے کہ درست کام کیلئے درست آدمی کا انتخاب کیا جاسکے۔ یو آئی سی اپنے ملازمین کی پروفیشنل ترقی کیلئے بھرپور مواقع فراہم کرتی ہے۔

کمپنی ٹیم ورک اور ڈسکشن کو مکمل سپورٹ کرتی ہے اور تمام معاملات کی شفافیت پر یقین رکھتی ہے۔ جس سے ملازمین کے اعتماد میں اضافہ ہوتا ہے اور ان کی صلاحیتوں کا بھرپور اعتراف کیا جاتا ہے۔

کارپوریٹ سوشل ذمہ داریاں

کمپنی کارپوریٹ سوشل ذمہ داری سے متعلق اپنی ذمہ داری سے آگاہ ہے۔ کمپنی سوسائٹی کو اپنے ایک ضروری حصہ دار کے طور پر سمجھتی ہے اور کمپنی ہمیشہ سوسائٹی کی فلاح اور بہبود کے لئے کام کرنے میں خاص دلچسپی لیتی ہے۔ کمپنی نے ایک مربوط سی ایس آر پالیسی بنائی ہے جو کہ بورڈ سے منظور شدہ ہے۔ اس پالیسی

اراکین کو ڈائریکٹرز رپورٹ

داروں سے بخوبی آگاہ ہیں اور انکو احسن طریقے سے سرانجام دے رہا ہے۔ اپنے اسٹاف کو شریعہ سے مطلق معلومات فراہم کرنے اور انکی علمی قابلیت میں اضافہ کرنے کی غرض سے کمپنی اپنے اسٹاف کی وقتاً فوقتاً ٹریننگ منعقد کرتی رہتی ہے۔ یہ ٹریننگ شریعہ ایڈوائزر اور ایس ای سی پی سے منظور شدہ اداروں کے ذریعے کروائی جاتی ہے

ویب سائٹ پر سرمایہ کاروں سے متعلق انفارمیشن

کمپنی ایس ای سی پی کے قوائد کے مطابق سالانہ اجلاس اور غیر معمولی اجلاس منعقد کرتی رہتی ہے۔ کمپنی کے عبوری مالی نتائج اور رپورٹس کمپنی کی ویب سائٹ پر موجود ہیں پاکستان اسٹاک ایکسچینج کی ویب سائٹ پر بھی یہ تمام انفارمیشن موجود ہے۔ اس کے علاوہ کوئی پرائس سے منسلک معلومات جیسا کہ بورڈ آف ڈائریکٹرز کی میٹنگ کی تاریخ اسٹاک ایکسچینج کو مہیا کی جاتی ہے

کمپنی کی ویب سائٹ پر سرمایہ کاروں سے مطلق علیحدہ سے سیکشن بنایا ہوا ہے جہاں پر سرمایہ کاری سے مطلق تمام انفارمیشن موجود رہتی ہے اور وقتاً فوقتاً ان معلومات کو اپ ڈیٹ کر دیا جاتا ہے۔ کمپنی کی ویب سائٹ کا لنک درج ذیل ہے

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یہ ویب سائٹ تواتر سے اپ ڈیٹ کر دی جاتی ہے تاکہ سرمایہ کاروں کو شفاف انفارمیشن ملتی رہے۔ یہ سب انفارمیشن انگلش اور اردو زبان میں موجود رہتی ہے

کلیمز

ہم پالیسی ہولڈرز کے کلیم نہت جلد ادا کرتے ہیں اور یہ خدمات ہمارا فخر ہے۔ فائر موٹر بیلٹھ کے کلیم کافی زیادہ تعداد میں ہوتے ہیں اور انکو جلد سے جلد ادا کر دیا جاتا ہے تاکہ پالیسی ہولڈر کو کسی قسم کی پریشانی نہ اٹھانی پڑے۔

ری انشورنس

اپ کی کمپنی اس بات پر فخر محسوس کرتی ہے کہ ہمارے ری انشورنس کے معاہدے دنیا کی بڑی ری انشورنس کمپنیز کے ساتھ ہیں جن کے نام درج ذیل ہیں۔

Swiss Reinsurance Company
Korean Reinsurance Company
Hannover Reinsurance Company
Qatar General Insurance
Labuan Reinsurance Company
Malaysian Reinsurance Company
Singapore PTE Limited
Emirates International Dubai
Canopus Asia PTE Limited

کمپنی کا اندرونی کنٹرول کا نظام اور اسکی مناسبت

کمپنی کے بورڈ آف ڈائریکٹرز کمپنی کے اندر مضبوط انٹرنل کنٹرول نظام کو بنانے اور اس نظام کو لاگو کرنے کے ذمہ دار ہیں تاکہ تمام خطرات سے نمٹا جا سکے۔ کمپنی کے آپریشنز کی وجہ سے کمپنی کو بہت سے خطرات کا سامنا رہتا ہے۔ کمپنی کی انتظامیہ اور بورڈ اپنی ذمہ داری سے بخوبی آگاہ ہے اور ان ذمہ داریوں کو پورا کرنے کے لیے بورڈ

اراکین کو ڈائریکٹرز رپورٹ

۳۱ دسمبر ۲۰۲۱ کے اختتام پر کمپنی کے کل اثاثہ جات میں ۶.۹۲ فی صد اضافہ ہوا اور ۱۰,۵۴۳.۲۹۱ ملین روپے رہے جبکہ ۲۰۲۰ میں ۹,۸۰۶.۷۴۵ ملین روپے تھے۔ یہ اضافہ کمپنی کی سرمایہ کاری میں اضافہ کی وجہ سے ہوا۔ کمپنی مینجمنٹ کی یہ حکمت عملی ہے کہ کمپنی کے سرمایہ کو زیادہ سے زیادہ بہتر انداز میں استعمال کیا جائے اور سرمایہ کاری آمدن کو بڑھایا جائے

منی لانڈرنگ کے تدارک اور دہشت گردی کی سرمایہ کاری کے تدارک

جدید دنیا بہت بدل چکی ہے اور ٹیکنالوجی کے استعمال زیادہ ہونے کی وجہ سے مالیاتی لین دین میں کافی آسانی ہو چکی ہے۔ ایک شخص سے دوسرے شخص کو پیسے ٹرانسفر کرنا ایک بہت آسان کام ہو چکا ہے۔ بہت آسانی سے پیسے باہر بھیجے جاتے ہیں۔ لین دین کی اس آسانی کی وجہ سے اس سے منسلک خطرات میں بھی اضافہ ہو گیا ہے۔ یہ خطرہ موجود رہتا ہے کہ غیر قانونی پیسے کو مختلف ترکے سے غیر قانونی سرگرمیوں کے لئے ٹرانسفر کیا جا سکے۔ یہ پیسا نہ صرف غیر قانونی ذریعے سے حاصل کی گئی رقم کو جائز کرنا بلکہ یہ رقم دہشت گردی کو سپورٹ کرنے کے لئے بھی استعمال کی جاتی ہے۔ اس وجہ سے پوری دنیا متفق ہے کہ اس غیر قانونی لین دین کی روک تھام کی جا سکے

پاکستان میں سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان ایسے ادارے ہیں جو بینکنگ اور دوسری انڈسٹری کو ریگولیٹ کرتے ہیں۔ پاکستان میں یہی دو ادارے غیر قانونی لین دین کے روک تھام کے لئے قانون بناتے ہیں۔ دنیا میں رائج دہشت گردی کی روک تھام سے متعلق اصول اور ضوابط پاکستان میں بھی رائج ہیں۔ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے کسٹمر کی انفارمیشن اکٹھی کرنے سے متعلق قواعد اور ضوابط بنائے ہیں جو انشورنس انڈسٹری پر بھی لاگو ہیں۔ ایس ای سی پی نے حال میں قوانین جو تبدیل کیا ہے جو کہ دہشت گردی کی سرمایہ کاری کی روک تھام اور اپنے کسٹمر کی جان پہچان سے متعلق بہت تفصیلی قواعد ہیں۔ انشورنس کمپنیز کے لیے یہ قواعد بہت فائدہ مند ہیں اور کمپنیز کو ان اصولوں کو ادارے میں لاگو کرنا ہے تاکہ اس سے منسلک خطرات کو کم سے کم کیا جا سکے

یو آئی سی منی لانڈرنگ کے تدارک سے متعلق قوانین کے اطلاق کے لئے کوشاں ہے۔ اس سے نہ صرف ایس ای سی پی کے بنائے گئے قانون کی تعمیل ہوگی بلکہ معاشرے کی بہتری کے لئے گئے اقدامات میں اپنا حصہ شامل کرنے کی کوشش کا حصول ہوگا

کمپنی نے منی لانڈرنگ اور دہشت گردی کی سرمایہ کاری کے تدارک کے لئے بہترین پالیسی بنائی ہوئی ہے جو کہ بورڈ آف ڈائریکٹرز سے منظور شدہ ہے۔ کمپنی اس پالیسی کو تمام ڈیپارٹمنٹس کے ضوابط کے ساتھ منسلک کر رہی ہے اور ٹیکنالوجی کا استعمال کرتے ہوئے اس پالیسی کا اطلاق یقینی بنانے کے لئے کوشاں ہے۔ کمپنی اپنے اسٹاف کو بھی مکمل ٹریننگ دے رہی ہے تاکہ اس پالیسی کے مکمل اطلاق کو یقینی بنایا جا سکے۔ ہم یو آئی سی کو ایسا ادارہ بنانا چاہتے ہیں جو ایس ای سی کے رائج کردہ تمام قواعد اور ضوابط کی تعمیل کو یقینی بنائے

شریعہ کمپلائنس قواعد اور ضوابط

ونڈو تکافل آپریٹر کے طور پر کمپنی شریعہ سے مطلق قواعد کی تعمیل سے مکمل طور پر آگاہ ہے اور کمپنی اپنی یہ ذمہ داری بخوبی نبھا رہی ہے۔ کمپنی نہ صرف ان ضوابط کے اطلاق کو یقینی بناتی ہے بلکہ اپنے تکافل پالیسی ہولڈر سے منسلک ذمہ داریوں کو بھی احسن طریقے سے سر انجام دے رہی ہے۔ تاکہ اپنے پالیسی ہولڈرز کو بہترین خدمات دی جا سکیں

کمپنی کی یہ بنیادی ذمہ داری ہے کہ تمام تکافل پروڈکٹس شریعہ کے رائج قوانین کے مطابق ہوں اور شریعہ ایڈوائزر مفتی فرحان فاروق کی جانب سے دے گئے اصولوں اور ضوابط کے مطابق خدمات پالیسی ہولڈرز کو فراہم کی جائیں

ونڈو تکافل آپریٹر کے طور پر کمپنی اپنی تمام ذمہ داریوں سے آگاہ ہے۔ ونڈو تکافل سے منسلک اسٹاف اپنی ذمہ

اراکین کو ڈائریکٹرز رپورٹ

آج ، پاکستان کی اکانومی آہستہ آہستہ مستحکم انداز میں آگے بڑھ رہی ہے . ایگریکلچرل ، کنسٹرکشن اور ایکسپورٹ سیکٹر پاکستان کی اکانومی کی بڑی کامیابیوں میں سے ایک کامیابی ہے . کرنٹ اکاؤنٹ بیلنس اور بھی سرپلس میں ہے اور فسل ڈیفیسٹ بھی کنٹرول میں ہے

یہ اندازہ کیا جا رہا ہے کہ سال ۲۰۲۲ میں پاکستان کی جی ڈی پی گروتھ ۵ فی صد تک رہے گی اور کچھ عرصہ میں اس میں اضافہ ہوتا رہے گا

۲۰۲۱ کے اختتام پر کنونشنل کاروبار کا جائزہ

۲۰۲۱ میں کمپنی کی پرفارمنس بہت عمدہ رہی ہے کیوں کہ کمپنی کی گروتھ می ۵.۶۱ فی صد اضافہ ہوا۔ ہم رسک مینجمنٹ کے ذریعے اپنی گروتھ میں اضافہ کرتے رہیں گے . کمپنی کے مختلف سیگمنٹ کی کارکردگی درج ذیل ہے

فائر اینڈ پراپرٹی

کمپنی کے بیمہ میں ۲۲.۷۳ فی صد اضافہ ہوا۔ پچھلے سال خام بیمہ ۷۵۹.۸۳۳ ملین روپے رہا جب کہ ۲۰۲۱ میں اضافہ کے ساتھ ۹۳۲.۵۴۳ ملین روپے رہا . خالص کلیم خالص بیمہ کا ۱۹.۶۶ فی صد رہا جب کہ پچھلے سال ۲۰۲۰ میں ۳۷.۱۴ فی صد رہا . ذمیمہ نویسی نتائج ۵۶.۵۷۶ ملین روپے رہے جب کہ ۲۰۲۰ میں ۶.۱۸۳ ملین روپے ریکارڈ ہوئے

میرین ، ایوی ایشن اور ٹرانسپورٹ

خام بیمہ ۷.۶۵ فی صد اضافہ سے ۳۱۲.۱۰۰ ملین روپے ریکارڈ ہوا جو کہ پچھلے سال میں ۲۸۹.۹۱۳ ملین روپے ریکارڈ ہوا تھا . خالص کلیم خالص بیمہ کا ۶.۷۱ فی صد رہے جو کہ ۲۰۲۰ میں ۰.۳۵ فی صد روپے رہے . ذمیمہ نویسی نتائج ۶۹.۵۰۱ ملین روپے رہے جب کہ ۲۰۲۰ میں ۷۳.۸۵۶ ملین روپے رہا

موٹر

موٹر کا خالص بیمہ ۷۲۶.۶۶۳ ملین روپے رہا جو کہ ۲۰۲۰ میں ۶۶۱.۹۷۴ ملین روپے تھا . خالص کلیم خالص بیمہ کا ۲۹.۳۳ فی صد رہے جب کہ ۲۰۲۰ میں یہ تناسب ۶۴.۷۹ فی صد رہی . ذمیمہ نویسی نتائج ۹۷.۸۴۴ ملین روپے ریکارڈ ہوئے جو کہ ۲۰۲۰ میں ۲۱.۲۰۱ ملین روپے رہے

کروپ

کروپ کا خام بیمہ ۷۶۲.۷۵۴ ملین روپے رہا جو کہ ۲۰۲۰ میں ۹۱۶.۹۳۴ ملین روپے رہا . خالص کلیم خالص بیمہ کا ۱۴.۹۷ فی صد رہا جو کہ ۲۰۲۰ میں ۱۲.۰۳ فی صد . ذمیمہ نویسی نتائج ۵۱۵.۹۲۸ ملین روپے رہے جب کہ ۲۰۲۰ میں ۱۹۲.۵۸۱ ملین روپے رہے

متفرق کاروبار

خام بیمہ ۲۰۲۱ میں ۲،۴۶۲.۴۱۲ ملین روپے ریکارڈ کیا گیا جب کہ ۲۰۲۰ میں ۲،۲۹۱.۹۴۹ ملین روپے ریکارڈ کیا گیا . خالص کلیم خالص بیمہ کا ۲۰.۱۲ فی صد رہے جب کہ ۲۰۲۰ میں ۲۷.۸۰ فی صد ریکارڈ کیا گیا . ذمیمہ نویسی نتائج ۵۱۵.۹۲۸ ملین روپے رہے جو کہ ۲۰۲۰ میں ۱۵۷.۸۶۲ ملین روپے ریکارڈ کیے گئے ہیں

ونڈو تکافل آپریشنز

۲۰۲۱ میں کمپنی کے تکافل آپریشنز کی کارکردگی متاثر کن رہی ہے کیوں کہ کمپنی کے تکافل بیمہ میں ۷۲.۷ فی صد اضافہ ہوا ہے . کمپنی اپنی پالیسی کو جاری رکھے گی اور اپنی رسک مینجمنٹ کو مزید بہتر کرے گی

تکافل کا بیمہ ۷۲.۶۷ فی صد اضافہ سے ۱،۳۸۳.۹۴۸ ملین روپے رہا جو کہ پچھلے سال ۸۰۱.۴۸۱ ملین روپے رہا جب کہ کمپنی کا خالص بیمہ ۶۱۰.۳۹۱ ملین روپے رہا جو کہ ۲۰۲۰ میں ۲۰۶.۷۲۱ ملین روپے تھا . تکافل کاروبار کا منافع ۳۵.۱۵۴ ملین روپے رہا جب کہ پچھلے سال ۱.۷۰۹ ملین روپے رہا

اراکین کو ڈائریکٹرز رپورٹ

دی یونائیٹڈ انشورنس کمپنی کا ڈائریکٹرز، کمپنی کی سالانہ رپورٹ اور کمپنی کے کنونشنل اور تکافل کاروبار کے سالانہ آڈٹ شدہ گوشوارے پیش کرتے ہوئے فخر محسوس کر رہے ہیں۔ ڈائریکٹرز رپورٹ کمپنیز ایکٹ، ۲۰۱۷ اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن، ۲۰۱۹ کے تحت بنائی گئی ہے۔

کووڈ-۱۹ اور انشورنس انڈسٹری

کووڈ-۱۹ کی وجہ سے انشورنس انڈسٹری میں کافی تیزی سے تبدیلیاں رونما ہو رہی ہیں۔ پوری دنیا میں کام کرنے کے انداز میں تبدیلی آگئی ہے اور ٹیکنالوجی کے زیادہ سے زیادہ استعمال کی ضرورت پیش ہے۔ خاص طور پر گھر سے کام کرنے کی نئی اصطلاح سامنے متعارف ہوئی اور کافی اہمیت اختیار کر چکی ہے۔

کووڈ-۱۹ وائرس ابھی موجود ہے اور اس کے جینز میں تیزی سے تبدیلی آ رہی ہے اور پوری دنیا میں پھیل رہی ہے۔ سامان کی ترسیل کی قیمت میں کافی اضافہ ہو گیا ہے جس کی وجہ سے روزمرہ استعمال کی چیزوں کی قیمت میں کافی زیادہ اضافہ ہو گیا ہے۔ نقصانات کو کم کرنے کے لئے اور اور کووڈ-۱۹ جیسے اچانک پیدا ہونے والے خطرات سے نمٹنے کے لئے یہ بہت ضروری ہے کہ کمپنیز اپنے آپریشنل، ماڈل پر نظر ثانی کریں۔ انشورنس سیکٹر میں کم انشورنس کرانا ایک مسئلہ کے طور پر سامنے آیا ہے اور یہ صرف ترقی پزیر ممالک میں نہیں ہے بلکہ پوری دنیا میں ہے۔

پاکستان کی اکانومی کا جائزہ

دنیا نے ۲۰۲۱ میں اپنی تاریخ کی سب سے خطرناک وبائی مرض کا سامنا کیا ہے۔ پوری دنیا کی طرح پاکستان نے بھی اس وبا کا سامنا کیا۔ حکومت پاکستان نے اس وبا کا بہت اچھے انداز سے مقابلہ کیا اور اکانومی آکو رواں دوں رکھنے کے لئے بہت سی پالیسیاں مراتب کی جن کی بدولت نچلے طبقے کے لوگوں کو روزگار فراہم کرنے میں کافی مدد ملی۔ حکومت پاکستان نے ۱۲۴۰ ارب پیکیج کے اعلان کیا اور اسکے علاوہ کنسٹرکشن انڈسٹری کے لئے بھی سہولیات پیدا کیں تاکہ اس انڈسٹری سے منسلک لوگوں کو روزگار کی فراہمی ہوتی رہے۔ ان پالیسیوں کی وجہ سے پاکستان کی اکانومی نے پوری دنیا کے مقابلے میں کافی بہتر انداز میں پرفارم کیا۔ ۲۰۲۱ کی تیسری سہ ماہی میں ہی اکانومی میں کافی بہتری دیکھنے میں آئی گورنمنٹ کی بہتر پالیسیوں کی بدولت اکانومی کی تمام شعبہ جات میں کافی بہتری دیکھنے میں آئی۔ ۲۰۲۱ میں پاکستان کا گروتھ ریٹ ۳.۹ فی صد رہا جو کہ مقرر کردہ ۲.۱ فی صد ہدف سے کافی زیادہ رہا۔

جی ڈی پی گروتھ ریٹ، ذراعت، انڈسٹریل اور خدمات کے شعبہ جات میں بلترتیب ۲.۱، ۳.۵۷ اور ۴.۴۳ فی صد رہا۔ ذراعت کے شعبہ کی بہتری کے لئے ۲۷۷ ارب روپے کا نیشنل ایگریکلچر پروگرام شروع کیا گیا۔ ان پروگرام کے تحت ۱۳ بڑے منصوبوں پر کام جاری ہے۔ ۲۰۲۱ کے دوران گندم کی پیداوار بڑھانے کے لیے کسانوں کو ۵.۴ ارب روپے کا پیکیج دیا گیا تاکہ ان کے اخراجات کو کم کیا جاسکے۔ ان کے علاوہ ۱۴۰۰ سے ۱۸۰۰ روپے فی من تک گندم کی امدادی قیمت مقرر کی۔ اسی طرح لوگوں کو ایگریکلچرل لون کی مدد میں ۱۵۰ ارب روپے دینے کا ہدف مقرر کیا گیا تھا۔ ان سہولیات کی وجہ سے چھوٹی اور بڑی فصلوں میں کافی بہتری دیکھنے میں آئی۔

دوسری طرف کرنٹ اکاؤنٹ بیلنس میں کافی بہتری ہوئی۔ ۲۰۲۱ کے دس ماہ میں یہ بہتری بھر سے آنے والی ترسیلات کی وجہ سے اور ایکسپورٹس بڑھنے کی وجہ سے ہوئی۔ حکومت نے اوورسیز پاکستانیوں کو ترسیلات بھیجنے کے لئے بہتر ذرائع مہیا کیے جن کی وجہ سے کووڈ-۱۹ کے باوجود اورسیاس پاکستانیوں نے ریکارڈ ترسیلات پاکستان میں بھیجیں۔ سب سے اہم بات یہ کہ فیٹف کی وجہ سے پاکستان نے ترسیلات بھیجنے کے رسمی ذرائع کا استعمال کیا گیا اور غیر رسمی ذرائع سے آنے والی ترسیلات کی حوصلہ شکنی کی گئی۔ اسی طرح پاکستان ترسیلات پروگرام کے تحت پاکستان نے امریکا، متحدہ عرب امارت اور انگلینڈ میں ترسیلات بھیجنے کے لئے دوبارہ سے دفتر کھولے تاکہ زیادہ سے زیادہ لوگ پاکستان میں ترسیلات بھیج سکیں۔ اسکے علاوہ کووڈ-۱۹ کے بعد اکانومی کو جلد سے جلد کھولنے کی وجہ سے ایکسپورٹس آرڈر ملے جن کی وجہ سے پاکستان کی ایکسپورٹس میں نمایاں اضافہ ہوا۔ یہاں یہ بتانا بھی ضروری ہے کہ آئی ایم ایف کے پروگرام میں پاکستان کی ان کوششوں کو سراہا گیا۔

REPORT ON CORPORATE

and Financial Reporting Framework

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

- 1) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows, and change in equity;
- 2) The Company has maintained proper books of accounts as required under the Companies Act, 2017;
- 3) The Company has followed consistently appropriate accounting policies in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- 4) Financial Statements have been prepared by the Company in accordance with the International Accounting Standards, International Financial Reporting Standard and any other regulation or law (including but not limited to the Shariah guidelines/principles) as applicable in Pakistan. The departure there from (if any) has been adequately disclosed and explained;
- 5) The system of internal control is sound and is being implemented and monitored by

the internal audit department. The system prevents losses, minimize risks, protect assets ensure accuracy of records, promote operational efficiency, and encourage adherence to policies, rules, regulations, laws and helps management maintain an effective means of performance.

- 6) The fundamentals of the Company are strong and there are no doubts about its ability to continue as a going concern;
- 7) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
- 8) Key operating and financial data for the last six years in summarized form, is included in this annual report.
- 9) Outstanding taxes and duties amounting to Rs. 326,039,058 which will be paid partially in the month of January, 2022 and partially in with income tax return of 2022.
- 10) There are no statutory payments on accounts of taxes, duties, levies and charges which are outstanding as at December 31, 2021, except as those disclosed in the financial statements;

- 11) All significant plans, major

decisions such as corporate restructuring, business expansion and discontinuance of operations, shall be outlined along with future prospect;

- 12) The value of investment in assets of provident fund, on basis of audited accounts, as at December 31, 2021 was Rs 230,297,973/- (2020: Rs. 180,349,402/-).
- 13) After the breakout of COVID-19 pandemic, all the Board and Committees' meetings were conducted through remote access using Video Link facility. The Company did not opt for any available relaxation for conducting Board and Committee Meetings due to COVID-19 pandemic and all meetings were held as per the regulatory requirements. The number of meetings attended by each Director is given here under:

Sr. no	Name of Directors	Meetings Attended
1.	Muhammad Akram Shahid	5 out of 6
2.	Javaid Sadiq *	5 out of 6
3.	Khawas Khan Niazi	6 out of 6
4.	Muhammad Rahat Sadiq**	2 out of 6
5.	Huma Waheed	6 out of 6
6.	Jamil Ahmed Khan	6 out of 6
7.	Agha Ali Imam	6 out of 6
8.	Syed Rahat Ali Shah	6 out of 6

* Mr. Javaid Sadiq resigned from Directorship on 25-09-2021.

** Mr. Muhammad Rahat Sadiq Appointed as Co-opt Director on 25-09-2021.

REPORT ON CORPORATE

and Financial Reporting Framework

PATTERN OF SHAREHOLDING

The statement of pattern of shareholding as at December 31, 2021 is part of this annual report.

COMPOSITION OF BOARD

- a) Male 06 (Six)
b) Female 01 (One)

Category	Names
Independent Director	Jamil Ahmed Khan Agha Ali Imam
Non-Executive Directors	Khawas Khan Niazi Muhammad Rahat Sadiq Syed Rahat Ali Shah
Executive Directors	Muhammad Akram Shahid Huma Waheed

MEMBERS OF BOARD COMMITTEE

The members of the Board Committees were as under:

Audit Committee		
Mr. Agha Ali Imam	Independent Director	Chairman
Mr. Khawas Khan Nizai	Non-Executive Director	Member
Syed Rahat Ali Shah	Non-Executive Director	Member
Mr. Abdul Mannan Munir	Chief Internal Auditor	Secretary
Ethics, Human Resources & Remuneration Committee		
Mr. Jamil Ahmed Khan	Independent Director	Chairman
Mr. Muhammad Akram Shahid	Executive Director	Member
Mr. Muhammad Rahat Sadiq	Non Executive Director	Member
Mr. Wakeel Ahmed Mirza	General Manager	Secretary
Investment Committee		
Mr. Jamil Ahmed Khan	Independent Director	Chairman
Mr. Muhammad Akram Shahid	Executive Director	Member
Mr. Agha Ali Imam	Independent Director	Member
Mr. Tajamal Iqbal	General Manager	Member
Mr. Maqbool Ahmad	Chief Financial Officer	Member

DIRECTORS' REMUNERATION

The Board of Directors have a formal policy and transparent procedure for remuneration of directors in accordance with the Companies Act, 2017 and determines it by Market benchmark of Insurance Industry. The detail of remuneration to directors and executives are mentioned in notes to the financial statements.

In the Company, besides the Board, there are three Board Committees. In order to discharge fiduciary duties and as required by the Board, meetings of the Board and these Committees are conducted. Directors' Remuneration Policy encompasses the determination of attending fee of Board and its sub-Committees. As per the policy, the Board of Directors is authorised to determine the attending fee for

all the non-executives including Independent Directors from time to time.

DIRECTORS TRAINING PROGRAMME

The Board has fully complied with the requirement of the Directors Training Programme laid down in the Code. Hence, out of seven Directors of the Company, five have already been attended the Directors' Training Programme. Two Directors are exempt from this requirement based on their qualifications and experience.

PERFORMANCE OF THE BOARD

The Board performed its duties and responsibilities diligently in strategic and governance matters, playing a key role in the monitoring of management performance and assessing major risk areas during the period under review. Aligning the company with its vision and mission, the Board successfully set the strategic goals of the company. Remaining fully committed and engaged in governance and oversight of the company's strategy and operations, the Board put in place the right mix of plans and policies with the ultimate objective of creating value for shareholders while upholding the principles of good corporate governance. The Board is cognizant of the

REPORT ON CORPORATE

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fact that well-defined corporate governance processes are vital to enhance corporate accountability and is committed to ensuring high standards of corporate governance while preserving and maintaining stakeholders' value.

The Board has developed a mechanism to evaluate its own performance by adopting of self-evaluation exercise through the questionnaire on annual basis, which covers core areas of the functioning of the Board. The primary purpose of this evaluation is to enable the Board members to perform their roles and responsibilities more effectively towards the progress of your Company. This evaluation is carried out under a self-evaluation methodology based on certain parameters. Critical areas that the questionnaire covers include but are not limited to the following:

- Evaluate and understand the statutory directive
- Assessment of overall roles and responsibilities of the Board members
- Critically review the financial reporting requirement
- Identify the area of risk
- Trainings and up gradation of knowledge & skill of directors

The result of the Board's self-assessment of its overall performance was satisfactory against the set criteria.

AUDITORS

The Company's Auditors M/s. Ilyas Saeed & Co., Chartered Accountants shall stand retired at the conclusion of AGM. The Board of Directors, based on the recommendation of the Audit Committee, has recommended the appointment of M/s. Avais Hyder Liaquat Nauman, Chartered Accountants, as auditors of the Company, for the year ending December 31, 2022, till the conclusion of the next AGM.

MATERIAL CHANGES

The following material changes have been occurred during reporting year 2021:

ELECTION OF DIRECTORS

The election of Directors of the company was held on April 30, 2021, in the 61st Annual General Meeting of the Company for three year terms. However, one of the Directors Mr. Javaid Sadiq resigned from directorship on September 25, 2021. In his place, Mr. Muhammad Rahat Sadiq co-opted as a director on the Board.

New composition of Board of Directors after co-opted director is hereunder;

1. Mr. Jamil Ahmed Khan
2. Mr. Muhammad Akram Shahid
3. Mr. Khawas Khan Niazi

4. Mr. Muhammad Rahat Sadiq
5. Miss. Huma Waheed
6. Mr. Agha Ali Imam
7. Syed Rahat Ali Shah

INVESTMENT IN ASSOCIATED COMPANY - APNA MICROFINANCE BANK LIMITED (AMBL)

As per the recommendation of the Investment Committee, the Board of Directors of the United Insurance Company of Pakistan Limited has decided to reduce investment in shares of Apna Microfinance Bank Limited (AMBL) from 46.5% to 12%. It is pertinent to mention that there is no change in ultimate beneficial ownership in AMBL.

SCHEME OF MERGER

During the reporting year The Board of Directors of the Company in their 219th meeting held on July 08, 2021, has approved the merger scheme of The United Insurance Company of Pakistan Limited with SPI Insurance Company Limited. Further, the Company has obtained a Swap Computation Certificate from M/S RSM Avais Hyder Liaquat Nauman, Chartered Accountants. Based on break-up value, 0.90 shares of the Company shall be issued for every 1 share of SPI Insurance Company Limited. The Company is

REPORT ON CORPORATE

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required to issue 51,750,000 shares to the shareholder of SPI in total as consideration of the merger. The swap ratio computation is based on the standalone valuation of both companies by applying Net Assets Valuation (NAV) and fair valuation (FV) methodologies under the Asset approach and discounted cash flows (DCF) methodology under the income approach. Scheme of Merger along with other relevant documents are submitted to the relevant authorities for further approvals and process. The 'Scheme of Merger' has also been approved by the members of the respective companies SPI and UIC in EOGMs convened on Oct 23, 2021, & Oct 16, 2021, respectively. A merger petition has also been filed with the Sindh High Court and an order confirming the merger is expected in due course. Notices for the information of the general public have also been published, through newspaper advertisement, on January 24, 2022, regarding the filing of objections, if any.

For and on behalf of the Board



Muhammad Akram Shahid
Chief Executive Officer

Date: April 01, 2022



Jamil Ahmed Khan
Chairman

Date: April 01, 2022

CODE OF CONDUCT & BUSINESS ETHICS

UIC is one of the leading insurance company of Pakistan, our Integrity guides our conduct towards our policyholders, colleagues, shareholders and the general public. This principle constitutes the foundation of our code of conduct and ethics as under:

- Each employee, and director of the Company/the Operator should endeavor to deal fairly with customers, suppliers, competitors, the public at large and each other all times and in accordance with ethical business practices. No one should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other untoward practices.
- We should endeavor to ensure compliance with relevant statutory requirements, in the interest and best practices of corporate governance. No employee, or director of the Company/the Operator shall commit an illegal or unethical act, or incite others to do so, for any reason. Any violation of the laws that govern our business may result in a substantial loss of confidence in the Company/the Operator by the public, our policyholders and stakeholders.
- The Company/the Operator is responsible to ensure
- The Company/the Operator is committed to conduct its business in compliance with all applicable environmental and workplace health and safety laws and regulations. The Company strives to provide a safe and healthy work environment for our employees and to avoid adverse impact and injury to the environment and communities in which we conduct our business. Achieving this goal is the responsibility of all officers, directors and employees.
- The use of alcohol and drugs can impair your ability to work effectively and productively, you may not drink alcohol on the Company/the Operator premises. Additionally, you may not possess any non-pharmaceutical drugs on the Company/the Operator premises or at work-related functions.
- We are committed to preserving our reputation in the financial community by assisting in efforts to combat anti-money laundering and

that Company's corporate records and communications are complete, reliable and accurate, as our financial and accounting records are used to produce reports for our management teams, directors and shareholders.

countering financing of terrorism regulations, 2018. Money laundering is the practice of disguising the ownership or source of illegally obtained funds through a series of transactions to "clean" the funds so they appear to be proceeds from legal activities.

- Any political affiliation by officers or executive directors on personal level or on behalf of the Company's Conventional Business and/or Window Takaful Operator and/or engage in political activities and/or solicited for monetary contribution of any kind is not allowed in the light of AML Regulations. This policy applies solely to prevent the Company and Company's employees from unnecessary engagement to keep /maintain record and load of reporting to FMU & SECP

The Company has developed a proper code of conduct which requires to be followed by each employee. The employees abide by the Code of Conduct to keep his/her integrity intact while dealing with colleagues, potential customers, policyholders, suppliers and peer group. The Company will always strive to maintain high standards of Business Anti-corruption measures. The Company follows "Zero Tolerance Policy" for any reported corruption incidence.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of The United Insurance Company of Pakistan Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) and the Code of Corporate Governance for Insurers, 2016 (the Regulations), prepared by the Board of Directors of The United Insurance Company of Pakistan Limited (the Company) for the year ended December 31, 2021 in accordance with the requirements of regulation 36 of the Regulations and provision (xxvii) of the Code of Corporate Governance for Insurers, 2016.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2021.



Chartered Accountants

Engagement Partner: Imran Ilyas

Place: Lahore

Date: April 01, 2022

UDIN:CR202110247JBprXi6yW

STATEMENT OF COMPLIANCE

with the Code of Corporate Governance for Insurers, 2016 and Listed Companies (Code of Corporate Governance) Regulations, 2019 for the year ended December, 2021

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (the Code) & Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance.

The United Insurance Company of Pakistan Limited has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven (7) as per the following:

- a) Male : Six (6)
- b) Female : One (1)

2. The Company encourages the representation of independent non-executive directors and directors representing minority on its Board of Directors. At present the composition of the Board is as follows:

Category	Names
Independent Director	Agha Ali Imam Jamil Ahmed Khan
Non-Executive Directors	Khawas Khan Niazi Syed Rahat Ali Shah Muhammad Rahat Sadiq
Executive Directors	Muhammad Akram Shahid Huma Waheed

The independent directors meet the criteria of independence as laid down in the Code and Regulations.

3. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this company (excluding the listed subsidiaries) of listed holding companies where applicable).
4. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
5. In this fiscal year the Company held election of directors of the company on 30-04-2021. All directors offered themselves under section 159(1) of the Companies Act 2017, have been re-elected only one newly director namely Muhammad Akram Shahid, elected for three years tenure.
6. During the year, one casual vacancy occurred in the Board on 25-09-2021 and the same was filled by co-opted director on the same day. However, in the same sprite application for seeking the requisite approval was submitted to the Securities & Exchange Commission of Pakistan (SECP), in terms of the Insurance Companies (Sound and Prudent Management) Regulations, 2012 and necessary approval has been obtained by the Commission.
7. The company has prepared a "Code of Conduct" and has ensured the appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
8. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
9. All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive directors and the key officers have been taken by the Board of the relevant provisions of the Act and Regulations.
10. The meeting of the Board was presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notice of the board meetings, along with the agenda and working papers, were circulated at least seven (7) days before the meetings. The minutes of the meeting were

STATEMENT OF COMPLIANCE

with the Code of Corporate Governance for Insurers, 2016 and Listed Companies (Code of Corporate Governance) Regulations, 2019 for the year ended December, 2021

appropriately recorded and circulated.

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

12. The following directors have completed certified Director's Training Program (DTP) and they are fully aware of their duties and responsibilities:

- Mr. Muhammad Akram Shahid
- Mr. Khawas Khan Niazi
- Ms. Huma Waheed
- Mr. Jamil Ahmed Khan
- Syed Rahat Ali Shah

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

14. There was no change of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year.

15. The Directors' Report for this year has been prepared in compliance with the requirement of the Code of Corporate Governance for Insurers, 2016 and Listed Companies (Code of Corporate Governance) Regulations, 2019 fully describes

the salient matters required to be disclosed.

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

17. The Directors, Chief Executive Officer and other Executives do not hold any interest in the shares of the company other than disclosed in the pattern of shareholding.

18. The company has complied with all the corporate and financial reporting requirements of the Code.

19. The Board has formed the following Management Committees:

Underwriting Committee:

Name of Member	Category
Mr. Khawas Khan Niazi	Chairman
Mr. S. M. Qaiser Imam	Member
Mr. Amir Hameed	Member
Mr. Tayyab Bashir	Secretary

Claims Settlement Committee:

Name of Member	Category
Ms. Huma Waheed	Chairperson
Mr. Tajammal Iqbal	Member
Mr. Raja Naeem Tariq	Member
Mr. Rizwan Safdar	Secretary

Reinsurance & Co-insurance Committee:

Name of Member	Category
Mr. Muhammad Rahat Sadiq	Chairman
Mr. Raja Naeem Tariq	Member
Mr. Amir Hameed	Member
Mr. Tayyab Bashir	Member
Mr. Abrar Ahmed Khan Minhas	Secretary

Risk Management & Compliance Committee:

Name of Member	Category
Mr. Muhammad Akram Shahid	Chairman
Ms. Huma Waheed	Member
Syed Rahat Ali Shah	Member
Mr. Ali Hassan Bhatti	Secretary

20. The Board has formed the following Board Committees:

Ethics, Human Resource & Remuneration Committee:

Name of Member	Category
Mr. Jamil Ahmed Khan	Chairman
Mr. Muhammad Akram Shahid	Member
Mr. Muhammad Rahat Sadiq	Member
Mr. Wakeel Ahmed Mirza	Secretary

STATEMENT OF COMPLIANCE

with the Code of Corporate Governance for Insurers, 2016 and Listed Companies [Code of Corporate Governance] Regulations, 2019 for the year ended December, 2021

Investment Committee:

Name of Member	Category
Mr. Jamil Ahmed Khan	Chairman
Mr. Muhammad Akram Shahid	Member
Mr. Agha Ali Imam	Member
Mr. Tajammal Iqbal	Member
Mr. Maqbool Ahmad	Secretary

21. The Board has formed an Audit Committee. It comprises of four (4) members. The chairman of the Committee is an independent director. The composition of the Audit Committee is as follows:

Audit Committee:

Name of Member	Category
Mr. Agha Ali Imam	Chairman
Mr. Khawas Khan Niazi	Member
Syed Rahat Ali Shah	Member
Mr. Abdul Mannan Munir	Secretary

22. The meetings of the Committees, except Ethics, HR & Remuneration Committee

were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of references of the aforesaid Committees have been formed and advised to the Committees for compliance.

23. The Board has set up an effective internal audit function.
24. The Chief Executive Officer, Chief Financial Officer, Company Secretary, Compliance Officer and the Head of Internal Audit are competent and qualified as per the Code. The persons who are handling the underwriting, claims, reinsurance, risk management and grievance functions/department are competent, experience and qualified, as required under section 12 of the Insurance Ordinance, 2000.

25. The statutory auditors of the company have been appointed from the panel of auditors approved by the Commission in terms of sections 48 of the Insurance Ordinance, 2000. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partner of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

26. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act.

27. The Board ensures that the investment policy of the company has been drawn up in accordance with the provision of the Code.

28. The Board ensures that the risk management system of the insurance is in place as per the requirements of the Code. The company has set up a risk management department, which carries out its tasks as covered under the Code.

Name of the Person	Designation
Muhammad Akram Shahid	Chief Executive Officer
Maqbool Ahmad	Chief Financial Officer
Athar A. Khan	Company Secretary
Abdul Mannan Munir	Chief Internal Auditor
Ali Hassan Bhatti	Chief Compliance Officer
Raja Naeem Tariq	Joint Director – Finance Head of Takaful Operations
Amir Hameed	Chief Operating Officer Executive Director
Tajammal Iqbal	Head of Conventional Business
Shakeel Ahmed	Head of Takaful Business Deputy Managing Director
S.M. Qaiser Imam	Sr. Executive Director Underwriting
Tayyab Bashir	Joint Director Operations – Underwriting
Kamran Zaman	Deputy General Manager – Claims
Abrar Ahmed Minhas	Sr. General Manager Re-insurance
Wakeel Ahmed Mirza	General Manager HR & R

STATEMENT OF COMPLIANCE

with the Code of Corporate Governance for Insurers, 2016 and Listed Companies (Code of Corporate Governance) Regulations, 2019 for the year ended December, 2021

29. The Pakistan Credit Rating Agency Limited (PACRA) has harmonized IFS Rating of The United Insurance Company of Pakistan Limited as AA+ (Double A plus) with "Stable Outlook". The rating reflects United Insurance's strong business fundamentals emanating from a sustained growth in GPW.

Moreover, VIS Credit Rating Company Limited (VIS) has also harmonized the Insurer Financial Strength (IFS) rating of The United Insurance Company of Pakistan Limited (UIC) from 'AA' (Double A) to 'AA+' (Double A plus). The IFS rating of 'AA+' denotes very high capacity of meeting policyholder and contractual obligations. Outlook on the assigned rating is 'Stable'.

30. The Board has set up a grievance department, which fully complies with the requirements of the Code.

31. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officers in a timely manner and maintained proper record including basis for inclusion or exclusion of names from the said list.

32. The Board has developed and approved the criteria for annual evaluation of its own performance as per the requirement of the Code. The evaluation has been done by the Board on an annual basis.

33. The Company has not obtained any exemption(s) from the Securities and Exchange Commission of Pakistan in respect of the requirement of the Code.

34. We confirm that all other material principles contained in the Code and Regulations have been complied with.



Muhammad Akram Shahid
Chief Executive Officer



Jamil Ahmed Khan
Chairman

Date: April 01, 2022

STATEMENT UNDER SECTION 46 (6)

of The Insurance Ordinance, 2000

The Incharge of the management of the business was Mr. Muhammad Akram Shahid, Chief Executive Officer and the report on the affairs of business during the year 2021 signed by Jamil A. Khan, Huma Waheed, Syed Rahat Ali Shah, Maqbool Ahmad and approved by the Board of Directors is part of the Annual Report 2021 under the title of "Directors' Report to the Members" and

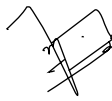
- (a) In our opinion the annual statutory accounts of The United Insurance Company of Pakistan Limited set out in the forms attached to the statement have been drawn up in accordance with the Insurance Ordinance, 2000 and any rules made thereunder;
- (b) The United Insurance Company of Pakistan Limited has at all times in the year complied with the provisions of the Ordinance and the rules made thereunder relating to paid-up capital, solvency and reinsurance arrangements; and
- (c) As at the date of the statement, The United Insurance Company of Pakistan Limited continues to be in compliance with the provisions of the Ordinance and the rules made thereunder relating to paid-up capital, solvency and reinsurance arrangements.



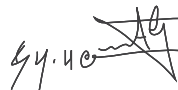
Muhammad Akram Shahid
Chief Executive Officer



Huma Waheed
Director



Maqbool Ahmad
Chief Financial Officer



Syed Rahat Ali Shah
Director



Jamil Ahmed Khan
Chairman

PATTERN OF SHAREHOLDING

As At December 31, 2021

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
298	1	100	6,002
173	101	500	46,115
103	501	1000	77,913
289	1001	5000	764,366
115	5001	10000	870,441
54	10001	15000	671,063
29	15001	20000	519,344
23	20001	25000	521,730
13	25001	30000	361,442
13	30001	35000	429,085
9	35001	40000	343,596
8	40001	45000	344,535
7	45001	50000	332,449
5	50001	55000	262,735
5	55001	60000	283,024
3	60001	65000	187,846
6	65001	70000	410,063
3	70001	75000	212,125
1	75001	80000	77,259
3	80001	85000	246,808
2	85001	90000	178,719
2	95001	100000	192,932
3	105001	110000	325,892
1	110001	115000	111,675
3	115001	120000	350,510
2	120001	125000	244,108
1	125001	130000	127,031
2	130001	135000	263,990
1	135001	140000	137,966
1	145001	150000	149,831
1	150001	155000	151,000
2	165001	170000	334,534
1	175001	180000	176,684
1	185001	190000	188,000
1	195001	200000	200,000
1	205001	210000	207,004
1	225001	230000	225,700
1	240001	245000	242,479
1	265001	270000	269,386
1	295001	300000	300,000

PATTERN OF SHAREHOLDING

As At December 31, 2021

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
1	300001	305000	301,626
1	305001	310000	308,248
1	345001	350000	345,818
1	355001	360000	358,000
1	385001	390000	389,082
1	430001	435000	433,835
1	460001	465000	460,797
1	580001	585000	584,755
1	635001	640000	635,893
1	640001	645000	644,708
1	725001	730000	727,094
1	775001	780000	776,472
1	795001	800000	798,000
1	1010001	1015000	1,014,056
1	1090001	1095000	1,092,978
1	1170001	1175000	1,173,931
1	1245001	1250000	1,249,635
2	1600001	1605000	3,205,330
1	1985001	1990000	1,989,787
1	7455001	7460000	7,459,574
1	8790001	8795000	8,790,868
1	12650001	12655000	12,652,707
1	22705001	22710000	22,705,009
1	28055001	28060000	28,056,308
1	28135001	28140000	28,135,506
1	29005001	29010000	29,005,809
1	31390001	31395000	31,393,525
1	43010001	43015000	43,011,126
1	55960001	55965000	55,960,143
1219			295,000,000

PATTERN OF SHAREHOLDING

As At December 31, 2021

Sr. No.	Categories of Shareholding	Number of Shareholders	Share held	Percentage %
1	Associated Companies, Undertaking & Related Parties (List "A" attached)	3	121,416,646	41.16
2	Mutual Funds, NIT, ICP & Government entity (List "B" attached)	3	21,046	0.01
3	Directors , CEO & Their Spouse and minor children (List "C" attached)	7	10,850,566	3.68
4	Executives (List "D" attached)	NIL	NIL	NIL
5	Public Sector Companies & Corporations (List "E" attached)	1	1,249,635	0.42
6	Banks, DFIs, NBFI & Insurance Companies (List "F" attached)	3	13,499	0.00
7	Shareholders holding 5% or more (List "G" attached)	3	130,596,465	44.27
8	Others/Individual	1,199	30,852,143	10.46
	Total	1219	295,000,000	100.00

PATTERN OF SHAREHOLDING

As At December 31, 2021

List A Associated Companies, Undertaking & Related Parties

Sr. No.	Name	No. of Shares
1	United Track System (Private) Ltd	78,665,152
2	Tawasul Healthcare TPA (Private) Ltd	13,745,685
3	Tawasul Risk Management Services (Pvt.) Ltd	29,005,809
		<u>121,416,646</u>

List B Mutual Funds, NIT, ICP & Government entity

Sr. No.	Name	No. of Shares
1	National Bank of Pakistan Investor Account	19,121
2	Trustees First Capital Mutual Fund	1,881
3	IDBL (ICP Unit)	44
		<u>21,046</u>

List C Directors , CEO & Their Spouse and Minor Children

Sr. No.	Name	No. of Shares
1	Muhammad Akram Shahid	10,780,655
2	Khawas Khan Niazi	29,026
3	Miss. Huma Waheed	22,077
4	Muhammad Rahat Sadiq	11,421
5	Agha Ali Imam	3,235
6	Syed Rahat Ali Shah	1,956
7	Jamil Ahmed Khan	2,196
		<u>10,850,566</u>

List D Executives

Sr. No.	Name	No. of Shares
	Nil	-

List E Public Sector Companies & Corporations

Sr. No.	Name	No. of Shares
1	Pakistan Re-insurance Company Limited	<u>1,249,635</u>

List F Banks, DFIs, NBFI, Insurance Companies, Takaful, Modarabas and Pension Funds

Sr. No.	Name	No. of Shares
1	Eastern Federal Union Insurance Co., Ltd.	11,624
2	Habib Bank Limited-Treasury	389
3	Al-Zamin Management (Private) Limited	1,486
		<u>13,499</u>

List G Shareholders' Holding 5% or above

Sr. No.	Name	No. of Shares
1	United International Farms (Private) Ltd	28,056,308
2	United Software and Technologies International (Pvt.) Ltd	59,529,031
3	Margalla News International	43,011,126
		<u>130,596,465</u>

The United Insurance Company of Pakistan Limited

Financial Statements

For The Year Ended December 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the members of The United Insurance Company of Pakistan Limited Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **THE UNITED INSURANCE COMPANY OF PAKISTAN LIMITED (the Company)**, which comprise the statement of financial position as at December 31, 2021, and the related profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow 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, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017, in the manner so required and respectively give a true and fair view of the state of Company's affairs as at December 31, 2021 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matter

We draw attention of the members to note 8.1 and note 12.1 to the financial statements which explain the position of investment in associate. The Company has sold substantial shares of Apna Microfinance Bank Limited to other sponsors / related parties at a price of Rs. 6/- per share as the same are not saleable in open market. The sale price approximates to the book value determined. The consideration against sale of such shares shall be received between January 01, 2022 to June 30, 2023 as more fully explained in the aforesaid notes.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

To the members of The United Insurance Company of Pakistan Limited Report on the Audit of the Financial Statements

Following are the key audit matters:

S r. No.	Key audit matter(s)	How the matter was addressed in our audit
1	<p>Valuation of Claim Liabilities</p> <p>Refer note 3.15 and 25 to the financial statements relating to valuation of claim liabilities.</p> <p>The Company's claim liabilities represent 35.25% of its total liabilities. Valuation of these claim liabilities involves significant management judgement 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. The Company maintains provision for claims incurred but not reported (IBNR) based on the advice of an independent actuary. The actuarial valuation process involves significant judgement and the use of actuarial assumptions.</p> <p>We have identified the valuation of claim liabilities as key audit matter because estimation of claims liabilities involves a significant degree of judgment.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding, evaluated the design and tested the key controls over the process of capturing, processing and recording of information related to the claims and recoveries from reinsurance arrangements; • Inspected significant arrangements with reinsurers 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 and assessed the sufficiency of reserving 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 and subsequent to year end with underlying documentation to assess whether claims had been recognized in the appropriate accounting period;

INDEPENDENT AUDITOR'S REPORT

To the members of The United Insurance Company of Pakistan Limited Report on the Audit of the Financial Statements

		<ul style="list-style-type: none"> Used an external actuarial specialist to assist us in evaluation of general principles, actuarial assumptions and methods adopted for actuarial valuations by the actuary of the Company for determination of IBNR; and Considered the adequacy of Company's disclosures about the estimates used and the sensitivity to key assumptions.
2.	<p>Revenue Recognition Risk</p> <p>Refer notes 3.12 and 24 to the financial statements relating to revenue recognition.</p> <p>The Company receives its revenue primarily from premiums. Premiums from insurance policies comprise of 96.51% of the total revenue.</p> <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>Our audit procedures in respect of this matter 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 premium income; Assessed the appropriateness of the Company's accounting policy for recording of premiums and that it is in line with the requirements of applicable law, accounting and reporting standards; Tested the premium recorded on sample basis to test the accuracy from the underlying policies issued to insurance contract holders; Tested the policies on sample basis where premium was recorded close to year end, and evaluated that these were recorded in the appropriate accounting period; and Recalculated the unearned portion of premium income and ensured that appropriate amount has been recorded as provision for unearned premium in liabilities.

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

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

INDEPENDENT AUDITOR'S REPORT

To the members of The United Insurance Company of Pakistan Limited Report on the Audit of the Financial Statements

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 not been provided with any other information up to the date of our report and thus we have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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.

INDEPENDENT AUDITOR'S REPORT

To the members of The United Insurance Company of Pakistan Limited Report on the Audit of the Financial Statements

- 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;
- b) the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 and are in agreement with the books of account and returns;

INDEPENDENT AUDITOR'S REPORT

To the members of The United Insurance Company of Pakistan Limited Report on the Audit of the Financial Statements

- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is **Imran Ilyas**.



ILYAS SAEED & CO.

Chartered Accountants

Place: Lahore

Date: April 01, 2022

UDIN:AR202110247K3IAMDRPk

STATEMENT OF FINANCIAL POSITION

As at December 31, 2021

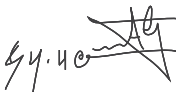
	Note	2021 Rupees	2020 Rupees
Assets			
Property and equipment	5	1,194,933,142	1,209,975,221
Intangible assets	6	1,483,252	1,977,670
Investment property	7	51,912,475	31,181,171
Investments in subsidiary and associate	8	647,742,930	1,933,915,396
Investments			
Equity securities	9	30,775,664	48,163,076
Debt securities	10	617,502,776	379,351,873
Term deposits	11	400,097,871	170,097,872
Total Assets in Window Takaful Operations - Operator's fund	11A	726,037,646	754,035,663
Loans and other receivables	12	1,443,962,325	142,087,676
Insurance / reinsurance receivables	13	1,138,296,178	1,497,164,155
Reinsurance recoveries against outstanding claims	25	1,498,691,646	1,349,738,271
Salvage recoveries accrued		-	-
Deferred commission expense / acquisition cost	26	375,486,487	212,908,956
Deferred taxation	15	-	-
Taxation - payment less provision		-	-
Prepayments	16	1,651,494,329	1,672,850,841
Cash & bank	17	764,874,597	457,296,874
Total assets		10,543,291,318	9,860,744,715
Equity and liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	18	2,950,000,000	2,950,000,000
Share premium		-	-
Reserves	19	42,459,808	52,845,811
Unappropriated profit		1,325,234,616	751,251,334
Total Equity		4,317,694,424	3,754,097,145
Surplus on revaluation of fixed assets	19A	339,220,717	380,300,236
Liabilities			
Total Liabilities in Window Takaful Operations - Operator's fund	11A	189,324,452	44,645,972
Underwriting Provisions			
Outstanding claims including IBNR	25	2,008,063,278	1,758,414,109
Unearned premium reserves	24	2,141,914,061	2,322,406,326
Premium deficiency reserves		5,895,297	-
Unearned reinsurance commission	26	294,407,089	196,587,940
Retirement benefit obligations	14	-	-
Deferred taxation	15	126,532,111	151,341,783
Borrowings	20	93,156,626	91,484,644
Premium received in advance		-	-
Insurance / reinsurance payables	21	429,075,859	862,236,702
Other creditors and accruals	22	323,818,070	113,786,352
Taxation - provision less payment		274,189,334	185,443,506
Total Liabilities		5,697,051,725	5,681,701,362
Total Equity and Liabilities		10,543,291,318	9,860,744,715
Contingency(ies) and commitment(s)	23	-	-

The annexed notes from 1 to 45 form an integral part of these financial statements.


Muhammad Akram Shahid
Chief Executive Officer


Huma Waheed
Director


Maqbool Ahmad
Chief Financial Officer


Syed Rahat Ali Shah
Director


Jamil Ahmed Khan
Chairman

PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2021

	Note	2021 Rupees	2020 Rupees
Net insurance premium	24	2,722,937,523	1,868,698,241
Net insurance claims	25	(533,540,021)	(438,670,831)
Premium deficiency		(5,895,297)	37,161,886
Net commission and other acquisition costs	26	(157,819,074)	(95,532,280)
Insurance claims and acquisition expenses		(697,254,392)	(497,041,225)
Management expenses	27	(1,075,543,371)	(919,974,925)
Underwriting results		950,139,760	451,682,091
Investment income	28	63,602,950	57,171,373
Rental income	29	2,450,250	2,736,000
Other income	30	32,326,451	17,825,106
Other expenses	31	(12,987,582)	(6,899,019)
Results of operating activities		1,035,531,829	522,515,551
Finance cost	32	(6,281,590)	(6,386,295)
Share of (loss) / profit from associate		(7,174,040)	16,562,502
Profit from Window Takaful Operations - Operator's fund		35,154,157	1,708,660
Profit before tax		1,057,230,356	534,400,418
Income tax expense	33	(248,163,024)	(119,845,802)
Profit after tax		809,067,332	414,554,616
Earnings (after tax) per share - Rupees			
- basic and diluted	34	2.74	1.41

The annexed notes from 1 to 45 form an integral part of these financial statements.


Muhammad Akram Shah
Chief Executive Officer


Huma Waheed
Director


Maqbool Ahmad
Chief Financial Officer


Syed Rahat Ali Shah
Director


Jamil Ahmed Khan
Chairman

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2021

	2021 Rupees	2020 Rupees
Profit after tax	809,067,332	414,554,616
Other comprehensive income/ (loss):		
<i>Items to be re-classified to profit and loss account in subsequent period:</i>		
Unrealized (loss) on revaluation of available-for-sale investments - net off deferred tax	(5,979,684)	(7,783,885)
Reclassification adjustments relating to available-for-sale investments disposed off during the year - net off deferred tax	1,153,445	9,792,396
Share of other comprehensive income from takaful:		
Unrealized (loss) on revaluation of available-for-sale investments - net off deferred tax	(3,562,919)	(2,733,138)
Reclassification adjustments relating to available-for-sale investments disposed off during the year - net off deferred tax	(1,996,845)	3,671,605
	(10,386,003)	2,946,978
<i>Items not to be re-classified to profit and loss account in subsequent period:</i>		
Share of other comprehensive income from takaful	-	-
Other comprehensive income for the year	(10,386,003)	2,946,978
Total comprehensive income for the year	798,681,329	417,501,594

The annexed notes from 1 to 45 form an integral part of these financial statements.


Muhammad Akram Shahid
Chief Executive Officer


Huma Waheed
Director


Maqbool Ahmad
Chief Financial Officer


Syed Rahat Ali Shah
Director


Jamil Ahmed Khan
Chairman

CASH FLOW STATEMENT

For the year ended December 31, 2021

	2021 Rupees	2020 Rupees
Operating cash flows:		
a) Underwriting activities		
Insurance premium received	5,555,339,319	4,362,797,693
Reinsurance premium paid	(3,074,518,496)	(2,257,203,220)
Claims paid	(2,068,060,328)	(2,132,160,737)
Reinsurance and other recoveries received	1,635,216,101	1,541,863,038
Commission paid	(567,681,720)	(446,321,338)
Commission received	453,073,842	386,806,076
Management expenses paid	(933,881,573)	(768,057,873)
Net cash flow from underwriting activities	999,487,145	687,723,639
b) Other operating activities		
Income tax paid	(159,417,196)	(111,087,798)
General expenses paid	(12,987,582)	(6,899,019)
Other operating (payments)/ receipts	(21,800,047)	8,251,327
Loans advanced	(27,423,814)	(19,785,001)
Loan repayments received	23,335,728	16,895,487
Net cash flow from other operating activities	(198,292,911)	(112,625,004)
Total cash flow from all operating activities	801,194,234	575,098,635
Investment activities:		
Profit/ return received	60,973,930	52,792,724
Dividend received	2,136,898	627,235
Rental received	2,450,250	2,736,000
Payment for investment/ investment properties	(2,681,528,973)	(340,781,409)
Proceeds from investment/ investment properties	2,352,813,594	168,553,493
Fixed capital expenditure	(115,855,279)	(57,000,181)
Proceeds from sale of property and equipment	18,473,839	13,341,000
Assets in Window Takaful Operations	200,000,000	(3,030,445)
Total cash flow from investing activities	(160,535,741)	(162,761,583)
Financing activities:		
Interest paid	(5,608,597)	(6,084,170)
Dividends paid	(285,791,155)	(177,000,000)
Lease liability paid	(41,681,018)	(38,081,652)
Total cash flow from financing activities	(333,080,770)	(221,165,822)
Net cash flow from all activities	307,577,723	191,171,230
Cash and cash equivalents at the beginning of the year	457,296,874	266,125,644
Cash and cash equivalents at the end of the year	764,874,597	457,296,874

CASH FLOW STATEMENT

For the year ended December 31, 2021

	2021 Rupees	2020 Rupees
Reconciliation to Profit and Loss Account		
Operating cash flows	801,194,234	575,098,635
Depreciation & amortization expense	(141,661,798)	(151,917,052)
Finance charges	(6,281,590)	(6,084,170)
Profit / (loss) on disposal of property and equipment	6,122,165	(1,251,129)
Rental income	2,450,250	2,736,000
Dividend income	2,136,898	627,235
Share of profit from associate	(7,174,040)	16,562,502
Increase in assets other than cash	573,578,913	506,444,696
(Increase) in liabilities other than borrowings	(527,581,548)	(586,777,176)
Investment & other income	76,689,455	56,084,630
Income from Window Takaful Operations	29,594,393	3,030,445
Profit after taxation	809,067,332	414,554,616

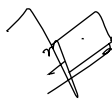
The annexed notes from 1 to 45 form an integral part of these financial statements.



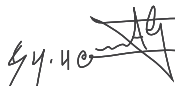
Muhammad Akram Shahid
Chief Executive Officer



Huma Waheed
Director



Maqbool Ahmad
Chief Financial Officer



Syed Rahat Ali Shah
Director



Jamil Ahmed Khan
Chairman

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2021

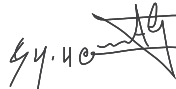
	Attributable to equity holders of the Company						Total
	Share capital	Capital reserve	Revenue reserves			Unappropriated profit	
			Reserve for issuance of bonus shares	General reserve	Available for sale reserve		
----- Rupees -----							
Balance as at January 01, 2020	2,601,016,820	-	-	75,115,917	(25,217,084)	786,630,047	3,437,545,700
Transfer to reserve for issue of bonus shares	-	-	348,983,180	-	-	(348,983,180)	-
Bonus share reserve capitalized on issuance of shares	348,983,180	-	(348,983,180)	-	-	-	-
Interim cash dividends at Rs. 0.60 per share relating to 2020	-	-	-	-	-	(177,000,000)	(177,000,000)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation-net of tax	-	-	-	-	-	76,049,851	76,049,851
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	414,554,616	414,554,616
Other comprehensive income	-	-	-	-	2,946,978	-	2,946,978
	-	-	-	-	2,946,978	414,554,616	417,501,594
Balance as at December 31, 2020	2,950,000,000	-	-	75,115,917	(22,270,106)	751,251,334	3,754,097,145
Balance as at January 01, 2021	2,950,000,000	-	-	75,115,917	(22,270,106)	751,251,334	3,754,097,145
Transfer to reserve for issue of bonus shares	-	-	-	-	-	-	-
Bonus share reserve capitalized on issuance of shares	-	-	-	-	-	-	-
Interim cash dividends at Rs. 1.00/- per share relating to 2021	-	-	-	-	-	(295,000,000)	(295,000,000)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation-net of tax	-	-	-	-	-	59,915,950	59,915,950
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	809,067,332	809,067,332
Other comprehensive income	-	-	-	-	(10,386,003)	-	(10,386,003)
	-	-	-	-	(10,386,003)	809,067,332	798,681,329
Balance as at December 31, 2021	2,950,000,000	-	-	75,115,917	(32,656,109)	1,325,234,616	4,317,694,424

The annexed notes from 1 to 45 form an integral part of these financial statements.


Muhammad Akram Shahid
Chief Executive Officer


Huma Waheed
Director


Maqbool Ahmad
Chief Financial Officer


Syed Rahat Ali Shah
Director


Jamil Ahmed Khan
Chairman

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Status and operations

The United Insurance Company of Pakistan Limited ("the Company") was incorporated on October 20, 1959, in Pakistan as a Public Limited Company under the Defunct Companies Act, 1913, now the Companies Act, 2017, and its shares are quoted on Pakistan Stock Exchange Limited. The Registered Office of the Company is situated at 204, 2nd floor, Madina City Mall, Abdullah Haroon Road, Saddar, Karachi, in the province of Sindh, and its Head Office is located in Lahore, in the province of Punjab. The principal activity of the Company is General Insurance Business and it qualifies as a domestic insurance company under the Insurance Ordinance, 2000 and undertakes Fire & Property Damage, Marine Aviation & Transport, Motor, Crop and Miscellaneous General Insurance. The Company has been allowed to carry on Window Takaful Operations on August 18, 2014 by the Securities and Exchange Commission of Pakistan (SECP) under the Takaful Rules, 2012. The Company has not transacted any insurance business outside Pakistan.

For the purpose of carrying on takaful business, the Company has formed a Waqf/ Participants' Takaful Fund (PTF) on June 09, 2014 under a trust deed. The trust deed governs the relationship of shareholders and policy holders for management of takaful operations.

1.2 Significant transactions and events

The respective Boards of SPI Insurance Company Limited (SPI) and The United Insurance Company of Pakistan Limited (UIC), the related parties, have approved a 'Scheme of Merger' of SPI with and into UIC. The 'Scheme of Merger' has also been approved by the members of the respective companies SPI and UIC in EOGMs convened on Oct 23, 2021, & Oct 16, 2021, respectively. A merger petition has also been filed with the Sindh High Court and an order confirming the merger is expected in due course. Notices for the information of the general public have also been published, through newspaper advertisement, on January 24, 2022, regarding the filing of objections, if any.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

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

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

Total assets, total liabilities and profit of the Window Takaful Operations of the Company referred to as the Operator's Fund has been presented in these financial statements in accordance with the requirements of Circular 25 of 2015 dated July 09, 2015. A separate set of financial statements of the General Window Takaful Operations has been reported which is annexed to these financial statements as per the requirements of the SECP Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

2.1 Basis of measurement

The financial statements have been prepared under the historical cost convention except for certain class of property and equipment which are measured at revalued amount and certain financial instruments which are measured at fair value.

2.2 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency. All figures have been rounded to the nearest rupee, unless otherwise stated.

2.3 Standards, interpretations and amendments effective in (current year)

2.3.1 The Company has adopted the following amendments in accounting standards and interpretations of IFRSs which became effective for the current year:

IFRS 4	Amendment to IFRS 4 - Insurance Contracts - Amended by Interest Rate Benchmark Reform — Phase 2
IFRS 7	Amendment to IFRS 7 - Financial Instruments: Disclosures - Amended by Interest Rate Benchmark Reform — Phase 2
IFRS 16	Amendment to IFRS 16 -Leases - Amended by Interest Rate Benchmark Reform — Phase 2
IFRS 16	Amendment to IFRS 16 - Amended by Covid-19-Related Rent Concessions beyond 30 June 2021

The adoption of the above amendments, and improvement to accounting standards and interpretations did not have any significant effect on the financial statements.

2.4 Standards, interpretations and amendments not effective at year end

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan have not become effective during current year:

Standards, amendments or interpretation		Effective date (Annual periods beginning on or after)
IFRS 3	Amendments to IFRS 3 - Business Combinations - Amended by reference to the Conceptual Framework.	01-Jan-22
IFRS 9	Financial Instruments - Amendments to IFRS 17 and Extension of the Temporary Exemption from Applying IFRS 9.	01-Jan-23
IAS 1	Amendments to IAS 1 - Presentation of Financial Statements - Amended by Classification of Liabilities as Current or Non-current.	01-Jan-23

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

Standards, amendments or interpretation		Effective date (Annual periods beginning on or after)
IAS 8	Amendment to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - Amended Definition of Accounting Estimates.	01-Jan-23
IAS 12	Amendments to IAS 12 - Income Taxes - Amended by Deferred Tax related to Assets and Liabilities arising from a Single Transaction.	01-Jan-23
IAS 16	Amendments to IAS 16 - Property, Plant and Equipment — Proceeds before Intended Use.	01-Jan-22
IAS 37	Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets - Amended by Onerous Contracts — Cost of Fulfilling a Contract.	01-Jan-22

2.4.1 IFRS 9 FINANCIAL INSTRUMENTS

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 addresses 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 and loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. Under the temporary exemption option, the Company can defer the application of IFRS 9 until the application of IFRS 17.

The Company has determined that it is eligible for the temporary exemption option. The determination is based on an analysis of the percentage of the total carrying amount of liabilities connected with insurance activities relative to the total carrying amount of all liabilities, which indicates that the Company's activities are predominately connected with insurance. Further, the Company does not engage in significant activities unconnected with insurance based on historical available information. Accordingly, the Company has adopted temporary exemption and defer the implementation of IFRS 9 until the effective date of the new insurance contracts standard.

To determine the appropriate classification of financial assets under IFRS 9, an entity would need to assess the contractual cash flows characteristics of any financial asset. Indeed, the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI) i.e. cash flows that are consistent with a basic lending arrangement. In a basic lending arrangement consideration for the time value of money and credit risk are typically the most significant elements of interest. 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

The debt instruments accounted for fair value through other comprehensive income under IAS 39 are potentially eligible to SPPI test whereas it is not applicable for the debt instruments accounted for fair value through profit or loss.

The table below set out the fair values on gross basis 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.

	Fail the SPPI Test		Pass the SPPI Test		
	Fair value	Change in unrealised gain / (loss) during the year	Carrying value	Cost less impairment	Change in unrealised gain / (loss) during the year
FINANCIAL ASSETS					
Investments in associate	1,286,954,875	-	-	-	-
Investments					
- Equity securities - Available for sale	30,775,664	(6,797,520)	-	-	-
- Debt securities - Held to maturity*	-	-	617,502,776	-	-
- Term deposits - Held to maturity*	-	-	400,097,871	-	-
Total Assets in Window Takaful Operations	726,037,646	-	-	-	-
Loans and other receivables*	1,430,232,737	-	-	-	-
Insurance / reinsurance receivables*	1,138,296,178	-	-	-	-
Reinsurance recoveries against outstanding claims*	1,498,691,646	-	-	-	-
Cash & bank*	276,263,516	-	488,611,081	-	-

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

2.4.2 The other amendments mentioned in Note 2.4 are assessed by the Company and are likely to have no material impact on these financial statements.

2.5 In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

Standards, amendments or Interpretation		Effective date (Annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards - Amended by Annual Improvements to IFRS Standards 2018-2020.	01-Jan-22
IFRS 17	Insurance Contracts - Amended by Amendments to IFRS 17	01-Jan-23

2.6 Standards, interpretations and amendments becoming effective in future period but not relevant:

There are certain new standards, amendments to standards and interpretations that are effective for different future periods but are considered not to be relevant to Company's operations, therefore not disclosed in these financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property and Equipment

3.1.1 Operating assets

3.1.1.1 Owned assets

These are stated at cost less accumulated depreciation and accumulated impairment, if any, except for freehold land, buildings and motor vehicles which are stated at revalued amount less accumulated depreciation and accumulated impairment, if any.

Depreciation on all property and equipment is charged to profit and loss account on reducing balance method so as to write off depreciable amount of an asset over its estimated useful life at the rates specified in note 5.1 to the financial statements. Depreciation on additions to/ disposal from property and equipment for the year is charged on "number of days basis".

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Surplus arising on revaluation of an item of property and equipment is credited to surplus on revaluation of property and equipment, except to the extent of reversal of deficit previously charged to income, in which case that portion of the surplus is recognized in income. Deficit on revaluation of an item of property and equipment is charged to surplus on revaluation of that asset to the extent of surplus and any excess deficit is charged to income. During continuing use of the item of property and equipment the surplus on revaluation of property and equipment to the extent of incremental depreciation charged on the related assets is transferred to the unappropriated profits. On subsequent sale or retirement of revalued item of property and equipment, the attributable balance of surplus is transferred directly to the unappropriated profits. Moreover, the Company has a policy to get the property and equipment revalued once in three (3) years.

3.1.1.2 Right-of-use assets

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the reducing balance method from the commencement date to the earlier of the end of the estimated useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of 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 impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

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

The Company has elected not to recognise right-of-use assets and lease liabilities for short term and low value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term. The payments associated with such leases are recognised as an expense as disclosed in note no 27.3.

- Ijarah contracts

Ijarah rentals (Ijarah) under Ijarah contracts are recognized as an expense in the profit and loss account on a straight-line basis over the Ijarah term as per Islamic Financial Accounting Standard issued by SECP vide S.R.O 431(I)/2007 dated May 22, 2007.

3.1.1.3 Capital work in progress

Capital work in progress is stated at cost less any impairment in value. It consists of expenses incurred and advances made to suppliers in respect of tangible and intangible assets.

3.2 Intangible assets

These are stated at cost less accumulated amortization and accumulated impairment loss, if any.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

Amortization on intangibles is charged to profit and loss account on the reducing balance method so as to write off amortization amount of an intangible asset over its estimated useful life at the rates specified in note 6 to the financial statements. Amortization on additions to/ disposal from intangibles, if any, is charged on "number of days basis".

The gain or (loss) on disposal or retirement of an intangible asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as income or expense.

3.3 Investment property

Investment properties are held for earning rentals and capital appreciation. Investment property is accounted for under the cost model in accordance with International Accounting Standard (IAS) 40 'Investment property'.

Depreciation policy, subsequent capital expenditures and gains/ losses on disposal are accounted for in the same manner as tangible property and equipment.

3.4 Insurance contracts

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policy holders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policy holders.

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

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

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

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

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

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.

Crop insurance provides financial protection against natural disasters, fire and lightening and insect/ pest attack on standing crop.

Other various types of insurance are classified in miscellaneous category which includes mainly engineering and livestock, personal accident, worker's compensation, travel guard, products of financial institutions and health insurance etc.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

The Company does not issue any insurance contracts with discretionary participation features (DPF) or any investment contracts.

3.5 Deferred commission expense / Acquisition cost

Commission and other incremental acquisition costs incurred in obtaining and recording policies of insurance and reinsurance are deferred and calculated by applying twenty-fourths method and recognized as assets where they can be reliably measured and it is probable that they will give rise to premium revenue that will be recognized in subsequent reporting periods. Incremental acquisition costs of a policy are costs of selling, underwriting and initialing an insurance policy which has been issued, i.e., the costs are identified at the level of an individual policy and not at the level of a portfolio of policies.

Deferred acquisition costs (if any) are amortized systematically over the reporting period over which the related premium revenue is recognized.

An acquisition cost, which is not incremental, is recognized as expense during the period in which the related premium revenue is recognized.

3.6 Unearned premium

The portion of premium written relating to the unexpired period of coverage is recognized as unearned premium by the Company. This liability is calculated by applying twenty-fourths method as specified in the Insurance Accounting Regulations, 2017.

3.7 Premium deficiency

The Company maintains a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future liability after reinsurance, from claims and other supplementary expenses, expected to be incurred after the statement of financial position date in respect of the unexpired policies in that class of business at the statement of financial position date. This provision (liability adequacy test) is recognized in accordance with the requirements given in International Financial Reporting Standard (IFRS) 4- Insurance contracts. The movement in the premium deficiency reserve is recorded as an expense/ income in profit and loss account for the year.

For this purpose, loss ratios for each class are estimated based on historical claim development. Historical experience is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. Further, actuarial valuation has been carried out to determine the amount of premium deficiency reserve in respect of Accident and Health insurance as required by the Insurance Rules, 2017. If these ratios are adverse, premium deficiency is determined. The loss ratios estimated on these basis for the unexpired portion are as follows:

	2021	2020
- Fire and property damage	25%	30%
- Marine, aviation and transport	7%	11%
- Motor	44%	58%
- Crop	26%	46%
- Miscellaneous	33%	44%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

Based on analysis of combined operating ratio for the expired period of each reportable segment, the management considers that the unearned premium reserves for all the classes of business as at the year end is adequate to meet the expected future liability, after reinsurance, from claims and other expenses expected to be incurred after the statement of financial position date in respect of policies in those classes of business in force at the statement of financial position date.

3.8 Reinsurance contracts held

Insurance contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued are reinsurance contracts. These reinsurance contracts include both facultative and treaty arrangement contracts.

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted reinsurance business being reinsured.

Reinsurance liabilities represent balance due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contracts. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurance companies are estimated in a manner consistent with the provisions for outstanding claims or settled claims associated with the reinsurance policies and are in accordance with the related reinsurance contract.

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

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

The Company assesses its reinsurance assets for impairment on statement of financial position date. If there is objective evidence that reinsurance assets are impaired, the Company reduces the carrying amount of the reinsurance assets to its recoverable amount and recognizes impairment loss in the profit and loss account.

3.9 Receivables and payables related to insurance contracts

Receivables and payables related to insurance contracts are recognized when due at cost which is the fair value of the consideration given less provision for impairment, if any.

3.9.1 Insurance / reinsurance receivable

Receivables under insurance/ reinsurance contracts are recognized when 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 Company reduces the carrying amount of the receivable accordingly and recognizes that impairment loss in profit and loss account.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

3.9.2 Reinsurance recoveries against outstanding claims

Claims recoveries recoverable from the reinsurer 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.

3.10 Segment reporting

A business segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Company follows IFRS 8 'Operating Segments', the Insurance Ordinance, 2000 and the Insurance Rules, 2017 for segment reporting of operating results using the classes of business as specified therein.

Based on its classification of insurance contracts issued, the Company has five primary business segments for reporting purposes namely Fire and Property Damage, Marine Aviation and Transport, Motor, Crop and Miscellaneous. The nature and business activities of these segments are disclosed in respective notes to the financial statements.

Assets and liabilities that are directly attributable to a particular segment have been allocated to them. Certain assets and liabilities have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

3.11 Cash & cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash in hand and balances with banks.

3.12 Revenue recognition

3.12.1 Premium

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Company from policy holders in respect of policies issued.

Premium written under a policy is recognized as income over the period of insurance from the date of issuance of the policy to which it relates to its expiry. 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 the incidence of risk.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

3.12.2 Commission income

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

3.12.3 Investment income

Return on held-to-maturity investments and term deposits are recognized using the effective interest rate method. Profit or loss on sale of investments is recognized at the time of sale.

3.12.4 Dividend income and other income

Dividend income and entitlement of bonus shares are recognized when the Company's right to receive such dividend and bonus shares is established. Rental and other income are recognized as and when accrued.

3.13 Investment

3.13.1 Recognition

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

- In subsidiary and associates
- In equity securities
- In debt securities
- In term deposits

3.13.2 Measurement

In subsidiary and associates

IAS - 28 and IFRS - 10 provide the criteria for determining the controlling interest, relationship between parent & subsidiary company and associated concerns. As per IAS - 28, Entities in which the Company has significant influence but no control and which are neither its subsidiary nor joint ventures are associates and are accounted for by using the equity method of accounting and measurement after recognition is made by following the equity method.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

Under equity method of accounting, the investments are initially recognized at cost; thereafter its carrying amount is increased or decreased for the Company's share of post acquisition changes in the net assets of the associate and dividend distributions. Goodwill relating to an associate is included in carrying amount of the investment and is not amortized. The Company's share of the profit and loss of the associate is accounted for in the Company's profit and loss account, whereas changes in the associate's equity which has not been recognized in the associate's profit and loss account are recognized directly in other comprehensive income of the Company.

After application of equity method, the carrying amount of investment in associate is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognized in profit and loss account.

In equity securities - Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified as (a) loans and receivables, (b) held to maturity investments or (c) financial assets at fair value through profit or loss. These are primarily the investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity.

Subsequent to initial recognition at cost including the transaction cost, these are measured at fair value, changes in fair value are recognized as other comprehensive income until the investment is derecognized or impaired. Gains and losses on derecognition and impairment losses are recognized in profit and loss account.

Return on fixed income securities classified as available for sale is recognized on a time proportion basis.

In debt securities - Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost. At subsequent reporting dates, these are measured at amortized cost using the effective yield method.

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and amortized over the term of the investment using the effective yield unless the impact of amortization is immaterial to the financial statements.

Income from held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments.

The difference between the redemption value and the purchase price of the held to maturity investments is amortized and taken to the profit and loss account over the term of investment.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

In Term deposits - Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost. At subsequent reporting dates, these are measured at amortized cost using the effective yield method.

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and amortized over the term of the investment using the effective yield unless the impact of amortization is immaterial to the financial statements.

Income from held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments.

The difference between the redemption value and the purchase price of the held to maturity investments is amortized and taken to the profit and loss account over the term of investment.

Investment in window takaful operations

Investment in window takaful operations has been measured and disclosed in accordance with the provisions of the Takaful Rules, 2012 and Circular No. 25 of 2015, dated July 09, 2015 on "Financial Reporting of Window Takaful Operations by Non-Life Insurers".

'Net assets in window takaful operations are recorded after adjusting the portion of profit/ (loss) and other comprehensive income/ (loss) from Operator's Fund (OPF) of takaful operations.

'Profit/ (loss) share from takaful operations in profit and loss account is recorded as 100 percent share of profit/ (loss) from Operator's Fund (OPF) in takaful operations. Similarly share of other comprehensive income/ (loss) from takaful operations is recorded in other comprehensive income of the Company based on 100 percent share of other comprehensive income/ (loss) from OPF.

Qarz-e-Hasna funded by Operator's Fund (OPF) of takaful operations to Participants' Takaful Fund (PTF) of takaful operations is recorded as apportionment of profit in the financial statements of the Company.

3.13.3 Financial instruments

Financial assets and financial liabilities within the scope of IAS - 39 are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is included in the profit and loss account for the year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

Financial instruments carried on the statement of financial position date include investments, certain loans and other receivables, insurance/ reinsurance receivables, reinsurance recoveries against outstanding claims, cash and bank, outstanding claims including IBNR, liabilities against assets subject to finance lease, insurance/ reinsurance payables and certain other creditors and accruals.

The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Valuation Techniques

IFRS-13 require to disclose valuation techniques used to measure fair value of financial instruments. For investment in equity securities, mutual funds and investment in associate, market price for trading in shares is considered as fair value at statement of financial position date. For Pakistan Investment Bonds & Treasury Bills, sale prices quoted by dealers are considered as fair value at the statement of financial position date.

3.14 Offsetting of financial assets and liabilities

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

3.15 Provisions

General insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

The Company recognizes liability in respect of all claims incurred up to the statement of financial position date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of incident giving rise to the claims except as otherwise expressly indicated in an insurance contract. The liability for claims include amounts relating to unpaid reported claims, claims Incurred But Not Reported (IBNR) and expected claims settlement costs.

Provision for liability in respect of claims reported but not settled at the statement of financial position date is made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the sums insured. Case estimates are reviewed periodically to ensure that the recognized outstanding claim amounts are adequate to cover expected future payments including expected claims settlement costs and are updated as and when new information becomes available.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

The provision for claims Incurred But Not Reported (IBNR) is consistently made at the statement of financial position date in accordance with the SECP Circular no. 9 of 2016. IBNR claims have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

IBNR for all classes is determined and recognized in accordance with valuation carried out by an appointed actuary which is also based on Chain Ladder (CL) method.

3.16 Taxation

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

3.16.1 Current

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

3.16.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the statement of financial position date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized 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 assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited to the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

3.17 Staff retirement benefits

Employee contribution plan

The Company operates an approved employee contribution provident fund plan for all permanent employees. Equal contributions are made by employees and the Company at the rate of 8.34 percent (2020: 8.34 percent) of gross salary per month and charged to profit and loss account.

3.18 Impairment of assets

The carrying amount of assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account.

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognized for the assets in prior years. A reversal of an impairment loss is recognized immediately in profit and loss account.

In addition, impairment on available for sale investments and reinsurance assets are recognized as follows:

3.18.1 Available for sale

The Company determines that available for sale equity investments are 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 making this judgment, the Company evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

3.18.2 Reinsurance assets

The Company determines the impairment of the reinsurance assets by looking at objective evidence, as a result of an event that occurred after initial recognition of the reinsurance assets, which indicates that the Company may not be able to recover amount due from reinsurer under the terms of reinsurance contract. In addition, the Company also monitors the financial ratings of its reinsurers on each reporting date.

3.19 Dividend distribution

Profit distribution to share holders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Company's financial statements in the year in which the dividends are approved by the Board of Directors.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

3.20 Management expenses

Management expenses include expenses incurred for the purpose of business and are recorded in the financial statements as and when accrued.

3.21 Creditors, accruals and provisions

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

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

3.22 Foreign currency transactions and translations

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the date of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the statement of financial position date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

3.23 Zakat

Zakat on investment income is accounted for in the year of deduction, under Zakat and Ushr Ordinance, 1980.

3.24 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of 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.

3.25 Bonus shares

Reserve for issue of bonus shares is created in the year in which such an issue is approved.

3.26 Related party transactions

Party is said to be related, if they are able to influence the operating and financial decisions of the Company and vice versa. The Company in the normal course of business carries out transactions with related parties. Transactions with related parties are priced at comparable uncontrolled market price and are carried out at arm's length prices.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities as well as income and expenses.

The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the results 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 current and future periods if the revision affects both current and future periods.

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

		Note
-	Property and equipment - Useful lives and depreciation method	3.1
-	Insurance / reinsurance receivables	3.9.1
-	Premium deficiency	3.7
-	Segment reporting	3.10
-	Provisions	3.15
-	Taxation	3.16
-	Staff retirement benefits	3.17
-	Classification & Impairment in value of investments	3.13 & 3.18

	Note	2021 Rupees	2020 Rupees
5	PROPERTY AND EQUIPMENT		
Operating assets	5.1	1,006,375,144	1,068,718,779
Right-of-use assets	5.2	116,712,807	120,075,733
Capital work-in-progress	5.3	71,845,191	21,180,709
		1,194,933,142	1,209,975,221

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

Note Description	2021				2020			
	Cost				Depreciation			
	As at 01 January	Addition	(Disposal)	Adjustment	As at 31 December	For the year	Adjustment	As at 31 December
----- Rupees -----								

5.1 OPERATING ASSETS								
Freehold land	364,103,750	515,856	-	-	364,619,606	-	-	364,619,606
Buildings	261,376,295	-	-	-	261,376,295	9,780,417	-	75,548,409
Furniture and fixtures	137,889,294	330,488	(1,423,662)	-	136,796,320	4,878,509	(1,321,439)	92,745,069
Office equipment	60,837,255	1,235,025	(429,505)	-	61,642,775	2,928,421	(349,841)	34,527,123
Computer equipment	33,850,359	3,718,509	(14,357,481)	-	23,211,387	2,762,354	(14,052,242)	15,695,708
Vehicles	893,437,822	7,765,455	(35,777,955)	41,269,139	906,694,461	79,173,877	(24,094,815)	581,717,785
Cycles	113,140	11,900	-	-	125,040	4,178	-	97,058
Motor tracking devices	169,801,500	30,583,000	(3,934,000)	-	196,448,500	17,941,613	(3,754,592)	144,208,088
Total	1,921,409,415	44,160,433	(55,924,603)	41,269,139	1,950,914,384	117,469,369	(43,572,929)	944,539,240
5.2 Right-of-use assets								
Vehicles	155,910,860	43,353,000	-	(41,269,139)	157,994,721	23,398,951	(17,952,164)	41,281,914
Total	155,910,860	43,353,000	-	(41,269,139)	157,994,721	23,398,951	(17,952,164)	41,281,914
Grand total	2,077,320,275	87,513,433	(55,924,603)	-	2,108,909,105	140,868,320	(43,572,929)	985,821,154

The addition in land represents construction of boundary walls at Kot Bahadurshah, Jhang.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

		2020									
Note	Description	Cost			As at 01 January	Depreciation			Depreciation rate %		
		As at 01 January	Addition	(Disposal)		Adjustment	For the year	(Disposal)		Adjustment	As at 31 December
----- Rupees -----											
5.1 Operating assets											
	Freehold land	364,103,750	-	-	-	-	-	-	-	364,103,750	-
	Buildings	259,646,295	1,730,000	-	-	261,376,295	10,251,389	-	-	65,767,992	195,608,303
	Furniture and fixtures	137,126,544	762,750	-	-	137,889,294	5,357,692	-	-	89,187,999	48,701,295
	Office equipment	59,893,263	943,992	-	-	60,837,255	3,154,881	-	-	31,948,543	28,888,712
	Computer equipment	31,124,080	2,726,279	-	-	33,850,359	2,720,788	-	-	26,985,596	6,864,763
	Vehicles	821,731,880	36,786,660	(33,603,998)	68,523,280	893,437,822	90,124,751	(19,310,904)	22,916,832	508,686,559	384,751,263
	Cycles	113,140	-	-	-	113,140	5,066	-	-	92,880	20,260
	Motor tracking devices	159,344,000	14,050,500	(3,593,000)	-	169,801,500	15,442,953	(3,293,965)	-	130,021,067	39,780,433
	Total	1,833,082,952	57,000,181	(37,196,998)	68,523,280	1,921,409,415	127,057,520	(22,604,869)	22,916,832	852,690,636	1,068,718,779
5.2 Right-of-use assets											
	Vehicles	172,691,140	51,743,000	-	(68,523,280)	155,910,860	23,910,819	-	(22,916,832)	35,835,127	120,075,733
	Total	172,691,140	51,743,000	-	(68,523,280)	155,910,860	23,910,819	-	(22,916,832)	35,835,127	120,075,733
	Grand total	2,005,774,092	108,743,181	(37,196,998)	-	2,077,320,275	150,968,339	(22,604,869)	-	888,525,763	1,188,794,512

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

5.1.1 Disposal of fixed assets

Particulars	Cost	Accumulated depreciation	Written down value	Sales proceeds	Gain/(loss)	Mode of disposal	Sold to	Status
-----Rupees-----								
Vehicles								
AEV-393 - Toyota Corolla	1,930,639	1,319,307	611,332	650,000	38,668	Negotiation	Muhammad Naeem Khan	Outsider
AST-005 - Honda Civic VTI	1,705,651	1,131,229	574,422	958,333	383,911	Negotiation	Makhdoom Ahmad Raza	Outsider
LEA-11-1089 - Toyota Corolla XLI	2,283,136	1,538,632	744,504	1,460,000	715,496	Negotiation	Qaisar Aziz	Outsider
LEB-07-4193 - Suzuki Alto VXR	1,174,170	700,088	474,082	420,000	(54,082)	Negotiation	Syed Qamar Ul Hassan	Outsider
LEC-07-2093 - Suzuki Alto VXR	1,271,226	716,793	554,433	525,000	(29,433)	Negotiation	Syed Qamar Ul Hassan	Outsider
LED-11-2182 - Honda Civic Vtec	2,071,976	1,534,025	537,951	1,290,000	752,049	Negotiation	Hamza Ijaz	Outsider
LEH-07-4806 - Toyota Corolla XLI	1,632,639	1,046,644	585,995	590,909	4,914	Negotiation	Syed Qamar Ul Hassan	Outsider
LRL-6350 - Suzuki Mehran	784,841	465,893	318,948	258,910	(60,038)	Negotiation	Syed Qamar Ul Hassan	Outsider
LZH-4246- Suzuki Baleno	1,697,658	1,059,762	637,896	425,000	(212,896)	Negotiation	Syed Qamar Ul Hassan	Outsider
LEB-09-7925 - Toyota Corolla XLI	2,172,148	1,495,326	676,822	1,325,500	648,678	Negotiation	Muhamamd Farooq	Outsider
LED-09-6890- Honda Oriel	2,749,083	1,873,773	875,310	1,463,636	588,326	Negotiation	Abbas Akram	Outsider
LEB-10-2319 - Toyota Corolla GLI	2,244,983	1,512,490	732,493	1,350,000	617,507	Negotiation	Syed Qamar Ul Hassan	Outsider
LEC-07-5352 - Honda Accord	3,058,429	2,061,717	996,712	1,700,000	703,288	Negotiation	Waqar Mustafa	Outsider
LEB-11-4164 - Toyota Corolla GLI	2,329,982	1,683,845	646,137	1,275,000	628,863	Negotiation	Abbas Akram	Outsider
LWF-0411 - Honda Civic	1,157,378	528,951	628,427	755,000	126,573	Negotiation	Hamza Iftikhar	Outsider
LEC-12-2963 - Toyota Corolla GLI	2,564,397	1,887,575	676,822	1,525,000	848,178	Negotiation	Qaisar Aziz	Outsider
LEF-08-6959 - Suzuki Mehran	813,788	525,952	287,836	330,000	42,164	Negotiation	Syed Qamar Ul Hassan	Outsider
LEY-17A-8833 - Honda Pridor-100	117,567	64,824	52,743	48,000	(4,743)	Negotiation	Haji Waris Khan	Outsider
Sub total	31,759,691	21,146,826	10,612,865	16,350,288	5,737,423	-	-	-

The following assets with book value below Rs. 50,000/- were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Written down value	Sales proceeds	Gain/(loss)	Mode of disposal	Sold to
Vehicles-various	4,018,264	2,947,990	1,070,274	1,009,531	(60,743)	Negotiation	Various
Vehicle tracking devices	3,936,000	3,754,592	181,408	1,015,500	834,092	Negotiation	Various
Furniture and Fixtures	1,423,662	1,321,439	102,223	-	(102,223)	Written off	Written off
Office equipment	166,850	105,380	61,470	50,520	(10,950)	Negotiation	Various
Office equipment	262,655	244,461	18,194	-	(18,194)	Written off	Written off
Computer equipment	400,710	391,241	9,469	48,000	38,531	Negotiation	Various
Computer equipment	13,956,771	13,661,002	295,769	-	(295,769)	Written off	Written off
Sub-total	24,164,912	22,426,105	1,738,807	2,123,551	384,744	-	-
Grand total 2021	55,924,603	43,572,931	12,351,672	18,473,839	6,122,167	-	-
Grand total 2020	37,196,998	22,604,869	14,592,129	13,341,000	(1,251,129)	-	-

5.1.2 There are no assets held by third parties and assets with zero values.

5.1.3 The land, buildings, motor vehicles and right-of-use motor vehicles were revalued by Anderson Consulting (Pvt.) Limited, independent valuer, registered with Pakistan Banks' Association, using market value basis method on December 31, 2019. Fair values were determined by using observable prices in an active market on arm's length terms. All the revaluation surplus was credited to surplus on revaluation of fixed assets as per requirements of the Companies Act, 2017. As per revaluation report, forced sale value of the assets as on December 31, 2019 was Rs. 945,930,526/-.

5.1.4 The Company owns land measuring 36 kanals and 12.08 marlas at the year end, at various locations in the province of Punjab.

5.1.5 The Company has rented out portion of owned building of head office to related parties.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

5.1.6 Had there been no revaluation, the cost, accumulated depreciation and book value of revalued assets as at December 31, 2021 would have been as follows:

Cost		Depreciation				Written values as at 31 December	Depreciation rate %
Description	As at 01 January	Additions	(Disposal)	Adjustment	As at 31 December		
-----Rupees-----							
Land	215,756,945	515,856	-	-	-	216,272,801	-
Building	147,874,262	-	-	-	-	57,442,026	5%
Vehicles (owned)	616,615,017	7,765,455	(24,586,572)	37,579,157	33,497,938	504,094,848	20%
Vehicles (right-of-use)	148,802,912	43,353,000	-	(37,579,157)	25,034,656	117,205,281	20%
Total 2021	1,129,049,136	51,634,311	(24,586,572)	-	63,292,185	598,908,348	557,188,527
Land	215,756,945	-	-	-	-	-	-
Building	146,144,262	1,730,000	-	-	5,101,149	52,682,435	5%
Vehicles (owned)	547,731,527	36,786,660	(20,284,833)	52,381,663	34,753,510	453,437,504	20%
Vehicles (right-of-use)	149,441,575	51,743,000	-	(52,381,663)	21,649,118	34,413,538	20%
Total 2020	1,059,074,309	90,259,660	(20,284,833)	-	61,503,777	540,533,477	588,515,659

5.3 Capital work in progress includes construction at 1-Upper Mall, Lahore, having area of land 1 Kanal, 17 Marla & 24 Sq. Ft.

Cost					
Description	As at 01 January	Additions	Transfer to fixed assets	Adjustment	As at 31 December
-----Rupees-----					
Building	21,180,709	50,664,482	-	-	71,845,191
Total 2021	21,180,709	50,664,482	-	-	71,845,191
Building	-	21,180,709	-	-	21,180,709
Total 2020	-	21,180,709	-	-	21,180,709

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

6 INTANGIBLE ASSETS

Description	Cost				Amortization					Estimated Amortization Period	
	As at 01 January	Addition	(Disposal)	Adjustments	As at 31 December	For the year	(Disposal)	Adjustments	As at 31 December		Written down value as at 31 December
-----Rupees-----											
Computer software - 2021	8,339,600	-	-	-	8,339,600	494,418	-	-	6,856,348	1,483,252	4
Computer software - 2020	8,339,600	-	-	-	8,339,600	659,224	-	-	6,361,930	1,977,670	4

7 INVESTMENT PROPERTY

Description	Cost				Depreciation			Written down value as at 31 December	Estimated Useful Life
	As at 01 January	Addition	(Disposal)	Adjustments	As at 31 December	Adjustments	As at 31 December		
----- Rupees -----									
Free hold									
Land	25,200,000	21,030,364	-	-	-	-	-	46,230,364	-
Buildings	8,517,535	-	-	-	8,517,535	299,060	-	2,835,424	20
Total - 2021	33,717,535	21,030,364	-	-	54,747,899	299,060	-	2,835,424	51,912,475
Land	-	25,200,000	-	-	-	-	-	-	-
Buildings	7,517,535	1,000,000	-	-	8,517,535	289,489	-	2,536,364	20
Total - 2020	7,517,535	26,200,000	-	-	33,717,535	289,489	-	2,536,364	31,181,171

7.1 Investment property includes:

Investment property includes:

- Land comprising 66 Kanals and 8 marlas (2020: 52 Kanals and 11.01 marlas) at the year end, at various locations in the province of Punjab.
- Three shops at Bismillah center, Faisalabad, which are rented out to related party.

The additions in land during the year represents land acquired against salvage of claims paid.

The market value of investment properties as per valuation carried out by Anderson Consulting (Pvt.) Limited, independent valuer, in 2021 is Rs. 54,074,222/- (2020: Rs. 33,410,000/-).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

	Note	2021 Rupees	2020 Rupees
8	INVESTMENTS IN SUBSIDIARY AND ASSOCIATE		
Investments in associate	8.1	297,352,654	708,746,180
Share deposit money	8.2	350,390,276	963,015,264
Advance for purchase of shares	8.3	-	262,153,952
		647,742,930	1,933,915,396

8.1 Investment in associate - Apna Microfinance Bank Limited

8.1.1 Movement of investment in associate

Beginning of the year		708,746,180	692,183,678
Acquisition of investment in associate	8.1.2	464,046,990	-
Share of (loss) / profit during the year	8.1.3	(7,174,040)	16,562,502
Value of investment before disposal		1,165,619,130	708,746,180
Disposal of investment in associate		(868,266,476)	-
		297,352,654	708,746,180

8.1.2 During the year 46,404,699/- (2020: Nil) shares are issued by Apna Microfinance Bank Limited as a right issue of shares against share deposit money of Rs. 464,046,990/- (2020: Nil) at par value of Rs 10/- per share.

8.1.3 Share of (loss) / profit from associate

(Loss) / profit as per associate accounts		(59,783,667)	37,219,106
Shareholding percentage		12.00%	44.50%
Share of (loss) / profit		(7,174,040)	16,562,502

Associate's (loss) / profit of Rs (59,783,667)/- (2020: Rs 37,219,106/-) is based on un-audited and un-signed financial statements of Apna Microfinance Bank Limited for the year ended December 31, 2021. (2020: Audited accounts for the year ended December 31, 2020)

8.1.4 Gain on sale of Apna Microfinance Bank Limited shares

Sale proceeds against sale of shares	12.1.3	887,998,872	-
Carrying value as at the date of disposal	8.1.1	(868,266,476)	-
Gain on sale of shares		19,732,396	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

The Company's interests in its associate are as follows:

8.1.5 Particulars of investment in associate

2021	2020	Face value per share (Rupees)	Name of associate	2021	2020
Number of shares				Rupees	Rupees
51,478,195	153,073,308	10	Apna Microfinance Bank Limited	297,352,654	708,746,180

- a) Market value of investment and percentage of holding in associate are Rs. 1,286,954,875/- and 12% respectively (2020: Rs. 3,535,993,415/- and 44.50%). Shares in associate are frozen with CDC under the provision of section 10(2) of the Microfinance Institutions Ordinance, 2001.
- b) During the year, the Company has sold 147,999,812 shares of Apna Microfinance Bank Limited to other associated concerns at Rs. 6/- per share for a total consideration of Rs. 887,998,872/-. The market value of these shares, as at transaction date, was Rs. 21.02/- per share. These shares are not saleable in open market and are frozen with CDC as sponsors shares and thus, the same has been sold at Rs. 6/- per share which approximate to be the book value of investment in Apna Microfinance Bank Limited under equity method based on un-audited / unreviewed financial statements for the year ended December 31, 2021.
- c) The annual financial statements of the Apna Microfinance Bank Limited have not been published till the date of authorization of these financial statements. The Auditor of the associate had expressed qualified opinion on financial statements for the year ended December 31, 2020, by qualifying non performing advances of Rs. 737 million (2019: Rs. 1387 million) and provision of Rs. 1 million (2019: Rs. 1 million). The share of qualifying non performing advances of the Company, holding 12% shareholding, was Rs. 88.44 million (based on last available audited accounts with current share of holding). However, as per equity method of accounting, against valuation of Rs. 297,352,654/-, the market value at year ended December 31, 2021 comes to Rs. 1,286,954,875/- . The Company has been showing carrying value of investments on equity method of accounting vide IAS-28 "Investment in Associates" & accounting policy note no. 3.13.2. The Company has consistently followed the same during the current year. Cost of investment in associate was Rs. 1,434,084,659/- (2020: Rs. 970,037,669/-).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

	Note	2021 Rupees	2020 Rupees
8.1.6 Summarised financial information of Apna Microfinance Bank Limited is disclosed hereunder			
Assets			
Cash & cash equivalents		5,889,273,477	11,899,769,788
Advances - Net of Provisions		11,505,706,719	10,119,919,747
Other assets		7,476,540,893	6,811,697,947
Liabilities			
Deposit and other accounts		22,083,717,249	26,178,886,970
Other Liabilities		434,226,505	393,252,555
Total Equity		2,353,577,335	2,259,247,957
Revenue	Net Mark-up / Interest Income	1,965,762,456	2,029,043,270
(Loss) / Profit from operations			
		(116,348,520)	57,867,907
Income tax expense		56,564,853	(20,648,801)
Other comprehensive income		-	-
Total comprehensive income		(59,783,667)	37,219,106

The above summarised information is based on un-audited and un-signed financial statements of Apna Microfinance Bank Limited for the year ended December 31, 2021. (2020: Audited accounts for the year ended December 31, 2020)

8.1.7 Reconciliation of Carrying amount of investment in associate

Net assets of associated company excluding share deposit money	1,378,353,433	1,296,170,647
Company's share (percentage)	12.00%	44.50%
Company's share of assets in associate company	165,402,412	576,795,938
Add: Pre acquisition losses	131,950,242	131,950,242
Carrying amount of investment in associated company	297,352,654	708,746,180

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

	Note	2021 Rupees	2020 Rupees
8.2 Share deposit money			
Apna Microfinance Bank Limited		350,390,276	963,015,264
Share deposit money is interest free, as instructed by SBP, and will be utilized by the Bank for the issue of ordinary shares. Moreover, It is injected in Apna Microfinance Bank Limited to meet its capital adequacy ratio (CAR) in accordance with applicable 'Prudential Regulations for Microfinance Banks' issued by State Bank of Pakistan (SBP). Approval to continue the same treatment is pending from SBP. The maximum aggregate amount to Apna Microfinance Bank Limited as Share Deposit Money at the end of any month during the year was Rs 1,113,015,264/- (2020: Rs 963,015,264/-).			
8.2.1 Movement in share deposit money			
Opening balance		963,015,264	613,015,264
Addition during the year		150,000,000	350,000,000
Right shares received during the year		(464,046,990)	-
Refund during the year		(298,577,998)	-
Closing balance		350,390,276	963,015,264
8.3 Advance for purchase of shares			
Advance for purchase of shares	12.1.2	-	262,153,952
9 INVESTMENTS IN EQUITY SECURITIES			
Available for sale	9.1	30,775,664	48,163,076
9.1 Available for sale			
Listed shares		52,962,854	63,552,747
Less: unrealized (loss) on revaluation of investment		(22,187,190)	(15,389,671)
Carrying value	9.1.1	30,775,664	48,163,076
		30,775,664	48,163,076

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

9.1.1 Ordinary shares of quoted companies

Sector and Name of Investee Company	2021	2020	2021			2020		
	Number of shares		Cost	Unrealized gain/(loss)	Market Value	Cost	Unrealized gain/(loss)	Market Value
Textile								
Nishat Mills Limited	50,000	-	4,995,270	(1,016,270)	3,979,000	-	-	-
Engineering								
General Tyre & Rubber Co	100,000	50,000	10,523,785	(5,887,785)	4,636,000	6,308,560	(2,162,560)	4,146,000
Thal Limited	-	162	-	-	-	-	76,574	76,574
Chemicals								
Buxly Paints Limited	-	55,000	-	-	-	4,095,055	(842,905)	3,252,150
Searle Company Limited	-	30,000	-	-	-	7,411,404	65,496	7,476,900
Leasing								
SME Leasing Limited	155,000	155,000	1,705,000	(1,283,400)	421,600	1,705,000	(1,178,000)	527,000
Capital Markets								
Arif Habib Limited	-	25,000	-	-	-	2,500,500	(738,250)	1,762,250
Oil and gas								
Sui Southern Gas Company	423,000	423,000	10,697,420	(6,767,750)	3,929,670	10,697,420	(4,555,460)	6,141,960
Pharmaceutical								
Ferozsons Laboratories Limited	-	32,000	-	-	-	10,366,671	205,809	10,572,480
Macter International Limited	19,000	30,000	3,201,414	(1,111,414)	2,090,000	4,970,795	(391,295)	4,579,500
Citi Pharma Ltd.	147,400	-	6,342,595	(1,071,571)	5,271,024	-	-	-
Commercial Banks								
United Bank Limited	76,500	76,500	15,497,370	(5,049,000)	10,448,370	15,497,370	(5,869,080)	9,628,290
	970,900	876,662	52,962,854	(22,187,190)	30,775,664	63,552,747	(15,389,671)	48,163,076

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

	Note	2021 Rupees	2020 Rupees
10 INVESTMENTS IN DEBT SECURITIES			
10.1 Held to maturity			
Government securities	10.1.1	617,502,776	311,856,927
Treasury bills	10.1.2	-	67,494,946
		617,502,776	379,351,873

10.1.1 Government securities

Face value (Rupees)	No. of Certificates	Types of security		
647,000,000	6,470,000	Pakistan investment bonds - 10 years	604,431,606	305,748,682
13,700,000	137,000	Pakistan investment bonds - 5 years	13,071,170	6,108,245
660,700,000			617,502,776	311,856,927

The Pakistan Investment Bonds amounting to Rs. 660,300,000/- (2020: Rs. 298,600,000/-) are placed as statutory deposit with the State Bank of Pakistan in accordance with the requirements of clause (a) of the sub-section 2 of section 29 of the Insurance Ordinance, 2000.

10.1.2 Treasury Bills

Face value Rupees	Yield rate	Profit payment	Type of Security		
-		Maturity	1 Year Treasury bills	-	59,997,362
-		Maturity	1 Year Treasury bills	-	7,497,584
-				-	67,494,946

11 INVESTMENTS IN TERM DEPOSITS

11.1 Held to maturity

Deposits maturing within 12 months	11.2	400,097,871	170,097,872
Deposits maturing after 12 months		-	-
		400,097,871	170,097,872

11.2 The rate of return on Term Deposit Certificates issued by various banking companies ranges from 5.25% to 11.75% per annum (2020: 5.25% to 11.75% per annum). These Term Deposit Certificates have maturity upto December 27, 2022.

11.3 Cumulative liens of Rs. 145,697,873/- (2020: Rs. 155,697,873/-) are created on Term Deposits of various banks against guarantees issued in favour of the Company.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

	Note	2021 Rupees	2020 Rupees
11A TOTAL ASSETS IN WINDOW TAKAFUL OPERATIONS - OPERATOR'S FUND			
Assets			
Cash and bank deposits		5,744,075	78,942,602
Investments		224,590,147	208,289,603
Property and equipment		20,603,825	22,486,641
Current assets - others		475,099,599	444,316,817
Total assets		726,037,646	754,035,663
Total liabilities		189,324,452	44,645,972
12 LOANS AND OTHER RECEIVABLES			
<i>Unsecured and considered good</i>			
Receivable from related parties	12.1	1,150,152,824	2,834,805
Accrued investment income		26,604,665	26,112,571
Lease security deposits		19,499,800	15,672,650
Other security deposits		50,557,511	36,990,881
Loans to employees	12.2	21,875,024	17,786,938
Branch balance receivable		20,683,512	8,551,217
Other receivable		154,588,989	34,138,614
		1,443,962,325	142,087,676
12.1 Represents amount due from following			
Receivable against rent	12.1.1	-	2,834,805
Receivable against advance for purchase of shares			
United Track System (Pvt.) Ltd	12.1.2	262,153,952	-
Receivable against sale of shares			
United Software & Technologies International (Pvt.) Ltd		275,150,952	-
Tawasul Risk Management Services (Pvt.) Ltd		319,936,986	-
Tawasul HealthCare TPA (Pvt.) Ltd		292,910,934	-
	12.1.3	887,998,872	-
		1,150,152,824	2,834,805

- 12.1.1** Represents amount due from M/s United Track System (Pvt) Ltd. and Tawasul Healthcare TPA (Private) Ltd., associated undertakings, amounting to Rs. Nil (2020: Rs. 1,574,805/-) and Rs. Nil (2020: 1,260,000/-) respectively. The maximum aggregate amount of receivable from related parties at the end of any month during the year was Rs. 3,072,100/- (2020: Rs. 66,265,847/-).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

12.1.2 These advances were given for the purchase of shares of Apna Microfinance Bank Limited to the other sponsors / shareholders of Apna Microfinance Bank Limited and now, as the parties have agreed to rescind the previous arrangements and thus, these funds will be returned accordingly by the said sponsor. The maximum aggregate amount of receivable from related parties at the end of any month during the year is Rs. 262,154,952/- (2020: Nil).

12.1.3 These receivables comprise of amounts receivable against sale of shares of Apna Microfinance Bank Limited. These amounts are receivable as per sale schedule forming integral part of the agreements to sell. These shares are sold to related parties at an arm's length transaction. The maximum aggregate amount of receivable from related parties at the end of any month during the year is Rs. 887,998,872/- (2020: Nil).

	Note	2021 Rupees	2020 Rupees
12.2 Loans to employees			
Executives		12,698,200	9,509,384
Non-executives		9,176,824	8,277,554
	12.2.1	21,875,024	17,786,938

12.2.1 These represent interest free loans to employees for matrimonial, house building and general purposes and are secured against salaries and are refundable as deductions from salaries.

13 INSURANCE / REINSURANCE RECEIVABLES			
<i>Unsecured and considered good</i>			
Due from insurance contract holders		900,040,673	1,102,078,866
Less : Provision for impairment of receivables from insurance contract holders	13.1	-	-
Due from other insurers / reinsurers		238,255,505	395,085,289
Less : Provision for impairment of due from other insurers / reinsurers		-	-
		1,138,296,178	1,497,164,155

13.1 Provision for impairment of receivables from insurance contract holders			
Balance at the beginning of the year		-	-
Provision made during the year		-	-
Bad debts recovered during the year		-	-
		-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

	Note	2021 Rupees	2020 Rupees
14 RETIREMENT BENEFIT OBLIGATIONS			
The Company has no staff retirement benefit obligation except for minor contribution payable to contributory provident fund as stated in note 22 read with note 41.			
15 DEFERRED TAXATION			
Deferred tax liability / (asset) arising in respect of:			
Accelerated depreciation on property and equipment		42,931,424	45,201,962
Accelerated depreciation on intangibles		430,143	573,524
Liability against assets subject to lease liability		6,368,133	6,642,372
Accrued investment income		9,887,697	8,930,610
Unrealised gain/ (loss) on remeasurement of investment		(11,047,869)	(6,805,699)
Liability relating to revaluation surplus on fixed assets		77,962,583	96,799,014
Deferred tax liability		126,532,111	151,341,783
16 PREPAYMENTS			
Prepaid reinsurance premium ceded		1,651,494,329	1,664,162,760
Prepaid rent		-	8,688,081
		1,651,494,329	1,672,850,841
17 CASH & BANK			
Cash and cash equivalent			
-Cash in hand		258,732	136,365
-Policy & revenue stamps, bond papers		-	-
Cash at bank			
-Current accounts	17.1	488,611,081	378,465,619
-Saving accounts	17.2	276,004,784	78,694,890
		764,874,597	457,296,874

17.1 This includes Rs. 90,999,511/- (2020: Rs. 8,527,097/-) held with Apna Microfinance Bank Limited, a related party.

17.2 This includes Rs. 161,109/- (2020: Rs. 80,481/-) held with Apna Microfinance Bank Limited, a related party.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

17.3 The rate of return on PLS saving accounts maintained at various banks ranges from 5.5% to 7% per annum (2020: 5.5% to 6.5% per annum) depending on size of average deposits.

17.4 Cash and short term borrowing include the following for the purpose of the cash flow statement.

	Note	2021 Rupees	2020 Rupees
Cash & bank		764,874,597	457,296,874
Short term borrowings of up to three months including running finance		-	-
		764,874,597	457,296,874

18 ORDINARY SHARE CAPITAL

18.1 Authorized share capital

2021 Number of shares	2020 Number of shares	Note	2021 Rupees	2020 Rupees
400,000,000	300,000,000	Ordinary shares of Rs. 10/- each	4,000,000,000	3,000,000,000

18.2 Issued, subscribed and paid-up share capital

2021 Number of shares	2020 Number of shares		2021 Rupees	2020 Rupees
10,963,475	10,963,475	Ordinary shares of Rs. 10/- each fully paid in cash	109,634,750	109,634,750
284,036,525	284,036,525	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	2,840,365,250	2,840,365,250
295,000,000	295,000,000		2,950,000,000	2,950,000,000

Reconciliation of issued, subscribed and paid up share capital

295,000,000	260,101,682	Ordinary shares of Rs. 10/- each fully paid in cash	2,950,000,000	2,601,016,820
-	34,898,318	Bonus shares issued during the year	-	348,983,180
295,000,000	295,000,000		2,950,000,000	2,950,000,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

18.3 As at December 31, 2021, Ordinary shares of Rs. 10 each are held by following related parties;

	Holding %		No. of Shares held	
	2021	2020		
	----- Rupees -----			
United Track System (Pvt.) Ltd	26.67%	26.67%	78,665,152	78,665,152
United Software & Technologies International (Pvt.) Ltd	20.18%	20.18%	59,529,031	59,529,031
Tawasul Risk Management Services (Pvt.) Ltd	9.83%	9.83%	29,005,809	29,005,809
Tawasul HealthCare TPA (Pvt.) Ltd	4.66%	4.58%	13,745,685	13,522,685

	2021	2020
	Rupees	Rupees
19 RESERVES		
Capital reserves		
Reserve for exceptional loss	-	-
Revenue reserves		
Reserve for bonus shares	19.1	-
General reserve	75,115,917	75,115,917
Available for sale reserve	(32,656,109)	(22,270,106)
	42,459,808	52,845,811

19.1 Reserve for bonus shares

Balance at the beginning of the year	-	-
Transfer from unappropriated profit	-	348,983,180
Transfer from general reserve	-	-
Bonus shares issued	-	(348,983,180)
Balance at the end of the year	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

19A SURPLUS ON REVALUATION OF FIXED ASSETS

Particulars	Land	Building	Motor Vehicles	Right-of-use Assets	Motor Vehicles (WTO)
Surplus on Assets					
Opening balance 01-01-2021	148,346,805	98,584,288	221,458,244	5,686,358	3,023,555
Add: Revaluation made during the year	-	-	-	-	-
Revaluation transferred during the year	-	-	3,689,982	(3,689,982)	-
Less: Realization of surplus on disposal	-	-	(11,191,383)	-	-
Less: Incremental depreciation charged in current year	-	(4,929,214)	(42,791,369)	(399,275)	(604,709)
Total revaluation 31-12-2021	148,346,805	93,655,074	171,165,474	1,597,101	2,418,846
Related deferred tax liability					
Opening balance 01-01-2021	-	(30,050,250)	(64,222,890)	(1,649,044)	(876,830)
Add: Related deferred tax liability on revaluation made during the year	-	-	-	-	-
Related deferred tax liability on revaluation transferred during the year	-	-	(1,070,095)	1,070,095	-
Less: Related deferred tax liability on realization of surplus on disposal	-	-	3,245,501	-	-
Less: Related deferred tax liability on incremental depreciation transferred to retained earnings	-	2,890,278	12,409,497	115,790	175,365
Closing balance 31-12-2021	-	(27,159,972)	(49,637,987)	(463,159)	(701,465)
Revaluation surplus on fixed assets net of deferred tax - 2021 (Aggregate Rs. 339,220,717/-).	148,346,805	66,495,102	121,527,487	1,133,942	1,717,381
Surplus on Assets					
Opening balance 01-01-2020	148,346,805	103,772,935	274,000,353	23,249,565	3,779,443
Add: Revaluation made during the year	-	-	-	-	-
Revaluation transferred during the year	-	-	16,141,617	(16,141,617)	-
Less: Realization of surplus on disposal	-	-	(13,319,165)	-	-
Less: Incremental depreciation charged in current year	-	(5,188,647)	(55,364,561)	(1,421,590)	(755,888)
Total revaluation 31-12-2020	148,346,805	98,584,288	221,458,244	5,686,358	3,023,555
Related deferred tax liability					
Opening balance 01-01-2020	-	(31,554,958)	(79,460,102)	(6,742,374)	(1,096,038)
Add: Related deferred tax liability on revaluation made during the year	-	-	-	-	-
Related deferred tax liability on revaluation transferred during the year	-	-	(4,681,069)	4,681,069	-
Less: Related deferred tax liability on realization of surplus on disposal	-	-	3,862,558	-	-
Less: Related deferred tax liability on incremental depreciation transferred to retained earnings	-	1,504,708	16,055,723	412,261	219,208
Closing balance 31-12-2020	-	(30,050,250)	(64,222,890)	(1,649,044)	(876,830)
Revaluation surplus on fixed assets net of deferred tax - 2020 (Aggregate Rs. 380,300,236/-).	148,346,805	68,534,038	157,235,354	4,037,314	2,146,725

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

	Note	2021 Rupees	2020 Rupees
20 BORROWINGS			
Liabilities against assets subject to finance lease	20.1	93,156,626	91,484,644
Current portion		43,076,649	39,220,748
Non-current portion		50,079,977	52,263,896
20.1 Liabilities against assets subject to finance lease			

Future minimum lease payments under finance lease together with the present value of the minimum lease payments are as follows:

	2021			2020		
	Minimum lease payments (MLP)	Financial charges for future periods	Principal outstanding	Minimum lease payments (MLP)	Financial charges for future periods	Principal outstanding
	Rupees					
Not later than one year	48,178,484	5,101,835	43,076,649	44,174,899	4,954,151	39,220,748
Later than one year and not later than five years	52,921,305	2,841,328	50,079,977	54,243,914	1,980,018	52,263,896
Over five years	-	-	-	-	-	-
	101,099,789	7,943,163	93,156,626	98,418,813	6,934,169	91,484,644

- 20.2** The Company intends to exercise its option to acquire leased vehicles upon completion of lease period. The average rate of interest implicit in the lease ranges from KIBOR+1.75% to KIBOR+3% per annum (2020: KIBOR+1.5% to KIBOR+2% per annum). These are secured against personal guarantees of chief executive and directors of the Company, demand promissory note for full lease rentals plus residual value, security deposit and title of ownership of leased vehicles. These rentals are payable in equal monthly instalments and there is no financial restriction in the lease agreements.

	2021 Rupees	2020 Rupees
21 INSURANCE / REINSURANCE PAYABLES		
Due to insurance contract holders	-	-
Due to insurers / reinsurers	429,075,859	862,236,702
	429,075,859	862,236,702

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

	Note	2021 Rupees	2020 Rupees
22 OTHER CREDITORS AND ACCRUALS			
Agents commission payable		107,969,578	-
Federal excise duty / sales tax		21,116,494	23,818,415
Federal insurance fee		9,086,598	10,953,344
Payable to related parties		-	-
Accrued expenses		3,149,512	2,042,527
Withholding taxes payables		21,646,632	22,396,541
Unpaid and unclaimed dividend		16,107,757	6,898,912
Provident fund contribution		6,468,169	3,604,445
Auditors' remuneration		3,894,500	3,575,000
Cash margin guarantee	22.1	104,916,643	39,953,305
Others		29,462,187	543,863
		323,818,070	113,786,352
22.1	The Company has received cash margin against various guarantees issued during the normal course of business.		
23 CONTINGENCY(IES) AND COMMITMENT(S)			
23.1 Contingencies			
23.1.1 Income tax assessments			
Assessment proceedings u/s 161/205 for tax year 2020 are pending for assessments before the Taxation Authorities. The management is of the view that no liability is likely to arise in this regard.			
23.2 Commitments			
As of the end of the year, there are no commitments except the following:			
For future Ijarah rentals payable	23.2.1	2,114,682	11,208,152
23.2.1	Commitments for rentals under Ijarah contracts in respect of vehicles are as follows:		
Not later than one year		2,114,682	8,389,625
Later than one year and not later than five years		-	2,818,527
Later than five years		-	-
		2,114,682	11,208,152

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

	Note	2021 Rupees	2020 Rupees
24	NET INSURANCE PREMIUM		
Written Gross Premium		5,196,471,342	4,920,602,243
Add: Unearned premium reserve - opening		2,322,406,326	1,550,169,310
Less: Unearned premium reserve - closing		(2,141,914,061)	(2,322,406,326)
Premium earned		5,376,963,607	4,148,365,227
Less: Reinsurance premium ceded		2,641,357,653	2,954,118,708
Add: Prepaid reinsurance premium - opening		1,664,162,760	989,711,038
Less: Prepaid reinsurance premium - closing		(1,651,494,329)	(1,664,162,760)
Reinsurance expense		2,654,026,084	2,279,666,986
		2,722,937,523	1,868,698,241

25	NET INSURANCE CLAIMS		
Claims Paid		2,068,060,328	2,132,160,737
Add: Outstanding claims including IBNR - closing	25.1	2,008,063,278	1,758,414,109
Less: Outstanding claims including IBNR - opening		(1,758,414,109)	(1,891,240,875)
Claims expense		2,317,709,497	1,999,333,971
Less: Reinsurance and other recoveries received		1,635,216,101	1,624,547,965
Add: Reinsurance and other recoveries in respect of outstanding claims - closing		1,498,691,646	1,349,738,271
Less: Reinsurance and other recoveries in respect of outstanding claims - opening		(1,349,738,271)	(1,413,623,096)
Reinsurance and other recoveries revenue		1,784,169,476	1,560,663,140
		533,540,021	438,670,831

25.1 Claim development

Accident year	2018	2019	2020	2021	Total
Estimate of ultimate claims costs:					
At end of accident year	2,644,068,066	2,391,615,282	2,178,842,016	2,778,044,417	9,992,569,781
One year later	1,083,850,388	803,615,934	853,692,418	-	2,741,158,740
Two years later	908,116,896	444,386,941	-	-	1,352,503,837
Three years later	-	-	-	-	-
Four years later	-	-	-	-	-
Current estimate of cumulative claims	908,116,896	444,386,941	853,692,418	2,778,044,417	4,984,240,672
Cumulative payments to date	(908,116,896)	(120,488,339)	(603,986,810)	(1,343,585,264)	(2,976,177,309)
Liability recognised in the statement of financial position	-	323,898,602	249,705,608	1,434,459,153	2,008,063,278

25.2 The aforesaid includes outstanding claims of Rs. 442,372,389/- (2020: Rs. 442,372,389/-) which are payable to a related party.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

	Note	2021 Rupees	2020 Rupees
26	NET COMMISSION EXPENSE/ACQUISITION COSTS		
Commission paid or payable		675,651,298	446,321,338
Add: Deferred commission expense - opening		212,908,956	240,000,231
Less: Deferred commission expense - closing		(375,486,487)	(212,908,956)
Net Commission		513,073,767	473,412,613
Less: Commission received or recoverable		453,073,842	386,806,076
Add: Unearned re-insurance commission - opening		196,587,940	187,662,197
Less: Unearned re-insurance commission - closing		(294,407,089)	(196,587,940)
Commission from reinsurers		355,254,693	377,880,333
		157,819,074	95,532,280

27	MANAGEMENT EXPENSES		
Employee benefit cost	27.1	631,958,038	481,560,075
Travelling expenses		4,566,168	7,059,167
Advertisements & sales promotion		8,003,791	6,018,897
Printing and stationery		2,689,167	1,994,858
Depreciation expense	27.2	141,167,380	151,257,828
Amortisation		494,418	659,224
Rent, rates and taxes	27.3	89,320,859	59,916,944
Legal & professional fee - business related		24,705,475	49,322,334
Electricity, gas and water		15,402,462	11,850,676
Entertainment		5,869,070	6,984,615
Vehicle running expenses		14,436,231	9,132,784
Office repairs and maintenance		4,197,594	6,487,603
Bank charges		30,346,255	2,128,742
Postages, telegrams and telephone		12,637,418	14,245,757
Annual supervision fee SECP		6,126,388	8,220,224
Motor tracking devices charges		47,360,549	41,950,870
Service charges		25,982,598	33,397,192
Software maintenance		6,100,000	8,641,913
Miscellaneous		4,179,510	19,145,222
		1,075,543,371	919,974,925

27.1	Employee benefit cost		
Salaries, allowance and other benefits		607,796,254	460,884,183
Charges for post employment benefit		24,161,784	20,675,892
		631,958,038	481,560,075

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

	2021 Rupees	2020 Rupees
27.2 Depreciation		
Investment property	299,060	289,489
Fixed assets	117,469,369	127,057,520
Right-of-use assets	23,398,951	23,910,819
	141,167,380	151,257,828
27.3 This includes expense relating to short-term leases as per IFRS-16 amounting to Rs. 76,764,070/- (2020: Rs. 48,270,833/-).		
28 INVESTMENT INCOME		
Income from equity securities		
<i>Available for sale</i>		
Dividend income on shares	2,136,898	254,560
Dividend income on mutual fund	-	372,675
Income from debt securities		
<i>Held to maturity</i>		
Return on Government securities - T-bills	4,074,413	5,116,369
Return on Government securities - PIBs	28,666,503	25,124,649
Income from term deposits		
Return on term deposits	9,270,623	23,651,277
	44,148,437	54,519,530
Net realized gains / (loss) on investments		
<i>Available for sale financial assets</i>		
-Equity securities	20,226,939	3,291,906
-Mutual funds	-	-
<i>Held to maturity</i>		
-Government securities - T-bills	-	-
-Government securities - PIBs	-	-
Total investment income	64,375,376	57,811,436
Less: (Provision) / Reversal for impairment in value of available for sale securities		
-Equity securities	-	-
-Debt securities	-	-
Less: Investment related expenses	(772,426)	(640,063)
Net Investment Income	63,602,950	57,171,373

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

	Note	2021 Rupees	2020 Rupees
29 RENTAL INCOME			
Rental income		2,450,250	2,736,000
Less: Expenses of investment property		-	-
		2,450,250	2,736,000
30 OTHER INCOME			
Return on bank balances		10,980,883	10,188,048
Profit/ (loss) on disposal of fixed assets		6,122,165	(1,251,129)
Miscellaneous Income		15,223,403	8,888,187
		32,326,451	17,825,106
31 OTHER EXPENSES			
Auditors' remuneration	31.1	4,600,000	4,180,000
Subscriptions		8,332,021	2,626,590
Donations		55,561	92,429
		12,987,582	6,899,019
31.1 Auditors' remuneration:			
Annual audit fee and report on CCG compliance		2,824,500	2,565,000
Half yearly review		665,500	605,000
Other certifications		810,000	770,000
Out of pocket expenses		300,000	240,000
		4,600,000	4,180,000
32 FINANCE COST			
Financing cost		5,608,597	6,084,170
Exchange loss		672,993	302,125
		6,281,590	6,386,295

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

	Note	2021 Rupees	2020 Rupees
33 INCOME TAX EXPENSE			
For the year			
Current		256,750,656	140,669,396
Deferred		(1,731,071)	(3,546,168)
For the prior year(s)			
Current		(6,856,561)	(17,277,426)
Deferred		-	-
		248,163,024	119,845,802
33.1 Reconciliation between effective and applicable tax rate		%	%
Applicable tax rate		29.00	29.00
Effect of income charged at different rates		-	-
Effect of tax on amounts deductible for tax purposes		-5.53	-6.57
Effect of opening deferred tax		-	-
Effective tax rate		23.47	22.43

34 EARNINGS PER SHARE - BASIC AND DILUTED

34.1 Basic earnings per share

- Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of shares as at the year end as follows:

	2021	2020
	-----Rupees-----	
Profit after tax for the year	809,067,332	414,554,616
	Number of shares	
Weighted average number of ordinary shares of Rs. 10/- each	295,000,000	295,000,000
	-----Rupees-----	
Earnings per share - basic and diluted	2.74	1.41

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

35 COMPENSATION OF DIRECTORS AND EXECUTIVES

	2021				2020			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	-----Rupees-----				-----Rupees-----			
Fee	875,000	6,500,000	-	7,375,000	500,000	2,500,000	-	3,000,000
Managerial remuneration	14,676,816	2,881,296	152,959,950	170,518,062	5,105,028	2,632,260	90,246,054	97,983,342
Leave encashment	-	-	-	-	-	-	-	-
Bonus	-	-	-	-	-	-	-	-
Ex-gratia allowance	-	-	-	-	-	-	-	-
Rent and house maintenance	6,093,102	1,196,174	67,541,397	74,830,673	2,297,268	1,184,520	38,442,927	41,924,715
Medical	1,467,682	288,130	15,726,578	17,482,390	510,504	263,220	9,038,293	9,812,017
Utilities	-	-	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	-	-	-	-
Contribution to defined contribution plan	1,854,528	364,092	12,758,633	14,977,253	659,400	340,272	7,638,957	8,638,629
Conveyance	974,000	365,820	53,782,327	55,122,147	488,400	222,000	26,830,847	27,541,247
Mobile Allowance	1,640,000	9,180	23,059,126	24,708,306	120,000	-	12,270,272	12,390,272
Others	8,000,000	-	4,527,000	12,527,000	-	-	-	-
Total	35,581,128	11,604,692	330,355,011	377,540,831	9,680,600	7,142,272	184,467,350	201,290,222
Number of persons	1	6	193	200	1	6	97	104

35.1 The Chief Executive Officer, Chairman and certain executives are also provided with free use of the Company's maintained cars.

35.2 The Chief Executive Officer and certain executives are also provided with the mobile expenses as per Company policy.

35.3 Executives mean employees, other than the chief executive and directors, whose basic salary exceeds five hundred thousand rupees in a financial year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

36 RELATED PARTY TRANSACTIONS

Related parties comprise of chief executive officer, directors, major shareholders, key management personnel, associated companies, entities with common directors and employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions and compensation to key management personnel is on employment terms.

Nature of relationship	Name of related party	Nature and transaction	2021	2020
			Rupees	Rupees
Balances at year end:				
Associated undertakings	United Track Systems(Pvt) Limited	Rent receivable at year end	-	1,574,805
	Tawasul HealthCare TPA (Pvt.) Ltd	Rent receivable at year end	-	1,260,000
	United Software & Technologies International (Pvt.) Ltd	Receivable against shares	275,150,952	-
	Tawasul Risk Management Services (Pvt.) Ltd	Receivable against shares	319,936,986	-
	Tawasul HealthCare TPA (Pvt.) Ltd	Receivable against shares	292,910,934	-
	Apna Microfinance Bank Limited	Share deposit money	350,390,276	963,015,264
	United Track Systems(Pvt) Limited	Advance for purchase of shares	262,153,952	262,153,952
	Apna Microfinance Bank Limited	Investment through equity shares at year end	297,352,654	708,746,180
	Apna Microfinance Bank Limited	Bank deposits at year end	91,160,620	8,607,578
	Apna Microfinance Bank Limited	Claims lodged / payable	442,372,389	442,372,389
Key management personnel	Executives Employees	Loan to key management personnel	12,698,200	9,509,384
Employees' Provident Fund	Provident Fund	Payable to employees' contribution plan	6,396,303	3,246,410
Transactions during the year:				
	United Track Systems(Pvt) Limited	Motor tracking devices purchased	30,583,000	14,050,500
	United Track Systems(Pvt) Limited	Motor tracking device charges paid	35,144,625	26,362,785
	United Track Systems(Pvt) Limited	Device monitoring charges paid	11,927,000	12,634,000
	United Track Systems(Pvt) Limited	Rental income received during the year	1,164,900	1,059,000
	Tawasul HealthCare TPA (Pvt.) Ltd	Rental income received during the year	726,000	660,000
	Tawasul HealthCare TPA (Pvt.) Ltd	Health service charges	7,053,619	5,866,203
	Apna Microfinance Bank Limited	Interest received on bank deposits	476,764	234,017
	Apna Microfinance Bank Limited	Cash deposited in bank deposits	3,737,998,154	977,772,639
	Apna Microfinance Bank Limited	Cash withdrawals in bank deposits	3,655,445,112	973,676,261
	Apna Microfinance Bank Limited	Claims paid	-	25,000,000
	Apna Microfinance Bank Limited	Share deposit money paid	150,000,000	350,000,000
	United Software & Technologies International (Pvt.) Ltd	Software expence	6,100,000	8,641,913
Key management personnel	CEO, Directors and Executive employees	Professional fee/ remuneration of key management personnel	377,540,831	242,030,222
Employees' provident fund	Provident Fund	Employer's contributions made during the period	24,161,784	20,675,892

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

37 SEGMENT INFORMATION

The Company has five primary business segments for reporting purposes namely fire and property damage, marine aviation and transport, motor, crop & miscellaneous.

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

2021	FIRE AND PROPERTY DAMAGE	MARINE AVIATION AND TRANSPORT	MOTOR	CROP	MISCELLANEOUS	TREATY	TOTAL
----- Rupees -----							
Gross written premium (Inclusive of admin surcharge)	932,542,990	312,099,975	726,662,917	762,753,774	2,462,411,686	-	5,196,471,342
Gross direct premium	856,922,750	298,985,979	670,355,461	762,734,576	2,422,480,068	-	5,011,478,834
Facultative inward premium	52,560,445	1,123,827	31,095,460	-	19,838,994	-	104,618,726
Administrative surcharge	23,059,795	11,990,169	25,211,996	19,198	20,092,624	-	80,373,782
Insurance premium earned	844,975,186	308,273,415	732,535,405	774,418,175	2,716,761,426	-	5,376,963,607
Insurance premium ceded to reinsurance	(443,547,573)	(145,465,357)	(331,742,830)	(239,450,769)	(1,493,819,555)	-	(2,654,026,084)
Net insurance premium	401,427,613	162,808,058	400,792,575	534,967,406	1,222,941,871	-	2,722,937,523
Commission income	31,777,746	18,603,681	74,043,271	51,926,786	178,903,209	-	355,254,693
Net underwriting income	433,205,359	181,411,739	474,835,846	586,894,192	1,401,845,080	-	3,078,192,216
Insurance claims	(376,873,812)	(48,577,565)	(308,955,671)	(433,572,939)	(1,149,729,510)	-	(2,317,709,497)
Insurance claims recovered from reinsurance	297,970,767	37,655,987	191,409,351	353,471,934	903,661,437	-	1,784,169,476
Net claims	(78,903,045)	(10,921,578)	(117,546,320)	(80,101,005)	(246,068,073)	-	(533,540,021)
Commission expenses	(139,165,039)	(36,680,901)	(101,134,886)	(85,193,432)	(150,899,509)	-	(513,073,767)
Management expenses	(158,561,408)	(64,308,169)	(158,310,572)	(211,308,795)	(483,054,426)	-	(1,075,543,371)
Premium deficiency expense	-	-	-	-	(5,895,297)	-	(5,895,297)
Net insurance claims and expenses	(376,629,492)	(111,910,648)	(376,991,778)	(376,603,232)	(885,917,305)	-	(2,128,052,456)
Underwriting results	56,575,867	69,501,091	97,844,068	210,290,960	515,927,775	-	950,139,760
Net investment income							63,602,950
Rental income							2,450,250
Other income							32,326,451
Other expenses							(12,987,582)
Finance cost							(6,281,590)
Profit from Window Takaful Operations - Operator's fund							35,154,157
Share of (loss) / profit from associate							(7,174,040)
Profit before tax							1,057,230,356
Segment assets - Conventional	855,514,696	85,295,995	581,445,492	333,369,134	2,727,263,924		4,582,889,241
Segment assets - Operator	51,270,172	69,566,855	23,137,201	-	24,144,868		168,119,096
Unallocated assets - Conventional							5,234,364,431
Unallocated assets - Takaful OPF							557,918,550
Total assets							10,543,291,318
Segment liabilities - Conventional	1,128,834,593	108,779,557	707,352,746	422,477,069	2,506,016,322		4,873,460,287
Segment liabilities - Operator	27,953,556	9,660,176	69,009,012	-	78,754,427		185,377,171
Unallocated liabilities - Conventional							823,591,438
Unallocated liabilities - Operator							3,947,281
Total liabilities including liabilities in Window Takaful Operations							5,886,376,177

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

37 SEGMENT INFORMATION

The Company has five primary business segments for reporting purposes namely fire and property damage, marine aviation and transport, motor, crop & miscellaneous.

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

2020	FIRE AND PROPERTY DAMAGE	MARINE AVIATION AND TRANSPORT	MOTOR	CROP	MISCELLANEOUS	TREATY	TOTAL
----- Rupees -----							
Gross written premium (Inclusive of admin surcharge)	759,831,536	289,913,231	661,974,176	916,933,901	2,291,949,399	-	4,920,602,243
Gross direct premium	632,706,185	259,170,502	544,277,937	916,919,456	2,223,233,382	-	4,576,307,462
Facultative inward premium	110,023,929	21,506,484	98,962,286	-	48,445,658	-	278,938,357
Administrative surcharge	17,101,422	9,236,245	18,733,953	14,445	20,270,359	-	65,356,424
Insurance premium earned	670,730,508	282,631,833	447,321,985	1,007,576,877	1,740,104,024	-	4,148,365,227
Insurance premium ceded to reinsurance	(429,794,637)	(131,516,908)	(348,001,781)	(382,401,904)	(987,951,756)	-	(2,279,666,986)
Net insurance premium	240,935,871	151,114,925	99,320,204	625,174,973	752,152,268	-	1,868,698,241
Commission income	33,113,327	18,821,409	77,804,977	82,956,289	165,184,331	-	377,880,333
Net underwriting income	274,049,198	169,936,334	177,125,181	708,131,262	917,336,599	-	2,246,578,574
Insurance claims	(580,070,050)	(12,480,743)	(161,620,860)	(483,472,284)	(761,690,034)	-	(1,999,333,971)
Insurance claims recovered from reinsurance	490,574,761	11,951,884	97,272,860	408,270,590	552,593,045	-	1,560,663,140
Net claims	(89,495,289)	(528,859)	(64,348,000)	(75,201,694)	(209,096,989)	-	(438,670,831)
Commission expenses	(99,756,551)	(21,156,078)	(71,444,043)	(100,968,493)	(180,087,448)	-	(473,412,613)
Management expenses	(78,614,635)	(74,395,073)	(48,896,122)	(347,778,584)	(370,290,511)	-	(919,974,925)
Premium deficiency expense	-	-	28,763,802	8,398,084	-	-	37,161,886
Net insurance claims and expenses	(267,866,475)	(96,080,010)	(155,924,363)	(515,550,687)	(759,474,948)	-	(1,794,896,483)
Underwriting results	6,182,723	73,856,324	21,200,818	192,580,575	157,861,651	-	451,682,091
Net investment income							57,171,373
Rental income							2,736,000
Other income							17,825,106
Other expenses							(6,899,019)
Finance cost							(6,386,295)
Profit from Window Takaful Operations - Operator's fund							1,708,660
Share of profit from associates							16,562,502
Profit before tax							534,400,418
Segment assets - Conventional	862,670,416	129,899,420	544,477,855	652,372,471	2,530,655,543		4,720,075,705
Segment assets - Operator	84,363,097	84,468,540	138,192,066	-	78,077,610		385,101,313
Unallocated assets - Conventional							4,386,633,347
Unallocated assets - Operator							368,934,350
Total assets							9,860,744,715
Segment liabilities - Conventional	1,007,147,491	122,871,879	677,988,556	621,144,964	2,710,492,187		5,139,645,077
Segment liabilities - Operator	-	-	-	-	-		-
Unallocated liabilities - Conventional							542,056,285
Unallocated liabilities - Operator							44,645,972
Total liabilities including liabilities in window takaful operations							5,726,347,334

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

38 MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Fair value through P&L	Total
	----- Rupees -----			
At beginning of 2020	673,891,807	57,369,264	-	731,261,071
Additions	(140,294,937)	156,354,129	-	16,059,192
Disposals (sale and redemption)	-	(150,170,646)	-	(150,170,646)
Fair value net loss (excluding net realized gains)	-	(15,389,671)	-	(15,389,671)
Designated at fair value through profit or loss upon initial recognition	-	-	-	-
Classified as held for trading	-	-	-	-
Amortization	15,852,875	-	-	15,852,875
At beginning of 2021	549,449,745	48,163,076	-	597,612,821
Additions	468,150,902	198,372,906	-	666,523,808
Disposals (sale and redemption)	-	(208,962,799)	-	(208,962,799)
Fair value net loss (excluding net realized gains)	-	(6,797,519)	-	(6,797,519)
Designated at fair value through profit or loss upon initial recognition	-	-	-	-
Classified as held for trading	-	-	-	-
Amortization	-	-	-	-
At end of 2021	1,017,600,647	30,775,664	-	1,048,376,311

39 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

39.1 Risk management framework

The Company's activities expose it to a variety of financial risks, credit risk, liquidity risk and market risk (including interest/ mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below. The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing the Company's risk management policies.

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39.2 Insurance risks

39.2.1 Insurance risk

The Company accepts the insurance risk through its insurance contracts where it assumes the risk of loss from persons or organizations that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are managed by having documented underwriting limit and criteria. Reinsurance is purchased to mitigate the risk of potential loss to the Company. Reinsurance policies are written with approved reinsurers either on a proportional, excess of loss treaty or facultative basis.

A concentration of risk may also arise from a single insurance contract issued to particular demographic type of policyholder, within a geographical location or to types of commercial business. The Company minimizes its exposure to significant losses by obtaining reinsurance from a number of reinsurers who are dispersed over several geographical regions.

Further the Company adopts strict claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the insurance risk.

Geographical concentration of insurance risk

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

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial / industrial residential occupation of the insurers. Details regarding the fire separation/segregation with respect to the manufacturing processes, storage, utilities, etc. are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters/reinsurance personnel for their evaluation. Reference is made to the standard construction specifications as laid down by IAP (Insurance Association of Pakistan). For instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors, physical separation between the buildings within an insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

Address look-up and geocoding is the essential field of the policy data interphase of IT systems. It provides instant location which is dependent on data collection provided under the policy schedule. All critical underwriting information is punched into the IT system/application through which a number of MIS reports can be generated to assess the concentration of risk.

Reinsurance arrangements

Reinsurance arrangements are key components in the global economy as a means of supporting acceptance of risk by insurance organizations. Arrangements are the most effective ways of getting risks of all types, underwritten by the Company. The Company has prestigious reinsurance arrangements with the world wide acclaimed reinsurers.

In compliance of the regulatory requirement, the reinsurance agreements are duly submitted with Securities and Exchange Commission of Pakistan (SECP) on annual basis.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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

	Maximum sum insured		Reinsurance cover		Highest net liability	
	2021	2020	2021	2020	2021	2020
	----- Rupees -----					
Fire and property damage	3,502,841,300	6,443,915,000	3,452,841,300	6,403,915,000	50,000,000	40,000,000
Marine, aviation and transport	1,577,050,112	1,782,857,076	1,552,050,112	1,604,571,368	25,000,000	178,285,708
Motor	48,864,900	47,665,403	45,864,900	44,665,403	3,000,000	3,000,000
Crop	407,750,000	255,000,000	159,015,920	241,180,000	248,734,080	13,820,000
Miscellaneous	645,408,000,000	1,596,775,862,500	645,408,000,000	1,596,775,862,500	-	-

The table below sets out the concentration of insurance contract liabilities by type of contract:

	Gross liabilities		Gross assets		Net liabilities / (assets)	
	2021	2020	2021	2020	2021	2020
	----- Rupees -----					
Fire and property damage	1,156,788,149	1,007,147,491	906,784,868	947,033,513	250,003,281	60,113,978
Marine, aviation and transport	118,439,733	122,871,879	154,862,850	214,367,960	(36,423,117)	(91,496,081)
Motor	776,361,758	677,988,556	604,582,693	682,669,921	171,779,065	(4,681,365)
Crop	422,477,069	621,144,964	333,369,134	652,372,471	89,107,935	(31,227,507)
Miscellaneous	2,584,770,749	2,710,492,187	2,751,408,792	2,608,733,153	(166,638,043)	101,759,034
	5,058,837,458	5,139,645,077	4,751,008,337	5,105,177,018	307,829,121	34,468,059

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39.2.2 Sources of uncertainty in estimation of future claim payments

Claims on general insurance contracts are payable on a claim occurrence basis. The Company is liable for all insured events that occur during the term of the insurance contract.

An estimated amount of the claim is recorded immediately on intimation to the Company. The estimation of the amount is based on the amount notified by the policy holder, management or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. Incurred But Not Reported (IBNR) claims have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

There are several variable factors which affect the amount and timing of recognized claim liabilities. However, the management considers that uncertainty about the amount and timing of claim payments is generally resolved within a year. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities. It is likely that final settlement of these liabilities may be different from recognized amounts.

39.2.3 Changes in assumptions

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

39.2.4 Sensitivity analysis

The risks associated with the insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Company considers that the liability for insurance claims recognized in the statement of financial position is adequate. However, actual experience will differ from the expected outcome.

As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit before tax net of reinsurance.

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10% increase in loss	Profit before tax		Share holders' equity	
	2021	2020	2021	2020
	----- Rupees -----			
Net				
Fire and property damage	(7,890,305)	(8,949,529)	(5,602,117)	(6,354,166)
Marine, aviation and transport	(1,092,158)	(52,886)	(775,432)	(37,549)
Motor	(11,754,632)	(6,434,800)	(8,345,789)	(4,568,708)
Crop	(8,010,101)	(7,520,169)	(5,687,172)	(5,339,320)
Miscellaneous	(24,606,807)	(20,909,699)	(17,470,833)	(14,845,886)
	(53,354,003)	(43,867,083)	(37,881,343)	(31,145,629)

10% decrease in loss	Profit before tax		Share holders' equity	
	2021	2020	2021	2020
	----- Rupees -----			
Net				
Fire and property damage	7,890,305	8,949,529	5,602,117	6,354,166
Marine, aviation and transport	1,092,158	52,886	775,432	37,549
Motor	11,754,632	6,434,800	8,345,789	4,568,708
Crop	8,010,101	7,520,169	5,687,172	5,339,320
Miscellaneous	24,606,807	20,909,699	17,470,833	14,845,886
	53,354,003	43,867,083	37,881,343	31,145,629

Claims development table

The table shown in note 25.1 the development of claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments.

39.3 Financial risk

39.3.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market variables such as interest rates, foreign exchange rates and market prices.

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 mismatches of financial assets and liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes.

At the statement of financial position date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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FINANCIAL ASSETS AND LIABILITIES	2021					
	Effective yield/ mark- up rate per annum %	Interest/mark-up bearing		Non-interest/ mark-up bearing		Total
		Maturity up to one year	Sub total	Maturity up to one year	Sub total	
----- Rupees -----						
Financial assets						
Investments in associate		-	-	-	647,742,930	647,742,930
Investments						
- Equity securities		-	-	30,775,664	-	30,775,664
- Government securities	7.61 - 12.30	-	617,502,776	-	-	617,502,776
- Term deposits	5.25 - 11.75	400,097,871	-	400,097,871	-	400,097,871
Loans and other receivables		-	-	1,430,232,737	-	1,430,232,737
Insurance / reinsurance receivables		-	-	1,138,296,178	-	1,138,296,178
Reinsurance recoveries against outstanding claims		-	-	1,498,691,646	-	1,498,691,646
Cash and bank	5.5 - 7	276,004,784	-	276,004,784	488,869,813	764,874,597
Assets in window takaful operations - OPF		44,799,061	168,610,000	213,409,061	299,755,788	513,164,849
December 31, 2021		720,901,716	786,112,776	1,507,014,492	647,742,930	7,041,379,248
Financial liabilities						
Outstanding claims including IBNR		-	-	2,008,063,278	-	2,008,063,278
Borrowings	K+1.75% - K+3%	43,076,649	50,079,977	93,156,626	-	93,156,626
Insurance / reinsurance payables		-	-	429,075,859	-	429,075,859
Other creditors and accruals		-	-	271,968,346	-	271,968,346
Total Liabilities in window takaful operations - OPF		-	-	22,889,425	-	22,889,425
December 31, 2021		43,076,649	50,079,977	93,156,626	2,731,996,908	2,825,153,534
Interest risk sensitivity gap		677,825,067	736,032,799	1,413,857,866	647,742,930	4,216,225,714
Cumulative interest risk sensitivity gap		677,825,067	1,413,857,866			

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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FINANCIAL ASSETS AND LIABILITIES	2020					
	Interest/mark-up bearing		Non-interest/ mark-up bearing		Total	
	Effective yield/ mark- up rate per annum %	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year
Financial assets						
Investments in associate	-	-	-	-	1,933,915,396	1,933,915,396
Investments						
- Equity securities	-	-	-	-	48,163,076	48,163,076
- Debt securities	7.61 - 12.30	67,494,946	311,856,927	379,351,873	-	-
- Term deposits	5.25 - 11.75	170,097,872	-	170,097,872	-	-
Loans and other receivables		-	-	-	125,976,219	125,976,219
Insurance / reinsurance receivables		-	-	-	1,497,164,155	1,497,164,155
Reinsurance recoveries against outstanding claims		-	-	-	1,349,738,271	1,349,738,271
Cash and bank	2.5 - 6	78,694,890	-	78,694,890	378,601,984	457,296,874
Total Assets in Window Takaful Operations - OPF		142,545,318	101,780,000	244,325,318	423,794,101	668,119,419
December 31, 2020		458,833,026	413,636,927	872,469,953	3,823,437,806	1,933,915,396
FINANCIAL LIABILITIES						
Outstanding claims including IBNR		-	-	-	1,758,414,109	1,758,414,109
Borrowings		39,220,748	52,263,896	91,484,644	-	-
Insurance / reinsurance payables		-	-	-	862,236,702	862,236,702
Other creditors and accruals		-	-	-	56,618,052	56,618,052
Total Liabilities in Window Takaful Operations - OPF		-	-	-	1,051,480	1,051,480
December 31, 2020		39,220,748	52,263,896	91,484,644	2,678,320,343	2,769,804,987
Interest risk sensitivity gap		419,612,278	361,373,031	780,985,309	1,145,117,463	1,933,915,396
Cumulative interest risk sensitivity gap		419,612,278	780,985,309			3,860,018,168

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Sensitivity analysis - Interest rate risk

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not effect fair value of any financial instrument. For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below.

	Increase / (decrease) in basis points	Effect on profit before tax	Effect on equity
As at December 31, 2021			
Cash flow sensitivity - variable rate financial liabilities	100	(931,566)	(661,412)
	(100)	931,566	661,412
Cash flow sensitivity - variable rate financial assets	100	15,070,145	10,699,803
	(100)	(15,070,145)	(10,699,803)
As at December 31, 2020			
Cash flow sensitivity - variable rate financial liabilities	100	(914,846)	(649,541)
	(100)	914,846	649,541
Cash flow sensitivity - variable rate financial assets	100	8,724,700	6,194,537
	(100)	(8,724,700)	(6,194,537)

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified above. The analysis assumes that all other variables remain constant.

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b) Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or liability will fluctuate due to changes in foreign currency rates. Foreign exchange risk arises mainly where receivables and payables exists due to transactions in foreign currencies. As of the statement of financial position date, the Company does not have material assets or liabilities which are exposed to foreign currency risk except for amount due from and due to reinsurers.

c) 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 factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 30,775,664 /- (2020: Rs. 48,163,076 /-) at the statement of financial position.

The Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies. The Company has strategic equity investment in its associate amounting to Rs. 297,352,654 (2020: Rs. 708,746,180 /-) which is held for long term.

Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by relative quantity of the security being sold. The Company has no significant concentration of price risk.

Sensitivity - Equity price risk

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 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, indeed 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	30,775,664	10 % increase	33,853,230	2,185,072	3,077,566
		10 % decrease	27,698,098	(2,185,072)	(3,077,566)
December 31, 2020	48,163,076	10 % increase	52,979,384	3,419,578	4,816,308
		10 % decrease	43,346,768	(3,419,578)	(4,816,308)

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39.3.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. To guard against the risk, the Company maintains balance of cash and other equivalents and readily marketable securities. The maturity profile of assets and liabilities are also monitored to ensure adequate liquidity is maintained.

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

On the statement of financial position date the Company has cash and bank balance of Rs. 764,874,597 /- (2020: Rs. 457,296,874 /-).

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date on an undiscounted cash flow basis.

	2021			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	-----Rupees-----			
Financial liabilities				
Outstanding claims including IBNR	2,008,063,278	2,008,063,278	2,008,063,278	-
Borrowings	93,156,626	101,099,789	43,076,649	50,079,977
Insurance / reinsurance payables	429,075,859	429,075,859	429,075,859	-
Other creditors and accruals	271,968,346	271,968,346	271,968,346	-
Total Liabilities in Window Takaful Operations - OPF	22,889,425	22,889,425	22,889,425	-
	2,825,153,534	2,833,096,697	2,775,073,557	50,079,977
	2020			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	-----Rupees-----			
Financial liabilities				
Outstanding claims including IBNR	1,758,414,109	1,758,414,109	1,758,414,109	-
Borrowings	91,484,644	98,418,813	39,220,748	52,263,896
Amount due to other insurers/ reinsurers	862,236,702	862,236,702	862,236,702	-
Other creditors and accruals	56,618,052	56,618,052	56,618,052	-
Total Liabilities in Window Takaful Operations - OPF	1,051,480	1,051,480	1,051,480	-
	2,769,804,987	2,776,739,156	2,717,541,091	52,263,896

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39.4 Credit risk and concentration of credit risk

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

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The Company's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

The carrying amount of financial assets represents the maximum credit exposure, as specified below:

	2021 Rupees	2020 Rupees
Investments in associate	647,742,930	1,933,915,396
Investments		
-Equity securities	30,775,664	48,163,076
-Debt securities	617,502,776	379,351,873
-Term deposits	400,097,871	170,097,872
Loans and other receivables	1,430,232,737	125,976,219
Insurance / reinsurance receivables	1,138,296,178	1,497,164,155
Reinsurance recoveries against outstanding claims	1,498,691,646	1,349,738,271
Cash & bank	764,874,597	457,296,874
Total Assets in Window Takaful Operations - OPF	513,164,849	668,119,419
	7,041,379,248	6,629,823,155

The Company did not hold any collateral against the above during the year. General provision is made for receivables according to the Company's policy. The impairment provision is written off when the Company expects that it cannot recover the balance due. During the year receivables of Rs. Nil. (2020: Rs. Nil.) were further provided for and the provision of Rs. Nil. (2020: Rs. Nil.) were reversed due to recoveries. The movement in the provision for doubtful debt account is shown in note no. 13 to the financial statements. 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 recent history of default.

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

	Rating		Rating agency	2021	2020
	Long term	Short term		Rupees	Rupees
Bank Alfalah Limited	AA+	A1+	PACRA	17,427,146	48,291,005
Allied Bank Limited	AAA	A1+	PACRA	20,220,019	17,812,112
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	4,702,962	1,094,967
Habib Bank Limited	AAA	A1+	VIS	66,563,001	112,110,560
Bank Al-Habib Limited	AAA	A1+	PACRA	143,073,552	32,450,604
Bank Islami Pakistan Limited	A+	A1	PACRA	8,995,559	6,787,085
Soneri Bank Limited	AA-	A1+	PACRA	5,252,089	3,512,112
Albaraka Bank Pakistan Limited	A	A1	PACRA	1,327,987	1,311,631
Askari Bank Limited	AA+	A1+	PACRA	1,463,675	3,723,999
Zarai Tarqati Bank Limited	AAA	A1+	VIS	22,682,821	11,493,405
The Bank of Khyber	A	A1	PACRA	3,339,685	4,283,997
The Bank of Punjab	AA+	A1+	PACRA	19,157,580	1,467,224
Faysal Bank Limited	AA	A1+	PACRA	4,639,942	4,679,026
First Women Bank Limited	A-	A2	PACRA	1,964,314	672,751
MCB Bank Limited	AAA	A1+	PACRA	9,959,531	6,601,369
National Bank of Pakistan	AAA	A1+	PACRA	2,462,533	2,604,282
Punjab Provincial Co-operative Bank Limited*	-	-	-	4,320,178	3,365,765
Samba Bank Limited	AA	A1	VIS	60,141,858	152,131,319
Silk Bank Limited	A-	A2	VIS	117,972,596	4,123,819
SME Bank Limited	B-	A4	PACRA	19,428	19,428
United Bank Limited	AAA	A1+	VIS	12,098,186	7,957,841
U Microfinance bank Limited	A+	A1	VIS	3,692,706	173,934
Summit Bank Limited *	-	-	-	20,245,467	4,893,733
Dubai Islamic Bank Pakistan Limited	AA	A1+	VIS	114,179,894	5,867,589
Apna Microfinance Bank Limited	BBB+	A3	PACRA	91,160,620	8,607,578
Sindh Bank Limited	A-	A2	PACRA	404,312	188,197
Karakoram Co-Operative Bank Limited *	-	-	-	4,151,997	373,965
Bank of Azad Jammu & Kashmir *	-	-	-	1,455,546	2,387,584
NRSP Micro Finance Bank Limited	A	A1	PACRA	120,015	1,877,019
JS Bank Limited	AA-	A1+	PACRA	1,330,148	5,487,825
Khushali Bank Limited	A+	A1	VIS	90,518	808,784
				764,615,865	457,160,509

* Credit ratings are not available

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

The age analysis of due from insurance contract holders and due from insurers / reinsurers is as follows:

	2021 Rupees	2020 Rupees
Upto 1 year	1,050,647,372	1,381,529,811
1 year or above	87,648,806	115,634,344
	1,138,296,178	1,497,164,155

Reinsurance risk

Reinsurance ceded does not relieve the Company from its obligation towards policy holders and, as a result, the Company remains liable for the portion of outstanding claims reinsured to the extent that reinsurer fails to meet the obligation under the reinsurance agreement.

To minimize its exposure to significant losses from reinsurers insolvencies, the Company obtains reinsurers ratings from a number of reinsurers, who are dispersed over several geographical regions.

The credit quality of amount due from insurers and reinsurers can be assessed with reference to external credit ratings as follows:

	Due from insurers / reinsurers	Reinsurance recoveries against outstanding claims	2021	2020
	-----Rupees-----			
A or above (including PRCL)	236,428,352	1,498,691,646	1,735,119,998	1,738,345,202
Others	1,827,153	-	1,827,153	6,478,358
Total	238,255,505	1,498,691,646	1,736,947,151	1,744,823,560

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

39.5 Capital management

The Company's objectives when managing capital or to safeguard the Company's ability to continue as going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company currently meets the paid up capital requirement as required by Securities and Exchange Commission of Pakistan.

39.6 Fair value measurement of financial instruments

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

When measuring the fair value of an asset or a liability, the Company uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorized into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- Transfers between levels of the fair value hierarchy are recognized by the Company at the end of the reporting period during which the change occurred.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

	Note	Carrying amount				Fair value				Total
		Investments	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	
		----- Rupees -----								
December 31, 2021										
Financial assets - measured at fair value										
Equity securities	9	30,775,664	-	-	-	30,775,664	30,775,664	-	-	30,775,664
Assets in window takaful operations - OPF										
- Equity securities		14,380,147	-	-	-	14,380,147	14,380,147	-	-	14,380,147
- Mutual funds		-	-	-	-	-	-	-	-	-
Financial assets - not measured at fair value										
Investment in associate	8.1	297,352,654	-	-	-	297,352,654	1,286,954,875	-	-	1,286,954,875
Share deposit money*	8.2	350,390,276	-	-	-	350,390,276	-	-	-	-
Advance for purchase of shares*		-	-	-	-	-	-	-	-	-
Government securities*	10.1.1	617,502,776	-	-	-	617,502,776	-	582,529,657	-	582,529,657
Treasury bills*	10.1.2	-	-	-	-	-	-	-	-	-
Term deposits maturing within 12 months*	11.2	400,097,871	-	-	-	400,097,871	-	-	-	-
Loans and other receivables*	12	-	1,430,232,737	-	-	1,430,232,737	-	-	-	-
Due from insurance contract holders*	13	-	900,040,673	-	-	900,040,673	-	-	-	-
Due from other insurers / reinsurers*	13	-	238,255,505	-	-	238,255,505	-	-	-	-
Reinsurance recoveries against outstanding claims*	25	-	1,498,691,646	-	-	1,498,691,646	-	-	-	-
Cash in hand*	17	-	-	258,732	-	258,732	-	-	-	-
Cash at bank*	17	-	-	764,615,865	-	764,615,865	-	-	-	-
Assets in window takaful operations - OPF*		210,210,000	282,830,627	5,744,075	-	498,784,702	-	-	-	-
		1,920,709,388	4,350,051,188	770,618,672	-	7,041,379,248	1,332,110,686	582,529,657	-	1,914,640,343
Financial liabilities - not measured at fair value										
Outstanding claims including IBNR*	25	-	-	-	2,008,063,278	2,008,063,278	-	-	-	-
Borrowings*	20	-	-	-	93,156,626	93,156,626	-	-	-	-
Insurance / reinsurance payables*	21	-	-	-	429,075,859	429,075,859	-	-	-	-
Other creditors and accruals*	22	-	-	-	271,968,346	271,968,346	-	-	-	-
Total Liabilities in window takaful operations - OPF*		-	-	-	22,889,425	22,889,425	-	-	-	-
		-	-	-	2,825,153,534	2,825,153,534	-	-	-	-

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

	Note	Carrying amount				Fair value				
		Investments	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		----- Rupees -----								
December 31, 2020										
Financial assets - measured at fair value										
Equity securities	9	48,163,076	-	-	-	48,163,076	48,163,076	-	-	48,163,076
Assets in window takaful operations - OPF										
Equity securities		34,495,720	-	-	-	34,495,720	34,495,720	-	-	34,495,720
Mutual funds		6,013,883	-	-	-	6,013,883	6,013,883	-	-	6,013,883
Financial assets - not measured at fair value										
Investment in associate	8.1	708,746,180	-	-	-	708,746,180	3,535,993,415	-	-	3,535,993,415
Share deposit money*	8.2	963,015,264	-	-	-	963,015,264	-	-	-	-
Advance for purchase of shares*	8.3	262,153,952	-	-	-	262,153,952	-	-	-	-
Government securities*	10.1.1	311,856,927	-	-	-	311,856,927	-	300,795,881	-	300,795,881
Treasury bills*	10.1.2	67,494,946	-	-	-	67,494,946	-	69,201,464	-	69,201,464
Term deposits maturing within 12 months*	11.2	170,097,872	-	-	-	170,097,872	-	-	-	-
Loans and other receivables*	12	-	125,976,219	-	-	125,976,219	-	-	-	-
Due from insurance contract holders*	13	-	1,102,078,866	-	-	1,102,078,866	-	-	-	-
Due from other insurers / reinsurers*	13	-	395,085,289	-	-	395,085,289	-	-	-	-
Reinsurance recoveries against outstanding claims*	25	-	1,349,738,271	-	-	1,349,738,271	-	-	-	-
Cash in hand*	17	-	-	136,365	-	136,365	-	-	-	-
Cash at bank*	17	-	-	457,160,509	-	457,160,509	-	-	-	-
Assets in window takaful operations - OPF*		167,780,000	380,887,214	78,942,602	-	627,609,816	-	-	-	-
		2,739,817,820	3,353,765,859	536,239,476	-	6,629,823,155	3,624,666,094	369,997,345	-	3,994,663,439
Financial liabilities - not measured at fair value										
Outstanding claims including IBNR*	25	-	-	-	1,758,414,109	1,758,414,109	-	-	-	-
Borrowings*	20	-	-	-	91,484,644	91,484,644	-	-	-	-
Insurance / reinsurance payables*	21	-	-	-	862,236,702	862,236,702	-	-	-	-
Other creditors and accruals*	22	-	-	-	56,618,052	56,618,052	-	-	-	-
Total liabilities in Window Takaful Operations - OPF*		-	-	-	1,051,480	1,051,480	-	-	-	-
		-	-	-	2,769,804,987	2,769,804,987	-	-	-	-

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

2021
Rupees

40 STATEMENT OF SOLVENCY

Assets	
Property and equipment	1,194,933,142
Intangible assets	1,483,252
Investment property	51,912,475
Investments in subsidiary and associate	647,742,930
Investments	
Equity securities	30,775,664
Debt securities	617,502,776
Term deposits	400,097,871
Total Assets in Window Takaful Operations - Operator's fund	726,037,646
Loans and other receivables	1,443,962,325
Insurance / reinsurance receivables	1,138,296,178
Reinsurance recoveries against outstanding claims	1,498,691,646
Deferred commission expense	375,486,487
Prepayments	1,651,494,329
Cash & bank	764,874,597
Total assets (A)	10,543,291,318

In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000

(d)	Loans to employees and agents	21,875,024
(g)	Receivables from related parties	1,150,152,824
(h)	Insurance / Reinsurance receivables	626,558,761
(i)	Intangible asset- computer software	1,483,252
(k)	Amounts available to the insurer under guarantees	103,267,490
(l)	Assets subject to encumbrances	145,697,873
(q)	Investment in listed securities	494,588,176
(s)	Immovable property and shares (aggregate)	-
(u)-(i)	Motor vehicles including leased vehicles	441,717,465
(u)-(i)	Motor tracking devices	52,240,412
(u)-(iii) & (iii)	Furniture, fixtures, office and computer equipment	78,682,582
(U)-(i)	Assets in Window Takaful Operations - Operator's fund	158,767,149
Total of Inadmissible assets (B)		3,275,031,008
Total Admissible assets (C=A-B)		7,268,260,310

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

	2021 Rupees
Total Liabilities	
Total Liabilities in Window Takaful Operations - Operator's fund	189,324,452
Underwriting provisions	
Outstanding claims including IBNR	2,008,063,278
Unearned premium reserve	2,141,914,061
Premium deficiency reserve	5,895,297
Unearned reinsurance commission	294,407,089
Deferred taxation	126,532,111
Borrowings	93,156,626
Premium received in advance	-
Insurance / reinsurance payables	429,075,859
Other creditors and accruals	323,818,070
Taxation - provision less payment	274,189,334
Total liabilities	5,697,051,725
Total liabilities including liabilities in window takaful operations (D)	5,886,376,177
Total net admissible assets (E=C-D)	1,381,884,133
Minimum Solvency Requirement (higher of following)	544,587,505
Method A - U/s 36(3)(a)	150,000,000
Method B - U/s 36(3)(b)	544,587,505
Method C - U/s 36(3)(c)	414,997,734
Excess in Net Admissible Assets over Minimum Requirements	837,296,628

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

41 PROVIDENT FUND RELATED DISCLOSURE

The Company has maintained an employee provident fund trust and investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017, and the rules formulated for this purpose. The salient information of the fund is as follows:

	Note	2021 Rupees Audited	2020 Rupees Audited
Size of the fund - Total net assets		236,712,643	184,726,150
Cost of investments	41.1	229,086,096	179,489,468
Percentage of investments made		96.78%	97.17%
Fair value of investments		230,297,973	180,349,402

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

	Amount 2021	Percentage of total fund	Amount 2020	Percentage of total fund
Term deposit receipts	211,000,000	89.14%	169,000,000	91.49%
Mutual funds	4,808,235	2.03%	4,000,000	2.17%
Cash & cash equivalent	13,277,861	5.61%	6,489,468	3.51%
	229,086,096	96.78%	179,489,468	97.17%

	2021 ---Numbers---	2020
42 NUMBER OF EMPLOYEES		
As at December 31	806	716
Average number of employees during the year	799	672

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

43 CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, wherever necessary, for the purpose of comparison and better presentation. However, no significant reclassifications have been made.

44 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on April 01, 2022 by the Board of Directors of the Company.

45 GENERAL

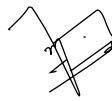
The figures in the financial statements has been rounded off to the nearest Rupee.



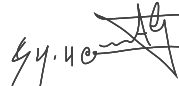
Muhammad Akram Shahid
Chief Executive Officer



Huma Waheed
Director



Maqbool Ahmad
Chief Financial Officer



Syed Rahat Ali Shah
Director



Jamil Ahmed Khan
Chairman

OUR BRANCHES

UIC Conventional branches

1 **Mr. Asad Rafique**

Assistant General Manager / Branch Head
The United Insurance Company of Pakistan Ltd.
Office # 6, 1st Floor, Noor Khanum Plaza,
Behind Askari Islamic Bank, Supply Bazar, Mansehra
Road,
Abbottabad.

3 **Mr. Tahir Maan**

Chief Manager / Branch Head
The United Insurance Company of Pakistan Ltd.
United Centre, 1st Floor, Opp Askari CNG,
Near Faisal Movers Stadium Road,
Bahawalpur.

5 **Rai Anwaar Alam**

Branch Manager
The United Insurance Company of Pakistan Ltd.
Khan Baba Road, Near WF, Continental Hotel,
Bahawalnagar.

7 **Mian Kashif Rasheed**

Executive Director / Branch Head
The United Insurance Company of Pakistan Ltd.
1st & 2nd Floor, Upper BOP, Kotwali Road
Faisalabad.

9 **Mr. Muhammad Rauf**

Branch Manager
The United Insurance Company of Pakistan Ltd.
5th Floor, State Life Building, 2-Liaquat Road,
Faisalabad.

11 **Mr. Rana Faqir Hussain**

Assistant General Manager / Branch Head
The United Insurance Company of Pakistan Ltd.
1st Floor, Arslan Plaza, Kotwali Road,
Faisalabad.

2 **Mr. Tanveer Ejaz**

Zonal Manager / Branch Head
The United Insurance Company of Pakistan Ltd.
2nd Floor, Room# 3, Sharif Plaza, Sargodha Road,
Sheikhpura

4 **Rao Nisar**

Zonal Manager / Branch Head
The United Insurance Company of Pakistan Ltd.
1st Floor, Shah Din Plaza, Farid Gate
Bahawalpur

6 **Mr. Haji Waris Khan**

Branch Manager
The United Insurance Company of Pakistan Ltd.
Shop # M-37, 1st Floor, Aashinana Shopping Centre,
Dera Ismail Khan.

8 **Mr. Umar Aslam**

Assistant General Manager / Branch Manager
The United Insurance Company of Pakistan Ltd.
G.M Office, 2nd Floor, Faisal Complex, Bilal Road,
Civil Line **Faisalabad.**

10 **Mr. Sajjad Tanveer**

Branch Manager
The United Insurance Company of Pakistan Ltd.
Lyal Pur Branch, Lower Ground Floor, Lyallpur
Trade Centre,
355-A, Small D-Ground, People Colony No. 01,
Faisalabad.

12 **Mr. Waseem Bari**

Assistant General Manager / Branch Head
The United Insurance Company of Pakistan Ltd.
Trust Plaza, Block - H3, 1st Floor, G.T Road
Gujranwala.

OUR BRANCHES

- | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>13 Khawaja Adnan Hassan
Executive Director / Branch Head
The United Insurance Company of Paksitan Ltd.
Khawaja Mudassar Arcade, Opp : Din Plaza, G.T Road,
<u>Gujranwala.</u></p> | <p>14 Mir Muhammad Jalal-Ud-Din
General Manager / Branch Head
The United Insurance Company of Pakistan Ltd.
1st Floor, Office # 02, Shahzad Market, Near KCBL
Cantt Shahrah-E-Quaid Azam Jutial,
<u>Gilgit Baltistan.</u></p> |
| <p>15 Mr. Muhammad Muneef
Branch Manager
The United Insurance Company of Pakistan Ltd.
Ali Akbar Plaza, Shah Hussain Chowk, Circular Road
<u>Gujrat.</u></p> | <p>16 Mian Sheeraz Ahsan
Branch Manager
The United Insurance Company of Pakistan Ltd.
Kunja Road, Near N.B.P
<u>Gujrat.</u></p> |
| <p>17 Ch. Shehnaz
Deputy General Manager / Branch Head
The United Insurance Company of Pakistan Ltd.
1st Floor, Shehroze Plaza, Near Allied School, G.T
Road
<u>Gujrat.</u></p> | <p>18 Mr. Muhammad Riaz
Chief Manager / Branch Head
The United Insurance Company of Pakistan Ltd
Fazal Plaza, Alipur Road,
<u>Hafizabad.</u></p> |
| <p>19 Mr. Junaid Samoo
Joint Director / Branch Head
The United Insurance Company of Pakistan Ltd
2nd Floor, Goal Building, (Circular Building), Risala
Road Office No. 26
<u>Hyderabad.</u></p> | <p>20 Mian M. Asif
Joint Director / Branch Head
The United Insurance Company of Paksitan Ltd.
Chamber # 1, & 2, Mezzanine Floor, City View Plaza,
Unit # 7, Latifabad,
<u>Hyderabad.</u></p> |
| <p>21 Mr. Rizwan Ul Haq
Executive Director / Branch Head
The United Insurance Company of Pakistan Ltd
Office # 304,305 (3rd Floor), Capital Business Centre,
F-10 Markaz, <u>Islamabad.</u></p> | <p>22 Dr. Murtaza Mughal
Senior Executive Director / Branch Head
The United Insurance Company of Pakistan Ltd
402-4th Floor, Gulistan House, Fazal - E-Haq Road
Blue Area, <u>Islamabad.</u></p> |
| <p>23 Ch. Iqbal Tahir
Joint Director / Branch Head
The United Insurance Company of Pakistan Ltd
Kashmir Commercial Complex, Building # 1032-E,
2nd Floor, Fazal- E-Haq Road Blue Area, <u>Islamabad.</u></p> | <p>24 Mr. Muhammad Faisal Baig
D.G.M / Branch Head
The United Insurance Company of Pakistan Ltd.
Office # 301, 3rd Floor, Capital Business Centre,
F-10 Markaz, <u>Islamabad.</u></p> |
| <p>25 Chaudhry Shamas Ul Haq
Executive Director / Branch Head
The United Insurance Company of Pakistan Ltd.
Office # 108, 1st Floor, Dossal Plaza, Jinnah Avenue
Blue Area, Merge In MB City Mall Plaza,
<u>Islamabad.</u></p> | <p>26 Ch. Aslam Feroze
Executive Director / Branch Head
The United Insurance Company of Pakistan Ltd.
21-E Huma Plaza, ,Mezzanine Floor, Blue Area,
<u>Islamabad.</u></p> |

OUR BRANCHES

- 27 **Hafiz Sohail Ahmed**
General Manager / Branch Head
Flat # 7, 1st Floor, Twin City Plaza, I-8 Markaz,
Islamabad.
- 28 **Mr. Muhammad Ilyas**
Branch Manager
The United Insurance Company of Pakistan Ltd
Kashmir Commercial, Blue Area,
Islamabad.
- 29 **Mr. Muhammad Farooq Qasim**
Executive Director / Branch Head
The United Insurance Company of Pakistan Ltd
4th Floor, SNC Centre, 12-D East Fazal-e-Haq Road,
Blue Area,
Islamabad.
- 30 **Mr. Tahir Mehmood Khan**
Branch Manager / Branch Head
The United Insurance Company of Pakistan Ltd
3rd Floor, Sikandar Plaza, G.T Road, Jada Chowk,
Jhelum.
- 31 **Mr. Jamshed Akhter Samoo**
Regional Manager
The United Insurance Company of Pakistan Ltd
Mohani Road,
NawabShah.
- 32 **Mr. Tanveer Ahmed Bhatti**
Executive Director / Branch Head
The United Insurance Company of Pakistan Ltd
3rd Floor, 303, Europa Centre, Hasrat Mohani Road
Karachi.
- 33 **Mr. Nazir Ahmad Memon**
D.G.M / Branch Head
The United Insurance Company of Pakistan Ltd
Camp Office , 404-Madina City Mall,
Abdullah Haroon Road, Saddar
Karachi.
- 34 **Syed ather Ali**
Assiatnt Vice President
The United Insurance Company of Pakistan Ltd
Office # 802, 8th Floor, Business Centre,
Mumtaz Hassan Road Off I.I Chundrigarh Road,
Karachi
- 35 **Syed Matin Ahmed**
Deputy General Manager / Branch Head
The United Insurance Company of Pakistan Ltd
2nd Floor, State Lofe Building # 2-A, Wallace Road
Ploicy Branch
Karachi.
- 36 **Mr. Altamash Malik**
General Manager / Branch Head
Central Office
The United Insurance Company of Pakistan Ltd

Room # 202, 2nd Floor, Clifton Centre, Block # 5,
Clifton **Karachi.**
- 37 **Mr. Rakesh Kumar**
A.G..M / Branch Head
The United Insurance Company of Pakistan Ltd.
Office # 1607, 16th Floor, K.S Trade Tower, New Chilli,
New Branch Opening (15-08-2019),
Karachi.
- 38 **Mr. Junaid Samoo**
Joint Director / Branch Head
The United Insurance Company of Pakistan Ltd
Office # 507, 5th Floor, Masood Chambers, New
Chilli,
Karachi.

OUR BRANCHES

- 39 **Mr. Shakeel Ahmed**
Deputy Managing Director
The United Insurance Company of Pakistan Ltd.
Suit # 201, 2nd Floor, Aamir Trade Centre, PECHS
Block-2,
Allah Wali Chowrangi, Main Shahrah-E-Quaideen,
Karachi.
- 40 **Mr. Danial Aleem**
Branch Manager
The United Insurance Company of Pakistan Ltd

Karachi Export Processing Zone (KEPZ)
Karachi.
- 41 **Mian Muhammad Anwar Zahid**
Executive Director
The United Insurance Company of Pakistan Ltd
4Th Floor, State Life Building 2-A, I.I Chundrigarh
Road, Saddar,
Karachi.
- 42 **Mian Muhammad Asif**
Joint Director / Branch Head
The United Insurance Company of Pakistan Ltd.
J-D Office, 3rd Floor, Plot No. 55-C, Phase-II Ext
Main Korangi Road DHA,
Karachi.
- 43 **Mr. Rafique Javed**
Regional Manager / Branch Head
The United Insurance Company of Pakistan Ltd.
280-X-Housing Colony Branch,
Sheikhupura.
- 44 **Mr. Muhammad Ayaz Khattak**
Branch Manager
The United Insurance Company of Pakistan Ltd
Hpuse # 166, Street # 1, Sector-I KDA
Kohat.
- 45 **Mr. Imran Hashmi**
Branch Manager
The United Insurance Company of Pakistan Ltd.
18-Taj Mansion, 46 Shakra-E-Quaid -E -Azam
Lahore.
- 46 **Mr. Waqar Ahmed Noshahi**
Assistant General Manager / Branch Head
The United Insurance Company of Pakistan Ltd
Room # 12, Iind Floor, Jalal Centre, Moazang Road
Lahore.
- 47 **Mr. Zahid Bhatti**
General Manager (Marketing) / Branch Head
The United Insurance Company of Pakistan Ltd
Office # 613, 6th Floor, Eden Tower,
Main Boulevard Gulberg-III, **Lahore.**
- 48 **Mr. Khalid Masood Bhatti**
A.G.M / Branch Head
The United Insurance Company of Pakistan Ltd
Pak Chambers, 2nd Floor, 5-Temple Road,
Lahore.
- 49 **Mr. Muhammad Rafi**
Joint Director / Branch Head
The United Insurance Company of Pakistan Ltd
40- Bank Square, The Mall,
Lahore.
- 50 **Mr. Nadeem Haider**
Branch Manager / A.V.P
The United Insurance Company of Pakistan Ltd
Office # 7, 2nd Floor, Patiala Complex, 2-Link Mcload
Road,
Lahore.

OUR BRANCHES

51 **Mr. Faisal Javed**

Joint Director / Branch Head

The United Insurance Company of Pakistan Ltd
1st Floor, 93-B, Shadman Colony,
Lahore.

53 **Mr. Muhammad Azeem**

Zonal Manager / Branch Head

The United Insurance Company of Pakistan Ltd
51-F, Auto Centre, 108-Lytton Road,
Lahore.

55 **Mr. Shafaqat Ali Goraya**

Executive Director / Branch Head

The United Insurance Company of Pakistan Ltd
2nd Floor, Shehpar Plaza, 19-Temple Road,
Lahore.

57 **Mr. Khurram Mansoor**

Executive Director / Branch Head

The United Insurance Company of Pakistan Ltd
Office # 224, 2nd Floor, Land Mark Plaza, Gulberg V,
Jail Road,
Lahore.

59 **Mr. Zafar Mehmood**

Joint Director / Branch Head

The United Insurance Company of Pakistan Ltd
Office # 10, 1st Floor, Centre Point Plaza, ,
Mian Boulevard Gulberg-III
Lahore.

61 **Syed Naseem Hussain Jafree**

General Manager / Branch Head

The United Insurance Company of Paksitan Ltd
Iqbal Market, 7.5-KM, Main Raiwind Road
Lahore.

52 **Mr. Ahsan Khurshid Haq**

SVP/ Zonal Manager / Branch Head

The United Insurance Company of Pakistan Ltd
Room # 303, 3rd Floor, Khali Tower Branch # 2, Jail
Road,
Lahore.

54 **Mr. Athar Zamaan**

Joint Director / Branch Head

The United Insurance Company of Pakistan Ltd
129-E, 2nd Floor, Tahawar Plaza, Main Boulevard,
Gulberg III,
Lahore.

56 **Mr. Muhammad Aslam Rajput**

Joint Director / Branch Head

The United Insurance Company of Pakistan Ltd.
3rd Floor, Room # 303, Al-Hafeez Shopping Mall,
Main Boulevard, Gulberg
Lahore.

58 **Mr. Akmal Aslam**

Deputy General Manager / Branch Head

The United Insurance Company of Pakistan Ltd
Room # 1, 2nd Floor, Carpet Chambers, 10-Abbot
Road,
Lahore.

60 **Mr. Nadeem Safdar Chaudhry**

G.M / Branch Head

The United Insurance Company of Pakistan Ltd
FF-II, Central Plaza, Barket Market, Garden Town
Lahore.

62 **Mr. Nouman Ul Haq**

Executive Director / Branch Head

The United Insurance Company of Pakistan Ltd.
2nd Floor, Plaza # 51-T, Phase-II, Commercial D.H.A
Lahore Cantt.

OUR BRANCHES

63 **Mr. Muhammad Aman Akhtar**

SVP / Zonal Manager / Branch Head
The United Insurance Company of Pakistan Ltd.
Office # 5, Khurshid Building, 2nd Floor, 10-Abbot Road,
Lahore.

65 **Mr. Raja Akhtar Khan**

General Manager / Branch Head
The United Insurance Company of Pakistan Ltd
Room # 14, 3rd Floor, Bilal Centre, Nicholson Road
Lahore.

67 **Muhammad Mazhar Shah**

Executive Director (Engineering Project) / Branch Head
The United Insurance Company of Pakistan Ltd
Room # 303, 3rd Floor, Al-Qadir Centre, New Garden Town
Lahore.

69 **Mr. Khurram Mansoor**

Executive Director / Branch Head
The United Insurance Company of Pakistan Ltd
1st Floor, 31-Commercial Cavalry Ground, Cantt
Lahore.

71 **Mr. Shahryar**

Deputy General Assistant / Branch Head
The United Insurance Company of Pakistan Ltd
P-2-121-Paradise, 2nd Floor, Jeff Heights-77-E-1
Main Boulevard, Gulberg-III
Lahore.

73 **Mr. Muhammad Qasim Butt**

General Manager / Branch Head
The United Insurance Company of Pakistan Ltd.
18-Taj Manson, 46-Shahrah - E-Quaid -E- Azam,
Lahore.

64 **Mian Kashif Rasheed**

Executive Director / Branch Head
The United Insurance Company of Pakistan Ltd
1st Floor, Nizam Chambers, Shahrah-E-Fatima
Jinnah
Lahore.

66 **Mr. Shahbaz**

Branch Manager
The United Insurance Company of Pakistan Ltd
Shahzadi Rafaqat Market, 83- Brandreth Road,
Lahore.

68 **Mr. Awais Shamshad Butt**

A.G.M / Branch Head
The United Insurance Company of Pakistan Ltd
Bilal Centre,
Lahore.

70 **Mr. Nazeef Aqal**

Zonal Manager / Branch Head
The United Insurance Company of Pakistan
Apartment # 17, 3rd Floor, Liberty Round About,
Big City Plaza, Main Boulevard, Gulber-III
Lahore.

72 **Mr. Waqar Asghar**

General Manager Sales / Branch Head
The United Insurance Company of Pakistan Ltd.
Office # 305, 3rd Floor, Eden Centre Main Jail Road
Lahore.

74 **Mr. Muhammad Yasin**

Branch Manager / Branch Head
The United Insurance Company of Pakistan Ltd.
Room # 10, 1st Floor, Al-Shafi Plaza Bank
Road, Karkhana Bazar
Vehari.

OUR BRANCHES

75 **Mr. Jamshed Akhtar Samo**

Regional Manager

The United Insurance Company of Pakistan Ltd
3RD FLOOR ROOM # 302, PANORAMA CENTRE
SADDAR

Karachi.

77 **Mr. Agha Saud Mehmood/ Jamshed Mir**

Branch Manager / Branch Head

The United Insurance Company of Pakistan Ltd
House # 68, Fazil Road, Saint John Park,

Lahore Cantt.

79 **Mr. Sohail Akhtar Samo (PAS)**

Busniess Development Manager

The United Insurance Company of Pakistan Ltd
Suit # 2/A Block- A, 2nd floor KDA Building Bhori
bazar

Karachi.

81 **Mr. Rizwan Saleem**

General Manager / Branch Head

The United Insurance Company of Pakistan Ltd
Office # 11, 1st Floor, Muhammad Arcade, LMQ Road,
Near Chungi # 9

Multan.

83 **Mr. Ayaz Ahmad**

Branch Manager / Branch Head

The United Insurance Company of Pakistan Ltd
2nd Floor, Alvaz Arcade, Opp PTCL Exchange,
Mumtazabad

Multan.

85 **Mian Anwar Zahid**

Executive Director

The United Insurance Company of Pakistan Ltd
1st Floor, London Tower, Shadman Colony, Opp: High
Court, Multan Cantt

Multan.

76 **Mr. Nabil Waqar Ahmed**

General Manager / Branch Manager

The United Insurance Company of Pakistan Ltd.
Bungalow # 64-B / 2, Dr. Riaz Ali Shah Road,
Gulberg-III

Lahore.

78 **Mr. Azhar Hussain**

Joint Director / Branch Head

The United Insurance Company of Pakistan Ltd.
Office # 10, 1st Floor, Centre Ponit Plaza,
Main Boulevard, Gulber-III

Lahore.

80 **Mr. Mumtaz Kahloon**

Joint Director/Branch Head

The United Insurance Company of Pakistan Ltd.
Window Takaful Operations
Office # 206, 2nd Floor, Garden Heights,
8 Aibok Block, Near Mughal e Azam Marriage Hall,
New Garden Town, **Lahore.**

82 **Ibad Ali Malik**

Chief Manager / Branch Head

The United Insurance Company of Pakistan Ltd
M. Hassan Din & Sons Plaza, 2387-Water Works
Road

Multan.

84 **Mr. Saqib Maqsood**

General Manager / Branch Head

The United Insurance Company of Pakistan Ltd
Office # 11, 1st Floor, Muhammad Arcade, LMQ
Road,
Near Chungi # 9,

Multan.

86 **Mian Asif**

Joint Director

The United Insurance Company of Pakistan Ltd.
Shop # 2, Tufail Road,
Quetta Cantt.

OUR BRANCHES

87 **Mr. Junaid Akhtar Samo**

Joint Director

The United Insurance Company of Pakistan Ltd
Room No. 01, 1st Floor, Najam Din Building, Near
Meezan Bank Ltd, Shershah Mian Shershah Road
Block-D, SITE

Karachi.

89 **Mr. Jahanzeb Ali**

Branch Manager / Branch Head

The United Insurance Company of Pakistan Ltd
2nd Floor, Shayan Plaza, Nihar Kinara Bahadar Khan
Road

Mardan.

91 **Mr. M. Tariq Khan**

Development Manager / Branch Head

The United Insurance Company of Pakistan Ltd
S/o. Saeed A. Khan, House # 439, B-VII, Upper Story,
Wapda-Iind Sub Division, D.G Khan Road

Muzaffar Garh.

93 **Mr. Jahanzeb Khan**

General Manager / Branch Head

The United Insurance Company of Pakistan Ltd
Room # 6, 5th Floor, Falak Shir Plaza Sadar Road,

Peshawar Cantt.

95 **Mr. Jawad**

Branch Head

The United Insurance Company of Pakistan Ltd
Room # 265-266, 3rd Floor, Dean`s Centre,

Peshawar Cantt

97 **Mr. Fazal Elahi Awan**

Chief Manager

The United Insurance Company of Pakistan Ltd
Office# 4, 3rd Floor, Saeed Tower, Opp. Custom House,
University Road,

Peshawar.

88 **Mr. Afzaal Khan**

Deputy General Manager / Branch Head

The United Insurance Company of Pakistan Ltd
2nd Floor, Commercial Plaza # 1, Opposite Childern
Complex, Abdali Road, Camp Office,

Multan.

90 **Mr. Awais Memon**

Joint Director

Office no B 3 -4 2nd floor Swiss plaza Jinnah road

Quetta.

92 **Mr. Muhammad Afsaar Ahmed**

Zonal Manager / Branch Head

The United Insurance Company of Pakistan Ltd
House # 1844 / 1, Nishtar Road, Hameed Pur Colony
3,

Mir Pur Khas.

94 **Mr. Shoaib Khan**

General Manager / Branch Head

The United Insurance Company of Pakistan Ltd
Ground Floor, State Life Building, 34-The Mall

Peshawar Cantt.

96 **Mr. Jamshed Akhtar Samo**

Regional Manager

The United Insurance Company of Pakistan Ltd
2nd Floor, Flat No 13,
Pak Tower Latifabad No 02
Near Baig Mart **Hyderabad,**

98 **Syed Hamid Ali Zaidi**

Chief Manager / Branch Head

The United Insurance Company of Pakistan Ltd
1st Floor, FC Foundation Plaza Building, Sonehri
Masjid Road

Peshawar Cantt.

OUR BRANCHES

99 **Mr. Mujeeb-Ur-Rehman Khokhar**

Joint Director / Branch Head

The United Insurance Company of Pakistan Ltd
Room # 13, 2nd Floor, Resham Plaza, Chandni Chowk,
Rawalpindi.

101 **Mr. Tanveer Ahhmad Bhatti**

Executive Director / Branch Head

The United Insurance Company of Pakistan Ltd
Office # 5, 1st Floor, Crown Plaza, B-224-, Statellite
Town,
Rawalpindi.

103 **Mr. Zarar Ahmed Butt**

Executive Director / Branch Head

The United Insurance Company of Pakistan Ltd
1st Floor, Al-Bilal Plaza, Chandni Chowk Murree
Road,
Rawalpindi.

105 **Mr. Raheel Zia**

Joint Director / Branch Head

The United Insurance Company of Pakistan Ltd
Office # 406, 4th Floor, Kohistan Tower, Saddar,
Rawalpindi.

107 **Brigadier® Muhammad Aslam Khan**

Joint Director / Branch Head

The United Insurance Company of Pakistan Ltd
18-B, Ground Floor, Pine Complex, Iftekhar Janjua
Road,
Rawalpindi.

109 **Mr. Mushtaq Ahmed**

Assistant General Manager, (Camp Office) / Branch
Head

The United Insurance Company of Pakistan Ltd
Century Tower, 2nd Floor, Opposite
Statelife Building 6th The Mall,
Rawalpindi.

100 **Mr. Saghir Ahmed**

General Manager / Branch Head

The United Insurance Company of Pakistan Ltd
32-B, 1st Floor, Plaza -2, Service Plaza, The Mall
Rawalpindi.

102 **Malik Meharban Khan**

General Manager (Mobi Plaza Br) / Branch Head

The United Insurance Company of Pakistan Ltd
Munaf Plaza, 2nd Floor, Main Commercial Area,
Double Road, Chaklala Scheme-III
Rawalpindi.

104 **Mr. Zil-e-Husnain**

Joint Director / Branch Head

The United Insurance Company of Pakistan Ltd
Office # 3/5, 4th Floor, Silk Centre, Rehmanabad,
Murree Road
Rawalpindi.

106 **Mr. Ishaq Awan**

General Manager / Branch Head

The United Insurance Company of Pakistan Ltd
Flat # 01, 5th Floor, 109-B, Adam Gee Road, Saddar,
Rawalpindi.

108 **Mr. Muhammad Ashraf Kharal**

Joint Director / Branch Head

The United Insurance Company of Pakistan Ltd
Office # 3, 1st Floor, National Building, Opp RGH
Murree Road,
Rawalpindi.

110 **Mr. Shafaat Hussain Malick**

General Manager / Branch Head

The United Insurance Company Pakistan Ltd
Office # 3, 1st Floor, National Building Opp Rawalpini
General Hospital, Murree Road
Rawalpindi.

OUR BRANCHES

- 111 **Mr. Farhat Abbas**
Manager Development / Branch Head
The United Insurance Company of Pakistan Ltd.
1st Floor, Karim Plaza, Defense Road, Iqbal Town
Sialkot.
- 112 **Khawaja Sohail Anwar**
Branch Manager / Branch Head
The United Insurance Company of Pakistan Ltd
Al-Sheikh Welfare Centre Urdu Bazar,
Sialkot.
- 113 **Mr. Tahir Mustafa**
Zonal Manager / Branch Head
The United Insurance Company of Pakistan Ltd
Street Opp : City Public High School, Kutchery Road,
Sialkot.
- 114 **Mr. Muhammad Ilyas Butt**
Branch Manager / Branch Head
The United Insurance Company of Pakistan Ltd.
Rehman Centre, Near Shahb Pura, Railway
Crossing, Defense Road
Sialkot.
- 115 **Mr. Mansoor Shoaib**
Regional Manager / Branch Head
The United Insurance Company of Pakistan Ltd
20-Model Town
Rahim Yaar Khan.
- 116 **Mr. Sajid Iqbal**
Branch Head / Branch Head
The United Insurance Company of Pakistan Ltd.
Suit # C-13, 2nd Floor, jawad Centre, Defense Road
Sialkot.
- 117 **Syed Athar Raza Zaidi**
VP/ Zonal Manager / Branch Head
The United Insurance Company of Pakistan Ltd.
405-V2-Green View Complex, Stadium Road
Sahiwal.
- 118 **Raja Muhammad Abdullah**
Regional Manager / Branch Head
The United Insurance Company of Pakistan Ltd.
Shaheen Plaza, Railway Road,
Sargodha.
- 119 **Mr. Sohail Akhtar Samo (PAS)**
Busniess Development Manager
Suit # 26, 2nd floor
SP chamber Site
Karachi.
- 120 **Mr. Muhammad Yaseen Chaudhry**
Zonal Manager / Branch Head
The United Insurance Company of Pakistan Ltd.
2nd Floor, Mian Plaza, Super Market, Church Road,
Sahiwal.
- 121 **Mr. Ejaz Ahmed**
Senior General Manager / Branch Head
The United Insurance Company of Pakistan Ltd.
House # 1408 / 475 New Latif Park, Old,
Sukkur.
- 122 **Mr. Zulfiqar Ali**
Branch Manager / Branch Head
The United Insurance Company of Pakistan Ltd.
Office # 7, Mezzanine Floor, Shalimar Complex,
Minara Road
Sukkur.
- 123 **Mr. M. Hassan Rajput**
General Manager / Branch Head
The United Insurance Company of Pakistan Ltd.
House # B-204 / 3, Muhallah Babar ki Bazar Thalla,
Sukkur.
- 124 **Mr. Ashfaq Ali Moriani**
Regional Manager / Branch Head
The United Insurance Company of Pakistan Ltd.
House # B-34 / 38, Old Saddar
Shikarpur.

OUR BRANCHES

Window Takaful Operations branches

- 1 **Mr. Tariq Mehmood**
Branch Manager
The United Insurance Company of Pakistan Ltd.
Window Takaful Operations
1st Floor, Doctor Plaza, Main Satayana Road,
Faisalabad.
- 2 **Mr. Shahid Ahmed Khan**
Joint Director
The United Insurance Company of Pakistan Ltd.
Window Takaful Operations
2nd Floor, State Life Building No. 2-A,
Wallance Road, **Karachi.**
- 3 **Mr. Qaiser Saleem Ch.**
General Manager
The United Insurance Company of Pakistan Ltd.
Window Takaful Operations
Opposite General Bus Stand,
Near PSO Petrol Pump, G.T.Road, **Gujranwala.**
- 4 **Mr. Toufeeq Mannan**
Corporate Head / General Manager
The United Insurance Company of Pakistan Ltd.
Office NO.506, 5th Floor, Anum Estate, Plot NO.49,
Block -7/8, D.A.C.H Society, Main Shahrah-e-Faisal,
Karachi.
- 5 **Mr. Anwar-ud-Din Memon**
Assistant General Manager
The United Insurance Company of Pakistan Ltd.
Window Takaful Operations
Building # 378/1, Mezzanine Floor, Upper Saify
Printing Press, Opp. Faisal Bank, Bohri Bazar,
Saddar, **Hyderabad.**
- 6 **Mr. Mohammad Humayoun Pasha**
Chief Manager Accounts
The United Insurance Company of Pakistan Ltd.
(Central Office) Window Takaful Operations
2nd Floor, State Life Building No. 2-A,
Wallace Road, **Karachi.**
- 7 **Mr. Hassan Nadeem**
Executive Director / Country Head
The United Insurance Company of Pakistan Ltd.
Window Takaful Operations
House # 3-A, Street # 64, Sector F-7/3,
Islamabad.
- 8 **Mr. Shakeel Ahmed**
Deputy General Manager
The United Insurance Company of Pakistan Ltd.
Window Takaful Operations
Office # 5, 55/D, 3rd Floor, Noor Mansion,
Shadman Market # 1, Near JS Bank,
Lahore.
- 9 **Mr. Arsalan Pasha**
Joint Director
The United Insurance Company of Pakistan Ltd.
Window Takaful Operations
Office # 1, 2nd Floor, Executive Complex,
G-8 Markaz, **Islamabad.**
- 10 **Sheikh Rehmat Ali**
General Manager
The United Insurance Company of Pakistan Ltd.
Window Takaful Operations
1st Floor, Plaza # 51-T, Phase II Commercial,
D.H.A. **Lahore Cantt.**
- 11 **Syed Muhammad Asad Abbas**
Joint Director
The United Insurance Company of Pakistan Ltd.
Window Takaful Operations
Office # 106, 1st Floor, Dossal Plaza,
47-Jinnah Avenue, Blue Area, **Islamabad.**
- 12 **Mr. Sheharyar Akbar Raja**
Deputy Managing Director
The United Insurance Company of Pakistan Ltd.
Window Takaful Operations
98 CMA Colony, Abid Majeed Road,
Near GO GO Restaurant, **Lahore.**

OUR BRANCHES

- | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>13 Mr. Khizer Rehman Raja
Vice President / Zonal Manager
The United Insurance Company of Pakistan Ltd.
Window Takaful Operations
Flat # 13, Soldier Plaza, Civil Lines,
<u>Jhelum.</u></p> | <p>14 Mr. Muhammad Ali
Branch Head
The United Insurance Company of Pakistan Ltd.
Window Takaful Operations
Eden Centre, 3rd Floor, Office # 303, Jail Road,
<u>Lahore.</u></p> |
| <p>15 Mr. Faisal Rashid
General Manager / Regional Head
The United Insurance Company of Pakistan Ltd.
Window Takaful Operations
Office # 101, 1st Floor, Al Qadir Heights,
1-Babar Block, New Garden Town, <u>Lahore.</u></p> | <p>16 Mr. Gul Dad Shah
Branch Head
The United Insurance Company of Pakistan Ltd.
Window Takaful Operations
Office # TF 28-29, 3rd Floor, Deans Trade Centre,
<u>Peshawar Cantt.</u></p> |
| <p>17 Mr. Sana-ul-Haq
Branch Manager
The United Insurance Company of Pakistan Ltd.

Window Takaful Operations

Eden Centre, 3rd Floor, Office # 303, Jail Road,
<u>Lahore.</u></p> | <p>18 Ms. Gul Afshan
Manager (U/W)
The United Insurance Company of Pakistan Ltd.
(Zonal Office)
Window Takaful Operations
Century Tower, 2nd Floor, Opp. State Life Building #
6, The Mall,
<u>Rawalpindi Cantt.</u></p> |
| <p>19 Mr. Faisal Afzaal
Joint Director
The United Insurance Company of Pakistan Ltd.
Window Takaful Operations
Zonal Office, 316 Eden Centre, Jail Road,
<u>Lahore.</u></p> | <p>20 Mr. Amer Majeed Khan
Joint Director
The United Insurance Company of Pakistan Ltd.
Window Takaful Operations
Sr. GM Office, 1st Floor, Saeed Centre,
Iqbal Town, Defence Road, <u>Sialkot.</u></p> |
| <p>21 Mr. Usman Arif
Joint Director
The United Insurance Company of Pakistan Ltd.
Window Takaful Operations
129-E/1, 2nd Floor, Tahawar Plaza, Main Boulevard,
Gulberg-III, <u>Lahore.</u></p> | <p>22 Mr. Nadeem Suhail Qureshi
Joint Director
The United Insurance Company of Pakistan Ltd.
Window Takaful Operations
2nd Floor, Al Khalil Centre, Sublime Chowk,
<u>Sialkot.</u></p> |
| <p>23 Mr. Muhammad Amir Khan
Accounts Officer
The United Insurance Company of Pakistan Ltd.
Window Takaful Operations
2nd Floor, Khursheed Plaza,
10 Abbot Road, <u>Lahore.</u></p> | <p>24 Sheikh Kamran Hafeez
Branch Manager
The United Insurance Company of Pakistan Ltd.
Window Takaful Operations
GM (OPS) Office, Suit # 13, 2nd Floor,
Jawad Centre, Defence Road, <u>Sialkot.</u></p> |

OUR BRANCHES

25 **Muhammad Naseem**

Assistant (U/W)

The United Insurance Company of Pakistan Ltd.

Window Takaful Operations

House # 94-C, Sector G-1, Part 1, Mirpur Azad

Kashmir.

26 **Malik Muhammad Sohail**

Branch Head

The United Insurance Company of Pakistan Ltd.

Window Takaful Operations

Opp. Hajvari Arcade, Shop # 1717, 1st Floor,
Near Leopard Courier Centre, Kutchery Road,

Multan.

The United Insurance Company of Pakistan Limited

Window Takaful Operations Financial Statements

For The Year Ended December 31, 2021



SHARIAH AUDITOR'S REPORT ON COMPLIANCE

Independent Reasonable Assurance Report to the Board of Directors on the Statement of Management's Assessment of Compliance with the Shari'ah Principles

We were engaged by the Board of Directors of **The United Insurance Company of Pakistan Limited** ("the Company") to report on the management's assessment of compliance of the Window Takaful Operations ("Takaful Operations") of the Company, as set out in the annexed statement prepared by the management for the year ended December 31, 2021, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

Applicable Criteria

The criteria against which the subject matter information (the Statement) is assessed comprise of the provisions of Takaful Rules, 2012.

Responsibilities of the Management

The Board of Directors / management of the Company are responsible for designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. It also includes ensuring the overall compliance of the Takaful Operations with the Takaful Rules, 2012. The Board of Directors / management of the Company are also responsible for preventing and detecting fraud and for identifying and ensuring that the Takaful Operations comply with laws and regulations applicable to its activities. They are also responsible for ensuring that the management, where appropriate, those charged with governance, and personnel involved with the Takaful Operations compliance with the Takaful Rules, 2012 are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with the Takaful Rules, 2012, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Takaful Operations compliance with the Takaful Rules, 2012, in order to design assurance

SHARIAH AUDITOR'S REPORT ON COMPLIANCE

procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's internal control over the Takaful Operations' compliance with the Takaful Rules, 2012. Reasonable assurance is less than absolute assurance.

A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with Takaful Rules, 2012, will be met. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

The procedures performed included:

- Evaluate the systems, procedures and practices in place with respect to the Takaful operations against the Takaful Rules, 2012 and Shariah advisor's guidelines;
- Evaluating the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shari'ah Advisor and the board of directors;
- Test for a sample of transactions relating to Takaful operations to ensure that these are carried out in accordance with the laid down procedures and practices including the regulations relating to Takaful operations as laid down in Takaful Rules, 2012; and
- Review the statement of management's assessment of compliance of the Takaful transactions during the year ended December 31, 2021 with the Takaful Rules, 2012.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the annexed statement, for the year ended December 31, 2021, presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.



ILYAS SAEED & CO.

Chartered Accountants
Engagement Partner: Imran Ilyas

Place: Lahore

Date: April 01, 2022

SHARIAH ADVISOR'S REPORT TO THE BOARD OF DIRECTORS

for the Year Ended December 31, 2021

الحمد لله رب العالمين والصلاة والسلام على سيد الانبياء
والمرسلين وعلى اله واصحابه اجمعين، وبعد.

Being a Shariah Advisor of **The United Insurance of Company of Pakistan Limited Window Takaful Operations** (hereafter referred as the "Operator") it is my responsibility to review the Takaful products including PMDs and all relevant documents, underwriting procedures, Re-Takaful Arrangements, and all financial activities related to the Participants and shareholder funds undertaken by the operator.

On the other hand it is the responsibility of the Operator to follow the prevailing Takaful Rules issued by SECP and guidelines set by the Shariah Advisor and to take prior approval of Shariah Advisor for all policies and services being offered by the Operator.

In my opinion and to the best of my understanding based on Shariah compliance review, explanations provided by the Operator and audit report of the External auditors, below are the findings:

1. Underwriting, investments and financial activities undertaken by the Operator for the year ended 31 December, 2021 were in accordance with the Takaful Rules, 2012 and guidelines issued by me in the capacity of Shariah Advisor.
2. Appropriate accounting policies and basis of measurement have been consistently applied in preparation of the financial statements of "Participant Takaful Fund (Waqf Fund)" and "Operator Fund".
3. The Operator found performing its duties to its level best by following Shariah guidelines and through consultation with me where needed.
4. Shariah Compliance review has been conducted by Shariah Compliance Officer related matters have been discussed in the review report.
5. Any cases which were required to be consulted in accordance with the Shariah and Takaful Rules have been discussed and duly resolved.

Consequently, I pray to Allah Almighty to grant United Window Takaful Operations remarkable success and help the entire team at every step and keep away from every hindrance and difficulty.



Mufti Muhammad Farhan Farooq
Shariah Advisor

The United Insurance Company of Pakistan Limited
Window Takaful Operations

Date: April 01, 2022

وصل اللهم وسلم وبارك على سيدنا محمد وعلى اله واصحابه اجمعين

INDEPENDENT AUDITOR'S REPORT

To the members of The United Insurance Company of Pakistan Limited- Window Takaful Operations Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **THE UNITED INSURANCE COMPANY OF PAKISTAN LIMITED – WINDOW TAKAFUL OPERATIONS** (the Operator), which comprise 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 operator's and participants' takaful funds and the cash flow 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, the profit and loss account, the statement of comprehensive income, the statement of changes in operator's and participants' takaful funds and the cash flow statement together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017, 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, total comprehensive income, the changes in operator's and participants' takaful funds and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the members of The United Insurance Company of Pakistan Limited-
Window Takaful Operations

Report on the Audit of the Financial Statements

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

INDEPENDENT AUDITOR'S REPORT

To the members of The United Insurance Company of Pakistan Limited-
Window Takaful Operations

Report on the Audit of the Financial Statements

disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Operator to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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:

- proper books of account have been kept by the Operator as required by the Insurance Ordinance, 2000 and the Companies Act, 2017;
- the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in operator's funds and participants' takaful funds and the cash flow statement together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017, and are in agreement with the books of account;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Operator's business; and
- no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The engagement partner on the audit resulting in this independent auditor's report is **Imran Ilyas**.



ILYAS SAEED & CO.

Chartered Accountants

Place: Lahore

Date: **April 01, 2022**

UDIN:AR202110247LI8h3VXt4

STATEMENT OF FINANCIAL POSITION

As at December 31, 2021

	Note	Operator's fund		Participants' Takaful Fund	
		2021	2020	2021	2020
-----Rupees-----					
Assets					
Qard-e-Hasna to Participants' Takaful Fund	9	140,000,000	-	-	-
Property and equipment	5	20,603,825	22,486,641	13,907,014	17,438,901
Intangible assets		-	-	-	-
Investment property		-	-	-	-
Investment in subsidiary and associates		-	-	-	-
Investments					
Equity securities	6	14,380,147	40,509,603	19,178,780	81,359,988
Debt securities	7	168,610,000	101,780,000	144,740,000	59,493,800
Term deposits	8	41,600,000	66,000,000	-	-
Loans and other receivables	10	142,379,580	12,958,569	64,500,071	54,743,721
Takaful / Retakaful receivables	11	-	-	198,967,435	111,873,472
Salvage recoveries accrued		-	-	-	-
Deferred taxation		-	-	-	-
Deferred wakala fee	25	-	-	163,639,586	42,088,931
Receivable from PTF	12	132,960,206	364,698,792	-	-
Accrued investment income		7,490,841	4,682,636	5,064,997	1,362,186
Taxation - payment less provision		-	-	-	-
Retakaful recoveries against outstanding claims / Benefits	23	-	-	199,997,637	167,061,743
Deferred commission expense	24	52,268,972	61,976,820	-	-
Prepayments	13	-	-	40,745,779	146,211,598
Cash and Bank	14	5,744,075	78,942,602	129,074,293	86,548,092
		586,037,646	754,035,663	979,815,592	768,182,432
Total assets		726,037,646	754,035,663	979,815,592	768,182,432
Funds and Liabilities					
Funds attributable to:					
Operator's Fund (OPF)					
Statutory fund	15	50,000,000	50,000,000	-	-
Available for sale reserve		(15,908,910)	(8,078,256)	-	-
Accumulated profit		500,203,258	664,444,392	-	-
Total Operator's Fund		534,294,348	706,366,136	-	-
Participants' Takaful Fund (PTF)					
Ceded money	16	-	-	500,000	500,000
Available for sale reserve		-	-	(20,058,445)	(14,223,592)
Accumulated surplus / (deficit)		-	-	37,063,079	(46,072,285)
Balance of Participants' Takaful Fund		-	-	17,504,634	(59,795,877)
Surplus on revaluation of fixed assets	15A	2,418,846	3,023,555	-	-
Qard-e-Hasna from Operator's Takaful Fund	9	-	-	140,000,000	-
Liabilities					
PTF underwriting provisions					
Outstanding claims including IBNR	23	-	-	338,660,971	254,896,316
Unearned contribution reserves	21	-	-	305,838,478	132,798,788
Contribution deficiency reserves		-	-	-	-
Reserve for unearned retakaful rebate	22	-	-	7,803,722	31,145,028
		-	-	652,303,171	418,840,132
Retirement benefits obligations	17	-	-	-	-
Deferred taxation		-	-	-	-
Borrowings		-	-	-	-
Unearned wakala fee	25	163,639,586	42,088,931	-	-
Contribution received in advance		-	-	-	-
Takaful / Retakaful payables	18	-	-	31,285,006	37,965,103
Other creditors and accruals	19	25,684,866	2,557,041	5,762,575	6,474,282
Taxation - provision less payments		-	-	-	-
Accrued expenses		-	-	-	-
Payable to OPF	12	-	-	132,960,206	364,698,792
Income tax liabilities		-	-	-	-
Total Liabilities		189,324,452	44,645,972	822,310,958	827,978,309
Total fund and liabilities		726,037,646	754,035,663	979,815,592	768,182,432
Contingency(ies) and commitment(s)	20	-	-	-	-

The annexed notes from 1 to 39 form an integral part of these financial statements.


Muhammad Akram Shahid
Chief Executive Officer


Huma Waheed
Director


Maqbool Ahmad
Chief Financial Officer


Syed Rahat Ali Shah
Director


Jamil Ahmed Khan
Chairman

PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2021

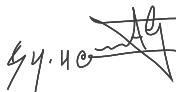
	Note	2021 Rupees	2020 Rupees
Participants' Takaful Fund			
Contribution earned	21	815,085,093	641,620,248
Less: Contribution ceded to re-takaful		(204,693,842)	(434,898,827)
Net contributions revenue		610,391,251	206,721,421
Retakaful rebate earned	22	43,361,465	92,752,256
Net underwriting income		653,752,716	299,473,677
Net claims- reported / settled	23	(571,374,237)	(310,670,403)
Reversal / (charge) of contribution deficiency reserve		-	7,924,944
		(571,374,237)	(302,745,459)
Other direct expenses		(13,585,279)	(15,692,170)
Surplus / (Deficit) before investment income		68,793,200	(18,963,952)
Investment Income	27	11,693,116	2,875,084
Rental income	-	-	-
Other income	28	5,572,327	3,056,094
Modarib's share of investment income	29	(2,923,279)	(718,771)
Provision for doubtful contributions (net of wakala fee)		-	-
Surplus / (Deficit) transferred to accumulated surplus / (deficit)		83,135,364	(13,751,545)
Operator's Fund			
Wakala fee	25	395,823,263	276,915,117
Commission expense	24	(148,298,655)	(172,831,041)
General, administrative and management expenses	26	(233,625,901)	(106,909,560)
		13,898,707	(2,825,484)
Modarib's share of PTF investment income	29	2,923,279	718,771
Investment income	27	21,705,893	8,209,808
Direct expenses	30	(4,066,587)	(4,657,449)
Other charges		-	-
Rental income		-	-
Other income	28	692,865	263,014
Profit before taxation		35,154,157	1,708,660
Taxation		-	-
Profit after taxation		35,154,157	1,708,660

The annexed notes from 1 to 39 form an integral part of these financial statements.


Muhammad Akram Shahid
Chief Executive Officer


Huma Waheed
Director


Maqbool Ahmad
Chief Financial Officer


Syed Rahat Ali Shah
Director


Jamil Ahmed Khan
Chairman

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2021

	2021 Rupees	2020 Rupees
Participants' Takaful Fund (PTF)		
Surplus / (Deficit) during the year	83,135,364	(13,751,545)
Other comprehensive income:		
<i>Item to be re-classified to profit and loss account in subsequent period:</i>		
Unrealized gain / (loss) on revaluation of available-for-sale investments	(5,377,790)	3,090,989
Reclassification adjustments relating to available-for-sale investments disposed off during the year	(457,063)	13,399,332
Item not to be re-classified to profit and loss account in subsequent period	-	-
Other comprehensive (loss) / income for the year	(5,834,853)	16,490,321
Total comprehensive income for the year	77,300,511	2,738,776
Operator's Fund (OPF)		
Profit after taxation for the year	35,154,157	1,708,660
Other comprehensive income:		
<i>Item to be re-classified to profit and loss account in subsequent period:</i>		
Unrealized (loss) on revaluation of available-for-sale investments	(5,018,196)	(3,849,490)
Reclassification adjustments relating to available-for-sale investments disposed off during the year	(2,812,458)	5,171,275
Item not to be re-classified to profit and loss account in subsequent period	-	-
Other comprehensive (loss) / income for the year	(7,830,654)	1,321,785
Total comprehensive income for the year	27,323,503	3,030,445

The annexed notes from 1 to 39 form an integral part of these financial statements.


Muhammad Akram Shahid
Chief Executive Officer


Huma Waheed
Director


Maqbool Ahmad
Chief Financial Officer


Syed Rahat Ali Shah
Director


Jamil Ahmed Khan
Chairman

CASH FLOW STATEMENT

For the year ended December 31, 2021

	OPF		PTF	
	2021	2020	2021	2020
	-----Rupees-----			
Operating cash flows:				
a) Takaful activities:				
Contributions received	-	-	1,296,854,083	965,640,630
Retakaful contribution paid	-	-	(105,908,119)	(319,460,202)
Claims / Benefits paid	-	-	(570,092,877)	(466,224,778)
Retakaful and other recoveries received	-	-	49,547,401	300,230,958
Commission paid	(116,853,222)	(131,222,796)	-	-
Commission received	-	-	20,020,159	68,930,520
Wakala fee received/ (paid)	750,869,283	371,268,055	(750,869,283)	(371,268,055)
Modarib share received / (paid)	1,166,501	-	(1,166,501)	-
Management and other expenses paid	(234,218,812)	(107,479,035)	(10,276,292)	(16,136,900)
Net cash flow from takaful activities	400,963,750	132,566,224	(71,891,429)	161,712,174
b) Other operating activities:				
Other operating receipts/ (payments)	(125,056,247)	29,977,648	(2,947,991)	(60,289,570)
Loans advanced	(5,387,085)	(1,359,765)	-	-
Loan repayments received	3,105,426	1,343,617	-	-
Net cash flow from other operating activities	(127,337,906)	29,961,500	(2,947,991)	(60,289,570)
Total cash flow from all operating activities	273,625,844	162,527,724	(74,839,420)	101,422,604
c) Investment activities:				
Investment income received	18,897,688	4,121,855	8,204,217	1,857,786
Payments for investment / investment properties	(273,012,943)	(102,236,754)	(162,439,865)	(37,027,374)
Investment disposed of during the period	248,881,744	-	133,570,021	-
Payment for fixed capital expenditure	(1,590,860)	(221,575)	(1,968,752)	1,339,900
Total cash flow from investing activities	(6,824,371)	(98,336,474)	(22,634,379)	(33,829,688)
d) Financing activities:				
Surplus appropriated to shareholders' fund	(200,000,000)	-	-	-
Qard-e-Hasna to Participants' Takaful Fund	(140,000,000)	-	140,000,000	-
Total cash flow from financing activities	(340,000,000)	-	140,000,000	-
Net cash flow from all activities	(73,198,527)	64,191,250	42,526,201	67,592,916
Cash and cash equivalents at the beginning of the year	78,942,602	14,751,352	86,548,092	18,955,176
Cash and cash equivalents at the end of the year	5,744,075	78,942,602	129,074,293	86,548,092

CASH FLOW STATEMENT

For the year ended December 31, 2021

	OPF		PTF	
	2021	2020	2021	2020
	-----Rupees-----			
Reconciliation of profit and loss account				
Operating cash flows	273,625,844	162,527,724	(74,839,419)	101,422,603
Depreciation expense	(3,473,676)	(4,087,974)	(6,232,266)	(8,198,985)
Realized gain / (loss) on revaluation of available for sale investments	(2,812,458)	5,171,275	(457,063)	13,399,332
Investment income	21,705,893	8,209,808	11,693,117	2,875,084
(Decrease)// increase in assets other than cash	(109,212,966)	(127,460,600)	148,686,265	(295,876,174)
(Increase)// decrease in liabilities other than borrowings	(144,678,480)	(42,651,573)	4,284,730	172,626,595
Profit / (Loss) for the year	35,154,157	1,708,660	83,135,364	(13,751,545)
Attributed to:				
Participants' takaful fund	-	-	83,135,364	(13,751,545)
Operator's fund	35,154,157	1,708,660	-	-
	35,154,157	1,708,660	83,135,364	(13,751,545)

The annexed notes from 1 to 39 form an integral part of these financial statements.


Muhammad Akram Shahid
 Chief Executive Officer


Huma Waheed
 Director


Maqbool Ahmad
 Chief Financial Officer


Syed Rahat Ali Shah
 Director


Jamil Ahmed Khan
 Chairman

STATEMENT OF CHANGES IN OPERATOR'S AND PARTICIPANTS' TAKAFUL FUNDS

As at December 31, 2021

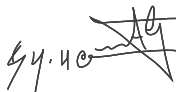
	Attributable to operator of the Fund			
	Statutory fund	Available for sale reserve	Accumulated profit	Total
	-----Rupees-----			
Operator's fund				
Balance as at January 01, 2020	50,000,000	(9,400,041)	661,979,844	702,579,803
Profit after taxation for the year	-	-	1,708,660	1,708,660
Other comprehensive income for the year	-	1,321,785	-	1,321,785
Total comprehensive income for the year	-	1,321,785	1,708,660	3,030,445
Incremental depreciation on revaluation of fixed assets	-	-	755,888	755,888
Balance as at December 31, 2020	50,000,000	(8,078,256)	664,444,392	706,366,136
Balance as at January 01, 2021	50,000,000	(8,078,256)	664,444,392	706,366,136
Profit after taxation for the year	-	-	35,154,157	35,154,157
Transfer of profit to the company	-	-	(200,000,000)	(200,000,000)
Other comprehensive loss for the year	-	(7,830,654)	-	(7,830,654)
Total comprehensive loss for the year	-	(7,830,654)	(164,845,843)	(172,676,497)
Incremental depreciation on revaluation of fixed assets	-	-	604,709	604,709
Balance as at December 31, 2021	50,000,000	(15,908,910)	500,203,258	534,294,348
	Attributable to participants of the PTF			
	Ceded money	Available for sale reserve	Accumulated Surplus / (deficit)	Total
	-----Rupees-----			
Participants' Takaful Fund				
Balance as at January 01, 2020	500,000	(30,713,913)	(32,320,740)	(62,534,653)
(Deficit) for the year	-	-	(13,751,545)	(13,751,545)
Other comprehensive income for the year	-	16,490,321	-	16,490,321
Total comprehensive income for the year	-	16,490,321	(13,751,545)	2,738,776
Balance as at December 31, 2020	500,000	(14,223,592)	(46,072,285)	(59,795,877)
Balance as at January 01, 2021	500,000	(14,223,592)	(46,072,285)	(59,795,877)
Surplus for the year	-	-	83,135,364	83,135,364
Other comprehensive loss for the year	-	(5,834,853)	-	(5,834,853)
Total comprehensive income / (loss) for the year	-	(5,834,853)	83,135,364	77,300,511
Balance as at December 31, 2021	500,000	(20,058,445)	37,063,079	17,504,634

The annexed notes from 1 to 39 form an integral part of these financial statements.


Muhammad Akram Shahid
Chief Executive Officer


Huma Waheed
Director


Maqbool Ahmad
Chief Financial Officer


Syed Rahat Ali Shah
Director


Jamil Ahmed Khan
Chairman

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

The United Insurance Company of Pakistan Limited (hereinafter called 'the Company') was incorporated in Pakistan on October 20, 1959, as a Public Limited Company under the Defunct Companies Act, 1913, now the Companies Act, 2017, and its shares are quoted on Pakistan Stock Exchange Limited. The Registered Office of the Company is situated at 204, 2nd floor, Madina City Mall, Abdullah Haroon Road, Saddar, Karachi, and its Head Office is located in Lahore. The principal activity of the Company is General Insurance Business and it qualifies as a domestic insurance company under the Insurance Ordinance, 2000 and undertakes Fire & Property Damage, Marine aviation & Transport, Motor and Health & Miscellaneous General Insurance.

The United Insurance Company of Pakistan Limited has been allowed to work as Window Takaful Operator (WTO) (hereinafter called "the Operator") through License No. 1 on August 18, 2014 by Securities and Exchange Commission of Pakistan under the Takaful Rules, 2012 to carry on Islamic General Insurance in Pakistan. For the purpose of carrying on takaful business, the Company has formed a Waqf/ Participants' Takaful Fund (PTF) on June 09, 2014 under a trust deed. The trust deed governs the relationship of shareholders and policy holders for management of takaful operations. The Operator has not transacted any business outside Pakistan.

1.2 Significant transactions and events

The respective Boards of SPI Insurance Company Limited (SPI) and The United Insurance Company of Pakistan Limited (UIC), the related parties, have approved a 'Scheme of Merger' of SPI with and into UIC. The 'Scheme of Merger' has also been approved by the members of the respective companies SPI and UIC in EOGMs convened on Oct 23, 2021, & Oct 16, 2021, respectively. A merger petition has also been filed with the Sindh High Court and an order confirming the merger is expected in due course. Notices for the information of the general public have also been published, through newspaper advertisement, on January 24, 2022, regarding the filing of objections, if any.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These financial statements are prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. Approved accounting and reporting standards comprise of such International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, the Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019.

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

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

2.1 Basis of measurement

The financial statements have been prepared under the historical cost convention except for certain class of property and equipment which are measured at revalued amount and certain financial instruments which are measured at fair value.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

2.2 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Operator's functional currency and presentation currency. All figures have been rounded to the nearest rupee, unless otherwise stated.

2.3 Standards, interpretations and amendments effective in (current year)

2.3.1 The Operator has adopted the following amendments in accounting standards and interpretations of IFRSs which became effective for the current year:

IFRS 4	Amendment to IFRS 4 - Insurance Contracts - Amended by Interest Rate Benchmark Reform — Phase 2
IFRS 7	Amendment to IFRS 7 - Financial Instruments: Disclosures - Amended by Interest Rate Benchmark Reform — Phase 2
IFRS 16	Amendment to IFRS 16 -Leases - Amended by Interest Rate Benchmark Reform — Phase 2
IFRS 16	Amendment to IFRS 16 - Amended by Covid-19-Related Rent Concessions beyond 30 June 2021

The adoption of the above amendments, and improvement to accounting standards and interpretations did not have any significant effect on the financial statements.

2.4 Standards, interpretations and amendments not effective at year end

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan have not become effective during current year:

Standards, Amendments or Interpretation		Effective date (annual periods beginning on or after)
IFRS 3	Amendments to IFRS 3 - Business Combinations - Amended by reference to the Conceptual Framework.	01-Jan-22
IFRS 9	Financial Instruments - Amendments to IFRS 17 and Extension of the Temporary Exemption from Applying IFRS 9.	01-Jan-23
IAS 1	Amendments to IAS 1 - Presentation of Financial Statements - Amended by Classification of Liabilities as Current or Non-current.	01-Jan-23
IAS 8	Amendment to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - Amended Definition of Accounting Estimates.	01-Jan-23
IAS 12	Amendments to IAS 12 - Income Taxes - Amended by Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01-Jan-23

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

IAS 16	Amendments to IAS 16 - Property, Plant and Equipment — Proceeds before Intended Use	01-Jan-22
IAS 37	Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets - Amended by Onerous Contracts — Cost of Fulfilling a Contract	01-Jan-22

2.4.1 IFRS 9 FINANCIAL INSTRUMENTS

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 addresses 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 and loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. Under the temporary exemption option, the Operator can defer the application of IFRS 9 until the application of IFRS 17.

The Operator has determined that it is eligible for the temporary exemption option. The determination is based on an analysis of the percentage of the total carrying amount of liabilities connected with insurance activities relative to the total carrying amount of all liabilities, which indicates that the Operator's activities are predominately connected with insurance. Further, the Operator does not engage in significant activities unconnected with insurance based on historical available information. Accordingly, the Operator has adopted temporary exemption and defer the implementation of IFRS 9 until the effective date of the new insurance contracts standard.

To determine the appropriate classification of financial assets under IFRS 9, an entity would need to assess the contractual cash flows characteristics of any financial asset. Indeed, the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI) i.e. cash flows that are consistent with a basic lending arrangement. In a basic lending arrangement consideration for the time value of money and credit risk are typically the most significant elements of interest. 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 debt instruments accounted for fair value through other comprehensive income under IAS 39 are potentially eligible to SPPI test whereas it is not applicable for the debt instruments accounted for fair value through profit or loss.

The tables below set out the fair values on gross basis 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

a) financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding excluding any financial asset that meets the definition of held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis, and

b) all other financial assets.

Operator's Fund

Fail the SPPI test		Pass the SPPI Test		
Fair value	Change in unrealised gain / (loss) during the year	Carrying value	Cost less impairment	Change in unrealised gain / (loss) during the year

FINANCIAL ASSETS

Investments				
- Equity securities	14,380,147	(7,830,654)	-	-
- Debt securities - Held to maturity*	-	-	168,610,000	-
- Term deposits - Held to maturity*	-	-	41,600,000	-
Loans and others receivables*	142,379,580	-	-	-
Receivable from OPF/ PTF*	132,960,206	-	-	-
Accrued investment income*	7,490,841	-	-	-
Cash and bank*	2,545,014	-	3,199,061	-

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

Participants' Takaful Fund

Fail the SPPI test		Pass the SPPI Test		
Fair value	Change in unrealised gain / (loss) during the year	Carrying value	Cost less impairment	Change in unrealised gain / (loss) during the year

FINANCIAL ASSETS

Investments				
- Equity securities	19,178,780	(5,834,853)	-	-
- Debt securities - Held to maturity*	-	-	144,740,000	-
- Term deposits - Held to maturity*	-	-	-	-
Loans and others receivables*	64,500,071	-	-	-
Takaful / Re-takaful receivables*	198,967,435	-	-	-
Retakaful recoveries against outstanding claims / benefits*	199,997,637	-	-	-
Accrued investment income*	5,064,997	-	-	-
Cash and bank*	63,097,703	-	65,976,590	-

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

2.4.2 The other amendments mentioned in Note 2.4 are assessed by the Operator and are likely to have no material impact on the financial statements.

2.5 In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standards, amendments or Interpretation		Effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards - Amended by Annual Improvements to IFRS Standards 2018–2020.	01-Jan-22
IFRS 17	Insurance Contracts - Amended by Amendments to IFRS 17	01-Jan-23

2.6 Standards, interpretations and amendments becoming effective in future period but not relevant:

There are certain new standards, amendments to standards and interpretations that are effective for different future periods but are considered not to be relevant to Operator's operations, therefore not disclosed in these financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are set out below.

3.1 Property and equipment

3.1.1 Operating assets

These are stated at cost less accumulated depreciation except for freehold land, which is stated at cost, and certain buildings which are stated at revalued amount less accumulated depreciation and accumulated impairment, if any.

Depreciation on all fixed assets is charged to profit and loss account on the reducing balance method so as to write off depreciable amount of an asset over its useful life at the rates stated in note 5.1. Depreciation on additions to/ disposal from fixed assets for the year is charged on "number of days basis".

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the operator and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

Surplus arising on revaluation of an item of property and equipment is credited to surplus on revaluation of property and equipment, except to the extent of reversal of deficit previously charged to income, in which case that portion of the surplus is recognized in income. Deficit on revaluation of an item of property and equipment is charged to surplus on revaluation of that asset to the extent of surplus and any excess deficit is charged to income. During continuing use of the item of property and equipment the surplus on revaluation of property and equipment to the extent of incremental depreciation charged on the related assets is transferred to the unappropriated profits. On subsequent sale or retirement of revalued item of property and equipment, the attributable balance of surplus is transferred directly to the unappropriated profits. The Operator has policy to revalue such class of assets within three years.

3.2 Takaful contracts

The Takaful contracts are based on the principles of wakala. The takaful contracts so agreed usually inspire concept of tabarru (to donate for benefit of others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty. Contracts under which the Participant Takaful Fund (PTF) accepts significant takaful risk from another party (the policy holder) by agreeing to compensate the policyholder if a specified uncertain future event (the takaful event) adversely affects the policyholder are classified as takaful contracts. Takaful risk is significant if a takaful event could cause the PTF to pay significant benefits due to the happening of the takaful event compared to its non happening. Once a contract has been classified as a takaful contract, it remains a takaful contract for the remainder of its lifetime, even if the takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

The PTF underwrites non-life takaful contracts that can be categorized into fire and property, marine, aviation and transport, motor, health and miscellaneous contracts. 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 PTF under which the contract holder is another takaful operator/ insurer of a facultative nature are included within the individual category of takaful contracts, other than those which fall under the treaty.

- Fire takaful provides coverage against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and other related perils.
- Marine, aviation and transport takaful provides coverage against cargo risk, terminals, damage occurred in between the points of origin and final destination and other related perils.
- Motor takaful provides comprehensive car coverage, indemnity against third party loss and other related covers.
- Health & miscellaneous takaful provides basic hospital care including maternity care, outpatient care and cover against burglary, loss of cash in safe, cash in transit, money, engineering losses, travel guard and other coverage.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

3.3 Deferred commission expense

Commission incurred in obtaining and recording policies of takaful and retakaful was deferred and calculated by applying twenty-fourths method and recognized as assets where they can be reliably measured and it is probable that they will give rise to contribution revenue that will be recognized in subsequent reporting periods.

3.4 Unearned contribution reserves

The unearned portion of contribution written net of wakala fee is set aside as a reserve and is recognized as a liability. This liability is calculated by applying twenty-fourths method as specified in the General Takaful Accounting Regulations, 2019.

3.5 Contribution deficiency reserves

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

For this purpose, loss ratios for each class are estimated based on historical claim development. Historical experience is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. Further, actuarial valuation has been carried out to determine the amount of contribution deficiency reserve in respect of Accident and Health Takaful classes as required by the Insurance Rules, 2017. If these ratios are adverse, contribution deficiency is determined. The loss ratios estimated on these basis for the unexpired portion are as follows:

	2021	2020
- Fire and property damage	64%	29%
- Marine, aviation and transport	20%	41%
- Motor	36%	42%
- Health and Miscellaneous	78%	54%

Based on analysis of combined operating ratio for the expired period of each reportable segment, the management considers that the unearned contribution reserves for all the classes of business, as at the year end are adequate to meet the expected future liability, after retakaful, from claims and other expenses expected to be incurred after the statement of financial position date in respect of policies in those classes of business in force at the statement of financial position date. Hence, no reserve for the same has been made in these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

3.6 Re-takaful contracts held

Re-takaful contracts entered into by the operator with retakaful companies for compensation of losses suffered on takaful contracts issued are retakaful contracts. These retakaful contracts include both facultative and treaty arrangement contracts.

The operator enters into retakaful contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward retakaful contributions are accounted for in the same period as the related contributions for the direct or accepted retakaful business.

Retakaful liabilities represent balance due to retakaful companies. Amounts payable are estimated in a manner consistent with the related retakaful contract. Retakaful assets represent balances due from retakaful companies. Amounts recoverable from retakaful companies are estimated in a manner consistent with the provisions for outstanding claims or settled claims associated with the retakaful policies and are in accordance with the related retakaful contract.

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

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

The operator assesses its retakaful assets for impairment on statement of financial position date. If there is objective evidence that retakaful assets are impaired, the operator reduces the carrying amount of the retakaful assets to its recoverable amount and recognizes impairment loss in the profit and loss account, if any.

3.7 Receivables and payables related to takaful contracts

Receivables and payables related to takaful contracts are recognized when due at cost which is the fair value of the consideration given less provision for impairment, if any.

3.7.1 Takaful / Re-takaful receivables

Contributions due from takaful / retakaful represents the amount due from participants and other takaful insurers on account of takaful contracts. These are recognized at cost, which is the fair value of the contribution to be received less provision for impairment, if any.

3.7.2 Retakaful recoveries against outstanding claims / benefits

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

3.8 Segment reporting

A business segment is a distinguishable component of the Operator that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Operator accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, the Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019 as the primary reporting format.

Based on its classification of takaful contracts issued, the Operator has four primary business segments for reporting purposes namely fire and property damage, marine aviation and transport, motor, and health & miscellaneous. The nature and business activities of these segments are disclosed in respective notes to the Financial Statements.

Assets and liabilities that are directly attributable to a particular segment have been allocated to them. Certain assets and liabilities have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

3.9 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash, cheques, pay orders, demand drafts and balances with banks.

3.10 Revenue recognition

a) Contribution

Contributions including administrative surcharge received / receivable (if any) under a takaful policy are recognized as written at the time of issuance of participant membership document (PMD) and recorded as income of the PTF. Contributions are stated exclusive of taxes and duties levied on contributions. Takaful contribution income under a policy net of Wakala fee is recognized as income of PTF over the period of takaful. Administrative surcharge recovered from participant is recognized as part of contribution.

b) Wakala fee

The operator manages the general takaful operations for the participants and charges 40% (2020:40%) on gross contribution for fire, marine, ,motor and health & miscellaneous, except in case of health in which 20%(2020:40%) is charged for the last quarter, as wakala fee against the services. It is recognized as expense of PTF and income of OPF. Unearned portion of Wakala fee is recognized as a liability in OPF and accordingly deferred Wakala fee expense is recognized as an asset in PTF. The unearned portion of Wakala fee is calculated by applying twenty-fourths method as specified in the General Takaful Accounting Regulations, 2019.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

c) Rebate income/commission expense

Commission expenses are charged to the profit and loss account at the time the PMD are accepted. Rebate income from retakaful operator is recognized at the time of issuance of the underlying takaful policy by the operator. This income is deferred and recognized as revenue in accordance with the pattern of recognition of the retakaful contribution to which it relates. Rebate from retakaful operator is arrived at after taking the impact of opening and closing unearned rebate. Profit/ rebate, if any, which the Operator may be entitled to under the terms of retakaful is recognized on accrual basis. Further, Rebate on retakaful is recognized as income of PTF according to the requirements of the Takaful Rules, 2012.

d) Dividend income

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

e) Investment Income/ expense

Returns on debt securities and term deposits are recognized using the effective interest rate method. Gain or loss on sale of investments is recognized at the time of sale.

Gain / loss on sale of available for sale investments is included in profit and loss account.

f) Modarib Income

The Operator manages the participants' investments as a Modarib and charge such percentage, as approved by the Shahriah Advisor, on Modarib's share of net investment income of PTF. It is recognized on the same basis on which related revenue is recognized.

g) Rental and Other income

Rental and other income is recognized as and when accrued.

3.11 Ijarah

Ijarah rentals (Ijarah) under Ijarah contracts are recognised as an expense in the profit and loss on a straight-line basis over the Ijarah term as per Islamic Financial Accounting Standard issued by SECP S.R.O 431(I)/2007 dated May 22, 2007.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

3.12 Investments

a) In equity securities

Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified as (a) loans and receivables, (b) held to maturity investments or (c) financial assets at fair value through profit or loss. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity.

Subsequent to initial recognition at cost including the transaction cost, these are measured at fair value, changes in fair value are recognized as other comprehensive income until the investment is derecognized or impaired. Gains and losses on derecognition and impairment losses are recognized in profit and loss.

Return on fixed income securities classified as available for sale is recognized on a time proportion basis.

b) In debt securities

Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost. At subsequent reporting dates, these are measured at amortized cost using the effective yield method.

Any contribution paid or discount availed on acquisition of held to maturity investments is deferred and amortized over the term of the investment using the effective yield unless the impact of amortization is immaterial to the financial statements.

Income from held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments.

The difference between the redemption value and the purchase price of the held to maturity investments is amortized and taken to the profit and loss account over the term of investment.

c) In term deposits

Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost. At subsequent reporting dates, these are measured at amortized cost using the effective yield method.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

Any contribution paid or discount availed on acquisition of held to maturity investments is deferred and amortized over the term of the investment using the effective yield unless the impact of amortization is immaterial to the financial statements.

Income from held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments.

The difference between the redemption value and the purchase price of the held to maturity investments is amortized and taken to the profit and loss account over the term of investment.

3.12.1 Financial instruments

Financial assets and financial liabilities within the scope of IAS - 39 are recognized at the time when the Operator becomes a party to the contractual provisions of the instrument and de-recognized when the Operator loses control of contractual rights that comprise of 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 derecognition of the financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the statement of financial position date include investments, accrued investment income, loan to employees, other receivables, takaful/ retakaful receivables, receivable from OPF/ PTF, retakaful recoveries against outstanding claims, cash and bank, outstanding claim including IBNR, takaful/ retakaful payables, certain other creditors and accruals and payable to OPF/ PTF.

The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Valuation Techniques

IFRS-13 requires to disclose valuation techniques used in measurement of fair value of financial instruments. For investment in equity securities, mutual funds and investment in associate, market price for trading in shares is considered as fair value at statement of financial position date. For Ijara sukuk sale prices quoted by dealers are considered as fair value at statement of financial position date.

3.13 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities other than those relating to takaful contract are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Operator intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

3.14 Provisions

The Operator recognizes liability in respect of all claims incurred up to the statement of financial position date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of incident giving rise to the claims except as otherwise expressly indicated in a Takaful contract. The liability for claims include amounts relating to unpaid reported claims, claims Incurred But Not Reported (IBNR) and expected claims settlement costs.

The provision for claims Incurred But Not Reported (IBNR) is consistently made at the statement of financial position date in accordance with the SECP Circular no. 9 of 2016. IBNR claims have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

IBNR for all classes is determined and recognized in accordance with valuation carried out by an appointed actuary which is also based on Chain Ladder (CL) method.

3.15 Staff retirement benefits

Employee benefits plan

The Operator operates an approved employee contribution provident fund plan for all permanent employees. Equal contributions are made by employees and the Operator at the rate of 8.34 percent (2020: 8.34 percent) of gross salary per month and charged to profit and loss account.

3.16 Impairment of assets

The carrying amount of assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account.

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognized for the assets in prior years. A reversal of an impairment loss is recognized immediately in profit and loss.

In addition, impairment on available for sale investments and retakaful assets are recognized as follows:

i) Available for sale

The operator determines that available for sale equity investments are 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 making this judgment, the operator evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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ii) Re-takaful assets

The operator determines the impairment of the re-takaful assets by looking at objective evidence, as a result of an event that occurred after initial recognition of the re-takaful assets, which indicates that the operator may not be able to recover amount due from re-takaful under the terms of re-takaful contract. In addition the operator also monitors the financial ratings of its re-takaful operators on each reporting date.

3.17 Management expenses

3.17.1 Other direct expense

Direct expenses are part of Participants Takaful Fund. These expenses are related to the underwriting business and represent directly attributable expenses and indirect expenses allocated to the various classes of business on the basis of gross contribution revenue.

3.17.2 General, administrative and management expense

Expenses not allocable to the underwriting business are charged as management expenses. Management expenses of takaful business are allocated to revenue account of operator as per requirements of the Takaful Rules, 2012.

3.17.3 Claims expense

General takaful claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

3.18 Creditors, accruals and provisions

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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3.19 Foreign currency transactions and translations

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the date of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the statement of financial position date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

3.20 Takaful surplus

Takaful surplus attributable to the participants is calculated after charging all direct costs and setting aside various reserves and charity. Allocation to participants, if applicable, is made after deducting the claims paid to them during the year. Further, surplus will be distributed to participants after payment of Qard-e-Hasna to Operator.

3.21 Qard-e-Hasna

Qard-e-Hasna is provided by Operator's Fund to Participants' Takaful Fund in case of deficit in Participants' Takaful Fund.

3.22 Zakat

Zakat on investment income is accounted for in the year of deduction, under Zakat & Ushr Ordinance, 1980.

3.23 Related party transactions

Party is said to be related, if they are able to influence the operating and financial decisions of the operator and vice versa. The operator in the normal course of business carries out transactions with related parties. Transactions with related parties are priced at comparable uncontrolled market price and are carried out at arm's length prices.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities as well as income and expenses.

The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the results 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 current and future periods if the revision affects both current and future periods.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

	Note
- Property and equipment - Useful lives and deprecation method	3.1
- Takaful / Retakaful receivables	3.7.1
- Contribution deficiency reserve	3.5
- Segment reporting	3.8
- Unearned contribution reserves	3.4
- Outstanding claims including IBNR	3.14
- Retirement benefits obligations	3.15
- Classification & impairment in value of investments	3.16

	Note	OPF		PTF	
		2021	2020	2021	2020
5	PROPERTY AND EQUIPMENT				
Operating assets	5.1	20,603,825	22,486,641	13,907,014	17,438,901

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

5.1 OPERATING ASSETS

OPF													
2021													
Cost							Depreciation						
Description	As at 01 January	Additions	(Disposal)	Adjustment	Revaluation Surplus	As at 31 December	As at 01 January	For the year	(Disposal)	Adjustment	As at 31 December	Written values as at 31 December	Depreciation rate %
-----Rupees-----													
Furniture and fixture	17,265,417	187,858	-	-	-	17,453,275	7,755,257	952,861	-	-	8,708,118	8,745,157	10
Office equipment	4,349,205	5,000	-	-	-	4,354,205	1,856,442	249,281	-	-	2,105,723	2,248,482	10
Computer equipment	3,587,993	753,002	-	-	-	4,340,995	2,906,589	279,944	-	-	3,186,533	1,154,462	33.33
Motor Vehicles	15,553,588	645,000	-	-	-	16,198,588	5,751,274	1,991,590	-	-	7,742,864	8,455,724	20
Total	40,756,203	1,590,860	-	-	-	42,347,063	18,269,562	3,473,676	-	-	21,743,238	20,603,825	
2020													
Cost							Depreciation						
Description	As at 01 January	Additions	(Disposal)	Adjustment	Revaluation Surplus	As at 31 December	As at 01 January	For the year	(Disposal)	Adjustment	As at 31 December	Written values as at 31 December	Depreciation rate %
-----Rupees-----													
Furniture and fixture	17,262,167	3,250	-	-	-	17,265,417	6,698,923	1,056,334	-	-	7,755,257	9,510,160	10
Office equipment	4,334,705	14,500	-	-	-	4,349,205	1,580,186	276,256	-	-	1,856,442	2,492,763	10
Computer equipment	3,465,068	122,925	-	-	-	3,587,993	2,589,791	316,798	-	-	2,906,589	681,404	33.33
Motor Vehicles	15,472,688	80,900	-	-	-	15,553,588	3,312,688	2,438,586	-	-	5,751,274	9,802,314	20
Total	40,534,628	221,575	-	-	-	40,756,203	14,181,588	4,087,974	-	-	18,269,562	22,486,641	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

PTF													
2021													
Description	Cost				Depreciation				Written values as at 31 December	Depreciation rate %			
	As at 01 January	Additions	(Disposal)	Adjustment	Revaluation Surplus	As at 31 December	For the year	(Disposal)			Adjustment		
-----Rupees-----													
Motor tracking devices	101,763,497	2,788,052	(819,300)	-	-	103,732,249	84,324,596	6,232,266	(731,627)	-	89,825,235	13,907,014	33.33
Total	101,763,497	2,788,052	(819,300)	-	-	103,732,249	84,324,596	6,232,266	(731,627)	-	89,825,235	13,907,014	
2020													
Description	Cost				Depreciation				Written values as at 31 December	Depreciation rate %			
	As at 01 January	Additions	(Disposal)	Adjustment	Revaluation Surplus	As at 31 December	For the year	(Disposal)			Adjustment		
-----Rupees-----													
Motor Tracking devices	103,103,397	1,575,500	(2,915,400)	-	-	101,763,497	78,603,768	8,198,985	(2,478,157)	-	84,324,596	17,438,901	33.33
Total	103,103,397	1,575,500	(2,915,400)	-	-	101,763,497	78,603,768	8,198,985	(2,478,157)	-	84,324,596	17,438,901	
Grand total - 2021	142,519,700	4,378,912	(819,300)	-	-	146,079,312	02,594,158	9,705,942	(731,627)	-	111,568,473	34,510,839	
Grand total - 2020	143,638,025	1,797,075	(2,915,400)	-	-	142,519,700	92,785,356	12,286,959	(2,478,157)	-	102,594,158	39,925,542	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

5.1.1 Disposal of fixed assets

The following assets with book value below Rs. 50,000/- were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Written down value	Sales proceeds	Gain/(loss)	Mode of disposal	Sold To
-----Rupees-----							
Vehicle tracking devices	819,300	731,627	87,673	84,000	[3,673]	Negotiation	Various
Sub-Total	819,300	731,627	87,673	84,000	[3,673]		
Grand Total 2021	819,300	731,627	87,673	84,000	[3,673]		
Grand Total 2020	2,915,400	2,478,157	437,243	426,000	[11,243]		

5.1.2 There are no assets held by third parties and assets with zero values.

5.1.3 The motor vehicles had been revalued by Anderson Consulting (Pvt.) Limited, independent valuer, by using market value basis method on December 31, 2019. Fair values were determined by using observable prices in an active market on arm's length terms. All the revaluation surplus was charged to surplus on revaluation of fixed assets as per requirements of the Companies Act, 2017. As per revaluation report, forced sale value of the motor vehicles as on December 31, 2019 was Rs. 10,336,000/-.

5.1.4 Had there been no revaluation, the cost, accumulated depreciation and book value of revalued assets as at December 31, 2021 would have been as follows:

Description	Cost			Depreciation			Written down values as at 31 December	Depreciation Rate		
	As at 01 January	Additions / (Disposal)	Adjustment	As at 31 December	As at 01 January	For the year / (Disposal)			Adjustment	As at 31 December
	-----Rupees-----									
	%									
Motor vehicles	11,774,145	645,000	-	12,419,145	4,995,386	1,386,878	-	6,382,264	6,036,881	20
2021	11,774,145	645,000	-	12,419,145	4,995,386	1,386,878	-	6,382,264	6,036,881	
Motor vehicles	11,693,245	80,900	-	11,774,145	3,312,688	1,682,698	-	4,995,386	6,778,759	20
2020	11,693,245	80,900	-	11,774,145	3,312,688	1,682,698	-	4,995,386	6,778,759	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

	Note	2021 Rupees	2020 Rupees
6 INVESTMENT IN EQUITY SECURITIES			
6.1 Operator's fund			
Available for sale			
Listed shares at cost		30,289,057	42,516,172
Less: unrealized loss on revaluation of investment		(15,908,910)	(8,020,452)
Carrying value	6.1.1	14,380,147	34,495,720
Mutual funds at cost		-	6,071,687
Less: unrealized loss on revaluation of investment		-	(57,804)
Carrying value	6.1.2	-	6,013,883
		14,380,147	40,509,603

6.1.1 Listed shares

Name of investee company	2021	2020	2021			2020		
	Number of shares		Cost	Unrealized gain/(loss)	Market Value	Cost	Unrealized gain/(loss)	Market Value
Sui Northern Gas Pipelines Limited	319,000	221,000	25,707,858	(15,037,308)	10,670,550	20,707,534	(10,890,714)	9,816,820
Agha Steel Industries Limited	141,750	-	4,581,200	(871,603)	3,709,597	-	-	-
Pak Suzuki Motor Company Limited	-	102,000	-	-	-	21,808,638	2,870,262	24,678,900
	460,750	323,000	30,289,058	(15,908,911)	14,380,147	42,516,172	(8,020,452)	34,495,720

6.1.2 Mutual Funds

2021	2020	Unit Price	2020	Name of entity	2021	2020
Number of units		Unit Price	(Rupees)		Rupees	Rupees
-	61,835	-	97.26	NBP Islamic Active Allocation Plan-VI	-	6,013,883
-	61,835				-	6,013,883

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

	Note	2021 Rupees	2020 Rupees
6.2 Participants' takaful fund			
Available for sale			
Listed shares at cost		39,237,225	86,679,397
Less: unrealized loss on revaluation of investment		(20,058,445)	(14,275,249)
Carrying value	6.2.1	19,178,780	72,404,148
Mutual funds at cost		-	8,904,183
Add: unrealized gain on revaluation of investment		-	51,657
Carrying value	6.2.2	-	8,955,840
		19,178,780	81,359,988

6.2.1 Listed shares

Name of investee company	2021	2020	2021			2020		
	Number of shares		Cost	Unrealized gain/(loss)	Market Value	Cost	Unrealized gain/(loss)	Market Value
Nishat Mills Limited	241,000	241,000	39,237,225	(20,058,445)	19,178,780	39,207,225	(14,680,655)	24,526,570
The General Tyre & Rubber Co. of Pakistan Limited	-	77,520	-	-	-	6,935,648	(507,690)	6,427,958
Ferozsons Laboratories Limited	-	58,000	-	-	-	18,647,754	514,866	19,162,620
National Bank Of Pakistan	-	300,000	-	-	-	12,911,730	(23,730)	12,888,000
Treet Corporation Limited	-	300,000	-	-	-	8,977,040	421,960	9,399,000
	241,000	976,520	39,237,225	(20,058,445)	19,178,780	86,679,397	(14,275,249)	72,404,148

6.2.2 Mutual Funds

2021	2020	2021	2020	Name of entity	2021	2020
Number of units		Unit Price	(Rupees)		Rupees	Rupees
-	79,738	-	97.26	NBP Islamic Active Allocation Plan-VI	-	7,755,176
-	10,713	-	112.08	ABL Islamic Financial Planning Fund	-	1,200,664
-	90,451				-	8,955,840

For the year ended December 31, 2021

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

	Note	2021 Rupees	2020 Rupees
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8 INVESTMENT IN TERM DEPOSITS

8.1 Operator's fund

Short term deposits	8.1.1	41,600,000	66,000,000
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8.1.1 The rate of return on Certificate of Islamic Investment issued by Soneri Bank Limited (2020: Soneri Bank Limited) for the year is 6.10% (2020: 6.30%) per annum.

The rate of return on Certificate of Islamic Investment issued by Meezan Bank Limited (2020: Nill) for the year varies from 4.47% to 5.22% (2020: Nill) per annum.

9 QARDE-E-HASNA

Opening Balance	-	-
Qard-e-Hasna transferred from OPF during the year	167,000,000	-
Qard-e-Hasna returned by PTF during the year	(27,000,000)	-
Impairment Adjustment	-	-

Closing Balance	140,000,000	-
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	Note	OPF		PTF	
		2021	2020	2021	2020

10 LOANS AND OTHER RECEIVABLES

Unsecured and considered good

Security deposits	10.1	13,848,095	4,332,199	37,592,254	42,902,025
Loan to employees	10.2	3,583,659	1,302,000	-	-
Advance tax		-	1,452,783	648,050	11,581,462
Other receivable		124,947,826	5,871,587	26,259,767	260,234
Less: Provision for impairment of loans and receivables		-	-	-	-

	142,379,580	12,958,569	64,500,071	54,743,721
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10.1 Security deposits include earnest money deposited against tenders offered by different parties.

10.2 Unsecured

Executives	1,901,250	580,000
Non-executives	1,682,409	722,000

10.2.1	3,583,659	1,302,000
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

- 10.2.1** These represent interest free loans to employees for matrimonial, house building and general purposes and are secured against salaries and are refundable as deductions from salaries.

	Note	PTF	
		2021 Rupees	2020 Rupees
11 TAKAFUL / RETAKAFUL RECEIVABLES			
<i>Unsecured and considered good</i>			
Due from Takaful participants' holders		115,071,401	64,337,114
Less: Provision for impairment of receivables from takaful participant's holders		-	-
Due from other Takaful / re-takaful operators		86,927,706	50,568,030
Less: Provision for impairment of due from other takaful/ retakaful	11.1	(3,031,672)	(3,031,672)
		198,967,435	111,873,472

11.1 Provision for impairment of receivables from takaful/ retakaful			
Balance at the beginning of the year		3,031,672	3,031,672
Provision made during the year		-	-
Bad debts recovered during the year		-	-
		3,031,672	3,031,672

	OPF		PTF	
	2021	2020	2021	2020
12 RECEIVABLE (OPF) / PAYABLE (PTF)				
Wakala fee	130,036,927	363,532,291	130,036,927	363,532,291
Modarib's fee	2,923,279	1,166,501	2,923,279	1,166,501
	132,960,206	364,698,792	132,960,206	364,698,792

13 PREPAYMENTS				
Prepaid retakaful contribution ceded			40,745,779	146,211,598

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

	Note	OPF		PTF	
		2021	2020	2021	2020
		Rupees	Rupees	Rupees	Rupees
14 CASH & BANK					
Cash and cash equivalent					
-Cash in hand		94,401	86,630	-	-
Cash at bank					
-Current accounts		2,450,613	2,310,654	63,097,703	69,946,224
-Saving accounts	14.1	3,199,061	76,545,318	65,976,590	16,601,868
		5,744,075	78,942,602	129,074,293	86,548,092

- 14.1** The rate of return on PLS saving accounts maintained at various banks ranges from 2.76% to 4.44% (2020: 2.84% to 7.06%) per annum.

	Note	2021	2020
		Rupees	Rupees
15 STATUTORY FUND			
Statutory reserves	15.1	50,000,000	50,000,000

- 15.1** Amount of Rs. 50 million is deposited as statutory reserves to comply with provisions of para 4 of Circular No 8 of 2014 read with section 11(c) of the Takaful Rules, 2012 issued by Securities and Exchange Commission of Pakistan which states that "Every insurer who is interested to commence window takaful business shall transfer an amount of not less than 50 million Rupees to be deposited in a separate bank account for window takaful business duly maintained in a scheduled bank" .

	OPF	
	2021	2020
	Rupees	Rupees
15A SURPLUS ON REVALUATION OF FIXED ASSETS		
Surplus on motor vehicles		
Balance at beginning of the year	3,023,555	3,779,443
Add: Revaluation made during the year	-	-
Less: Realization of surplus on disposal of motor vehicles	-	-
Total revaluation surplus on vehicles	3,023,555	3,779,443
Less: Incremental depreciation charged in current year	(604,709)	(755,888)
Total revaluation surplus at the end of the year	2,418,846	3,023,555

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

	Note	PTF	
		2021	2020
		Rupees	Rupees
16 CEDED MONEY			
Waqf money	16.1	500,000	500,000

- 16.1** The amount of Rs. 500,000/- has been set apart for Waqf Fund/ Participants' Takaful Fund as Waqf money according to the Waqf deed prepared for the purpose of creation of Waqf Fund/ Participants' Takaful Fund.

17 RETIREMENT BENEFITS OBLIGATIONS

The Operator has no staff retirement benefit obligations except for minor contribution payable to contributory provident fund.

18 TAKAFUL / RE-TAKAFUL PAYABLES			
Due to Takaful participants/ re-takaful payable		31,285,006	37,965,103

	Note	OPF		PTF	
		2021	2020	2021	2020
		Rupees	Rupees	Rupees	Rupees
19 OTHER CREDITORS AND ACCRUALS					
Agents commission payable		21,737,585	-	-	-
Federal excise duty / sales tax		-	-	2,466,684	2,692,253
Federal takaful fee		-	-	1,176,903	391,235
Payable to related parties	19.1	-	-	137,830	334,766
Withholding taxes payable		2,795,441	1,505,561	992,446	2,396,309
Auditors' remuneration		935,000	1,000,000	-	-
Other payables		216,840	51,480	988,712	659,719
		25,684,866	2,557,041	5,762,575	6,474,282

- 19.1** Represents amount due to M/S United Track System (Pvt.) Ltd., associated undertaking. The maximum aggregate amount of payable at the end of any month during the year was Rs.2,159,848 [2020:Rs. 3,239,500].

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

		OPF		
		2021	2020	
		Rupees	Rupees	
20	CONTINGENCY(IES) AND COMMITMENT(S)			
20.1	Contingencies			
There are no contingencies at the statement of financial position date.				
20.2	Commitments			
As of the end of the year, there are no commitments except the following:				
	Future Ijarah rentals payable	20.2.1	41,394,035	9,680,732
20.2.1	Commitments in respect of Ijarah contracts are as follows:			
	Not later than one year		18,193,403	6,528,058
	Later than one year but not later than five year		23,200,632	3,152,674
	Later than five years		-	-
			41,394,035	9,680,732

	Note	PTF	
		2021	2020
		Rupees	Rupees
21	NET CONTRIBUTIONS REVENUE		
	Written gross contribution	1,383,948,046	801,481,292
	Less: Wakala fee	(395,823,263)	(276,915,118)
	Contribution net of wakala fee	988,124,783	524,566,174
	Add: Provision for unearned contribution- Opening	132,798,788	249,852,862
	Less: Provision for unearned contribution - Closing	(305,838,478)	(132,798,788)
	Contribution earned	815,085,093	641,620,248
	Re-takaful contribution ceded	99,228,023	317,905,657
	Add: Prepaid re-takaful contribution - Opening	146,211,598	263,204,768
	Less: Prepaid re-takaful contribution - Closing	(40,745,779)	(146,211,598)
	Re-takaful expense	204,693,842	434,898,827
	Net Contributions revenue	610,391,251	206,721,421

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

	Note	PTF	
		2021	2020
		Rupees	Rupees
22 RETAKAFUL REBATE EARNED			
Rebate received or recoverable		20,020,159	68,930,520
Add: Unearned re-takaful rebate - Opening		31,145,028	54,966,764
Less: Unearned re-takaful rebate - Closing		(7,803,722)	(31,145,028)
Retakaful rebate earned		43,361,465	92,752,256
23 NET CLAIMS			
Benefits/ Claims Paid		570,092,877	466,224,778
Add: Outstanding benefits/ claims including IBNR - Closing	23.1	338,660,971	254,896,316
Less: Outstanding benefits/ claims including IBNR - Opening		(254,896,316)	(183,386,885)
Claims expense		653,857,532	537,734,209
Re-takaful and other recoveries received		49,547,401	192,449,266
Add: Re-takaful and other recoveries in respect of outstanding claims - Closing		199,997,637	167,061,743
Less: Re-takaful and other recoveries in respect of outstanding claims - Opening		(167,061,743)	(132,447,203)
Re-takaful and other recoveries revenue		82,483,295	227,063,806
Net claims expense		571,374,237	310,670,403

23.1 Claim development - PTF

Accident year	2018	2019	2020	2021	Total
Estimate of ultimate claims costs:					
At end of accident year	623,936,821	298,566,772	525,390,577	646,833,769	
One year later	394,001,756	170,315,229	205,836,852	-	
Two years later	12,260,245	41,835,047	-	-	
Three years later	14,248,180	-	-	-	
Current estimate of cumulative claims	14,248,180	41,835,047	205,836,852	646,833,769	908,753,848
Cumulative payments to date	(6,789,011)	(7,016,866)	(162,914,712)	(393,372,288)	(570,092,877)
Liability recognised in the statement of financial position	7,459,169	34,818,181	42,922,140	253,461,481	338,660,971

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

	Note	OPF	
		2021 Rupees	2020 Rupees
24 COMMISSION EXPENSE			
Commission paid or payable		138,590,807	131,222,796
Add: Deferred commission expense - Opening		61,976,820	103,585,065
Less: Deferred commission expense - Closing		(52,268,972)	(61,976,820)
Commission expense		148,298,655	172,831,041
25 WAKALA FEE			
Gross wakala fee	25.1	517,373,918	319,004,048
Add: Deferred wakala expense / unearned wakala fee - Opening		42,088,931	-
Less: Deferred wakala expense / unearned wakala fee - Closing		(163,639,586)	(42,088,931)
Wakala fee		395,823,263	276,915,117
25.1	The Operator manages the general takaful operations for the participants and charges 40% (2020: 40%) in case of fire, marine, motor and health & miscellaneous except in the case of health in which 20%(2020:40%) is charged for the last quarter, of the gross contribution written net of administrative surcharge on co-takaful inward as wakala fee against the services.		
26 GENERAL, ADMINISTRATIVE AND MANAGEMENT EXPENSES			
Employee benefit cost	26.1	155,547,617	74,425,695
Travelling expenses		11,946,485	4,470,410
Printing and stationery		7,037,308	3,533,573
Depreciation		3,473,676	4,087,974
Rent, rates and taxes	26.2	25,847,655	13,976,236
Electricity, gas and water		2,674,391	786,354
Entertainment		3,447,259	573,390
Vehicle running expenses		4,853,233	747,076
Office repairs and maintenance		3,723,095	423,256
Bank charges		26,216	17,631
Postage, telegrams and telephone		2,216,230	869,571
Advertisement and sales promotion		1,984,000	-
Health claim management fee		5,775,908	2,800,000
Miscellaneous		5,072,828	198,394
		233,625,901	106,909,560
26.1 Employee benefit cost			
Salaries, allowance and other benefits		149,492,605	70,500,973
Charges for post employment benefit		6,055,012	3,924,722
		155,547,617	74,425,695

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

26.2 Rent, rates and taxes include rental on car ijarah amounting to Rs. 11,129,084/- (2020: 6,784,663/-).

	OPF		PTF	
	2021 Rupees	2020 Rupees	2021 Rupees	2020 Rupees
27 INVESTMENT INCOME				
Income from equity securities				
Available for sale				
Dividend income on listed shares	2,208,500	700,000	900,000	-
Dividend income on mutual fund	-	534,846	-	919,700
Income from debt securities				
Held to maturity				
Return on Government securities	12,951,786	2,089,401	7,444,437	1,779,595
Income from term deposits				
Return on term deposits	1,967,300	3,889,207	-	-
	17,127,586	7,213,454	8,344,437	2,699,295
Net realized gains/ (losses) on investments				
Available for sale financial assets				
-Equity securities	4,827,893	1,068,067	3,250,044	381,768
-Mutual funds	174,532	166,482	312,548	138,909
	5,002,425	1,234,549	3,562,592	520,678
Total Investment Income	22,130,011	8,448,003	11,907,029	3,219,973
Less: (Provision) / Reversal for impairment in value of available for sale securities				
-Equity securities	-	-	-	-
-Debt securities	-	-	-	-
Less: Investment related expenses	(424,118)	(238,195)	(213,913)	(344,889)
Net Investment Income	21,705,893	8,209,808	11,693,116	2,875,084
28 OTHER INCOME				
Return on bank balances	412,136	152,173	825,264	1,228,103
Gain on sale of fixed assets	-	-	-	-
Liabilities written back	-	-	-	-
Miscellaneous	280,729	110,841	4,747,063	1,827,991
	692,865	263,014	5,572,327	3,056,094

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

	Note	OPF		PTF	
		2021	2020	2021	2020
		Rupees	Rupees	Rupees	Rupees
29 MODARIB'S FEE					
Modarib's share of investment income	29.1	2,923,279	718,771	2,923,279	718,771

- 29.1** The Operator manages the participants' investments as a Modarib and charges 25% Modarib's share of investment income earned by PTF.

	Note	OPF	
		2021	2020
		Rupees	Rupees
30 DIRECT EXPENSES			
Legal and professional fee other than business related		218,000	653,183
Auditors' remuneration	30.1	1,125,575	1,000,000
Shariah advisor fee		1,251,612	1,251,612
Annual supervision fee		1,471,400	1,752,654
Software charges		-	-
		4,066,587	4,657,449

30.1 AUDITORS' REMUNERATION

Audit fee	935,000	850,000
Half yearly review	190,575	150,000
	1,125,575	1,000,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

31 COMPENSATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2021	2020	2021	2020	2021	2020
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Fee	-	-	-	-	-	-
Managerial remuneration	-	-	-	-	28,161,958	15,820,621
Leave encashment	-	-	-	-	-	-
Bonus	-	-	-	-	-	-
Ex-gratia allowance	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	-	-
Contribution to defined contribution plan	-	-	-	-	2,632,740	1,805,205
Rent and house maintenance	-	-	-	-	12,672,877	6,427,718
Utilities	-	-	-	-	-	-
Medical	-	-	-	-	2,816,201	1,405,613
Conveyance	-	-	-	-	875,000	-
Retirement benefits	-	-	-	-	-	-
Others	-	-	-	-	12,601,998	-
Total	-	-	-	-	59,760,774	25,459,157
Number of persons	-	-	-	-	21	16

31.1 Certain executives are also provided with free use of the Operator's maintained car.

31.2 Executives mean employees, other than the chief executive and directors, whose basic salary exceeds five hundred thousand rupees in a financial year.

32 RELATED PARTY TRANSACTIONS

Related parties comprise of directors, major shareholders, key management personnel, associated companies, entities with common directors and employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions and compensation to key management personnel is on employment terms.

terms and conditions and compensation to key management personnel is on employment terms.

Relation with undertaking	Name of related party	Nature and transaction	OPF		PTF	
			2021	2020	2021	2020
			Rupees	Rupees	Rupees	Rupees
Balances at year end:						
Associated undertakings	United Track System (Pvt) Ltd.	Receivable/ (payable) at year end	-	-	(137,830)	(334,766)
Key management personnel	Executives Employees	Loan to key management personnel	1,901,250	580,000	-	-
Staff retirement benefits plan	Provident Fund	(Payable) to defined benefit plan		-	-	-
		(Payable) to defined contribution plan	-	-	-	-
Transactions during the year:						
Associated undertakings	United Track System (Pvt) Ltd.	Motor tracking devices purchased	-	-	2,788,052	1,575,500
	United Track System (Pvt) Ltd.	Device monitoring charges paid	-	-	5,449,499	4,755,952
	Tawasul Healthcare TPA (Pvt) Ltd	Health service charges paid	5,775,908	2,800,000	-	2,000,000
Key management personnel	Executives Employees	Remuneration of key management personnel	59,760,774	25,459,157	-	-
Employees' Provident Fund	Provident Fund	Employer's Contributions made during the period	6,055,012	3,924,722	-	-
Provisions for doubtful debts			-	-	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

33 SEGMENT REPORTING

The operator has four primary business segments for reporting purposes namely fire and property damage, marine aviation and transport, motor, and health & miscellaneous.

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

2021 Participants' Takaful Fund	FIRE AND PROPERTY DAMAGE	MARINE AVIATION AND TRANSPORT	MOTOR	HEALTH & MISCELLANEOUS	TREATY	TOTAL
----- Rupees -----						
Gross written contribution (inclusive of admin surcharge)	108,605,319	105,319,783	285,294,439	884,728,505	-	1,383,948,046
Gross direct contribution	104,967,601	101,144,011	269,707,470	884,016,903	-	1,359,835,985
Facultative inward contribution	1,786,904	561,678	9,116,915	423,856	-	11,889,353
Administrative surcharge	1,850,814	3,614,094	6,470,054	287,746	-	12,222,708
Wakala fee	26,650,439	37,428,925	61,526,921	270,216,978	-	395,823,263
Takaful contribution earned	67,678,770	62,666,884	182,072,496	502,666,943	-	815,085,093
Takaful contribution ceded to retakaful	(51,070,075)	(34,881,324)	(27,218,712)	(91,523,731)	-	(204,693,842)
Net Contribution revenue	16,608,695	27,785,560	154,853,784	411,143,212	-	610,391,251
Re-takaful rebate	8,967,726	8,462,676	5,622,866	20,308,197	-	43,361,465
Net underwriting income	25,576,421	36,248,236	160,476,650	431,451,409	-	653,752,716
Takaful claims	37,107,741	33,517,681	108,958,738	474,273,372	-	653,857,532
Takaful claims recovered from retakaful	30,155,835	15,156,293	10,860,482	26,310,685	-	82,483,295
Net claims	6,951,906	18,361,388	98,098,256	447,962,686	-	571,374,237
Contribution deficiency expense	-	-	-	-	-	-
Other direct expenses	1,066,105	1,033,853	2,800,542	8,684,779	-	13,585,279
Net takaful claims and expenses	8,018,011	19,395,241	100,898,798	456,647,466	-	584,959,516
(Deficit)/ surplus before investment income	17,558,410	16,852,995	59,577,852	(25,196,057)	-	68,793,200
Net investment income						11,693,116
Other income						5,572,327
Modarib's share of investment income						(2,923,279)
Surplus transferred to balance of PTF						83,135,364
Corporate segment assets	123,973,000	43,672,691	73,932,382	313,204,180	-	554,782,253
Corporate unallocated assets						425,033,339
Total assets						979,815,592
Corporate segment liabilities	171,026,105	112,726,529	182,113,946	351,961,267	-	817,827,847
Corporate unallocated liabilities						4,483,110
Total liabilities						822,310,958
2021 - Operator's Fund						
Wakala fee	26,650,439	37,428,925	61,526,921	270,216,978	-	395,823,263
Commission expense	(14,380,713)	(15,134,344)	(33,080,338)	(85,703,260)	-	(148,298,655)
Direct expenses						(4,066,587)
						243,458,021
Modarib's share of PTF investment income						2,923,279
General, administrative and management expenses						(233,625,901)
Other income						692,865
Investment income						21,705,893
Profit before taxation						35,154,157
Corporate segment assets	51,270,172	69,566,855	23,137,201	24,144,868	-	168,119,096
Corporate unallocated assets						557,918,550
Total assets						726,037,646
Corporate segment liabilities	27,953,556	9,660,176	69,009,012	78,754,427	-	185,377,171
Corporate unallocated liabilities						3,947,281
Total liabilities						189,324,452

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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33.1 SEGMENT REPORTING

The operator has four primary business segments for reporting purposes namely fire and property damage, marine aviation and transport, motor, and health & miscellaneous.

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

2020 Participants' Takaful Fund	FIRE AND PROPERTY DAMAGE	MARINE AVIATION AND TRANSPORT	MOTOR	HEALTH & MISCELLANEOUS	TREATY	TOTAL
----- Rupees -----						
Gross written contribution (inclusive of admin surcharge)	73,886,698	63,126,428	236,684,695	427,783,471	-	801,481,292
Gross direct contribution	47,675,367	41,736,350	132,597,156	418,767,686	-	640,776,559
Facultative inward contribution	25,740,332	20,298,059	101,727,333	8,967,785	-	156,733,509
Administrative surcharge	470,999	1,092,019	2,360,206	48,000	-	3,971,224
Wakala fee	22,891,733	21,033,395	79,268,636	153,721,354	-	276,915,118
Takaful contribution earned	63,909,596	39,628,122	164,891,539	373,190,992	-	641,620,248
Takaful contribution ceded to retakaful	(64,574,897)	(32,317,666)	(78,783,484)	(259,222,781)	-	(434,898,827)
Net revenue contribution	(665,301)	7,310,456	86,108,055	113,968,211	-	206,721,421
Re-takaful rebate	11,336,672	8,133,706	15,593,784	57,688,094	-	92,752,256
Net underwriting income	10,671,371	15,444,162	101,701,839	171,656,305	-	299,473,677
Takaful claims	133,633,794	28,441,939	63,931,846	311,726,630	-	537,734,209
Takaful claims recovered from retakaful	94,301,095	22,072,767	18,006,718	92,683,226	-	227,063,806
Net claims	39,332,699	6,369,172	45,925,128	219,043,404	-	310,670,403
Contribution deficiency expense	-	-	-	(7,924,944)	-	(7,924,944)
Other direct expenses	1,446,625	1,235,950	4,634,040	8,375,555	-	15,692,170
Net Takaful claims and expenses	40,779,324	7,605,122	50,559,168	219,494,015	-	318,437,629
Surplus before investment income	(30,107,953)	7,839,040	51,142,671	(47,837,710)	-	(18,963,952)
Net investment income						2,875,084
Other income						3,056,094
Modarib's share of investment income						(718,771)
(Deficit) transferred to balance of PTF						(13,751,545)
Corporate segment assets	110,644,796	19,137,797	87,394,783	207,969,436	-	425,146,812
Corporate unallocated assets						343,035,620
Total assets						768,182,432
Corporate segment liabilities	184,207,571	102,492,212	241,658,430	292,180,831	-	820,539,044
Corporate unallocated liabilities						7,439,265
Total liabilities						827,978,309
2020 - Operator's Fund						
Wakala fee	22,891,733	21,033,395	79,268,635	153,721,354	-	276,915,117
Commission expense	(32,401,869)	(16,270,736)	(59,460,276)	(64,698,160)	-	(172,831,041)
Direct expenses						(4,657,449)
						99,426,627
Modarib's share of investment income					-	718,771
General, administrative and management expenses					-	(106,909,560)
Other income					-	263,014
Investment income						8,209,808
Profit before taxation						1,708,660
Corporate segment assets	84,363,097	84,468,540	138,192,066	78,077,610	-	385,101,313
Corporate unallocated assets						368,934,350
Total assets						754,035,663
Corporate segment liabilities	-	-	-	-	-	-
Corporate unallocated liabilities						44,645,972
Total liabilities						44,645,972

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For the year ended December 31, 2021

34 MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Fair value through P&L	Total
At beginning of 2020	85,137,973	99,147,927	-	184,285,900
Additions	293,273,800	241,425,805	-	534,699,605
Disposals (sale and redemption)	(151,137,973)	(236,516,247)	-	(387,654,220)
Fair value net gain/ (loss) (excluding net realised gains)	-	17,812,106	-	17,812,106
Designated at fair value through profit or loss upon initial recognition	-	-	-	-
Classified as held for trading	-	-	-	-
Impairment losses	-	-	-	-
At beginning of 2021	227,273,800	121,869,591	-	349,143,391
Additions	255,795,000	179,657,808	-	435,452,808
Disposals (sale and redemption)	(128,118,800)	(254,332,965)	-	(382,451,765)
Fair value net gain/ (loss) (excluding net realised gains)	-	(13,665,507)	-	(13,665,507)
Designated at fair value through profit or loss upon initial recognition	-	-	-	-
Classified as held for trading	-	-	-	-
Impairment losses	-	-	-	-
At end of 2021	354,950,000	33,528,927	-	388,478,927

35 MANAGEMENT OF TAKAFUL RISK AND FINANCIAL RISK

35.1 Risk management framework

The Operator's activities expose it to a variety of financial risks, credit risk, liquidity risk and market risk (including interest/ mark-up rate risk and price risk). The Operator's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall risks arising from the Operator's financial assets and liabilities are limited. The Operator consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below. The Board of Directors has overall responsibility for the establishment and oversight of Operator's risk management framework. The Board is also responsible for developing the Operator's risk management policies.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

35.2 Takaful risks

35.2.1 Takaful risk

The Operator accepts the takaful risk through its takaful contracts where it assumes the risk of loss from persons or organizations that are directly subject to the underlying loss. The Operator is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Operator manages its risk via its underwriting and retakaful strategy within an overall risk management framework. Exposures are managed by having documented underwriting limit and criteria. Retakaful is purchased to mitigate the risk of potential loss to the Operator. Retakaful policies are written with approved retakaful companies on either a proportional or excess of loss treaty basis.

A concentration of risk may also arise from a single takaful contract issued to particular demographic type of policyholder, within a geographical location or to types of commercial business. The Operator minimizes its exposure to significant losses by obtaining retakaful from a number of retakaful companies who are dispersed over several geographical regions.

Further, the Operator adopts strict claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the takaful risk.

Geographical concentration of takaful risk

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

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial/ industrial residential occupation of the takaful companies. Details regarding the fire separation/ segregation with respect to the manufacturing processes, storage, utilities, etc. are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters/ retakaful personnel for their evaluation. Reference is made to the standard construction specifications as laid down by IAP (Takaful Association of Pakistan). For instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors, physical separation between the buildings within an policy holder's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

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Address look-up and geocoding is the essential field of the policy data interphase of IT systems. It provides instant location which is dependent on data collection provided under the policy schedule. All critical underwriting information is punched into the IT system/ application through which a number of MIS reports can be generated to assess the concentration of risk.

35.2.2 Retakaful arrangements

Retakaful arrangements are key components in the global economy as a means of supporting acceptance of risk by takaful organizations. Arrangements are the most effective ways of getting coverage of all types risks, underwritten by the Operator. The Operator has prestigious retakaful arrangements with the world wide acclaimed retakaful companies.

In compliance of the regulatory requirement, the retakaful agreements are duly submitted with Securities and Exchange Commission of Pakistan (SECP) on annual basis.

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

	Maximum sum insured		Retakaful cover		Highest net liability	
	2021	2020	2021	2020	2021	2020
	----- Rupees -----					
Fire and property damage	4,400,000,000	4,193,462,150	4,350,000,000	4,143,462,150	50,000,000	50,000,000
Marine, aviation and transport	6,000,000,000	666,023,090	5,987,500,000	653,523,090	12,500,000	12,500,000
Motor	37,500,000	37,500,000	36,000,000	36,000,000	1,500,000	1,500,000
Health & Miscellaneous	1,719,263,000	8,429,000,000	1,669,263,000	8,379,000,000	50,000,000	50,000,000

The table below sets out the concentration of takaful contract liabilities by type of contract:

	Gross liabilities		Gross assets		Net liabilities / (assets)	
	2021	2020	2021	2020	2021	2020
	----- Rupees -----					
Fire and property damage	171,026,105	184,207,571	123,973,000	110,644,796	47,053,106	73,562,775
Marine, aviation and transport	112,726,529	102,492,212	43,672,691	19,137,797	69,053,838	83,354,415
Motor	182,113,946	241,658,430	73,932,382	87,394,783	108,181,563	154,263,647
Health & Miscellaneous	351,961,267	292,180,831	313,204,180	207,969,436	38,757,087	84,211,395
	817,827,846	820,539,045	554,782,252	425,146,813	263,045,594	395,392,232

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

35.2.3 Sources of uncertainty in the estimation of future claims payment

Claims on general takaful contracts are payable on a claim occurrence basis. The Operator is liable for all insured events that occur during the term of the takaful contract.

An estimated amount of the claim is recorded immediately on intimation to the Operator. The estimation of the amount is based on the amount notified by the policy holder, management or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. Incurred But Not Reported (IBNR) claims have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

There are several variable factors which affect the amount and timing of recognized claim liabilities. However, the management considers that uncertainty about the amount and timing of claim payments is generally resolved within a year. The Operator takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from recognised amounts.

35.2.4 Key assumptions

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

35.2.5 Sensitivity analysis

The risks associated with the takaful contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Operator makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Operator considers that the liability for takaful claims recognized in the statement of financial position is adequate. However, actual experience will differ from the expected outcome.

As the Operator enters into short term takaful contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit of PTF net of retakaful.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

	Profit		Participants' takaful fund	
	2021	2020	2021	2020
	----- Rupees -----			
10% increase in loss				
Net				
Fire and property damage	(695,191)	(3,933,270)	(695,191)	(3,933,270)
Marine, aviation and transport	(1,836,139)	(636,917)	(1,836,139)	(636,917)
Motor	(9,809,826)	(4,592,513)	(9,809,826)	(4,592,513)
Health & Miscellaneous	(44,796,269)	(21,904,340)	(44,796,269)	(21,904,340)
	(57,137,424)	(31,067,040)	(57,137,424)	(31,067,040)

	Profit		Participants' takaful fund	
	2021	2020	2021	2020
	----- Rupees -----			
10% decrease in loss				
Net				
Fire and property damage	695,191	3,933,270	695,191	3,933,270
Marine, aviation and transport	1,836,139	636,917	1,836,139	636,917
Motor	9,809,826	4,592,513	9,809,826	4,592,513
Health & Miscellaneous	44,796,269	21,904,340	44,796,269	21,904,340
	57,137,424	31,067,040	57,137,424	31,067,040

35.3 Financial risk

35.3.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market variables such as interest rates, foreign exchange rates and market prices.

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 mismatches of financial assets and liabilities that mature or reprise in a given period. The Operator manages this mismatch through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes.

At the statement of financial position date, the interest rate profile of the Operator's significant interest bearing financial instruments was as follows:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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2021						
FINANCIAL ASSETS AND LIABILITIES	Effective yield/mark- up rate per annum	Interest/mark-up bearing			Non interest/ mark-up bearing financial instruments	Total
		Maturity up to one year	Maturity over one year to five years	Maturity over five years		
----- Rupees -----						
%						
Financial assets						
Investments	4.66% to 8.37%	41,600,000	313,350,000	-	354,950,000	388,508,927
Loans and others receivables		-	-	-	-	206,231,601
Receivable from OPF/ PTF		-	-	-	-	132,960,206
Accrued investment income		-	-	-	-	12,555,838
Takaful / re-takaful receivables		-	-	-	-	198,967,435
Retakaful recoveries against outstanding claims / benefits		-	-	-	-	199,997,637
Cash and bank	2.76% to 4.44%	69,175,651	-	-	69,175,651	134,818,368
		110,775,651	313,350,000	-	424,125,651	1,274,040,012
Financial liabilities						
Outstanding claims including IBNR		-	-	-	-	338,660,971
Takaful / re-takaful payables		-	-	-	-	31,285,006
Other creditors and accruals		-	-	-	-	24,015,967
Payable to OPF / PTF		-	-	-	-	132,960,206
		-	-	-	-	526,922,150

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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2020							
FINANCIAL ASSETS AND LIABILITIES	Effective yield/mark- up rate per annum	Interest/mark-up bearing			Non interest/ mark-up bearing financial instruments	Total	
		Maturity up to one year	Maturity over one year to five years	Maturity over five years			Sub total
	----- Rupees -----						
Financial assets							
Investments	6% to 9%	66,000,000	161,273,800	-	227,273,800	121,869,591	349,143,391
Loans and others receivables		-	-	-	-	54,668,045	54,668,045
Receivable from OPF/ PTF		-	-	-	-	364,698,792	364,698,792
Accrued investment income		-	-	-	-	6,044,822	6,044,822
Takaful / re-takaful receivables		-	-	-	-	111,873,472	111,873,472
Retakaful recoveries against outstanding claims / benefits		-	-	-	-	167,061,743	167,061,743
Cash and bank	2.80% to 7.06%	93,147,186	-	-	93,147,186	72,343,508	165,490,694
		159,147,186	161,273,800	-	320,420,986	898,559,973	1,218,980,959
Financial liabilities							
Outstanding claims including IBNR		-	-	-	-	254,896,316	254,896,316
Takaful / re-takaful payables		-	-	-	-	37,965,103	37,965,103
Other creditors and accruals		-	-	-	-	2,045,965	2,045,965
Payable to OPF / PTF		-	-	-	-	364,698,792	364,698,792
		-	-	-	-	659,606,177	659,606,177

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

Sensitivity analysis - Interest rate risk

The Operator does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not affect the profit and loss of the Operator. For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) profit for the year by the amounts shown below.

	Increase / (decrease) in basis points	Effect on profit	Effect on fund
	-----Rupees-----		
As at December 31, 2021			
Cash flow sensitivity - variable rate financial liabilities	100	-	-
	(100)	-	-
Cash flow sensitivity - variable rate financial assets	100	4,241,257	4,241,257
	(100)	(4,241,257)	(4,241,257)
As at December 31, 2020			
Cash flow sensitivity - variable rate financial liabilities	100	-	-
	(100)	-	-
Cash flow sensitivity - variable rate financial assets	100	3,204,210	3,204,210
	(100)	(3,204,210)	(3,204,210)

b) Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or liability will fluctuate due to changes in foreign currency rates. Foreign exchange risk arises mainly where receivables and payables exists due to transactions in foreign currencies. As of the statement of financial position date, the Operator does not have material assets or liabilities which are exposed to foreign currency risk except for amount due from and due to retakaful companies.

c) 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 factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market.

Operator manages price risk by implementing the strict discipline in internal risk management and investment policies.

Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by relative quantity of the security being sold. The Operator has no significant concentration of price risk.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

Sensitivity analysis - Equity risk

The table below summarizes Operator's equity price risk as of 31 December 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, indeed results could be worse in Operator's investment portfolio because of the nature of investment markets.

	Fair Value	Price change	Estimated fair value after hypothetical change in price
	----- Rupees -----		
December 31, 2021	33,558,927	10 % increase	36,914,820
		10 % decrease	30,203,034
December 31, 2020	121,869,591	10 % increase	134,056,550
		10 % decrease	109,682,632

35.3.2 Liquidity risk

Liquidity risk is the risk that the Operator will encounter difficulty in meeting obligations associated with its financial liabilities. To guard against the risk, the Operator maintains balance of cash and other equivalents and readily marketable securities. The maturity profile of assets and liabilities are also monitored to ensure adequate liquidity is maintained. All financial liabilities of the Operator are short term in nature.

Liquidity risk is the risk that the Operator may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

On the statement of financial position date the Operator has cash and bank balance of Rs. 134,818,368 (2020: Rs. 165,490,694 /-).

The table below analyses the Operator's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date on an undiscounted cash flow basis.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

	2021			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	-----Rupees-----			
Financial liabilities				
Outstanding claims including IBNR	338,660,971	338,660,971	338,660,971	-
Takaful / re-takaful payables	31,285,006	31,285,006	31,285,006	-
Other creditors and accruals	24,015,967	24,015,967	24,015,967	-
Payable to OPF / PTF	132,960,206	132,960,206	132,960,206	-
	526,922,150	526,922,150	526,922,150	-

	2020			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	-----Rupees-----			
Financial liabilities				
Outstanding claims (including IBNR)	254,896,316	254,896,316	254,896,316	-
Takaful / retakaful payables	37,965,103	37,965,103	37,965,103	-
Other creditors and accruals	2,045,965	2,045,965	2,045,965	-
Payable to OPF / PTF	364,698,792	364,698,792	364,698,792	-
	659,606,177	659,606,177	659,606,177	-

35.4 Credit risk and concentration of credit risk

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

Concentration of credit risk occurs when a number of counterparties have a similar type of business activity. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The Operator's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits the Operator's exposure to credit risk through monitoring of client's exposure and conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

The carrying amount of financial assets represents the maximum credit exposure, as specified below:

	2021 Rupees	2020 Rupees
Investments	388,508,927	349,143,391
Loans and others receivables	206,231,601	54,668,045
Receivable from OPF / PTF	132,960,206	364,698,792
Accrued investment income	12,555,838	6,044,822
Takaful / Re-takaful receivables	198,967,435	111,873,472
Retakaful recoveries against outstanding claims / benefits	199,997,637	167,061,743
Cash & bank	134,818,368	165,490,694
	1,274,040,012	1,218,980,959

The Operator did not hold any collateral against the above during the year. General provision is made, whenever necessary for receivables according to the Operator's policy. The impairment provision is written off when the Operator expects that it cannot recover the balance due.

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

	Ratings		Ratings Agency	2021 Rupees	2020 Rupees
	Short term	Long term			
Meezan Bank Limited	A-1+	AAA	VIS	54,808,018	94,335,290
Summit Bank Limited*	-	-	VIS	385,872	176,232
Askari Bank Limited	A-1+	AA+	PACRA	24,630,232	1,246,415
Habib Bank Limited	A-1+	AAA	VIS	24,357,356	65,096,391
Allied Bank Limited	A-1+	AAA	PACRA	12,736	12,736
United Bank Limited	A-1+	AAA	VIS	304,590	104,147
Bank Al-Habib Limited	A-1+	AAA	PACRA	1,064	1,047
Bank Islami Pakistan Limited	A-1	A+	PACRA	18,679,180	1,310,780
The Bank of Khyber	A-1	A	PACRA	695,011	179,517
Albaraka Bank Pakistan Limited	A-1	A	PACRA	2,047,877	164,456
National Bank of Pakistan Limited	A-1+	AAA	PACRA	2,245,962	198,265
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS	4,008,997	1,754,997
MCB Islamic Bank Limited	A-1	A	PACRA	951,311	820,776
Faysal Bank Limited	A-1+	AA	PACRA	52,876	3,015
Soneri Bank Limited	A-1+	AA-	PACRA	1,542,885	-
				134,723,967	165,404,064

* Credit rating is not available

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

The age analysis of contributions due but unpaid and amount due from other takaful/ retakaful is as follows:

	2021 Rupees	2020 Rupees
Upto 1 year	175,767,832	103,382,275
1 year and above	23,199,603	8,491,197
	198,967,435	111,873,472

Re-takaful risk

Retakaful ceded does not relieve the Operator from its obligation towards policy holders and, as a result, the Operator remains liable for the portion of outstanding claims reinsured to the extent that retakaful Operator fails to meet the obligation under the retakaful agreement.

To minimize its exposure to significant losses from retakaful companies' insolvencies, the Operator obtains retakaful companies' ratings who are dispersed over several geographical regions.

The credit quality of amount due from other takaful companies and retakaful companies can be assessed with reference to external credit ratings as follows:

	Amount due from other takaful / re-takaful	Re-takaful recoveries against outstanding claims / benefits	Other re-takaful assets	2021	2020
	-----Rupees-----				
A or above	86,927,706	199,997,637	40,745,779	327,671,122	363,841,371
Total	86,927,706	199,997,637	40,745,779	327,671,122	363,841,371

35.5 Fund management

The Operator's objectives when managing capital or to safeguard Operator's ability to continue as going concern in order to provide returns for Operator or participants and to offer benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the amount of return paid to Operators or to participants may be adjusted.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

35.6 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Operator uses market observable data to the extent possible. If the fair value of an asset or liability is not directly observable, it is estimated by the Operator using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Inputs used are consistent with the characteristics of the asset/ liability that market participants would take into account.

Fair values are categorized into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- Transfers between levels of the fair value hierarchy are recognized by the Operator at the end of the reporting period during which the change occurred.

	Note	Investments	Carrying amount			Fair value				
			Loans and other receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
December 31, 2021										
Financial assets - measured at fair value										
Equity securities	6.1 & 6.2	33,558,927	-	-	-	33,558,927	33,558,927	-	-	33,558,927
Mutual fund certificates		-	-	-	-	-	-	-	-	-
Financial assets - not measured at fair value										
Sukuk bonds	7.1 & 7.2	313,350,000	-	-	-	313,350,000	313,350,000	-	-	313,350,000
Term deposits maturing within 12 months*	8	41,600,000	-	-	-	41,600,000	-	-	-	-
Term deposits maturing after 12 months*		-	-	-	-	-	-	-	-	-
Accrued investment income*		-	12,555,838	-	-	12,555,838	-	-	-	-
Security deposits*	10	-	51,440,349	-	-	51,440,349	-	-	-	-
Loans to employees*	10	-	3,583,659	-	-	3,583,659	-	-	-	-
Sundry receivables*	10	-	151,207,593	-	-	151,207,593	-	-	-	-
Takaful/ Retakaful receivables*	11	-	198,967,435	-	-	198,967,435	-	-	-	-
Receivable from OPF/ PTF*	12	-	132,960,206	-	-	132,960,206	-	-	-	-
Reinsurance recoveries against outstanding claims / benefits *	23	-	199,997,637	-	-	199,997,637	-	-	-	-
Cash in hand*	14	-	-	94,401	-	94,401	-	-	-	-
Cash at bank*	14	-	-	134,723,967	-	134,723,967	-	-	-	-
		388,508,927	750,712,717	134,818,368	-	1,274,040,012	346,908,927	-	-	346,908,927
Financial liabilities - not measured at fair value										
Outstanding claims including IBNR*	23	-	-	-	338,660,971	338,660,971	-	-	-	-
Takaful / re-takaful payables*	18	-	-	-	31,285,006	31,285,006	-	-	-	-
Other creditors and accruals*	19	-	-	-	24,015,967	24,015,967	-	-	-	-
Payable to OPF/ PTF*	12	-	-	-	132,960,206	132,960,206	-	-	-	-
		-	-	-	526,922,150	526,922,150	-	-	-	-

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

			Carrying amount			Fair value				
	Note	Investments	Loans and other receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
December 31, 2020										
Financial assets - measured at fair value										
Equity securities	6.1 & 6.2	106,899,868	-	-	-	106,899,868	106,899,868	-	-	106,899,868
Mutual fund certificates		14,969,723	-	-	-	14,969,723	14,969,723	-	-	14,969,723
Financial assets - not measured at fair value										
Sukuk bonds	7.1 & 7.2	161,273,800	-	-	-	161,273,800	161,273,800	-	-	161,273,800
Term deposits maturing within 12 months*	8	66,000,000	-	-	-	66,000,000	-	-	-	-
Term deposits maturing after 12 months*		-	-	-	-	-	-	-	-	-
Accrued investment income*		-	6,044,822	-	-	6,044,822	-	-	-	-
Security deposits*	10		47,234,224			47,234,224	-	-		-
Loans to employees*	10	-	1,302,000	-	-	1,302,000		-	-	-
Sundry receivables*	10	-	6,131,821			6,131,821	-	-	-	-
Takaful/ Retakaful receivables*	11	-	111,873,472	-	-	111,873,472	-	-	-	-
Receivable from OPF/ PTF*	12	-	364,698,792	-	-	364,698,792	-	-		-
Reinsurance recoveries against outstanding claims / benefits *	23	-	167,061,743	-	-	167,061,743	-	-	-	-
Cash in hand*	14	-		86,630	-	86,630	-	-	-	-
Cash at bank*	14	-	-	165,404,064	-	165,404,064	-	-	-	-
		349,143,391	704,346,874	165,490,694	-	1,218,980,959	283,143,391	-	-	283,143,391
Financial liabilities - not measured at fair value										
Outstanding claims including IBNR*	23	-	-		254,896,316	254,896,316	-	-	-	-
Takaful / re-takaful payables*	18	-	-		37,965,103	37,965,103	-	-	-	-
Other creditors and accruals*	19	-	-		2,045,965	2,045,965	-	-	-	-
Payable to OPF/ PTF*	12	-	-		364,698,792	364,698,792	-	-	-	-
		-	-		659,606,177	659,606,177	-	-	-	-

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

		2021 Rupees
36	STATEMENT OF SOLVENCY	
Assets		
Property and equipment		13,907,014
Investments		
Equity Securities		19,178,780
Debt Securities		144,740,000
Term deposits		-
Loans and others receivables		64,500,071
Takaful / Re-takaful receivables		198,967,435
Deferred wakala fee		163,639,586
Accrued investment income		5,064,997
Retakaful recoveries against outstanding claims / benefits		199,997,637
Prepayments		40,745,779
Cash & bank		129,074,293
Total assets (A)		979,815,592
In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000		
(h) Takaful / Re-takaful receivables		78,662,372
(h) Loans and other receivables		26,259,767
(u) Property and equipment		13,907,014
Total of Inadmissible assets (B)		118,829,153
Total Admissible assets (C=A-B)		860,986,439
Total liabilities		
PTF underwriting provisions		
Outstanding claims including IBNR		338,660,971
Contribution deficiency reserves		-
Unearned contribution reserves		305,838,478
Reserve for unearned retakaful rebate		7,803,722
Takaful / Re-takaful payables		31,285,006
Payable to OPF		132,960,206
Other creditors and accruals		5,762,575
Total liabilities (D)		822,310,958
Total net Admissible assets (E=C-D)		38,675,481

Minimum Solvency Requirement (higher of following)

As per requirement of section 10(k) of the Takaful Rules, 2012. An Operator shall ensure that in case of General takaful each participant takaful fund, at all times, has admissible assets in excess of its liabilities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

37 CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, wherever necessary, for the purpose of comparison and better presentation. However, no significant reclassifications have been made.

38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on April 01, 2022 by the Board of Directors of the Company.

39 GENERAL

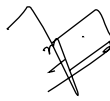
The figures in the financial statements have been rounded off to the nearest rupees.



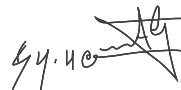
Muhammad Akram Shahid
Chief Executive Officer



Huma Waheed
Director



Maqbool Ahmad
Chief Financial Officer



Syed Rahat Ali Shah
Director



Jamil Ahmed Khan
Chairman

ANNUAL GENERAL MEETING

NOTICE is hereby given that the 62nd Annual General Meeting of the shareholders of THE UNITED INSURANCE COMPANY OF PAKISTAN LIMITED will be held on Saturday the April 23, 2022 at 11:00 a.m. (through Video-link) from Pakistan Stock Exchange, Auditorium, Karachi to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 61st Annual General Meeting of the Company held on April 30, 2021.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended December 31, 2021 together with the Directors' and Auditors' reports thereon.
3. To approve payment of Interim Dividend @ Rs. 1.00/- per share (i.e. 10%) as recommended by the Board of Directors for the half year ended June 30, 2021. (already paid).
4. To appoint auditors of the Company for the year ending December 31, 2022 and fix their remuneration. The present auditors, M/s. Ilyas Saeed & Co., Chartered Accountants, shall stand retired on the conclusion of AGM. The Board of Directors, based on the recommendation of Audit Committee, has recommended the appointment of M/s. RSM Avais Hyder Liaquat Nauman, Chartered Accountants, as auditors of the Company, for the year ending December 31, 2022 till conclusion of the next AGM.

SPECIAL BUSINESS

- 5(a) To ratify and approve transactions conducted with Related Parties for the year ended December 31, 2021 by passing the following special resolution with or without modification:

Resolved that the transactions conducted with Related Parties as disclosed in the notes 36 & 32 of conventional & takaful operations respectively for the year ended December 31, 2021 be and are hereby ratified, approved and confirmed.

- 5(b) To authorize the Board of Directors of the Company to approve transactions with Related Parties for the financial year ending December 31, 2022 by passing the following special resolution with or without modification:

Resolved that the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on case to case basis for the financial year ending December 31, 2022.

- 6 To consider and if deemed fit, pass with or without modification, the following special resolutions in accordance with the provision 199 of the Companies Act, 2017 read with section 183(3) for the purposes of authorizing the Company to disinvest 34.5% shares of its associated company namely Apna Microfinance Bank Limited by way of sale and transfer of sponsors shares to other group companies.

RESOLVED THAT the Company be and is hereby authorized, in accordance with Section 199 and Section 183(3) of the Companies Act, 2017 to disinvest 147,999,812 ordinary shares of Rs. 10/- each of Apna Microfinance Bank Limited i.e. 34.5% of the total paid up capital of the Company by way of sale and transfer of sponsor shares to its associated companies at Rs. 6/- per share in said proportionate i.e. 45,858,492 shares to be sold to United Software Technologies International (Pvt.) Limited, 48,818,489 shares to be sold to Tawasul Healthcare TPA (Pvt.) Limited and 53,322,831 shares to be sold to Tawasul Risk Management Services (Pvt.) Limited respectively.

Notice of the 62nd

ANNUAL GENERAL MEETING

RESOLVED FURTHER that Mr. Muhammad Akram Shahid, Chief Executive Officer of the Company, be and is hereby authorized and empowered to take all necessary steps, to make the requisite disinvestment from time to time, to do all such act, deeds and things and to execute and deliver all such deeds, agreements declaration, undertaking and guarantees, including any ancillary documents for and on behalf of the Company for the purpose of carrying out the proposed resolutions.

- 7) To consider and approve the remuneration of the Executive Directors (including Chief Executive Officer) and fee to the non- executive/independent Directors for attending the Board and its Committee(s) meetings:

RESOLVED THAT the approval be and is hereby granted to pay remuneration, perquisite and other fringe benefits to the Chief Executive Officer, Executive Director(s) and Fee to the Non-executive/Independent Directors, in addition to boarding, lodging and travelling expenses on actual basis as per Company Policy.

- 8) To transact any other business may be brought forward with the permission of the Chair.

A Statement of material facts under section 134(3) of the Companies Act, 2017, pertaining to the special business contained in Agenda Items 5, 6 & 7 is annexed to this Notice of Meeting.

By Order of the Board



Athar A. Khan

[Company Secretary]

Karachi.

April 02, 2022

NOTES:

Video Link Facility for Attending the Meeting

In pursuance of SECP's circulars nos. 4 & 6 of 2021, pertaining to Regulatory Relief to dilute the impact of COVID – 19 for the Corporate Sector, Company has been advised to modify their usually planning for Annual General Meeting for the well-being of the shareholders and avoid large gatherings by provision of video-link facilities.

Considering the restriction imposed by the Government on public gatherings and SECP's directives, the Company convenes this AGM virtually via video-link facilities managed from the Registered Office of the Company. To attend the AGM through video-link, members are required to register their particulars by sending an email at athar.khan@theunitedinsurance.com. The members registering to connect through video-link facility are required to mentioned their full name, cnic number, folio/cdc account no, valid email address, cell no. and no. of shares in the email with subject "Registration for UIC's AGM". Video link and login credentials will be shared with those Members whose email, containing all the required particulars are received at the given email address before (5.00 p.m.) on Monday 18th April 2022. Shareholders can also provide their comments and questions for the agenda items of the AGM on the same email address.

Notice of the 62nd

ANNUAL GENERAL MEETING

Closure of Share Transfer Books

The register of members and the share transfer books of the Company will remain closed as of April 16, 2022 to April 23, 2022 (both days inclusive).

Transfer received in order at the office of our Shares Registrar M/s. F.D. Registrar Services (Pvt.) Limited, Suit # 1705, 17th Floor, Saima Trade Center, I. I. Chundrigar Road, Karachi by the close of business (2:00 p.m.) on Friday, April 15, 2022 will be treated in time for the purpose of any entitlement and to attend, participate and vote at the Meeting.

Participant in the Annual General Meeting

A member entitled to attend and vote at the Meeting may appoint any other member as his/her proxy to attend and vote. Proxies must be received at the registered office of the Company not later than forty-eight (48) working hours before the Meeting. A blank Proxy Form is attached at the end of the report and also available at Company's website: www.theunitedinsurance.com for downloading.

CDC account holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

A. For Attendance:

- a) Individuals should be account or sub-account holder(s) and their registration details should be uploaded according to the CDC Regulations. They must establish their identity by providing a copy of their CNIC or passport.
- b) Corporate entities must provide a certified copy of a resolution of their respective boards of directors, or a power of attorney for attending the Meeting, which should bear the attorney's specimen signature.

B. For Appointing Proxies:

- a) Individuals should be account or sub-account holder(s) whose registration details should be uploaded according to CDC Regulations and their forms of proxy must be lodged at the registered office of the Company not later than 48 hours before the time for holding the Meeting.
- b) The form of proxy must be attested by two men, or any one man and two women, whose names, addresses and CNIC numbers should be given underneath their signatures.
- c) Attested copies of CNIC or passport of the member and proxy must be submitted with the form of proxy.

Unclaimed Dividend

Shareholders, who by any reason, could not claim their dividend, if any, are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend.

In compliance with Section 244 of the Companies Act - 2017, after having completed the stipulated procedure, all such dividend outstanding for a period of 3 years or more from the date due and payable shall be deposited to the Federal Government in case of unclaimed dividend.

Change of Address (if any)

Shareholders are requested to immediately notify change in address, if any to the Company's Share Registrar, M/s. F.D. Registrar Services (Pvt.) Limited, Suit # 1705, 17th Floor, Saima Trade Tower – A, I.I. Chundrigar Road, Karachi – 74000.

Notice of the 62nd

ANNUAL GENERAL MEETING

Deposit of Physical Shares in to CDC Account:

As per Section 72 of the Companies Act, 2017 every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act, i.e., May 31, 2017.

The Shareholders having physical shareholding are encouraged to open CDC sub - account with any of the brokers or Investor 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, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange.

Transmission of Annual Financial Statements through Email

The Securities and Exchange Commission of Pakistan (SECP) through its Notification S.R.O. 787(1)/2014 dated 8th September 2014 has permitted companies to circulate Audited Financial Statements along with Notice of Annual General Meeting to its members through e-mail. Accordingly, members are hereby requested to convey their consent and e-mail address for receiving Audited Financial Statements and Notice through e-mail. In order to avail this facility a Standard Request Form is available at the Company's website www.theunitedinsurance.com to be sent along with copy of his/her/ its CNIC/Passport to the Company's Share Registrar.

Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice.

Placement of Financial Accounts on Website

Pursuant to the notification of the SECP [SRO 1196(I)/2019] dated October 3, 2019, the financial statement of the Company have been placed on the Company's website at www.theunitedinsurance.com.

Details of Beneficial Ownership

Attention of corporate entities/legal persons is also invited towards SECP Circular No. 16 and 20 of 2018. Respective shareholders (corporate entities/legal persons) are advised to provide the information pertaining to ultimate beneficial owners and/or other information as prescribed in the subject SECP Circulars to the Share Registrar of the Company.

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

IN RESPECT OF MATERIAL FACTS

The statement sets out material facts concerning "Special Business" to be transacted at the Annual General Meeting of the Company to be held on April 23, 2022. The approval of the Members of the Company will be sought for:

Item No. 5 (a) Related Party Transactions

The transactions carried out in normal course of business with associated companies (Related parties) were being approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to clause 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

The transactions conducted during the financial year ended December 31, 2021 with associated companies as shown in relevant notes of the Audited Financial Statements are being placed before the shareholders for their consideration and approval/ratification. The Directors are interested in the resolution only to the extent of their common directorships in such related parties.

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Item No. 5 (b) Authorization for the Board of Directors to approve the related party transactions during the year ending December 31, 2022

The Company shall be conducting transactions with its related parties during the year ending December 31, 2022 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship in the holding/associated companies. In order to promote transparent business practices, the shareholders desire to authorize the Board of Directors to approve transactions with the related parties from time-to-time on case to case basis for the year ending December 31, 2022, which transactions shall be deemed to be approved by the Shareholders. The nature and scope of such related party transactions is explained above. These transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification.

The Directors are interested in the resolution only to the extent of their common directorships in such related parties.

Item No. 6 – Disinvest of Equity Investment in Apna Microfinance Bank Limited

Statement under section 134(3) of the Company Act – 2017 and Information required under Companies (Investment in Associate Companies or Associated Undertakings) Regulations 2017 are appended below:

Regulation No 3(1) (a) Disclosure for all types of investment:

Disclosure regarding associated company

A. Regarding Associated Company or Associated Undertakings

(i)	Name of Associated Company	Apna Microfinance Bank Limited
(ii)	Basis of Relationship	Associated Company
(iii)	Earnings/(Loss) per share for the last three years	Year ended December, 2019 0.17 Year ended December, 2020 0.10 Year ended December, 2021 (0.15) (Unaudited)
(iv)	Break-up value per share, based on latest financial statement	Break-up value per share on the basis of latest unaudited financial statements as at December 31, 2021 is Rs.5.48/- (2020:Rs.6.57)
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statement	As per un-audited financial statements for the year ended December 31, 2021: Total Assets =Rs.24,871 Million Total Liabilities =Rs.22,518 Million Total Revenue =Rs.1,966 Million (Loss)/Profit After Tax =Rs.[59.784] Million
(vi)	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely	Not Applicable
	I Description of the project and its history since conceptualization	Not Applicable
	II Starting date and expected date of completion of work	Not Applicable

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	III Time by which such project shall become commercially operational	Not Applicable
	IV Expected time which the project shall paying return on investment	Not Applicable
	V Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amount	Not Applicable

General Disclosures:

(i)	Maximum amount of disinvestment to be made	Shareholders approval is being sought to sell 147,999,812/- shares of Apna Microfinance Bank Limited to other associated concerns at Rs. 6/- per share for a total consideration of Rs. 887.999/-million.
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	The purpose and benefit of such disinvestment is the realization of sale proceeds by the company to further invest in more liquid investments to improve solvency & liquidity of UIC.
(iii)	Sources of funds to be utilize for investment and where the investment is intended to be made using borrowed funds:	Not Applicable
	(I) Justification for investment through borrowings	
	(II) Detail of collateral, guarantees provided and asset pledged for obtaining such funds	
	(III) Cost benefit analysis	
(iv)	Salient features on the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	Share purchase agreements are made between UIC and its associated companies as mentioned in Note No.12 of the financial statements annexed to the notice . As per terms of agreement, UIC Shall transfer all the shares to the its associated companies together with all rights or claims of whatsoever nature for a price equal to the sale consideration of Rs.887.999/-million. Transfer of shares shall be completed as per agreement and after obtaining all necessary regulatory approvals.
(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	Following Directors of the company are also holding following positions in AMBL 1.Mian Muhammad Akram Shahid (Chairman) (Sponsor/Major Shareholder/UBO)

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(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	Apna Micro Finance Bank Limited is associated undertaking of The United Insurance Co of Pakistan Limited. Bank recovered from its loss making operations in 2020 & 2019 by posting profit of Rs.37.219 & Rs.53.525 million respectively. During the year 2021 AMBL has posted Loss of 59.783 million due to covid pandemic.
(vii)	Any other important details necessary for the members to understand the transaction	Not Applicable

(b) Additional disclosure regarding Equity Investment

(i)	Maximum price at which securities will be acquired	While, no securities are being acquired by the company, the 34.5% shareholding of UIC in AMBL is sold at price of Rs.887.999/-million.
(ii)	In case the purchase price is higher than the market value in case of limited securities and fair value in case of unlisted securities, justification thereof	No purchase is being made, shares are sold to associated companies at sale price of Rs.6/- per share which is negotiated on the basis of fair value.
(iii)	Maximum number of securities to be acquired	No Securities has been acquired by the company. 34.5% shareholding of UIC in AMBL is sold to associated companies.
(iv)	Number of securities and percentage thereof held before and after the proposed investment	After disinvestment, Balance of Shareholding of UIC in AMBL is 12%.
(v)	Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities	Current Market Value is Rs.25 per share Weighted Avg Market Price of preceding twelve weeks is Rs.22.78/-per share.
(vi)	Fair value determined in terms of sub-regulation (1) regulation 5 for investment in unlisted securities	Fair value of transaction is Rs.887.999 million.

Information Required in Accordance with Section B(5)(III) of SRO(I)/2018

(i)	Name of the Subsidiary;	Not Applicable
(ii)	Cost of book value of Investment in subsidiary;	Not Applicable
(iii)	Total market value of subsidiary based on value of the Shares of the subsidiary company: a) In case of listed subsidiary company: quoted price of shares of subsidiary on day of decision of the Board for disposal; b) In case of non-listed subsidiary: value determined by a registered valuer who is eligible to carry out such valuation along with the name of valuer.	Not Applicable

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(iv)	Net worth of subsidiary as per latest audited financial statements and subsequent interim financial statement, if available;	Not Applicable
(v)	Total consideration for disposal or investment in subsidiary, basis of determination of the consideration and its utilization;	Not Applicable
(vi)	Quantitative and qualitative benefits expected to accrue to the members.	Not Applicable

Item No. 7 – Remuneration of Directors

Approval of the H Wouse is required for remuneration, perquisite and other fringe benefits to the Chief Executive Officer, Executive Director(s) and fee of the Non-Executive/Independent Directors, in addition to boarding, lodging and travelling expenses on actual basis as per Company Policy.

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(b) ایکویٹی سرمایہ کاری کے ضمن میں اضافہ اعلانیہ

- (i) زیادہ سے زیادہ نرخ جس پر سیکورٹیز حاصل کی جائیں
- کمپنی کی طرف سے کوئی سیکورٹیز نہیں خریدی جارہی ہے چنانچہ اے ایم بی ایل میں یو آئی سی کی 34.5 فیصد کی شیئر ہولڈنگ 887.999 ملین کی قیمت پر فروخت کی جارہی ہے۔
- (ii) اگر خریداری کی قیمت محدود سیکورٹیز کی صورت میں مارکیٹ ویلیو سے کوئی خریداری عمل میں نہیں لا جارہی ہے، منسلکہ کمپنیوں کو 6 روپے فی زائد ہے اور غیر فہرست سیکورٹیز کی صورت میں مناسب قیمت ہے تو اس حصص کی فروختی قیمت پر حصص فروخت کئے جارہے ہیں جو منصفانہ ویلیو کا جواز
- (iii) زیادہ سے زیادہ سیکورٹیز کی حاصل کردہ تعداد
- کمپنی کی طرف سے کوئی سیکورٹیز نہیں خریدی گئیں۔ اے ایم بی ایل میں یو آئی سی کے 34.5 فیصد ہولڈنگ شیئرز کو منسلکہ کمپنیوں کو فروخت کیا جا رہا ہے۔
- (iv) مجموعہ سرمایہ کاری سے پہلے اور بعد از سیکورٹیز کی تعداد اور شرح فیصد سرمایہ نکلوانے کے بعد اے ایم بی ایل میں یو آئی سی کے شیئر ہولڈنگ کا توازن 12 فیصد ہے۔

- (v) موجودہ اور گزشتہ بارہ ہفتوں کے وزن میں اوسط مارکیٹ قیمت جہاں موجودہ مارکیٹ ویلیو 25 روپے فی شیئر ہے گزشتہ بارہ مہینوں کے وزن میں اوسط مارکیٹ قیمت 22.78 روپے فی حصص ہے
- (vi) غیر فہرست سیکورٹیز میں سرمایہ کاری کیلئے ضمنی ضابطہ (1) ریگولیشن 5 کی لین دین کی فیئر ویلیو 887.999 ملین روپے ہے۔
- شرائط میں مقرر کردہ مناسب قیمت

ایس آر او (1)/2018 کے سیکشن (III) B(5) کے تحت درکار معلومات

- (i) ذیلی کمپنی کا نام قابل اطلاق نہیں
- (ii) ذیلی کمپنی میں سرمایہ کاری کی بک ویلیو کی لاگت قابل اطلاق نہیں
- (iii) ذیلی کمپنی کے حصص کی قدر کی بنیاد پر ذیلی کمپنی کی مجموعی مارکیٹ ویلیو
- (a) لسٹڈ ذیلی کمپنی ہونے کی صورت میں: بورڈ کے تصرف کے فیصلے کے دن پر ذیلی کمپنی کے حصص کی قیمت درج کی گئی
- (b) نان لسٹڈ ذیلی کمپنی کی صورت میں: رجسٹرڈ ویلیو کی طرف سے قدر کا تعین جو اس طرح کی قدر کے تعین کرنے کا اہل ہے۔
- (iv) اگر دستیاب ہو تو تازہ آڈٹ شدہ مالی گوشواروں اور اسی طرح عبوری مالی گوشوارے کے مطابق ذیلی کمپنی کی خالص مالیت

آئٹم نمبر 7: ڈائریکٹرز کا معاوضہ

- (v) ذیلی کمپنی میں تصرف یا سرمایہ کاری کیلئے غور
- (vi) اراکین کو پہنچنے والے مقداری اور معیاری فوائد

آئٹم نمبر 7: ڈائریکٹرز کا معاوضہ

چیف ایگزیکٹو آفیسر، ایگزیکٹو ڈائریکٹرز کے معاوضے، مراعات اور دیگر معاون فوائد کیلئے اور نان ایگزیکٹو / آزاد ڈائریکٹرز کی فیس بشمول بورڈنگ، لاجنگ اور سفری اخراجات کی حقیقی بنیاد پر کمپنی کی پالیسی کے تحت ادائیگی کیلئے ایوان کی منظوری درکار ہوگی۔

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(b) عمومی اعلانیہ

- (i) زیادہ سے زیادہ نکالے جانے والے سرمایہ کی رقم
- حصص یافتگان کی اپنا مائیکروفنانس بینک لمیٹڈ کے 147,999,812 حصص کی دیگر منسلک کمپنیوں کو مجموعی طور پر 887.999 ملین روپے کیلئے 6 روپے فی حصص فروخت کیلئے منظوری لی جا رہی ہے۔
- (ii) مقاصد، فوائد جو سرمایہ کار کمپنی اور اس کے ممبران کو اس طرح کی سرمایہ اس طرح سے سرمایہ نکالنے کا مقصد اور فائدہ کمپنی کی طرف سے حاصل کاری اور سرمایہ کار کی مدت سے حاصل ہوں
- فروخت تحصیلات کو مزید لیکویڈ سرمایہ کاری میں لگانا ہے تاکہ یو آئی سی کی نادر ہنگی اور لیکویڈیٹی کو بہتر بنایا جاسکے۔
- (iii) سرمایہ کاری کیلئے استعمال ہونے والے فنڈز کے ذرائع اور جہاں ادھار قابل اطلاق نہیں
- فنڈز کے ذریعے سرمایہ کاری کا ارادہ
- قرض کے ذریعے سرمایہ کاری کا جواز، ضمانت کی تفصیل، فراہم کردہ گارنٹی قابل اطلاق نہیں
- اور ایسے فنڈز کی حصول کیلئے گروی شدہ اثاثہ لاگت کے فوائد کا تجزیہ
- (iv) معاہدے کی نمایاں خصوصیات اگر ہوں تو منسلک کمپنی یا منسلک اقرار نامہ کے
- ضمن میں مجموعہ سرمایہ کاری
- حصص کی خریداری کا معاہدہ یو آئی سی اور اس کی منسلک کمپنیوں کے درمیان کیا جا رہا ہے جس کا تذکرہ نوٹس سے منسلک مالی گوشواروں کے نوٹ نمبر 12 میں کیا گیا۔ معاہدہ کی شرائط کے مطابق یو آئی سی 887.999 ملین روپے کی فروخت کے برابر قیمت کیلئے تمام حقوق یا دعویٰ جو بھی نوعیت کے ہوں کے ساتھ اپنی تمام منسلک کمپنیوں کو تمام حصص منتقل کرے گا۔ حصص کی منتقلی معاہدہ کے مطابق اور تمام ضروری ریگولیٹری منظور یوں کے حصول کے بعد مکمل کی جائے گی۔
- (v) ڈائریکٹرز، اسپانسرز، اکثریتی حصص یافتگان اور ان کے رشتہ داروں کی
- بلا واسطہ یا بلا واسطہ دلچسپی، اگر ہو تو منسلک کمپنی یا منسلک اقرار نامہ یا زیر غور رکھتے ہیں
- لین دین کے تحت
- 1۔ میاں محمد اکرم شاید (چیئرمین) (سپانسر / بڑے حصص یافتہ / یو بی او)
- (vi) منسلک کمپنی یا منسلک اقرار نامہ کے تحت اگر پہلے ہی سرمایہ کاری کی جا چکی ہو
- دی یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ اپنا مائیکروفنانس بینک کی تو ایسی سرمایہ کاری کی کارکردگی کا جائزہ بشمول مکمل معلومات / جواز منسلک کمپنی ہے اور بینک نے ماضی کے خسارے کو ریکور کیا ہے اور اس برائے کسی نقصان یا تنسیخ
- 2019 اور 2020 میں بالترتیب 37.219 ملین اور 53.525 ملین کا منافع رہا۔ 2021 کے دوران اے ایم بی ایل کا کورونا وبا کے باعث خسارہ 59.783 ملین روپے رہا
- قابل اطلاق نہیں
- (vii) ممبران کیلئے لین دین کو سمجھنے کیلئے دیگر ضروری معلومات

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جائیگا۔ ایسے متعلقہ فریقوں کے ساتھ لین دین کی نوعیت اور دائرہ کار کی مندرجہ بالا وضاحت کی گئی ہے۔ یہ لین دین حصص یافتگان کے رو برو آئندہ سالانہ اجلاس عام میں باضابطہ منظوری توہیق کیلئے پیش کیا جائے گا۔ ڈائریکٹرز ایسے فریقوں سے صرف اپنی مشترکہ ڈائریکٹر شپ کی حد تک قرا داد میں دلچسپی رکھتے ہیں۔

آئٹم نمبر 6۔ اپنا مائیکروفنانس بینک لمیٹڈ میں ایکویٹی سرمایہ کو نکلوانا کمپنیز (انویسٹمنٹ ان ایسوسی ایٹ کمپنیز یا ایسوسی ایٹڈ انڈر ٹیکنگ) ریگولیشنز کے تحت کمپنیز ایکٹ 2017 کی دفعہ (3) 134 کی تعمیل میں بیانیہ درج ذیل ہے۔

ریگولیشن نمبر (a)(1) 3: تمام اقسام کی سرمایہ کاری کا اعلانیہ منسلکہ کمپنی کی ضمن میں اعلانیہ

A. منسلکہ کمپنی یا منسلکہ اقرار نامہ کے بیان میں:

- (i) منسلکہ کمپنی کا نام اپنا مائیکروفنانس بینک لمیٹڈ
- (ii) تعلقات کی بنیاد منسلکہ کمپنی
- (iii) آمدنی/(خسارہ) فی شیئر برائے گزشتہ تین سال
اختتامی سال دسمبر، 2019 0.17
اختتامی سال دسمبر، 2020 0.10
اختتامی سال دسمبر، 2021 (0.15) (بغیر آڈٹ شدہ)
- (iv) بریک اپ قدر فی شیئر تازہ ترین مالیاتی گوشواروں پر مبنی
بریک اپ قدر فی شیئر تازہ ترین مالیاتی گوشواروں بمطابق 31 دسمبر، 2021 کے تحت 5.48 روپے (6.57:2020 روپے)
- (v) مالیاتی حیثیت، بشمول تازہ ترین مالی گوشواروں کی بنیاد پر مالی حیثیت اور مورخہ 31 دسمبر، 2021 کو ختم ہونے والے سال کے (بغیر آڈٹ شدہ) منافع اور خسارہ کے اکاؤنٹ کا اہم آئٹم
مالی گوشواروں کے مطابق
کل اثاثے = 24,871 ملین روپے
کل واجبات = 22,518 ملین روپے
کل آمدنی = 1,966 ملین روپے
منافع بعد از ٹیکس = (59.784) ملین روپے
- (vi) متعلقہ کمپنی کے منصوبے کے سلسلے میں سرمایہ کاری کی صورت میں یا قابل اطلاق نہیں متعلقہ اقرار نامہ جس کے تحت کارروائی کا آغاز نہیں ہوا، کی مندرجہ ذیل مزید معلومات بنانا
(i)۔ منصوبے کی تفصیل اور اس کے آغاز کی تاریخ قابل اطلاق نہیں
(ii)۔ تاریخ کا آغاز اور کام کی تاریخ کی تکمیل قابل اطلاق نہیں
(iii)۔ وہ وقت جب ایسے منصوبے کا تجارتی طور پر عمل درآمد کیا جائے گا قابل اطلاق نہیں
(iv)۔ متوقع وقت جب منصوبے پر سرمایہ کاری سے منافع حاصل ہوگا قابل اطلاق نہیں
(v)۔ سرمایہ کار شدہ فنڈز یا پروموترز کی جانب سے لگایا جانے والا سرمایہ، قابل اطلاق نہیں
اسپانسر، منسلکہ کمپنی یا اس سے منسلک انڈر ٹیکنگ جس میں نقد اور غیر نقد رقم کے درمیان فرق کیا گیا ہو،

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سالانہ مالیاتی گوشواروں کی بذریعہ ای میل ترسیل

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) نے اپنے نوٹیفیکیشن بحوالہ ایس آر او نمبر (1) 787 سال 2014 تاریخ 8 ستمبر 2014 میں کمپنیوں کو ای میل کے ذریعے اپنے ممبران کو سالانہ اجلاس عام کا نوٹس بشمول آڈٹ شدہ مالیاتی گوشوارے ترسیل کرنے کی اجازت دیدی ہے جس کے مطابق ممبران سے استدعا ہے کہ وہ بذریعہ ای میل آڈٹ شدہ مالیاتی گوشواروں اور میل نوٹس کی موصولی کیلئے اپنی رضامندی اور ای میل ایڈریس فراہم کر دیں۔ اس سہولت سے فائدہ اٹھانے کیلئے کمپنی کی ویب سائٹ www.theunitedinsurance.com پر دستیاب اسٹینڈرڈ درخواست فارم پر کر کے اپنے شناختی کارڈ کی کاپی / پاسپورٹ کے ساتھ کمپنی کے شیئر رجسٹرار کو ارسال کر دیں۔

برائے کرم نوٹ کر لیں کہ ڈاک کے ذریعہ سالانہ مالیاتی گوشوارے وصول کرنے کے بجائے ای میل ایڈریس دینا اختیاری ہے۔ اگر آپ اس سہولت سے فائدہ نہیں اٹھانا چاہتے تو براہ کرم اس نوٹس کو نظر انداز کر دیں۔

سالانہ اکاؤنٹس کی ویب سائٹ پر دستیابی

ایس ای سی پی کے نوٹیفیکیشن (ایس آر او (1) 1196 سال 2019) تاریخ 3 اکتوبر 2019 کی تعمیل میں کمپنی کے مالیاتی حسابات کمپنی کی ویب سائٹ www.theunitedinsurance.com پر دستیاب ہیں۔

بینی فیشل اور شپ کی تفصیلات

کارپوریٹ اداروں / قانونی افراد کی توجہ ایس ای سی پی کے سرکلر نمبر 16 اور 20 تاریخ 2018 کی طرف مبذول کرائی جاتی ہے۔ متعلقہ حصص یافتگان (کارپوریٹ اداروں / قانونی افراد) کو مشورہ دیا جاتا ہے کہ وہ حتمی بینی فیشل اورز سے متعلق معلومات اور / یا دیگر معلومات جو ایس ای سی پی کے مذکورہ سرکلرز میں درج ہیں کمپنی کے شیئر رجسٹرار کو فراہم کریں۔

کمپنیز ایکٹ مجریہ 2017 کی دفعہ (3) 134 کے تحت مادی حقائق کے تناظر میں اسٹیٹمنٹ

اس اسٹیٹمنٹ میں مورخہ 23 اپریل 2022 کو منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں خصوصی امور سے تعلق لین دین کے ٹھوس حقائق شامل کئے گئے ہیں۔ کمپنی کے ممبران کی منظوری کیلئے یہ مطالبہ کیا جائے گا کہ:

آئٹم نمبر 5(a) - متعلقہ فریقوں سے لین دین

متعلقہ کمپنیوں (متعلقہ فریقوں) کے ساتھ عمومی طور پر کاروبار میں ہونے والے لین دین کی بورڈ کے ذریعے منظوری دی گئی تھی جو کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی دفعہ 15 کے تحت سہ ماہی کی بنیاد پر آڈٹ کمیٹی کے ذریعے تجویز کی گئی تھی۔ متعلقہ کمپنیوں کے ساتھ مورخہ 31 دسمبر 2021 کو ختم ہونے والے مالی سال کے دوران ہونے والے لین دین جو آڈٹ شدہ مالیاتی گوشواروں کے متعلقہ نوٹس میں واضح ہیں، حصص یافتگان کو ان کے غور و خوض اور منظوری توثیق کے لیے پیش کرنا ہوں گے۔ ڈائریکٹرز ایسے متعلقہ فریقوں کے ساتھ صرف اپنی عمومی ڈائریکٹر شپ کی حد تک قراردادیں دلچسپی رکھتے ہیں

آئٹم نمبر 5(b) - مورخہ 31 دسمبر 2022 کو ختم ہونے والے سال کے دوران متعلقہ فریق سے لین دین کی منظوری کیلئے بورڈ آف ڈائریکٹرز کی اجازت

کمپنی عمومی طور پر کاروبار میں متعلقہ فریقوں کے ساتھ لین دین کے سلسلے میں منظور شدہ پالیسی کے مطابق 31 دسمبر 2022 کو ختم ہونے والے سال کے دوران متعلقہ فریقوں کی ساتھ لین دین کرے گی۔ ڈائریکٹرز کی اکثریت ذیلی لین دین میں منسلک / حصولی کمپنی میں اپنے مشترکہ ڈائریکٹر شپ کے تحت دلچسپی رکھتے ہیں۔ شفاف کاروباری طریقہ کار کے فروغ کیلئے حصص یافتگان مورخہ 31 دسمبر 2022 کو ختم ہونے والے سال کیلئے وقتاً فوقتاً کیس کی بنیاد پر متعلقہ فریقوں کے ساتھ معاہدوں کی منظوری کیلئے بورڈ آف ڈائریکٹرز کو اختیار دینے کے خواہشمند ہیں جو لین دین حصص یافتگان کی جانب سے منظور سمجھا

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سالانہ اجلاس عام

نامزد رکن جو اجلاس میں شرکت اور رائے دہی کا اہل ہو وہ کی دوسرے کو اجلاس میں شرکت اور رائے دہی کیلئے اپنا پراکسی مقرر کر سکتا ہے۔ پراکسی کی تقریریاں کمپنی کے رجسٹرڈ دفتر کمرہ نمبر 204 مدینہ سٹی مال، عبداللہ ہارون روڈ کراچی کو اجلاس کے انعقاد سے 48 گھنٹے قبل موصول ہو جانی چاہیں۔ پراکسی فارم رپورٹ کے اختتام پر منسلک ہے اور کمپنی کی ویب سائٹ www.theunitedinsurance.com پر ڈاؤن لوڈنگ کے لئے دستیاب ہے سی ڈی سی اکاؤنٹ ہولڈر سیکورٹیز اینڈ ایکس چینج کمیشن آف پاکستان کی طرف سے وضع کردہ درج ذیل ہدایات کی تعمیل کرنی ہوگی۔

A. شرکت کیلئے

(a) انفرادی اراکین کو اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر ہونا چاہیئے اور ان کی رجسٹریشن کی تفصیلات سی ڈی سی ریگولیشنز کے مطابق اپ لوڈ ہونی چاہئیں

(b) کاروباری ممبران کے نمائندے کو اجلاس میں شرکت کیلئے بورڈ آف ڈائریکٹرز کی قرارداد کی مصدقہ کاپی یا ایک پاور آف اٹارنی فراہم کرنی ہوگی جس پر اٹارنی کے دستخط کے نمونے ہونے چاہئیں

(a) انفرادی اراکین کو اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر ہونا چاہیئے جن کی رجسٹریشن کی تفصیلات سی ڈی سی ریگولیشنز کے مطابق اپ لوڈ ہونی چاہیں اور ان کے پراکسیوں کے فارمز اجلاس کے انعقاد سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ دفتر میں جمع ہونے چاہیں

(b) پراکسی فارم پر دو افراد یا ایک مرد اور دو خواتین کی گواہی ہونی چاہیئے جن کے نام، پتے اور سی این آئی سی نمبران کے دستخطوں کے نیچے پراکسی فارم پر دو افراد کی گواہی ہونی چاہیئے جن کے نام، پتے اور سی این آئی سی نمبر فارم میں درج ہوں۔

(c) پراکسی فارم کے ساتھ رکن اور پراکسی کے شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی جمع کرانی ہوں گی۔

غیر دعویٰ شدہ منافع منقسمہ

ایسے حصص یافتگان جو کسی بھی وجہ سے اپنا منافع منقسمہ کا دعویٰ نہیں کر سکے، اگر کوئی ہے، انہیں اپنے غیر دعویٰ شدہ منافع منقسمہ کے حصول / معلومات کیلئے شیئرز رجسٹرار سے رابطہ کرنے کا مشورہ دیا جاتا ہے۔

کمپنیز ایکٹ 2017 کے سیکشن 244 کی تعمیل میں تمام مروجہ طریقہ کار کی تکمیل کے بعد ایسے تمام منافع منقسمہ جو اجرا کی تاریخ سے تین سال یا زائد عرصہ کیلئے غیر ادا شدہ ہیں غیر دعویٰ ہونے کی صورت میں وفاقی حکومت کے حوالے کر دیے جائیں گے۔

پتہ کی تبدیلی (اگر کوئی ہے)

حصص یافتگان سے درخواست کی جاتی ہے کہ ان کے رجسٹرڈ پتہ میں کسی بھی تبدیلی سے کمپنی کے شیئرز رجسٹرار میسرز ایف ڈی رجسٹرار سروسز (پرائیویٹ) لمیٹڈ، آفس نمبر 17، 1705 ویں منزل صائمہ ٹریڈ ٹاور A، آئی آئی چندریگر روڈ کراچی۔ 74000 کو فوری طور پر مطلع کریں۔

فزیکل شیرز کی سی ڈی سی اکاؤنٹ میں ادائیگی

کمپنیز ایکٹ مجریہ 2017 کی دفعہ 72 کے تحت ہر موجودہ کمپنی اس بات کی پابند ہے کہ کمیشن کی جانب سے مخصوص کردہ تاریخ اور اس کی مدت جو کہ ایکٹ کے آغاز سے چار سال سے زائد نہ ہو یعنی 31 مئی 2017ء اپنے تمام فزیکل شیئرز کو بک انٹری کے ساتھ تبدیل کرے۔


فزیکل حصص یافتگی رکھنے والے حصص یافتگان سی ڈی سی کا ذیلی اکاؤنٹ کسی بھی بروکر کیساتھ کھولیں یا ایس ڈی سی کیساتھ براہ راست انویسٹر کاؤنٹ کھولنے کا مشورہ دیا جاتا ہے کہ وہ اپنے فزیکل شیئرز کو اسکرپٹ لیس شکل میں رکھیں۔ اس سے انہیں جب بھی وہ چاہیں کئی طرح کی سہولیات ملیں گی جس میں محفوظ تحویل اور حصص کی فروخت شامل ہیں۔ پاکستان اسٹاک ایکس چینج کے موجودہ قواعد و ضوابط کے مطابق فزیکل شیئرز کی تجارت کی اجازت نہیں ہے

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- قرار پایا کہ کمپنی کی طرف سے مجوزہ قراردادوں پر موثر عمل درآمد کے مقصد کیلئے محمد اکرم شاہد، کمپنی چیف ایگزیکٹو آفیسر کو وقتاً فوقتاً مطلوبہ فروخت کے تناظر میں ضروری اقدامات اٹھانے کیلئے تمام معاہدے، اعمال اور علانیہ امور انجام تحریری اعلان اقرار نامے اور اس طرح کے اعمال، معاہدوں حتمی بیان کے اعلامیہ، حلف نامہ اور ضمانتوں بشمول معاون دستاویز پر عملدرآمد اور جاری کرنے کا اختیار دیا جاتا ہے۔
- (7) ایگزیکٹو آفیسر (بشمول چیف ایگزیکٹو آفیسر) کے معاوضے اور نان ایگزیکٹو/ آزاد ائریکٹرز کی بورڈ اور اس کی کمیٹیوں کے اجلاس میں شرکت کی فیس پر غور و خوض اور اس کی منظوری۔
- قرار پایا کہ چیف ایگزیکٹو آفیسر، ایگزیکٹو آفیسر کو مناسب معاوضہ اور دیگر مراعات کی ادائیگی کی منظوری دی جاتی ہے اور نان ایگزیکٹو/ آزاد ائریکٹرز کو فیس کے علاوہ بورڈنگ، لاجنگ اور سفری اخراجات کمپنی پالیسی کے مطابق کیے جائیں گے۔
- (8) چیئر مین کی اجازت سے پیش کردہ دیگر کارروائی کی انجام دہی۔
- کمپنیز ایکٹ مجریہ 2017 کی دفعہ (3) 134 کے تحت ٹھوس شواہد کی اسٹیٹمنٹ بحوالہ خصوصی قرارداد شامل کردہ ایجنڈا آئٹم نمبر 6، 5 اور 7 اجلاس کے نوٹس کے ساتھ منسلک ہے۔

بحکم بورڈ

 اظہار خان
 (کمپنی سیکریٹری)

کراچی
 02 اپریل، 2022
 نوٹس:

اجلاس میں شرکت کیلئے ویڈیولنک کی سہولت

کارپوریٹ سیکٹر کیلئے کورونا وبا کے اثرات کو کم کرنے کیلئے ریگولیٹری ریلیف سے متعلق ایس ای سی پی کے سرکلر نمبر 4 اور 6 آف 2021 کے تحت کمپنی کو مشورہ دیا گیا ہے کہ وہ حصص یافتگان کی صحت اور سلامتی کیلئے سالانہ اجلاس عام کیلئے اپنی عمومی منصوبہ میں تبدیلی اور بڑے اجتماع سے اجتناب کرتے ہوئے ویڈیولنک کی سہولیات فراہم کرے۔

عوامی اجتماع کے حوالے سے حکومتی پابندیوں اور ایس ای سی پی کی ہدایات کو مد نظر رکھتے ہوئے کمپنی ویڈیولنک سہولیات کے ذریعے سالانہ اجلاس عام ورجوئی منعقد کر رہی ہے جس کا انتظام کمپنی کے رجسٹرڈ آفس سے ہوگا۔ ویڈیولنک کے ذریعے اے جی ایم میں شرکت کیلئے اراکین سے درخواست ہے کہ وہ athar.khan@theunitedinsurance.com پر ای میل کر کے اپنے کوائف رجسٹر کرائیں۔ ویڈیولنک سہولت کے ذریعے شرکت کرنے والے اراکین ”رجسٹریشن فار یو آئی سی اے جی ایم“ کے موضوع کے ساتھ ای میل میں اپنا پورا نام، شناختی کارڈ، فوٹیو/ سی ڈی سی اکاؤنٹ نمبر، درست ای میل ایڈریس، موبائل نمبر اور حصص کی تعداد کا درج کریں۔ ویڈیولنک اور لاگ ان کی تفصیلات ان اراکین کو بتائی جائیں گی جن کی مطلوبہ تفصیلات پر مشتمل ای میل دیئے گئے 18 اپریل، 2022 سو مووار کو شام پانچ بجے سے قبل موصول ہوں گی۔

شیئر ٹرانسفر بکس کی بندش

کمپنی کے اراکین کار رجسٹر اور شیئر ٹرانسفر بک مورخہ 16 اپریل، 2022 تا 23 اپریل 2022 (بشمول دونوں ایام) بند رہیں گے۔ کمپنی کے رجسٹر اریٹرز ایف ڈی رجسٹر اریٹرز (پرائیویٹ) لمیٹڈ دفتر نمبر 1705، 17 ویں منزل، صائمہ ٹریڈ سینٹر، آئی آئی چندریگر کراچی کو بروز جمعہ مورخہ 15 اپریل، 2022 کو کاروباری اوقات کار کے اختتام سے قبل موصول ہونے والی منتقلیاں کسی بھی حق کے مقصد اور اجلاس میں شرکت اور رائے دہی کیلئے بروقت تصوری جائیں گی۔

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بذریعہ نوٹس بذمہ مطلع کیا جاتا ہے کہ دی یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ کا 62 واں سالانہ اجلاس عام بروز ہفتہ 23 اپریل 2022ء، صبح 11 بجے (ویڈیولنک کے ذریعے) بمقام پاکستان اسٹاک ایکسچینج آڈیٹوریم تیسری منزل پی ایس ایکس بلڈنگ، کراچی میں درج ذیل امور کی انجام دہی کیلئے منعقد کیا جائیگا۔

عمومی امور

- (1) کمپنی کے 30 اپریل، 2021 کو منعقدہ 61 سالانہ اجلاس عام کی کارروائی کی توثیق
- (2) 31 دسمبر 2021 کو ختم ہونے والے سال کیلئے کمپنی کے سالانہ آڈٹ شدہ حسابات بمع ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور منظوری
- (3) بورڈ آف ڈائریکٹرز کی طرف سے سفارش کردہ 1.0 روپے فی حصص (یعنی 10 فیصد) کے عبوری منافع منقسمہ کی ادائیگی کی منظوری (پہلے ہی ادا کر دیا گیا)
- (4) 31 دسمبر، 2022 کو ختم ہونے والے سال کیلئے کمپنی کے آڈیٹرز کی تقرری اور ان کے مشاہرہ کا تعین۔ موجودہ میسر ایس سعید اینڈ کو چارٹرڈ اکاؤنٹنٹس اے جی ایم کے اختتام پر سبکدوش ہو جائیں گے۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارش کی بنیاد پر 31 دسمبر، 2022 کو ختم ہونے والے سال سے اگلی اے جی ایم کے اختتام تک میسرز آریس ایم او ایس حیدر لیاقت نعمان، چارٹرڈ اکاؤنٹنٹس کی کمپنی کے آڈیٹرز کے طور پر تقرر کی سفارش کی ہے۔

خصوصی امور

- (a) مورخہ 31 دسمبر 2021 کو ختم ہونے والے سال کیلئے متعلقہ فریقوں کے ساتھ کئے جانے والے لین دین کے معاملات کی توثیق اور منظوری کیلئے مندرجہ ذیل خصوصی قرارداد کی ترمیم یا بلا ترمیم اجازت دینا
- قرار پایا کہ 31 دسمبر، 2021 کو ختم ہونے والے سال کے دوران متعلقہ فریقوں کے ساتھ کئے جانے والے لین دین کی کنوشنل اور کافل آپریشنز کے نوٹ 32 اور 36 کے مطابق توثیق، منظوری اور تصدیق کی جاتی ہے
- (b) کمپنی کے بورڈ آف ڈائریکٹرز کو یہ اختیار دیا جاتا ہے کہ مورخہ 31 دسمبر 2022 کو ختم ہونے والے مالی سال کیلئے متعلقہ فریقوں کے ساتھ لین دین کی انجام دہی کی منظوری کیلئے مندرجہ ذیل خصوصی قرارداد کی ترمیم یا بلا ترمیم اجازت دینا
- قرار پایا کہ کمپنی کے بورڈ آف ڈائریکٹرز کو اختیار دیا جاتا ہے کہ مورخہ 31 دسمبر 2022 کو ختم ہونے والے مالی سال کیلئے متعلقہ فریقوں کے ساتھ ہر معاملے کے تحت لین دین کی انجام دہی کی منظوری دینا
- (6) کمپنیز ایکٹ، 2017 کی دفعہ 199 جسے سیکشن (3) 183 کے ساتھ ملا کر پڑھا جائے کے تحت کمپنی کو منسلکہ کمپنی اپنا مائیکروفنانس بینک لمیٹڈ کے 34.5% حصص کو دیگر گروپ کمپنیوں کو سپانسرز حصص کی فروخت اور منتقلی کے ذریعے سرمایہ نکالنے کی اجازت دینے کیلئے غور و خوض اور منظوری دینا اور اگر موزوں سمجھا جائے تو مندرجہ ذیل خصوصی قراردادوں کی ترمیم یا بلا ترمیم اجازت دینا
- قرار پایا کہ کمپنیز ایکٹ، 2017 کے سیکشن 199 اور (3) 183 کے تحت کمپنی کو اپنا مائیکروفنانس بینک لمیٹڈ کے فی 10 روپے کے حساب سے 147,999,812 عمومی حصص یعنی کمپنی کے کل ادا شدہ سرمایہ کا 34.5% فیصد فروخت کرنے کی اجازت دینا یہ عمل منسلکہ کمپنیوں میں سپانسرز حصص کی فروخت اور منتقلی کے ذریعے سرانجام دیا جائے گا جس کے تحت یونائیٹڈ سافٹ ویئر اینڈ ٹیکنالوجیز انٹرنیشنل (پرائیویٹ) لمیٹڈ کو مذکورہ تناسب میں 6 روپے فی حصص کے حساب سے 45,858,492 حصص، تو اصل ہیلتھ کیئر ٹی پی اے (پرائیویٹ) لمیٹڈ کو 48,818,489 اور تو اصل رسک مینجمنٹ سروسز (پرائیویٹ) لمیٹڈ کو 53,322,831 حصص فروخت کئے جائیں گے۔

PROXY FORM

The United Insurance Company of Pakistan Limited

The United Insurance Company of Pakistan Limited

204, 2nd Floor, Madina City Mall, Abdullah Haroon Road, Saddar Karachi.

I / We _____ of _____ being a member of The United Insurance Company of Pakistan Limited and a holder of _____ ordinary shares, as per Share Register Folio No. _____ and / or CDC Participant I.D. No. _____ and sub Account No. _____ hereby appoint (Name) _____ of _____ or failing him/her (Name) of _____

who are also members of The United Insurance Company of Pakistan Limited as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on April 23, 2022, at 11:00 am at Pakistan Stock Exchange Auditorium, 3rd Floor, PSX Building, Karachi and at any adjournment thereof.

Signed this _____ day of 2022.

Signed this _____ day of _____ 2022.

WITNESS:

1. Signature: _____

Name: _____

Address: _____

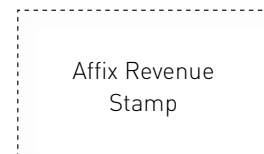
CNIC or Passport No: _____

2. Signature: _____

Name: _____

Address: _____

CNIC or Passport No: _____



Signature should agree with specimen signature with the company

Note:

1. Signature should agree with the specimen signature registered with the company.
2. The Proxy Form must be deposited at the Registered Office of the Company not later than 48 hours before the time of holding the Meeting.
3. No person shall act as proxy unless he/she is a member of the company.
4. CDC account holders will further have to follow the under mentioned guidelines as laid down in circular No. 1 dated 26 January 2000 of the Securities & Exchange Commission of Pakistan for appointing proxies.
 - i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
 - ii. The Proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv. The proxy shall produce his original CNIC or original passport at the time of meeting.
 - v. In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the proxy holder shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر:

نوٹ:

- 1- ممبر کی دستخط وہی ہونی چاہیے جو پہلے سے کمپنی کے رجسٹر میں موجود ہے۔
- 2- ایک ممبر (رکن) جو اجلاس میں شرکت اور ووٹ دینے کا مجاز ہو، اپنی جگہ کسی اور شخص کو بطور نائب شرکت کرنے اور ووٹ دینے کا حق تفویض کر سکتا ہے۔
- 3- ایک ممبر (رکن) جو اجلاس میں شرکت نہیں کر سکتا، وہ اس فارم کو مکمل کرے اور دستخط کرنے کے بعد اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل کمپنی سیکریٹری، یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ اور رجسٹر آفس 204 مدینہ سٹی مال عبداللہ ہارون روڈ، صدر بازار کراچی کے پتے پر ارسال کر دے۔
- 4- سی ڈی سی شیئر ہولڈر ہونے کی صورت میں درج بالا کے علاوہ ذیل میں درج ہدایات پر بھی عمل کرنا ہوگا:
(الف) فرد ہونے کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا وہ فرد جس کی سیکیورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ ہوں، انہیں کمپنی کی جانب سے دی گئی ہدایات کی روشنی میں پر کسی فارم جمع کرانا ہوگا۔
(ب) مختار نامے پر بطور گواہان دو افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹر انڈز قومی شناختی کارڈ نمبرز فارم پر درج ہوں۔
(ج) سینسٹیل اونرز (مستفید ہونے والے فرد) کے کمپیوٹر انڈز قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنی ہوگی جسے نائب مختار نامے کے ہمراہ پیش کرے گا۔
(د) اجلاس کے وقت نائب کو اپنا اصل کمپیوٹر انڈز قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔
(ه) کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر (رکن)، بورڈ آف ڈائریکٹرز کی قرارداد / مع نامزد کردہ شخص / اٹارنی کے نمونہ دستخط یا و آف اٹارنی (اگر پہلے فراہم نہ کئے گئے ہوں) پر کسی فارم (مختار نامے) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔



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