



Pakistan Reinsurance Company Limited



ANNUAL REPORT 2022

Commitment To Excellence

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Vision

*To be a leading provider of reinsurance and
risk management services in the region*



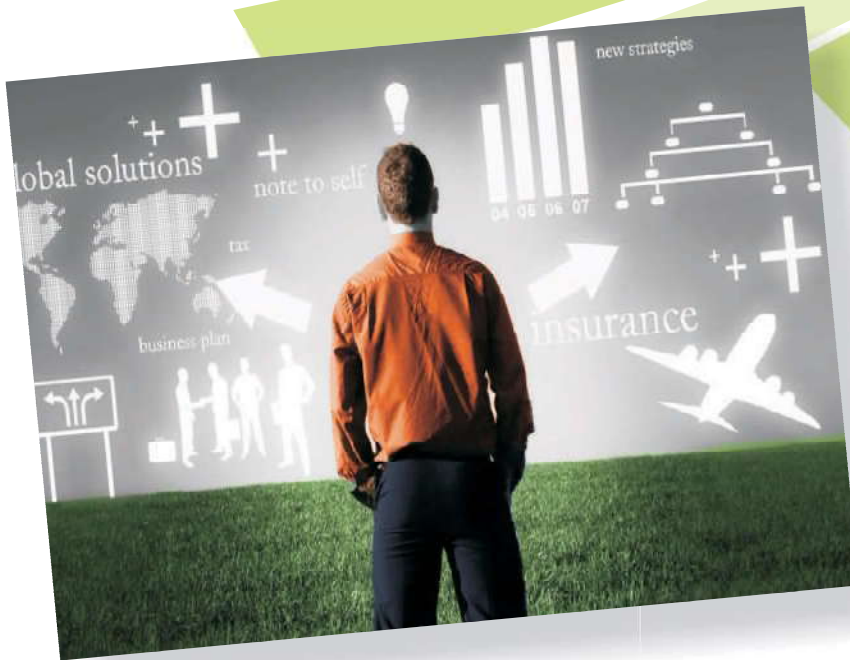
Mission

*To provide secure reinsurance capacity and
outstanding risk management advice
in a profitable manner and to conduct business
in a dependable and professional way with the highest
standards of customer service.*



Strategy

To remain the best provider of reinsurance and risk management services to the insurance industry, to have good business relationship with local insurers, reinsurance brokers and foreign reinsurers.



Objectives

- ❖ *To provide the best reinsurance services to the local insurance industry in order to check outflow of foreign exchange, to the maximum possible extent.*
- ❖ *To develop good business relations with foreign reinsurers.*
- ❖ *To train staff in pace with the fast changing business requirements as well as to provide them with conducive working environment.*
- ❖ *To assist in the development of national insurance industry.*
- ❖ *To enhance domestic retention capacity in the country in order to save valuable foreign exchange.*

Corporate Information

BOARD OF DIRECTORS OF PRCL

	<u>Members</u>	<u>Types</u>
Mr. Mumtaz Ali Rajper	Chairman Board / Director	Non-Executive
Dr. Kausar Ali Zaidi	Director	Non-Executive
Dr. Musleh-ud-Din	Director	Independent / Non-Executive
Mr. Muhammad Rashid	Director	Non-Executive
Mrs. Zara Shaheen Awan	Director	Independent / Non-Executive
Mr. Shoaib Mir	Director	Independent / Non-Executive
Mr. Farmanullah Zarkoon	Chief Executive Officer	Executive

COMPANY SECRETARY

Mr. Sumeet Kumar

BOARD COMMITTEES

AUDIT COMMITTEE

Dr. Musleh-ud-Din	Chairman
Dr. Kausar Ali Zaidi	Member
Mr. Muhammad Rashid	Member
Mr. Shoaib Mir	Member
Mr. Asif Kamal (CIA)	Secretary

ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Mumtaz Ali Rajper	Chairman
Dr. Kausar Ali Zaidi	Member
Dr. Musleh-Ud-Din	Member
Mrs. Zara Shaheen Awan	Member
Chief Executive Officer	Member
Head of HR Department	Secretary

INVESTMENT COMMITTEE

Mr. Shoaib Mir	Chairman
Mr. Muhammad Rashid	Member
Mr. Mumtaz Ali Rajper	Member
Mr. Musleh-Ud-Din	Member
Chief Executive Officer	Member

Chief Financial Officer

Secretary

PROCUREMENT COMMITTEE

Dr. Kausar Ali Zaidi

Chairman

Mr. Mumtaz Ali Rajper

Member

Mrs. Zara Shaheen Awan

Member

Chief Executive Officer

Member

Head of Administration

Secretary

MANAGEMENT COMMITTEES

RISK MANAGEMENT AND COMPLIANCE COMMITTEE

Mr. Muhammad Rashid

Chairman

Dr. Kausar Ali Zaidi

Member

Mrs. Zara Shaheen Awan

Member

Chief Executive Officer

Member

Head of Risk Management Officer

In Mandatory Attendance

Head of Legal

In Mandatory Attendance

Compliance Officer

In Mandatory Attendance

Company Secretary

Secretary

UNDERWRITING / REINSURANCE COMMITTEE

Dr. Kausar Ali Zaidi

Chairman

Chief Executive Officer

Member

Executive Director (Underwriting)

Secretary

CLAIMS SETTLEMENT COMMITTEE

Mr. Mumtaz Ali Rajper

Chairman

Mr. Shoaib Mir

Member

Chief Executive Officer

Member

Head of Claims Department

Secretary

SENIOR MANAGEMENT

Mr. Farmanullah Zarkoon

Chief Executive Officer

Mr. Muhammad Junaid Moti,

Head of Underwriting/ Reinsurance

Mr. Asif Kamal

Chief Internal Auditor

Syed Aamir

Chief Financial Officer

Mr. Sumeet Kumar

Company Secretary

Mr. Arham Rahim
Ms. Hina Gul
Mr. Tameez-ud-Din
Mr. Bashir Ahmad
Mr. Muhammad Rafique
Mr. Inayat Ullah
Mr. Muhammad Naveed Iqbal
Mr. Hans Hussain Soomro
Mr. Zohaib Hasan
Ms. Erum Nadeem
Mr. Muhammad Asif Ghafoor
Mr. Muhammad Akbar
Ms. Muhammad Amin
Mr. Muhammad Ahmed

Head of HR
Head of Northern Zonal Office
General Manager (Northern Zonal Office)
Compliance Officer / HOD (Risk Management)
Head of IT
Head of Administration
Head of Investment
Head of Accounts
Head of Data Processing
Head of Legal Department
Procurement Specialist
Manager Accounts
Head of Claims
Head of Re-takaful

AUDITORS

BDO Ebrahim & Co.,
Chartered Accountants
2nd Floor, Block-C, Lakson Square
Building No.1, Sarwar Shaheed Road,
Karachi. – 74200

REGISTERED OFFICE

PRC Towers, 32-A, Lalazar Drive
M. T. Khan Road, P.O. Box: 4777
Karachi-74000, Pakistan.
Tele: (92-21) 99202908-15
Telefax: (92-21) 99202921-22
Email: prcl@pakre.org.pk
Website: www.pakre.org.pk

BANKERS

National Bank of Pakistan
Bank Al-Habib Limited
Sindh Bank Limited

ZONAL OFFICE

37/A New Muslim Town,
Lahore.
Tele: (92-42) 35969389-92

SHARE REGISTRAR

Central Depository Company of Pakistan
Limited
CDC House, 99-B,Block-B, SMCHS
Main Shahra-e-Faisal
Karachi-74400, Pakistan
Tele: (92-21) 111-111-500

DIRECTORS PROFILE



Mr. Mumtaz Ali Rajper holds a Master's Degree in Economics.

He has more than 33 Years of experience with Pakistan International Airlines, Sindh TV, and Mehran TV.

He was on PAKRE Board as a Nominee Director of Government of Pakistan since April 2010 and now he has been elected as Director effective December 2013. He also serves on the Board of Matrix (Pvt) Limited. He is also a certified Board Director from the Institute of Chartered Accountants of Pakistan.



Dr. Musleh ud Din holds Ph.D. in Economics from Johns Hopkins University. He has more than 30 years of experience in teaching and policy-oriented research. He has published widely in national and international journals in the areas of macroeconomics, financial sector development, and trade policy. He has served as a member of various high-level committees and is currently a member of the Economic Advisory Council. He also serves as executive editor of the Pakistan Development Review. Dr. Musleh ud Din has conducted a number of research projects under the aegis of the World Bank, Asian Development Bank, and United Nations. He is also a certified Board Director from the Institute of Chartered Accountants of Pakistan.



Mrs. Zara S. Awan is a barrister of Lincoln's Inn and an advocate of the High Courts of Pakistan.

She is a practitioner and an academician. Zara received her education at the Inns of Courts School of Law (UK) and the University of Kent at Canterbury (UK), Karachi Grammar School & the Convent of Jesus & Mary Karachi. Zara is associated with both practice and academia and advises and represents parties on a Pro Bono basis as well. She has experience in civil, commercial and arbitration laws and is also a Director of the University of London International Law Programs at an affiliated institution in Karachi.



Mr. Kausar Ali Zaidi is a civil servant who has financial and administrative expertise with 22 years of practical experience as DG, Trade Dispute, Joint Secretary Special Initiative, Executive Director, Joint Secretary Admin, and Insurance, Director General Admin, and Director Admin at various Ministries and Divisions. He has also served as a Member of the Policy Board, Security, and Exchange Commission of Pakistan (SECP) as a representative of the Ministry of Commerce. He completed his Master's in International Law and Economics (MILE) in 2005 from the World Trade Institute, University of Bern, Switzerland, and also a Fellowship, in International Trade Law in 2006 from IDLO, Sydney, Australia.



Mr. Muhammad Rashid is currently working as Chief Financial Officer at State Life Insurance Corporation of Pakistan. He is F.C.MA, C.I.A (U.S.A), and F.L.M.I (U.S.A) and has vast experience of around 31 years in Finance and Accounts. He participated in many finances as well as administration-related programs, seminars, and pieces of training from time to time. He remained on the Board of Directors of Alpha Insurance Company Limited as well as Pakistan Cables Limited.

Mr. Shoaib Mir is a retired Pakistani Administrative Service (PAS) Officer of Federal Government in BS-22. He remained posted as Chief Secretary Balochistan, Federal Secretary to the Government of Pakistan, Chairman, State Life Insurance Corporation and other leading Administrative & Financial positions in Federal, Provincial Governments and Public Sector Enterprises.

Mr. Shoaib Mir Joined Civil Services in 1986, having vast professional experience in Senior Management positions in diversified fields such as Public Sector Management, Administration. Finance, Health, Insurance and Planning etc., his roles and responsibilities included

- Leading as an administrative Head of the Province
- To implement policies of the government
- Assisting the Government in formation of policies
- Ensuring the efficient and effective working of the administration
- Ensuring law and order of the province
- Coordination and promotion of economic and development activities.



Moreover, Mr. Shoaib Mir has also been an active academician and visiting faculty to following:

1. National School of Public Policy's affiliate units of National Institute of Management at Karachi, Lahore, Islamabad, Peshawar and Quetta to impart mandatory promotion trainings to the Senior and Mid-career level civil servants of the Federal Government, Provincial Governments, Autonomous Bodies and Public Sector Organizations.
2. Professional Development Programs at Highway Research & Training Centre, NHA, Pakistan
3. Secretariat Training Institute, Pakistan. Imparting Specialized Training which includes Organization and Machinery of the Government.
4. Civil Services Academy Lahore. A premier training institution of Pakistan for pre-service training of Civil Servants.
5. State Life Training Academies at Islamabad, KPK, Karachi, Hyderabad, Lahore, Faisalabad and Multan.
6. Defense Services Intelligence Academy, Islamabad.

Mr. Farmanullah Zarkoon is an accomplished professional with extensive leadership experience and a strong educational background. He holds a Certificate in Chartered Insurance ('ACII') from the Chartered Insurance Institute in London, an MBA from Germany, an MS from Poland ('Erasmus Exchange Semester'), and a Bachelor's degree in Computer Engineering from GIK Institute of Engineering Sciences & Technology, Pakistan. He has completed various training programs, including the 20th Mid-Career Management Course from National Institute of Management ('NIMS'), Karachi, 21st National Security Workshop from National Defense University, Islamabad, and SECP Certified Directors Training Program from LUMS, Lahore.



Throughout his career, Mr. Zarkoon has garnered extensive professional expertise in areas such as Underwriting, Reinsurance, Corporate Governance, Human Resources, and Risk Analysis & Management. He has held various illustrious tenures in leadership roles. He has served as the Chief Executive Officer (CEO) and Director on Board (Policy & Planning Committee) at the Balochistan Board of Investment and Trade (BBolT), as well as Commissioner (Operations) in the Balochistan Revenue Authority, Government of Balochistan. Prior to his appointment as CEO of the Pakistan Reinsurance Company, he had also served as an Executive Director in the same organization.

Mr. Zarkoon is known for achieving challenging goals, taking fast and decisive actions when needed, outperforming the competition and inspiring others to perform at the highest level they can. His leadership style emphasizes business development and the implementation of Digital Leadership & Automation/Digitization of processes within Government organizations.

PRCL is a Public Sector Company attached to the Ministry of Commerce. The Company is supervised by a Board of Directors, which is assisted by the Management comprising a strong team of professionals who effectively manage the business affairs of the Company. The Seven Member Board comprises four Government Nominee Directors, two Elected Directors, one Nominee of State Life Insurance Corporation.

PRCL's prime objective is the provision of reinsurance services in Pakistan. The company is the only national reinsurer. It provides reinsurance protection to the local insurance industry by way of treaty and facultative businesses.

Company History

PRCL was established in 1952 as Pakistan Insurance Corporation under the PIC Act, 1952, with the objective of supporting the local insurance industry. In the year 2000, Pakistan Insurance Corporation was converted and incorporated as a public limited company namely Pakistan Reinsurance Company Limited vide Ministry of Commerce SRO No.98(1)/2000 was issued under the Presidential Ordinance No. XXXVI of 2000 dated 14th February 2001.

Types of Businesses undertaken by Company

- ✓ Fire – Building, Stock, Plant, Machinery, Crop;
- ✓ Marine – Hull, Cargo, (Primary, War liabilities);
- ✓ Aviation – (Aircraft, Cargo, Crew, Passengers, Third Party Liability);
- ✓ Accident – Motor, Fidelity Guarantee, Personal Lines;
- ✓ Liability – Employers Liability, Professional Indemnity, Workman Compensation;
- ✓ Engineering – Property Damage, Business Interruption, Plant, Machinery Breakdown, TPL, Erection All Risks, Contractor All Risks, etc.
- ✓ Public Sector Risks: Oil Refineries, Power Projects, Oil and Gas Exploration, Fields / Operations, Hydel Power, and Nuclear Power Projects.

Business Operations

The reinsurance operation of the Company consists of the following departments:

- ✓ **Underwriting Department** deals with scrutiny and acceptance of risk offered by local insurers, both under the Facultative and Treaty arrangements.
- ✓ **Retrocession Department** undertakes to tender of risks ceded by National Insurance Company Limited including their placement with foreign insurers.
- ✓ **Claims Department** deals with claims notified by cedants under both the Facultative and Treaty arrangements and approval of claims.

CHAIRMAN'S REPORT

Dear Stakeholders,

It is with great pleasure that I present to you the Chairman's review of the Pakistan Reinsurance Company Limited ('PRCL') for the year 2022.

The year was marked by a series of global economic challenges, including the Russia-Ukraine war, energy crisis, global inflation, rising interest rates, and slowing demand which resulted in concerns about a potential global recession. Furthermore, Pakistan faced additional difficulties due to severe political instability, devastating floods, trade imbalances, falling foreign currency reserves, and significant rupee devaluation which caused certain industries to come to a halt and put the country on the brink of default. Despite these severe challenges, I am proud to say that PRCL not only weathered the storm but exceeded expectations.

Throughout the year, we remained committed to our strategic objectives, ensuring that our underwriting and investment portfolios were well-managed and profitable. Our gross premiums written increased to Rs. 24,271 million, a significant improvement from Rs. 20,994 million the previous year. We also continued to demonstrate our commitment to effective risk management with claims for the year ending at Rs. 4,312 million. Additionally, our profit after tax was Rs. 2,624 million, a notable improvement from the previous year. Our Retakaful window also operated smoothly and we anticipate strong growth in this area in the years to come.

Our Board of Directors has fulfilled its fiduciary duty comprehensively with the support of four Board Committees and three Management Committees. Our robust system of controls, governance, and risk management ensures that the Company's assets and the interests of its shareholders are always protected. As always, we remain committed to strict adherence to the laws of the country as well as to the highest standards of integrity and ethical conduct. We are also excited about the opportunities presented by the completion of CPEC projects which are expected to have a positive impact on the insurance and reinsurance sector in the coming years.

I would like to express my sincere appreciation to our employees and business partners for their consistent professionalism and dedicated efforts. I would also like to extend my gratitude to our shareholders and board members for their unwavering confidence and steadfast commitment to the Company. It is this trust and support that has enabled us to make progress while ensuring the growth and sustainability of Pakistan's Insurance and Reinsurance Industry.

Sincerely,

Mumtaz Ali Rajper
Chairman

CEO'S MESSAGE

Dear Shareholders,

As we reflect on the past year, we acknowledge the global challenges that have affected economies and communities worldwide. Nonetheless, we are proud to report that Pakistan Reinsurance Company Limited ('PRCL') has demonstrated remarkable resilience and adaptability amidst these difficulties.

The global economy witnessed a significant decrease in growth from 6% to 3.2% in 2022, accompanied by persistent inflation rates. Moreover, various geopolitical challenges have further impacted the economic environment, including Russia's invasion of Ukraine and the energy crisis. In Pakistan, these challenges were compounded by dwindling foreign exchange reserves, inflationary pressures and a rapidly devaluing Pakistani Rupee as well as the devastating effects of floods in the Country which impacted over 33 million people and submerged 9.4 million acres of cropland, resulting in total losses of USD 30 billion.

Despite the challenges faced by the industry, PRCL has reported a notable increase in its gross written premium from PKR 20,994 million in 2021 to PKR 24,271 million in 2022. This success can be attributed to multiple factors, one of which is the development of a talented and resourceful cohort of executives who have brought their expertise to this Company. These executives have implemented prudent underwriting practices and established more robust mechanisms for retrocession covers. By focusing on business development through these strategic approaches, PRCL has been able to optimize its risk management and increase profitability while mitigating potential risks. In addition, PRCL has placed a strong emphasis on employee development by providing a variety of training and development programs. Along with these achievements, PRCL has issued 200% bonus shares, raising its share capital to PKR 900 million, and established a centralized claim department to improve its claims management and customer service. Notably, PRCL has reported a profit after tax (PAT) of PKR 2,624 million, compared to PKR 2,589 million in the previous year, further reinforcing its impressive financial performance.

Furthermore, we have made significant investments in our technological infrastructure to better manage our business through unmanned processes and strengthen our risk management systems. We have implemented an Enterprise Resource Planning (ERP) system and upgraded our physical network with the latest hardware, resulting in reduction in discrepancies in the workflow. To further safeguard our data integrity and mitigate the risk of data loss, we have established a cutting-edge Datacenter and a Disaster Recovery (DR) setup. Additionally, we have established an enterprise risk management (ERM) framework that integrates risk management against all the risks associated with our strategic objectives. Besides, we have also taken measures to strengthen our Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) framework by implementing updated mechanisms in line with the latest regulatory standards, thereby mitigating the risks of money laundering, terrorist financing or any regulatory non-compliances. These measures are actively enforced and monitored by our diligent compliance function. Moreover, our unwavering commitment to regulatory compliances has enabled us to successfully mitigate all potential risks by developing various strategies to manage, eliminate, or limit setbacks them as much as possible, resulting in optimizing and augmenting the performance of the Company.

In line with our Corporate Social Responsibility, we have allocated a significant amount to help the flood victims in Baluchistan and Sindh. As a responsible entity, we recognize the importance of giving back to society and supporting communities in need.

Finally, we are pleased to announce that M/s. JCR-VIS undertook the credit rating of the Company for the year, and the Company's credit rating of AA was re-affirmed with a positive outlook. This rating reflects our robust capacity for timely payment of financial commitments with no significant vulnerability to foreseeable events.

We appreciate your continued trust in PRCL and thank you for your ongoing support.

Sincerely,

FarmanullahZarkoon
Chief Executive Officer

Directors' Report

To the Shareholders

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the Directors' Report of the Company along with the audited financial statements and Auditors' report for the year ended December 31, 2022.

Economic Review:

After a remarkable growth phase of FY 2022, when the economy grew by 6%, FY 2023 began with the worst floods causing damage of more than USD 30 Billion; Pakistan's economy is expected to grow at less than 2% in the current year. Regime change and political uncertainty put the focus on the economy on the back burner which resulted in Govt. facing multiple challenges.

CPI inflation during the 1HFY23 clocks in at 25.02% compared to 9.81% in 1HFY22. The inflation is expected to remain high in the remainder of the period of FY 2023 as pressure mainly emanating from any further energy tariff hikes, weaker currency against the greenback, and a surge in food prices will continue.

To counter inflation, the State Bank of Pakistan continued its policy of monetary tightening and increased Policy Rate by 300 bps to 21% in its preponed Monetary Policy meeting; taking the total increase to 10.25 % in the past 12 months.

Pakistan's foreign exchange reserves depleted to nine-year lows, falling to \$2.9 billion by 3 Feb2023, amid delays in the IMF review. Other external financing avenues are also linked to the IMF Board approval. The completion of a number of prior actions, including additional taxation measures and further increases in fuel, gas, and utility prices should help move closer to the Staff Level Agreement.

PKR remained under severe pressure and has depreciated by more than 60 % in 1 year. Unless the Staff Level Agreement with IMF is not reached without further delay, the PKR will remain unstable and weak.

The primary surplus in 1HFY 2023 improved significantly, both in absolute and percentage terms; this clocked in at 1.1% of GDP compared to 0.1% of GDP in 1HFY 2022. Tax collections increased by 17% YoY in 1HFY'23, driven by a 50% increase in direct taxes. However, current expenditure increased by 30%, led by floods and a 77% increase in mark-up payments. The fiscal deficit for 1H FY2023 thus registered a 23% increase over 1HFY2022 to PKR 1.7 trillion, although it remained at 2.0% of GDP.

Despite all the challenges, including high inflation, weak PKR, and a high debt burden, we believe that the economy will stabilize and will be on the path of recovery during second half of 2023.

Company Performance Highlights:

2022 has been a good year for Pakistan Reinsurance Company Limited. The comparative financial highlights for the years 2022 and 2021 are presented as follows:

**Rupees in million
(Except as otherwise stated)**

	<u>2022</u>	<u>2021</u>	<u>%</u>
Gross Premium Written	24,271.00	20,994.00	16%
Net Premium	7,929.00	7,226.00	10%
Net Claims	(4,312.00)	(3,778.00)	14%
Underwriting Profit	1,652.00	1,742.00	-5%
Investment Income	1,338.00	982.00	36%
Rental Income	127.00	104.00	22%
Other Income	419.00	142.00	195%
Profit after tax	2,625.00	2,589.00	1%
Earnings per share – Rs.	2.92	2.88	1%

During the year under review, gross premiums increased to Rs. 24,271 million from Rs. 20,994 million in 2021, an increase of Rs. 3,277 million i.e. 16%. Net premium increased to Rs. 7,929 million from Rs. 7,226 million in 2021, an increase of Rs. 703 million i.e. 10%. Net claims increased to Rs. 4,312 million as compared to Rs. 3,778 million in 2021, an increase of Rs. 534 million, i.e. 14%. The Underwriting result declined by 2% to Rs. 1,652 million as compared to Rs. 1,682 million in 2021.

Overall profit after tax increased from Rs. 2,589 million to Rs. 2,625 million, an increase of 1% from last year. The profit after tax was 33% of the net premium as compared to 35% in 2021.

Treaty Business:

Treaty business constitutes 28% (2021: 2-%) of the Companies' total business portfolio. Gross Premium underwritten during the year was Rs. 6,887 million as compared to Rs. 4,013 million in 2021, an increase of Rs. 2,874 million i.e. 50%. Net premium stood at Rs. 4,622 million as against Rs. 3,863 million in 2021. The net claim to the net premium ratio for the year under review was 52% (2021: 61.68%) resulting in an

underwriting profit of Rs. 271 million as against an underwriting profit of Rs.1,151 million in 2021, a decrease of 880 million.

Facultative Business:

Fire:

Fire facultative business constitutes 7.35% (2021: 9.83%) of the total premium portfolio. The gross premium underwritten during the year was Rs. 1,779 million as compared to Rs. 2,066 million in 2021, a decrease of Rs. 287 million i.e. 13.89%. Net premium stood at Rs. 1,671 million as against Rs. 1,666 million in 2021. The net claim to the net premium ratio for the year under review was 147% (2021: 26.96%) resulting in an underwriting loss of Rs. 1,345 million as against a profit of Rs. 814 million in 2021.

Marine Cargo & Hull:

Facultative business in this class constitutes 1.87% (2021: 1.4%) of the total premium portfolio. The gross premium underwritten during the year was Rs. 451 million as compared to Rs. 306 million in 2021, an increase of Rs. 145 million i.e. 47%. Net premium stood at Rs. 227 million as against Rs. 190 million in 2021. The net claim to the net premium ratio for the year under review was -16% (2021: 93%) resulting in an underwriting profit of Rs. 208 million as against Rs. 44 million in 2021, an increase of Rs. 164 million.

Aviation:

Facultative business in this class constitutes 19.79% (2021: 23.85%) of the total premium portfolio. The gross premium underwritten during the year was Rs. 4,786 million as compared to Rs. 5,002 million in 2021, a decrease of Rs. 216 million. Net premium stood at Rs. 274 million as against Rs. 351 million in 2021. The net claim to the net premium ratio for the year under review was -18% (2021: 5.9%) resulting in an underwriting profit of Rs. 380 million as against a profit of Rs. 316 million in 2021.

Accident:

Facultative business in this class constitutes 1.69%(2021: 0.87%) of the total premium portfolio. The gross premium underwritten during the year was Rs. 408 million as compared to Rs.185 million in 2021, an increase of Rs. 223 million i.e. 120%. Net premium increased to Rs. 216 million as against Rs. 182 million in 2021, an increase of Rs. 34 million. The net claim to the net premium ratio for the year under review was -59% (2021: 8.01%) resulting in an underwriting profit of Rs.379 million as against an underwriting profit of Rs.132 million in 2021.

Engineering:

Facultative business in this class constitutes 41.19% (2021: 39.34%) of the total premium portfolio. The gross premium underwritten during the year was Rs. 9,960 million as compared to Rs. 8,261 million in 2021, an increase of Rs. 1,699 million i.e. 20.5%. Net premium increase to Rs. 918 million as against Rs. 718 million in 2021, an increase of Rs. 200 million i.e. 2.4%. The net claim to the net premium ratio for the year under review was 88% (2021: 41%) resulting in an underwriting loss of Rs. 213 million as against an underwriting profit of Rs. 612 million in 2021.

Investment Income:

During the year under review, Investment Income contributed Rs. 1,338million as compared to Rs.982 million in 2021 (36% increase). Rental Income also increased from Rs. 104 million to 127 million (21% increase)

Claims Settlement:

Timely settlement of claims and customer satisfaction are the company's highest priority as it helps build the trust of its valued clients and earns their goodwill. The overall net claim to net premium ratio during the year was 54.37% as against 52.28% in 2021.

Cost Control Measures:

The Management expenses during the year under review were Rs. 1,528 million as against Rs. 729 million during the previous year, registering an increase of Rs 799 million i.e. 109.66%.The management expenses as a percentage of Net Premium was 19.28%in CY22 as compared to 10.07% in 2021. Going forward, the management will continue to strive to contain costs as a percentage of net premiums.

Auditors' Remarks**I. RECEIVABLE FROM SINDH REVENUE BOARD (SRB) AND RELATED LITIGATION**

As stated in notes 15 and 37.2, receivable from SRB amounting to Rs. 2,573.89 million (2021: Rs. 2,573.89 million) which was recovered by SRB against the demand of sales tax liability on reinsurance services for the tax year from 2011 to 2013.

The Company filed an appeal with the Commissioner of appeals SRB and the Appellate Tribunal where the judgment was upheld in favor of SRB. Thereafter, the Company paid an amount of Rs. 2,131 million under protest, and the remaining amount of Rs. 442 million was recovered by SRB through the encashment of TDRs. The aggregate amount has been recorded as 'Receivable from SRB' as stated in note 15 of the financial statements. As a result, the Company filed a reference in the Honorable High Court of Sindh against the orders of the Appellant Tribunal.

Subsequent to year-end, on January 10, 2023, the hearing of the said case was held in the High Court of Sindh, Karachi. The hearing was discharged due to the shortage of time till the next hearing dated May 19, 2023. The case is still pending before the Honorable High Court of Sindh and there have been no further proceedings in the case. The details of the litigations have been disclosed in note 37.1 of the financial statements.

The recording of the asset constitutes a departure from the application of the International Financial Reporting Standard since presently the Company could not substantiate any control over the underlying asset and the flow of economic benefits is improbable due to an ongoing Court case.

Management's Comment:

Based on the legal opinion, the company is expecting a favorable decision from the Honourable Sindh High Court, and the amount recovered by the company shall be refunded to the company. Accordingly, the company has recorded the as Receivable from SRB

II. UNRECONCILED BALANCES

As stated in notes 16 and 32 to the financial statements, the amount due from other insurance companies on account of the treaty and facultative business includes a gross amount of Rs. 16,792 million and a net amount of Rs. 16,626 million, and an amount due to other insurance companies include an amount of Rs 40.11 million which remain unreconciled as of the reporting date. The Company is in the process of reconciling these balances. Due to pending reconciliations relating to the above balances, resultant adjustment and consequential impact thereon, if any, on these financial statements remain unascertained.

Management's Comment:

The difference between PRCL and ceding insurance companies is because of unilateral adjustments of claims by the ceding companies. PRCL has taken up the matter with SECP and SECP has directed all audit firms to qualify accounts of all the companies whose accounts are not reconciled.

III. PROPORTIONAL TREATY – BUSINESS

As per Insurance Ordinance, 2000 and The Pakistan Insurance Corporation (Compulsory Surplus Reinsurance) Regulations, 1978, the following are the requirements of Treaty- Business:

Ceding companies need to have proper records which shall have entries with dates and sufficient particulars;

Ceding companies are required to provide full premium/claim bordereaux along with every quarterly return;

Right to inspection by authorized personnel of the Company where they can inspect and obtain copies of ceding companies' records; and

The Company is entitled to call or examine the whole or part of any documents related to the risk and their reinsurance.

However, except for the quarterly returns filed by ceding companies, there were no adequate supporting records to verify the proportional treaty business. Consequently, we were unable to verify the underlying transactions and corresponding balances. Furthermore, for claims outstanding for more than one year, we were unable to determine whether any damages for delay in the processing of the claims are applicable to the Company as the data pertaining to those claims was unavailable.

As disclosed in notes 16, 17, 18, 25, 26, 27, 38, 39, and 55 to the financial statements, certain account balances and class of transactions have been recorded against treaty proportional business. We were unable to obtain sufficient and appropriate audit evidence in respect of such account balances and class of transactions because the Company does not obtain necessary documents from ceding companies for record keeping and verification, but solely relies on the amounts mentioned in quarterly returns for the purpose of recording transactions. Further, alternative procedures were not possible to obtain sufficient and appropriate evidence. Consequently, we were unable to determine whether any adjustment to these amounts were necessary.

Management's Comment:

As prescribed under Section 43 of the Insurance Ordinance 2000, the company recorded the transaction relating to premiums, claims, and commission on account of treaty business based on returns received from ceding insurance companies and requires supporting documents from them whenever deemed necessary. However, as pointed out by the auditors, further documents are being obtained from ceding companies.

IV. INVESTMENT PROPERTY

As disclosed in note 11 to the financial statements, the Company carries its investment properties at fair value. International Accounting Standard (IAS-40) "Investment Property requires an entity following fair value model to reassess the fair values on a continuing basis. The management has not carried out any exercise to determine the fair values and its resultant impact as of the reporting date. Accordingly, resultant adjustment and consequential impact thereon, if any, on these financial statements remain unascertained.

Management's Comment:

The company will engage evaluators for the evaluation of the property and evaluate before June 30, 2023, and will include any financial impact in the half-yearly accounts of 2023.

V.MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

As disclosed in notes 1.2 and 60 to the financial statements, as of the reporting date, the Company is in breach of the minimum solvency requirement as prescribed under Section 36 of the Insurance Ordinance, 2000, and related rules. Such a breach indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not further modified in respect of this matter.

We have emphasized this matter in our audit report.

Management's Comment:

The management is undertaking a rigorous review of the outstanding claims which have rapidly increased for the year ended December 31st, 2021 from Rs. 9,401,437,187/- to Rs. 21,256,435,233/- for the current year. Since the majority of claims are based on preliminary loss assessment which is either being declined, paid off, or adjusted against the outstanding receivables subsequently. Hence, it is anticipated that liability for outstanding claims will significantly be reduced by June 30, 2023. Moreover, the SECP is in process of issuing regulations to be finalized by June 2023 which among other matters also addresses the issue of long outstanding receivables of PRCL from insurance companies. Once these regulations are in effect, the recovery cycle would significantly improve and the majority of our old receivables would be recovered from Insurance Companies and our Solvency position would significantly improve.

Due to the above reasons, we expect that we will be able to meet the solvency requirement as prescribed by the Insurance Ordinance, 2000 by or before 30th June 2023.

Public Sector Business:

The Company acts as the re-insurer of National Insurance Company Limited. This includes some of the prestigious accounts such as PIA, PARCO, PSO, OGDCL, PPL, PNSC, KSEW, Public Sector Power Projects, etc. During the year under review, the company's Gross revenues from Public Sector business grew from Rs. 13,847 Million to Rs.15,507 Million – an increase of 12%

Reinsurance Arrangements:

PRCL has an excess of loss reinsurance arrangements & relationships with some of the top global reinsurers such as Hannover Re (rated AA- by S&P), Swiss Re(rated AA- by S&P), XL Re (rated AA- by S&P) and Lloyd's Syndicate (rated A+ by S&P), etc. The Company follows a policy of optimizing risk retention through a carefully designed program of reinsurance. The reinsurance coverage of the company is based on the Company's exposures, accumulation & concentration of risk at the location.

E.C.O. Reinsurance Company:

The Articles of Agreement (AoA) of ECO Reinsurance Company were signed on February 10, 2010, by the representatives of three Member States, the Islamic Republic of Pakistan, the Islamic Republic of Iran, and the Republic of Turkey, at Islamabad (Pakistan). The AoA was further ratified by the Member States and the last ratification was made by the Republic of Turkey on November 22, 2017. The objective of the Company shall be to supplement the existing Reinsurance services, promote the growth of the underwriting & retention capacities and support the economic development in the region.

The authorized capital of the Company shall be thirty million USD, divided into three thousand shares with a par value of ten thousand US Dollars each, to be equally subscribed by the entities of three countries. Any investment by PRCL in ECO Reinsurance Company shall be subject to the approval of the Board of Directors, Shareholders / AGM, and Compliance with Section 199 of the Companies Act-2017.

Credit Rating:

The credit rating of the Company for the year 2022-23 was undertaken by M/s. JCR-VIS. The Company's credit rating of AA+ with a stable outlook. As per the standard rating scale & definition, the "AA+" rating denotes a very low expectation of credit risk. It indicates a very strong capacity for timely payment of financial commitments and no significant vulnerability to foreseeable events.

Profit after Tax:

The profit after tax of the Company is Rs.2,624 million as compared to Rs. 2,589 million last year, showing an increase of Rs.35 million i.e. 1%.

Appropriations:(Rs. in millions)

	<u>2022</u>	<u>2021</u>
Profit before tax	3,556	3,614
Less: Tax	(931)	(1,025)
Profit after tax	2,624	2,589
 Add: Unappropriated profit brought forward	 5,414	 2,350
Add: Comprehensive Income	(318)	(168)
Less: Final cash dividend 2021 @ 20%	(600)	(750)
Less: Issuance of Bonus shares @200%	(5,358)	

Unappropriated profit carried forward

1,887

5,414

Proposed Dividend:

In view of the recommendation of the SECP and the decision of the Board of Directors to strengthen the Financial Position thereby enabling the Company to improve its retention/capacity, the Board of Directors has proposed the dividend for 2022 @ 7.5% for AGM as against 20% approved last year.

Window Retakaful:

This was the fourth year of operations of the Retakaful window. The comparative financial highlights for the year 2022 and 2021 are presented as follows:

Revenue account

Participants' Retakaful fund

Net Contribution Revenue

Wakala fee expense

Net claims-IBNR

Surplus before investment income

Other income

Investment income

Modarib's shares

Surplus before taxation

Taxation

Surplus transferred to Accumulatd deficit

Revenue Account

Operator's fund

Wakala fee income

Commission expense

General , administartive and management exp

Ceded money paid to participant's Retakaful fund

Modarib's share of participants' Retakaful fund inve:

Investment income

Other income

Profit before taxation

Taxation

Profit after Taxation

	2022 (Rupees)	2021 (Rupees)	%
Net Contribution Revenue	979,125,622	690,414,885	41.82%
Wakala fee expense	-215,856,211	- 156,471,404	37.95%
Net claims-IBNR	-501,892,882	- 311,243,050	61.25%
	261,376,529	222,700,431	
Surplus before investment income	304,239,169	198,848,568	53.00%
Other income	72,908,632	10,080,104	623.29%
Investment income	8,316,060	4,560,461	82.35%
Modarib's shares	-20,306,173	- 3,660,141	454.79%
	60,918,519	10,980,424	454.79%
	-	-	
Surplus before taxation	356,384,563	212,679,007	67.57%
Taxation	-10,760,328	- 2,027,758	430.65%
Surplus transferred to Accumulatd deficit	345,624,235	210,651,249	64.07%
Revenue Account			
Operator's fund			
Wakala fee income	215,856,211	156,471,404	37.95%
Commission expense	-213,471,407	- 145,151,427	47.07%
General , administartive and management exp	-15,746,091	- 7,937,109	98.39%
Ceded money paid to participant's Retakaful fund	-	-	
	- 13,361,287	3,382,868	-494.97%
Modarib's share of participants' Retakaful fund inve:	-20,306,173	3,660,141	-654.79%
Investment income	1,687,509	920,194	83.39%
Other income	34,143,170	14,518,979	135.16%
	15,524,506	19,099,314	-18.72%
Profit before taxation	42,775,565	22,482,182	90.26%
Taxation	-12,404,914	- 6,519,833	90.26%
Profit after Taxation	30,370,651	15,962,349	90.26%

During the year under review, gross contribution increased to Rs. 1,205 million from Rs. 933 million in 2021, an increase of Rs. 272 i.e. 30%. Net contribution increased to Rs. 979 million from Rs. 690 million in 2021, an increase of Rs. 289 million i.e. 41%. Net claims increased to Rs. 502 million as compared to Rs. 311 million in 2021, an increase of Rs. 191 million, i.e. 61.4%. The Underwriting surplus increased by 52.7% to Rs. 304 million as compared to Rs. 199 million in 2021.

Treaty Business:

Proportional Treaty:

Treaty business constitutes 82% (2021: 79%) of the total business portfolio. Gross Contribution underwritten during the year was Rs. 987 million as compared to Rs. 736 million in 2021, an increase of Rs. 251 million i.e. 34.10%. Net contribution stood at Rs. 868 million as against Rs. 623 million in 2021, an increase of Rs. 226 million i.e. 37.88%. The net claim to net contribution ratio for the year under review was 71.9% (2021: 48%) resulting in an underwriting surplus of Rs. 70 million as against an underwriting surplus of Rs. 196 million in 2021, a decrease of 126 million i.e. 64.28%.

Non-Proportional Treaty:

Treaty business constitutes 8% (2020: 11%) of the total business portfolio. Gross Contribution underwritten during the year was Rs. 99 million as compared to Rs. 99 million in 2021, an increase of Rs. 0 million i.e. 0.5%. Net contribution stood at Rs. -3 million as against Rs. 22 million in 2021, a decrease of Rs. -25 million i.e. -114%. The net claim to net contribution ratio for the year under review was 52% (2021: 14%) resulting in an underwriting surplus of Rs. 133 million as against an underwriting loss of Rs. 61 million in 2021, an increase of 194 million.

Facultative Business:

Fire:

Fire facultative business constitutes 8.87% (202: 9.04%) of the total business portfolio. Gross Contribution underwritten during the year was Rs. 107 million as compared to Rs. 84 million in 2021, an increase of Rs. 23 million i.e. 26%. Net contribution stood at Rs. 102 million as against Rs. 73 million in 2021, an increase of Rs. 29 million i.e. 39%. The net claim to net contribution ratio for the year under review was 32.15% (2021: 6.89%) resulting in an underwriting surplus of Rs. 49 million as against an underwriting surplus of Rs. 53 million in 2021, a decrease of 4 million i.e. 7.54%.

Marine Cargo & Hull:

Facultative business in this class constitutes 0.13% (2020: 0.50%) of the total business portfolio. Gross Contribution underwritten during the year was Rs. 1.5 million as compared to Rs. 4.6 million in 2021, a decrease of Rs. 3.1 million i.e. 67%. Net contribution stood at Rs. 1.45 million as against Rs. 5 million in 2021, a decrease of Rs. 3.55 million i.e. 71%. The net claim to net contribution ratio for the year under

review was 0.62% (2021: 0%) resulting in an underwriting surplus of Rs. 1.1million as against an underwriting surplus of Rs. 3.7 million in 2021, a decrease of 2.6 million i.e. 70.27%.

Accident:

Facultative business in this class constitutes 0.85% (2021: 1.03%) of the total business portfolio. Gross Contribution underwritten during the year was Rs. 10.2 million as compared to Rs. 9.6 million in 2021, an increase of Rs. 0.6 million i.e. 6.25%. Net contribution stood at Rs. 10.2 million as against Rs. 11.7 million in 2021, a decrease of Rs. 1.5 million i.e. 12.8%. Underwriting surplus was Rs. 8 million as against Rs. 7 million in 2021, an increase of 1 million i.e. 14.28%.

Employees' Welfare:

The Company has in place a fund to provide welfare facilities to its employees whereby six employees are sent for Hajj every year. Besides, the Company grants (a) cash awards to the Employees' Children who are Hafiz-e-Quran and secure A+ grades in Secondary and Higher Education, (b) pensions to the retiring employees having a long association with the company, and (c) burial & compensation packages for a family of employees who die during service.

Board Structure and Committees:

The Board structure is in accordance with the Listed Companies (Code of Corporate Governance), Regulations 2019, Public Sector Companies (Code of Corporate Governance) Rules, 2013, and Code of Corporate Governance for Insurers, 2016, issued by the Securities and Exchange Commission of Pakistan.

To ensure the effective implementation of sound internal control systems and compliance with the Code of Corporate Governance, the Board has constituted various Committees which are seven (07) in number. This includes four Board Committees and three Management Committees. The composition of all Committees is separately shown in the report under the section of Corporate Information.

Future Outlook:

The country's business environment continues to be challenging. The macroeconomic environment, higher inflation & multiple rounds of currency devaluation has made business conditions even more demanding. Despite, the challenges, Company's business strategy will continue to focus on providing prompt service to insurance companies, particularly regarding facultative offers. PRCL with a strengthened balance sheet and enhanced equity structure will continue to concentrate on the quality treaty and facultative business and profitable treaty cession by gradually increasing its retention capacity and adopting of risk management measures. The company remains committed to enhancing shareholder value and is focused on enhancing its shares in both treaty and facultative business.

Re-takaful operations have started contributing to the profitability of the company and are expected to grow with the passage of time. The fixed income portfolio is well set to take benefits from record high returns on fixed income instruments, and the fixed income portfolio of the Company shall bring higher. Overall the company maintains an optimistic outlook on its business performance going forward.

To achieve the company's short and long-term objectives, its business strategy will continue to focus on providing prompt service to insurance companies, particularly regarding facultative offers. PRCL with a strengthened balance sheet and enhanced equity structure will continue to concentrate on the quality treaty and facultative business and profitable treaty cession by gradually increasing its retention capacity and adoption of risk management measures.

Internal Controls:

The internal control framework has been effectively implemented through an in-house Internal Audit function established by the Board which is independent of the External Audit Function. The Internal Audit function has carried out its duties under the charter defined by the Audit Committee. The Audit Committee has reviewed Internal Audit reports taking appropriate action where necessary. Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with the laws and regulations.

Risk Management Policy:

The company has an appropriate framework of methods, systems, and processes to manage risks and seize opportunities related to the achievement of business objectives. The Company's Risk Management approach comprises quantitative & qualitative evaluation of risk and minimizing its hazards. An elaborate risk management policy has been approved by the Board which is subject to its review from time to time. The risk mitigation process and measures have been formulated and spelled out in the said guidelines.

Code of Conduct:

The Company has designed a code of conduct to ensure ethical conduct & integrity by all employees. All the operations of the company are undertaken in a fair and transparent manner strictly following the code of conduct.

Directors' Training Program:

All the directors of the company are certified directors under the Directors Training program.

Directors' Remuneration Policy:

The remuneration of directors is approved by the Shareholders at the Annual General Meeting on the recommendation of Board of Directors.

Performance Evaluation of the Board of Directors:

Pursuant to Rule 8 (1) of the Public Sector Corporate Governance, Rules 2013 & the policy approved by the Board, the Performance Evaluation for the current year of the CEO & the rest of the Directors of the Board has been undertaken independently by the Chairman of the Board. The evaluation framework comprises of qualitative assessment of individual Board members.

Related Party Transactions:

At each board meeting, the Board of Directors approves the Company's transactions with Associated Companies / Related Parties. All the transactions executed with related parties are on an arm's length basis.

Ownership:

As of December 31, 2022, there were 4,361 shareholders on the record of the Company.

The Pattern of Shareholding:

The pattern of shareholding of the company as at December 31, 2022, along with the necessary information is available at the end of this report.

Statement on Corporate and Financial Reporting Framework:

PRCL being a Listed Company adheres to the Listed Companies (Code of Corporate Governance), 2020 and all other listing regulations. The Company is also public sector enterprise and operates under the framework of Public Sector Companies (Code of Corporate Governance Rules), 2013 and Code of Corporate Governance for Insurers, 2016. The Directors confirm compliance with all reporting and disclosure requirements as envisaged in the Companies Act, 2017, Insurance Ordinance 2000, and Rules, made there under. The Directors confirm compliance with the corporate and Financial Reporting Framework of the SECP Code of Corporate Governance for the following: -

- a) The financial statements, prepared by the management of the company, present fairly, its state of affairs, the result of its operations, cash flows and changes in equity;
- b) The Company has maintained proper books of accounts;
- c) The Company has followed consistently appropriate accounting policies in preparation of the financial statements, changes have been adequately disclosed and accounting estimates are made on the basis of prudent and reasonable judgement;

- d) Financial statements have been prepared by the company in accordance with the International Accounting Standards, as applicable in Pakistan, requirements of Companies Act, 2017, Insurance Ordinance, 2000, and the Securities and Exchange Commission (Insurance) Rules, 2017;
- e) The system of internal control is in place and internal audit department is in complete function;
- f) There are no doubts upon the Company's ability to continue as a going concern;
- g) There is no material departure from the best practices of Listed Companies (Code of Corporate Governance), 2020, as laid down in the listing regulations and Public Sector Companies (Code of Corporate Governance) Rules, 2013, and Code of Corporate Governance for Insurers, 2016;
- h) The directors are qualified under directors Training Programme;
- i) Presentation was given to newly appointed Directors to acquaint them with the relevant laws and their responsibilities;
- j) The Company has 8.34% shareholding of National Investment Trust Limited (NITL) and as such has its representation on the Board of NITL by one of its Directors. Currently the CEO of PRCL is representing the Company on NITL Board.
- k) The appointment of the Chairman and other members of the Board and the terms of their appointment along with the remuneration policy are adopted in the best interests of the Company as well as in line with the best practices;
- l) The Non-executive Directors do not have fixed remuneration and are being paid a fixed fee for each meeting attended. Disclosure on remuneration of Chief Executives, Directors and Executives as applicable is separately shown in the report;
- m) Summarised key operating and financial data of the last 6 years is separately shown in the report;
- n) The statement of pattern of shareholding is separately shown in the report;
- o) The value of investment in pension, gratuity and provident fund is also disclosed as under:

	2022	2021
	(Rs. in millions)	
Pension and Gratuity Fund	1107	1079
General Provident Fund / Provident Fund	147	133

Board Meetings and Attendance:

In the year 2022, the Board formed various Committees, the detail of the meetings held and the attendance of each director is given hereunder:-

No. of Meetings		Board of Directors	Audit Committee	Ethics, HR & Remuneration / Committee	Underwriting / Reinsurance Committee	Claim Settlement Committee	Risk Management, Compliance & Legal Committee	Investment Committee	Procurement Committee
		9	5	8	3	4	3	3	3
Sl.	Name Of Directors	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended
1	Mr. Mumtaz Ali Rajper, Chairman Board	9	---	8	---	4	2	3	3
2	Mr. Musleh-ud-Din, Board Member	9	5	8	---	---	1	3	---
3	Mr. Shoaib Mir, Board Member	3	---	---	---	1	---	1	---
4	Dr. Kausar Ali Zaidi, Board Member	9	5	8	3	---	3	---	3
5	Mr. Muhammad Rashid, Board Member	9	5	---	---	---	3	3	---
6	Ms. Zara Shaheen Awan, Board Member	9	---	8	---	---	3	---	3
7	Mr. Farmanullah Zarkoon, CEO / Director	8	---	7	3	4	3	3	3

Leave of absence was granted by Board to the Directors who could not attend some of the meetings after intimating the Board in advance.

Change in the Board of Directors:

The Board welcomed every Non-executive / Nominee / Ex-officio Directors, who joined it and it also recorded appreciation of the services and contribution of all those Directors who were transferred/separated during the period under review.

Contribution to National Exchequer:

During the year, your Company contributed an amount of Rs.1,226 million (2021: Rs.272 million) into the government treasury on account of Taxes, Levies, and other duties.

Compliance with the Code of Corporate Governance:

The requirements of the Code of Corporate Governance set out by the regulatory authorities have been duly complied with.

Audit Committee of the Board:

The Board, in compliance with the Code of Corporate Governance, has constituted an Audit Committee and its terms of reference have been approved by the Board. The names of the members of the Committee are given in the section of Corporate Information.

Performance of the Company during the last six years

(Rs. in millions)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Gross Premium	24,271	20,994	16,896	17,655	10,734	8,036
Net Premium	7,929	7,226	6,709	6,905	5,464	5,006
Net Commission	(1,026)	(968)	(925)	(1,243)	(1,047)	(1,148)
Net Claims	(4,312)	(3,778)	(3,924)	(4,259)	(2,990)	(3,740)
Management Expenses	(1,529)	729	(666)	(775)	(844)	(796)
Underwriting Profit/(Loss)	1,401	1,742	765	628	583	(677)
Investment Income	1,338	982	1,043	868	691	3,326
Profit before Tax	3,556	3,614	1,941	2,189	1,730	2,876
Profit after Tax	2,624	2,589	1,392	1,484	1,228	2,226

Trading in the Company Shares:

Trading in the shares of the Company was not done by any of the Directors and by the Key Officers.

Appointment of Auditors:

Financial Statements for the year 2022 have been audited by BDO Chartered Accountants. The present auditors have given their consent to continue as Auditors for the year 2023. The Board of Directors on the

recommendation of the Audit Committee has proposed the appointment of Messrs BDO Chartered Accountants as statutory auditors for the next term of the year 2023.

Acknowledgment:

The Company would like to thank its shareholders for the confidence they have shown in us. We express our sincere thanks to all insurance companies, strategic partners, vendors, the Securities and Exchange Commission of Pakistan, and the State Bank of Pakistan for their support and guidance. We also acknowledge the hard work and dedication of the officers and staff of the Company.

For and on behalf
of the Board of Directors

CHIEF EXECUTIVE OFFICER

CHAIRMAN BOARD OF DIRECTORS

ناظمین کی رپورٹ

برائے حصص کنندگان

محترم حصص کنندگان

بورڈ کے ناظمین کی جانب سے 31 دسمبر 2022 کو اختتام پذیر سال پر، ناظمین کی رپورٹ جمع محتسب شدہ مالیاتی دستاویزات اور محاسبین (Auditors) کی رپورٹ پیش کرتے ہوئے ہم خوشی محسوس کرتے ہیں۔

معاشی جائزہ

مالی سال 2022 کا غیر معمولی نمو کا مرحلہ جس میں معاشی ترقی 6 فیصد کے اضافے سے ترقی کر رہی تھی، اس کے برخلاف مالی سال 2023 کا آغاز بدترین سیلاب سے ہوا جس نے 30 ارب امریکی ڈالر سے زیادہ کا نقصان پہنچایا؛ موجودہ سال میں توقع ہے کہ پاکستان کی معیشت 2 فیصد سے کم کی شرح سے ترقی کرے گی۔ حکومت کی تبدیلی اور سیاسی غیر یقینی کے سبب معیشت کو پس پشت ڈال دیا گیا ہے جس کا نتیجہ حکومت کے لیے کثیر الحجث مشکلات کی صورت میں نکلا۔

مالی سال 2023 کے پہلے نصف میں صارفین کی قیمتوں کے انڈیکس (CPI) کی افراط زر کی شرح 25.02 فیصد رہی جبکہ اس کے مقابلے میں مالی سال 2022 کے پہلے نصف میں یہ شرح 9.81 فیصد تھی۔ توقع ہے کہ مالی سال 2023 کی بقیہ مدت میں افراط زر بلند رہے گا کیونکہ اصل دباؤ توانائی کی قیمتوں میں اضافہ، ڈالر کے مقابلے میں کمزور کرنسی اور غذائی اشیاء کی قیمتوں میں جاری اضافہ ہیں۔

افراط زر کے تدارک کے طور پر بینک دولت پاکستان نے مالیاتی پالیسی میں سختی جاری رکھی اور بینکاری مالیاتی پالیسی کے اجلاس میں پالیسی نرخ میں 300 بیس پوائنٹس کا اضافہ کر کے شرح 21 فیصد کر دی، اس طرح سے 12 ماہ میں کل اضافہ 10.25 فیصد کا ہو گیا۔

3 فروری 2023 تک، پاکستان کے غیر ملکی زرمبادلہ کے ذخائر نو سالوں کی کم ترین سطح پر گھٹ کر 2.9 ارب امریکی ڈالر جس کی وجہ بین الاقوامی مالیاتی فنڈ کے جائزے میں تاخیر ہے۔ دیگر بیرونی مالیاتی ذرائع بھی بین الاقوامی مالیاتی فنڈ کے بورڈ کی منظوری سے منسلک ہیں۔ متعدد بینکاری کاروائیوں کی تکمیل، بشمول اضافی محصولات کے اقدامات اور پیٹرول، گیس اور یوٹیلیٹی کی قیمتوں میں اضافے سے امکان ہے کہ ہم اسٹاف کی سطح کے معاہدے کے قریب پہنچ جائیں گے۔

پاک روپیہ شدید دباؤ میں رہا اور ایک سال میں اس کی قدر میں 60 فیصد کمی ہوئی۔ جب تک اسٹاف کی سطح کا معاہدہ بلا تاخیر کے بین الاقوامی مالیاتی فنڈ کے ساتھ نہیں ہو جاتا، پاک روپیہ غیر مستحکم اور کمزور رہے گا۔

مالی سال کے پہلے نصف میں پرائمری سرپلس (primary surplus) دونوں حتمی اور فیصد کی مد میں خاصہ اضافہ ہوا؛ اس نے مجموعی قومی پیداوار کا 1.1 فیصد دکھایا جبکہ مالی سال 2022 کے نصف میں یہ مجموعی قومی پیداوار کا 0.1 فیصد تھا۔ مالی سال 2023 کے نصف میں محصولات کی وصولی میں سال بہ سال کی بنیاد پر 17 فیصد کا اضافہ ہوا اور اس اضافے کا محرک 50 فیصد براہ راست محصولات میں اضافہ رہا۔ تاہم، موجودہ اخراجات میں 30 فیصد اضافہ ہوا جس کی وجہ سیلاب اور مارک اپ (mark-up) ادائیگیوں میں 77 فیصد اضافہ تھا۔ مالی سال 2022 کے نصف کے اقتصادی خسارے کے مقابلے میں مالی سال 2023 کے نصف میں اقتصادی خسارے میں 23 فیصد اضافے کے اندراج سے یہ خسارہ بڑھ کر 1.7 کھرب روپے ہو گیا اس کے باوجود یہ خسارہ مجموعی قومی پیداوار کا 2 فیصد رہا۔

تمام مشکلات کے باوجود جس میں بشمول بلند افراط زر، کمزور پاک روپیہ اور بلند قرضوں کا بوجھ شامل ہیں، ہمیں امید ہے کہ مالی سال 2023 کے دوسرے نصف میں معیشت مستحکم ہوگی اور بحالی کی راہ پر چل پڑے گی۔

کمپنی کی کارکردگی کی جھکیاں

سال 2022 پاکستان ری انشورنس کمپنی لمیٹڈ کے لیے اچھا رہا۔ سال 2022 اور 2021 کی مالیاتی جھلکیوں کا تقابلی جائزہ درج ذیل ہے؛

روپے ملین میں

(سوائے بصورت دیگر بیان کردہ)

فیصد تبدیلی	2021	2022	
16%	20,994	24,271.00	مجموعی پریمیم
10%	7,226.00	7,929.00	خالص پریمیم
14%	(3,778.00)	(4,312.00)	خالص دعوے
-5%	1,742.00	1,652.00	ضمانتی بیمہ (underwriting) کا منافع
36%	982.00	1,338.00	سرمایہ کاری سے آمدنی
22%	104.00	127.00	کرایہ داری کی آمدنی
195%	142.00	419%	دیگر آمدنی
1%	2,589.00	2,624.00	منافع بعد از محصول
-66%	8.63	2.88	آمدنی فی حصص - روپے

زیر غور جائزہ سال کے دوران مجموعی پریمیم بڑھ کر 24,271 ملین روپے ہو گیا جبکہ سال 2021 میں اس کی مالیت 20,994 ملین روپے تھا، اس طرح سے اضافہ 3,277 ملین روپے یعنی 16 فیصد۔ خالص پریمیم بڑھ کر 7,929 ملین روپے ہو گیا جبکہ سال 2021 میں اس کی مالیت 7,226 ملین روپے تھی، اس طرح سے اضافہ 703 ملین روپے یعنی 10 فیصد۔ خالص دعوے بڑھ کر 4,312 ملین روپے ہو گئے جبکہ سال 2021 میں اس کی مالیت 3,778 ملین روپے تھا، اس طرح سے اضافہ 534 ملین روپے یعنی 14 فیصد۔ ضمانتی بیمہ (Underwriting) کے نتیجے میں 2 فیصد کمی کے ساتھ 1,652 ملین روپے ہو گیا جبکہ اس کے مقابلے میں سال 2021 میں 1,682 ملین تھا۔

کل طور پر منافع بعد از محصول 2,589 ملین روپے کے مقابلے میں 2,824 ملین روپے ہے جو گزشتہ سال کے مقابلے میں 1 فیصد ہے۔ خالص پریمیم پر منافع بعد از محصول 33 فیصد اس کے مقابلے میں 2021 میں 35 فیصد تھا۔

معاهداتی (Treaty) کاروبار

کمپنی کے کل کاروبار کے پورٹ فولیو میں متناسب معاهداتی (Treaty) کاروبار کا 28 فیصد (2021: 2 فیصد) حصہ رہا۔ سال 2021 کے دوران تحریر شدہ مجموعی پریمیم کے 4,013 ملین روپے کے مقابلے میں اس سال 6,887 ملین روپے رہا، اضافہ 2,874 ملین روپے یعنی 50 فیصد۔ خالص پریمیم سال 2021 کے 3,863 ملین روپے کے مقابلے میں رواں سال 4,622 ملین روپے رہا۔ زیر جائزہ سال کا خالص دعوے سے خالص پریمیم کا تناسب 52 فیصد تھا (2021: 61.68 فیصد) جس کا نتیجہ سال 2021 کے 1,151 ملین روپے کے ضمانتی بیمہ (underwriting) منافع کے مقابلے میں رواں سال اس کی مالیت میں اضافے کے ساتھ 271 ملین روپے رہی، کمی 880 ملین روپے۔

اختیاری کاروبار:

آگ:

اختیاری کاروبار کے سلسلے میں، آگ کے کاروبار کی قسم کا کل پریمیم پورٹ فولیو میں 7.35 فیصد (2021: 9.83 فیصد) حصہ ہے۔ سال کے دوران مجموعی پریمیم جو تحریر کیا گیا 1,779 ملین روپے تھا اس کے مقابلے میں 2021 میں 2,066 ملین روپے، اضافہ 287 ملین روپے یعنی 13.89 فیصد۔ خالص پریمیم سال 2021 کے 1,666 ملین روپے کے مقابلے میں 1,671 ملین روپے تھا۔ زیر غور سال کے لیے خالص دعوے سے خالص پریمیم کا تناسب 147 فیصد (2021: 26.96 فیصد) تھا جس کا نتیجہ انڈر رائٹنگ کا نقصان 1,345 ملین روپے تھا اس کے مقابلے میں 2021 میں 814 ملین روپے کا منافع تھا۔

بحری ترسیل بار برداری (Marine Cargo) اور جہاز کا ڈھانچہ (Hull):

اختیاری کاروبار کے دیگر سلسلے میں بحری ترسیل بار برداری اور جہاز کے ڈھانچے کی قسم کے کاروبار کا کل پریمیم پورٹ فولیو میں 1.87 فیصد (2021: 1.4 فیصد) تھا۔ سال 2022 کے دوران تحریر کردہ مجموعی پریمیم 451 ملین روپے اور اس کے مقابلے میں سال 2021 میں 306 ملین روپے تھا، اضافہ 145 ملین روپے یعنی 47 فیصد۔ خالص پریمیم 277 ملین روپے رہا اس کے مقابلے میں سال 2021 میں 190 ملین روپے تھا۔ زیر غور سال کے لیے خالص دعوے سے خالص پریمیم کا تناسب 16- فیصد (2021: 93 فیصد) تھا جس کا نتیجہ انڈر رائٹنگ کا منافع 208 ملین روپے تھا جو سال 2021 میں 44 ملین روپے تھا، اضافہ 164 ملین روپے۔

ہوابازی (Aviation):

اختیاری کاروبار کے دیگر سلسلے میں ہوابازی کی قسم کے کاروبار کا کل پریمیم پورٹ فولیو میں 19.79 فیصد (2021: 23.85 فیصد) حصہ رہا۔ سال کے دوران مجموعی پریمیم جو تحریر کیا گیا 4,786 ملین روپے تھا اس کے مقابلے میں 2021 میں 5,002 ملین روپے تھا، کمی 216 ملین روپے رہی۔ خالص پریمیم 274 ملین روپے رہا اس کے مقابلے میں سال 2021 میں 351 ملین روپے تھا۔ زیر غور سال کے لیے خالص دعوے سے خالص پریمیم کا تناسب 18- فیصد (2021: 5.9 فیصد) تھا جس کا نتیجہ انڈر رائٹنگ کا منافع 380 ملین روپے رہا جبکہ سال 2021 میں 316 ملین روپے کا منافع تھا۔

حادثات

اختیاری کاروبار کے دیگر سلسلے میں۔ حادثات اور صحت کی قسم کے کاروبار کا کل پریمیم پورٹ فولیو میں 1.69 فیصد (2021: 0.87 فیصد) حصہ رہا۔ سال کے دوران مجموعی پریمیم جو تحریر کیا گیا 408 ملین روپے تھا اس کے مقابلے میں 2021 میں 185 ملین روپے رہا، اضافہ 223 ملین روپے یعنی 120 فیصد۔ خالص پریمیم سال 2021 کے 182 ملین روپے کے مقابلے میں 216 ملین روپے رہا، اضافہ 34 ملین روپے رہی۔ زیر غور سال کے لیے خالص دعوے سے خالص پریمیم کا تناسب 59- فیصد (2021: 8.01 فیصد) تھا جس کا نتیجہ انڈر رائٹنگ کا منافع 379 ملین روپے رہا جو سال 2021 میں 132 ملین روپے تھا۔

اختیاری کاروبار کے دیگر سلسلے میں انجینئرنگ کی قسم کے کاروبار کا کل پریمیم پورٹ فولیو میں 41.19 فیصد (2021: 39.34 فیصد) حصہ ہے۔ زیر غور سال کے دوران مجموعی پریمیم جو تحریر کیا گیا 9,960 ملین روپے تھا اس کے مقابلے میں 2021 میں 8,261 ملین روپے تھا، اضافہ 1,699 ملین روپے یعنی 20.5 فیصد۔ خالص پریمیم سال 2021 کے 718 ملین روپے کے مقابلے میں بڑھ کر 918 ملین ہو گیا، اضافہ 200 ملین روپے یعنی 2.4 فیصد۔ زیر غور سال کے لیے خالص دعوے سے خالص پریمیم کا تناسب 88 فیصد (2021: 41 فیصد) تھا جس کا نتیجہ انڈر رائٹنگ کا منافع 213 ملین روپے رہا جو سال 2021 میں 612 ملین روپے تھا۔

سرمایہ کاری سے آمدن

گاہکوں کے دعوں کا بروقت تصفیہ اور ان کا اطمینان کمپنی کی اولین ترجیح ہے جو کمپنی کے قابل قدر گاہکوں کا اعتماد بڑھاتا ہے اور گڈول (goodwill) حاصل کرتا ہے۔ سال کے دوران مجموعی خالص دعوں کا خالص پریمیم کا تناسب 54.37 فیصد رہا اس کے مقابلے میں 2021 میں یہ 52.28 فیصد تھا۔

دعوں کا تصفیہ

دعوں کا بروقت تصفیہ اور گاہکوں کا اطمینان، کمپنی کی بہت زیادہ ترجیحات میں شامل ہے کیونکہ قابل قدر گاہکوں کے اعتبار اور گڈول (goodwill) بنانے میں مدد کرتی ہیں۔ زیر غور مدت میں مجموعی خالص دعوے سے خالص پریمیم کا تناسب 54.37 فیصد رہی جبکہ اس کے مقابلے میں 2021 میں 52.28 فیصد تھی۔

لاگت میں کمی کے اقدامات

زیر جائزہ سال کے دوران انتظامی اخراجات 1,087 ملین روپے جبکہ گذشتہ سال کے دوران 981 ملین روپے تھے، جس سے 359 ملین روپے اضافے کا اندراج کیا یعنی 36.5 فیصد۔ سال 2022 میں انتظامی اخراجات، خالص پریمیم کے مقابلے میں 13.84 فیصد رہے جو 2021 میں 10.07 فیصد تھا۔ آنے والے دنوں میں انتظامیہ کی کوشش ہوگی کہ خالص پریمیم میں لاگتوں کی فیصد کو کم کرنے کی کوشش کرتے رہیں۔

محاسبین (Auditors) کا تبصرہ

I. سندھ ریونیو بورڈ کی جانب سے قبل وصولی واجبات اور متعلقہ مقدمہ بازی

جیسا کہ مالیاتی دستاویزات کے نوٹ 15 اور 37.2 میں ظاہر کیا گیا ہے جو سندھ بورڈ آف ریونیو (SRB) سے وصولیاتی کی مالیت 2,573.89 (2021: 2,573.89) ملین روپے جو SRB نے ری انشورنس کی خدمات پر مالی سال 2011 سے 2013 میں بطور سیلز ٹیکس کی مالی ذمہ داری کے وصول کیا ہے۔

کمپنی نے سندھ بورڈ آف ریونیو کے کمشنر ایبل اور ایبلٹ ٹریبیونل کے پاس اس کے خلاف ایبل کی درخواست دی تھی جہاں فیصلہ سندھ بورڈ آف ریونیو کے حق میں آیا تھا۔ اس لیے کمپنی نے احتجاج کرتے ہوئے 2,131 ملین روپے کی ادائیگی کی اور باقی 442 ملین روپے کی رقم کو TDRs کیش کروا کر حاصل کی۔ کل رقم کا بطور "سندھ بورڈ آف ریونیو سے قابل وصولی" کے طور پر مالیاتی دستاویزات کے نوٹ 15 میں بیان کیا گیا ہے۔

اس کے نتیجے میں، کمپنی نے ایبلٹ ٹریبیونل کے فیصلے کے خلاف عدالت عالیہ، سندھ میں ایک ریفرنس داخل کیا ہے۔

سال کے اختتام کے بعد، مذکورہ کیس کی 10 جنوری 2023 کو سندھ ہائی کورٹ میں کاروائی ہوئی۔ کیس کی کاروائی کو وقت کی قلت کے سبب 19 مئی 2023 تک ملتوی کر دی گئی ہے۔ کیس ابھی تک معزز عدالت عالیہ، سندھ میں زیر التوا ہے اور وہاں اس کیس پر کوئی پیش رفت نہیں ہے۔ اس کیس کی تفصیلات نوٹ 37.1 میں بیان کی جا چکی ہیں۔

اثاثہ جات کا اندراج انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز سے انحراف ہے، کیونکہ کمپنی ان اثاثہ جات تک پر کسی بھی قسم کا کنٹرول ثابت نہ کر سکی ہے اور کورٹ میں جاری کیس کی وجہ سے اس کے مالی فوائد کی کوئی توقع نہیں ہے۔

انتظامیہ کا تبصرہ

قانونی رائے کی بنیاد کے مطابق، کمپنی کو توقع ہے کہ سندھ کی معزز عدالت عالیہ کی جانب سے موافق فیصلہ آئے گا اور سندھ بورڈ آف ریونیو (SRB) کی جانب سے وصول کردہ سیلز ٹیکس کی رقم کمپنی کو واپس مل جائے گی۔ اس وجہ سے کمپنی نے اس رقم کو SRB سے بطور قابل وصولی کے اندراج کیا ہے۔

.II غیر مفاہمتی بقایا جات (UNRECONCILED BALANCES)

جیسا کہ مالیاتی دستاویز کے نوٹ 16 اور 32 میں بیان کیا گیا ہے، دیگر انشورنس کمپنیز کی جانب سے معاہداتی اور اختیاری کاروبار کی مد میں 16,792 ملین روپے کی مجموعی رقم اور 16,626 ملین روپے کی خالص رقم شامل ہے اور ایک اور 40.11 ملین روپے کی رقم بھی شامل ہے جو دیگر انشورنس کمپنیز کی جانب سے واجب الادا ہے اور اب تک ری کنسائل نہیں ہے۔ کمپنی ان رقم کو منسلک کرنے کے عمل میں مصروف ہے۔ مندرجہ بالا رقم کی زیر التوا، ری کنسلیشن (reconciliations) کی تاخیر کی وجہ سے تبدیلی اور اس کے نتیجے میں اثرات، اگر کوئی ہوں تو، ان مالیاتی دستاویزات پر غیر یقینی کی صورت میں باقی رہیں گے۔

انتظامیہ کا تبصرہ

PRCL اور سیڈنگ انشورنس کمپنیز میں اختلاف کی وجہ، سیڈنگ کمپنیز کی جانب سے یکطرفہ طور پر تبدیلی کا عمل کیا گیا ہے۔ PRCL نے اس معاملے کو SECP میں اٹھادیا ہے اور SECP نے تمام آڈٹ فرمز کو ہدایت کی ہے کہ تمام کمپنیز جن کے اکاؤنٹس ری کنسائل نہیں ہوئے ہیں ان اکاؤنٹس کو کو ایفائی کریں۔

.III متناسب معاہداتی کاروبار

انشورنس آرڈینینس 2000 اور پاکستان انشورنس کارپوریشن (لازمی زائد از ضرورت ری انشورنس)، ضابطہ 1978 کے تحت معاہداتی کاروبار کی درج ذیل ضروریات ہیں:

سیڈنگ کمپنیز کے پاس مناسب رکاز ہونا چاہئے جس میں تاریخ اور کافی معلومات درج ہوں؛

سیڈنگ کمپنیز کو چاہیے کہ وہ مکمل پریمیم / کلیم بارڈریکس (bordereaux) فراہم کرنے کے ساتھ ہر سہ ماہی میں آمدنی (return) فراہم کرے؛

کمپنی کے مجاز عملے کا معائنہ کرنے کا حق، جہاں وہ معائنہ کریں اور سیڈنگ کمپنی کے رکاز کی نقول حاصل کر سکیں اور

کمپنی اس بات کا حقدار ہے کہ وہ رسک اور ان کے ری انشورنس سے متعلق کسی بھی دستاویزات کا مکمل یا جزوی کا معائنہ کر سکے۔

تاہم، ماسوائے سیڈنگ کمپنیز کی جانب سے سہ ماہی ریٹرنز، وہاں پر مناسب معاہداتی کاروبار کی تصدیق کے مناسب معاون رکارڈ موجود نہیں تھا۔ نتیجتاً، ہم مذکورہ سودوں اور ان کے بقایا جات کی تصدیق سے معذور تھے۔ علاوہ ازیں، وہ دعوے جن کی ادائیگیاں ایک سال سے زیادہ نہیں ہوئیں، ان کے بارے میں اس بات کا تعین کرنے سے معذور تھے، کہ دعوے کی پروسنگ میں تاخیر کے سبب ہر جانہ کمپنی پر لاگو ہیں یا نہیں کیونکہ دعوں سے متعلق ڈیٹا دستیاب نہیں تھا۔

جیسا کہ مالیاتی دستاویزات کے نوٹ نمبر 16، 17، 18، 25، 26، 27، 38، 39 اور 55 میں ظاہر کیا گیا ہے، کچھ کھاتوں کے بقایا جات اور مختلف درجہ کے لین دین کے سودوں کی کاندراج متناسب معاہداتی (Treaty) کاروبار کی مد میں کیا گیا ہے۔ ہم سیڈنگ انشورنس کمپنیوں کے ان اکاؤنٹس سے متعلق کافی اور مناسب آڈٹ کے بقایا جات اور لین دین کی کلاس کے ثبوت سے متعلق ضروری دستاویزات حاصل کرنے سے معذور تھے کیونکہ کمپنی، سیڈنگ کمپنی اپنے ریکارڈ اور تصدیق کے لیے، سیڈنگ کمپنیز سے ضروری دستاویزات حاصل نہیں کرتی لیکن اس کا کل انحصار لین دین کی مالیت جو سہ ماہی ریٹرنز میں ظاہر کی گئی ہیں جس کا مقصد لین دین کاریکارڈ رکھنے کے لیے ہے۔ مزید یہ کافی اور مناسب ثبوت کے لیے متبادل طریقہ کار ممکن نہیں ہے۔ نتیجتاً، ہم اس بات کا تعین کرنے سے معذور رہے کہ آیا ان مالیت میں کی گئی ترمیم ضروری تھیں۔

انتظامیہ کا تبصرہ

جیسا کہ انشورنس آرڈیننس 2000 کی شق نمبر 43 میں درج ہے، معاہداتی (Treaty) کاروبار کے سلسلے میں کمپنی پر بیمہ، دعوے اور کمیشن سے متعلق کھاتوں کا اندراج سیڈنگ انشورنس کمپنیز کی جانب سے رٹرنز کی بنیاد پر کرتی ہے اور جب کبھی مناسب سمجھے تو ان سے متعلقہ دستاویزات طلب کرتی ہے۔ تاہم، جیسا کہ محاسب نے نشاندہی کی ہے، سیڈنگ کمپنیز سے مزید دستاویزات حاصل کی جا رہی ہیں۔

IV. سرمایہ کاری پر اپرٹی

جیسا کہ کمپنی کی مالیاتی دستاویزات کے نوٹ 11 میں ظاہر کیا گیا ہے کمپنی اپنی سرمایہ کاری پر اپرٹی کی مناسب قدر رکھتی ہے۔ انٹرنیشنل اکاؤنٹنگ اسینڈرڈ (IAS-40) کے مطابق سرمایہ کاری پر اپرٹی کے لیے ایک اینٹیٹیٹی (entity) کی ضرورت ہے جس کے لیے تسلسل سے مناسب قدر کا دوبارہ تخمینہ لگانے کے لیے مناسب قدر کا تعین کرنے کا ماڈل استعمال کرنا چاہیے۔ انتظامیہ نے پر اپرٹی کی مناسب قدر اور اس کے نتیجہ خیز اثرات تعین کرنے کے لیے اب تک کسی قسم کی کاروائی نہیں کی ہے۔ اس طرح سے، نتیجتاً ترمیم اور اس کے نتیجہ خیز اثرات، اگر کوئی ہی ہے تو، ان مالیاتی دستاویزات پر کیا ہوں گے وہ سب غیر یقینی ہے۔

انتظامیہ کا تبصرہ

کمپنی پر اپرٹی کی قدر پذیری کے لیے تخمینہ کاری کی خدمات حاصل کرے گی اور اس کا تخمینہ 30 جون 2023 سے پہلے کروالے گی اور اس کے کوئی مالیاتی اثرات ہوئے تو 2023 کے نصف سال کے اکاؤنٹس میں شامل ہوں گے۔

V. مستقل جاری رہنے والے ادارے سے متعلق مادی اشیاء کی غیر یقینی

جیسا کہ مالیاتی دستاویزات کے نوٹ 1.2 اور 60 میں ظاہر کیا گیا ہے، اب تک، کمپنی، انشورنس آرڈیننس 2000 اور متعلقہ قوانین کی شق 36 میں درج کم سے کم حل پذیری (solvency) کی تقاضے پورا کرنے خلاف ورزی کر رہی ہے۔ ایسی خلاف ورزی اس بات کی نشاندہی کرتی ہے کہ مادی اشیاء کے سلسلے میں غیر یقینی موجود ہے جو کمپنی کی مستقل میں جاری رہنے پر شک و شبہ ظاہر کرتا ہے۔ اس معاملے کے سلسلے میں ہماری رائے میں تبدیلی نہیں آئی ہے۔

ہم نے اس معاملے پر اپنی آڈٹ رپورٹ میں زور دیا ہے۔

انتظامیہ کا تبصرہ

انتظامیہ، تیزی سے بڑھتے ہوئے بقایا دعویٰ جو 31 دسمبر 2021 کو اختتام پذیر پر - / 9,401,437,187 روپے سے بڑھ کر موجودہ سال میں - / 21,256,435,233 روپے ہونے کا سختی سے جائزہ لے رہی ہے۔ کیونکہ زیادہ تر دعویٰ کی بنیاد ابتدائی نقصان کے تخمینے پر ہوتی ہے، جو یا تو گھٹتا ہے، اور اگر دیا جاتا ہے یا ایڈجسٹ کر دیا جاتا ہے بقایا قابل وصولیوں سے۔ اس لیے، یہ توقع کی جاتی ہے کہ، بقایا دعویٰ کے مالی واجبات 30 جون 2023 تک خاصہ کم ہو جائیں گے۔ علاوہ ازیں، SECP ضوابط کے اجراء کے مراحل میں ہے جو 30 جون 2023 تک مکمل ہو جائے گا، جو دیگر معاملات کے ساتھ، PRCL کے انشورنس کمپنیز کی جانب طویل مدت سے قابل وصولی واجبات جیسے معاملات کو بھی حل کرے گا۔ ایک مرتبہ یہ ضوابط مؤثر ہوں گے، وصولیابی میں بہتری آئے گی اور انشورنس کمپنیز کی جانب دیرینہ قابل وصولی واجبات کی زیادہ تر وصول ہو جائیں گی اور حل پذیری (solvency) کی صورت حال خاصی بہتر ہو جائے گی۔

مذکورہ بالا وجوہات کی وجہ سے ہمیں توقع ہے کہ ہم، 30 جون 2023 تک یا اس سے پہلے، حل پذیری (solvency) کی ضروریات جیسا کہ انشورنس آرڈینینس 2000 میں بیان کی گئی ہیں، ان کو پورا کر سکیں گے۔

پبلک سیکٹر کاروبار

کمپنی، میشل انشورنس کمپنی لمیٹڈ کے ری انشورنس کرنے والی کمپنی کے طور پر کام کرتی ہے۔ اس میں شامل چند اعلیٰ شہرت کے اکاؤنٹس ہیں مثلاً PIA، KSEW، PNSC، PPL، OGDCL، PSO، PARCO، پبلک سیکٹر کے توانائی کے منصوبے وغیرہ شامل ہیں۔ زیر جائزہ سال کے دوران، کمپنی کی پبلک سیکٹر کاروبار سے مجموعی مالگداری (revenues) 13,847 ملین روپے سے بڑھ کر 15,507 ملین روپے ہو گئی تھی، اضافہ 12 فیصد۔

ری انشورنس کے انتظامات

PRCL کے پاس اضافی ری انشورنس کے نقصان کے انتظامات ہیں اور دنیا کے معروف ری انشورنس کرنے والی کمپنیوں سے انتظام اور تعلقات ہیں جیسا کہ ہنوور ری (S&P کی AA-)، سوئس ری (S&P کی AA-)، پارٹنری (S&P کی A+) درجہ بندی، اور لائڈ سنڈکیٹ (S&P کی A+) درجہ بندی) وغیرہ وغیرہ۔ کمپنی زیادہ سے زیادہ خطرے کو سنبھالنے کی پالیسی پر عملدرآمد کرتی ہے جو کہ محتاط ری انشورنس پروگرام کے تحت بنائی گئی ہے۔ کمپنی کے ری انشورنس کے احاطہ کی بنیاد خطرے کے مقام پر کمپنی کی شمولیت، اس کا جمع ہونا اور اس کا ارتکاز (concentration) ہے۔

E.C.O. ری انشورنس کمپنی

10 فروری 2010 پر اسلام آباد (پاکستان) میں E.C.O. ری انشورنس کمپنی کا آرٹیکل آف ایگریمنٹ (AoA) پر تین رکن ریاستوں، اسلامی جمہوریہ پاکستان، اسلامی جمہوریہ ایران اور ترکی کے نمائندگان کے درمیان دستخط ہوئے۔ AoA کی مزید منظوری رکن حکومتوں نے دی اور آخری منظوری ترکی نے 22 نومبر 2017 میں دی۔ کمپنی کا مقصد موجودہ ری انشورنس کی خدمات کو بڑھانا، انڈر رائٹنگ (underwriting) اور خطرے کا سنبھالنے کی صلاحیت کو بڑھانا اور خطے کی معاشی ترقی میں معاونت کرنا ہے۔

کمپنی کا منظور شدہ سرمایہ تیس ملین امریکی ڈالر ہو گا جو دس ہزار امریکی ڈالر فی حصص کی مالیت کے تین ہزار حصص پر مشتمل ہو گا اور تینوں ملکوں کے اداروں میں مساوی طور پر تقسیم ہو گا۔ PRCL کی جانب سے ECO ری انشورنس کمپنی میں کوئی بھی سرمایہ کاری بورڈ کے ناظمین، حصص کنندگان / AGM کی منظوری اور کمپنیز ایکٹ 2017 کے شق 199 کی تعمیل سے مشروط ہو گا۔

کریڈٹ درجہ بندی

کمپنی کی سال 2022-23 کی درجہ بندی کا کام میسرز JCR-VIS نے سنبھال لیا ہے۔ کمپنی کی درجہ بندی ”AA+“ مستقبل کا منظر نامہ (outlook) مثبت ہے۔ درجہ بندی کے معیار کے پیمانے اور تعریف کے مطابق ”AA+“ درجہ بندی کریڈٹ رسک کی انتہائی کم توقع ظاہر کرتا ہے، اور یہ مالی ادائیگیوں کے وعدوں کی بروقت ادائیگی کی انتہائی مستحکم استعداد کی نشاندہی کرتی ہے اور کسی ممکنہ واقعات میں کوئی خاص عدم تحفظ (vulnerability) نہیں ہے۔

منافع بعد از محصول

کمپنی کا منافع بعد از محصول گزشتہ سال کے 2,589 ملین روپے کے مقابلے میں رواں سال 2,624 ملین روپے رہا جو 35 ملین روپے کا اضافہ یعنی 1 فیصد ظاہر کر رہا ہے۔

مختصات (appropriations)

مختصات (appropriations)		روپے ملین میں
	2022	2021
منافع قبل از محصول	3,556	3,614
نفی: محصول	(931)	(1,025)
منافع بعد از محصول	2,624	2,589
جمع: غیر مختص شدہ پچھلا منافع جو آگے بڑھایا گیا	5,414	2,350
جمع: مجموعی آمدن	(318)	(168)
نفی: حتمی نقد منقسمہ منافع 2021@20%	(600)	(750)
نفی: بونس حصص کا اجراء 200@%	(5,358)	
غیر مختص شدہ منافع جو آگے بڑھایا گیا	1,887	5,414

مجوزہ منقسمہ منافع

SECP کی تجاویز اور بورڈ کے ناظمین کے فیصلے کی روشنی میں کمپنی کی مالی صورتحال کو مستحکم کرنے اور اپنی استعداد کو مستحکم رکھنے کے لیے بورڈ آف ڈائریکٹرز نے سالانہ عام اجلاس کی منظوری کے لیے گزشتہ سال کے منظور کردہ 20 فیصد منقسمہ منافع کے مقابلے میں سال 2022 کے لیے 7.5 فیصد نقد سالانہ عام اجلاس کے لیے تجویز کیا ہے۔

ونڈوری-کافل

یہ ری-کافل ونڈو کے آپریشن کا چوتھا سال ہے۔ 2022 اور 2021 کی مالیاتی جھلکیوں کا تقابلی جائزہ نیچے پیش کیا جاتا ہے؛

مالگذاری کھاتا	2022	2021	فیصد
شراکت داری کاری-کافل فنڈ	روپے	روپے	
خالص شراکت داری سے مال گذاری (revenue)	979,125,622	690,413,885	41.82%
وکالہ فیس کے اخراجات	-215,856,211	-156,471,404	37.95%
خالص دعویٰ-IBNR	-501,892,882	-311,243,050	61.25%
	261,376,529	222,700,431	
سرمایہ کاری آمدن سے پہلے نقصان	304,239,169	198,848,568	
دیگر آمدن	72,908,632	10,080,104	623.29%
سرمایہ کاری سے آمدنی	8,316,060	4,560,461	82.35%
مضارب کا حصہ	-20,303,173	-3,660,141	454.79%
	60,918,519	10,980,424	454.79%
سیڈور قم کی وصولی	-	-	
قبل از محصول خسارہ	356,384,563	245,492,293	45.7%
محصول	-10,760,328	2,027,758	
خسارہ جو جمع شدہ خسارے میں منتقل کیے گئے	345,624,235	243,464,535	41.96%
مالگذاری کھاتہ			
آپریٹر کا فنڈ			
وکالہ فیس سے آمدنی	215,856,211	156,471,404	37.95%

کمیشن کے اخراجات	-213,471,407	-145,151,427
عام، انتظامی اور مینجمنٹ کے اخراجات	-15,746,091	-7,937,109
سید ڈر قم جو شراکت داری ری نکافل فنڈ کو ادا کی گئی	-	-
	-13,361,287	3,382,868
شراکت داری ری-نکافل فنڈ کی سرمایہ کاری میں مضارب کا حصہ	-20,306,173	3,660,141
سرمایہ کاری سے آمدن	1,687,509	920,194
دیگر آمدن	34,143,170	14,518,979
منافع قبل از محصول	15,524,506	19,099,314
منافع قبل از محصول	42,775,565	22,482,182
محصول	-12,404,914	-6,519,833
منافع بعد از محصول	30,370,651	6,962,349

زیر غور سال کے دوران مجموعی حصہ (contribution) بڑھ کر 1,205 ملین روپے ہو گیا جبکہ 2021 میں اس کی مالیت 933 ملین روپے تھی، اضافہ 272 ملین روپے یعنی 30 فیصد۔ خالص حصہ (contribution) بڑھ کر 979 ملین روپے ہو گیا جبکہ سال 2021 میں اس کی مالیت 690 ملین روپے تھی جس میں اضافہ 289 ملین روپے یعنی 41 فیصد۔ خالص دعوے بڑھ کر 502 ملین روپے ہو گئے اس کے مقابلے میں سال 2021 میں اس کی مالیت 311 ملین روپے تھی، اضافہ 191 ملین روپے یعنی 61.4 فیصد۔ زائد از ضرورت (surplus) ضمانتی بیمہ (underwriting) 52.7 فیصد اضافے سے بڑھ کر 304 ملین روپے ہو گیا جبکہ سال 2021 میں اس کی مالیت 199 ملین تھی۔

معاهداتی (Treaty) کاروبار

معاهداتی (Treaty) کاروبار (متناسب)

کمپنی کے کل کاروبار کے پورٹ فولیو میں متناسب معاهداتی (Treaty) کاروبار کا 82 فیصد (2021: 79 فیصد) حصہ رہا۔ سال 2021 کے تحریر شدہ مجموعی پریمیم کے 736 ملین روپے کے مقابلے میں 987 ملین روپے رہا، اضافہ 251 ملین روپے یعنی 34.10 فیصد۔ خالص حصہ سال 2021 کے 623 ملین روپے کے مقابلے میں رواں سال 868 ملین روپے رہا، اضافہ 226 ملین روپے یعنی 37.88 فیصد۔ زیر جائزہ سال کا خالص دعوے سے خالص حصہ کا تناسب 71.9 فیصد تھا (2021: 48 فیصد) جس کا نتیجہ سال 2021 کے 196 ملین روپے کے ضمانتی بیمہ (underwriting) زائد از ضرورت (surplus) کے مقابلے میں رواں سال 70 ملین روپے کا زائد از ضرورت رہا، کمی 126 ملین روپے یعنی 64.28 فیصد۔

غیر متناسب معاهداتی (Treaty) کاروبار

کمپنی کے کل کاروبار کے پورٹ فولیو میں غیر متناسب معاہداتی (Treaty) کاروبار کا 8 فیصد (2021: 11 فیصد) حصہ رہا۔ سال 2021 کے تحریر شدہ مجموعی حصے کے 99 ملین روپے کے مقابلے میں 99 ملین روپے رہا، اضافہ 0 ملین روپے یعنی 0.5 فیصد۔ خالص حصہ سال 2021 کے 22 ملین روپے کے مقابلے میں رواں سال 3.06 ملین روپے رہا، کمی 25 ملین روپے یعنی 114- فیصد۔ زیر جائزہ سال کا خالص دعوے کا تناسب 52 فیصد تھا (2021: 14 فیصد) جس کا نتیجہ سال 2021 کے 61 ملین روپے کے ضمانتی بیمہ (underwriting) خسارے کے مقابلے میں رواں سال 133 ملین روپے زائد از ضرورت رہی، اضافہ 194 ملین روپے۔

اختیاری کاروبار:

آگ:

اختیاری کاروبار کے سلسلے میں، آگ کے کاروبار کی قسم کا کل پورٹ فولیو میں 8.87 فیصد (2021: 9.04 فیصد) حصہ ہے۔ سال کے دوران مجموعی حصہ جو تحریر کیا گیا 107 ملین روپے تھا اس کے مقابلے میں 2021 میں 84 ملین روپے، اضافہ 23 ملین روپے یعنی 26 فیصد۔ خالص حصہ سال 2021 کے 73 ملین روپے کے مقابلے میں 102 ملین روپے رہا، اضافہ 29 ملین روپے یعنی 39 فیصد۔ زیر غور سال کے لیے خالص دعوے سے خالص حصہ کا تناسب 32.15 فیصد (2021: 6.89 فیصد) تھا جس کا نتیجہ انڈر رائٹنگ کا زائد از ضرورت 49 ملین روپے تھا جو سال 2021 میں 53 ملین روپے کی ظاہر کرتا ہے، کمی 4 ملین روپے یعنی 7.54 فیصد۔

بحری ترسیل بار برداری (Marine Cargo) اور جہاز کا ڈھانچہ (Hull):

اختیاری کاروبار کے دیگر سلسلے میں بحری ترسیل بار برداری اور جہاز کے ڈھانچے کی قسم کے کاروبار کا کل پورٹ فولیو میں 0.13 فیصد (2021: 0.50 فیصد) تھا۔ سال کے دوران تحریر کردہ مجموعی حصہ 1.5 ملین روپے اور اس کے مقابلے میں سال 2021 میں 4.6 ملین روپے تھا، کمی 3.1 ملین روپے یعنی 67 فیصد۔ خالص حصہ 1.45 ملین روپے رہا اس کے مقابلے میں سال 2021 میں 5 ملین روپے تھا، کمی 4 ملین روپے یعنی 3.55 فیصد یعنی 71 فیصد۔ زیر غور سال کے لیے خالص دعوے سے خالص حصے کا تناسب 0.62 فیصد (2021: 0 فیصد) تھا جس کا نتیجہ انڈر رائٹنگ کا زائد از ضرورت 1.1 ملین روپے تھا جو سال 2021 میں 3.7 ملین روپے تھا، کمی 2.6 ملین روپے یعنی 70.27 فیصد۔

حادثات (Accidents):

اختیاری کاروبار کے دیگر سلسلے میں حادثات کی قسم کے کاروبار کا کل پورٹ فولیو میں 0.85 فیصد حصہ (2021: 1.03 فیصد) رہا۔ سال کے دوران مجموعی حصہ جو تحریر کیا گیا 10.2 ملین روپے تھا اس کے مقابلے میں 2021 میں 9.6 ملین روپے تھا، اضافہ 0.6 ملین روپے یعنی 6.25 فیصد۔ خالص حصہ 10.2 ملین روپے رہا اس کے مقابلے میں سال 2021 میں 11.7 ملین روپے تھا، کمی 1.5 ملین روپے یعنی 12.8 فیصد۔ زائد از ضرورت انڈر رائٹنگ 8 ملین روپے تھا جبکہ سال 2021 میں 7 ملین روپے تھا، اضافہ 1 ملین یعنی 14.28 فیصد۔

ملازمین کی فلاح و بہبود

کمپنی کے پاس ملازمین کی فلاح و بہبود کا فراہم کرنے کا فنڈ موجود ہے جس کے تحت چھ ملازمین کو ہر سال حج پر بھیجا جاتا ہے۔ اس کے علاوہ کمپنی (a) ملازمین کے بچوں کو قرائن حفظ کرنے پر اور سیکنڈری اور ہائر سیکنڈری تعلیم میں A+ گریڈ حاصل کرنے پر نقد انعام دیتی ہے، (b) کمپنی کے ساتھ طویل رفاقت رکھنے والے ملازمین کے لیے معاوضہ بعد از ملازمت (pension) اور (c) دوران ملازمت انتقال کرنے والے ملازمین کے اہل خانہ کے لیے تدفین اور تلافی کا بیکنج دیا جاتا ہے۔

بورڈ کی ساخت اور کمیٹیاں

بورڈ کی ساخت لسٹڈ کمپنیز کے اداراتی نظم و ضبط 2019، پبلک سیکٹر کمپنیز (کوڈ آف کارپوریٹ گورننس) رولز 2013 اور کارپوریٹ گورننس برائے بیمہ ساز اداروں، 2016، جس کا اجراء سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، کے مطابق ہے۔

مضبوط اندرونی کنٹرول کے نظام اور اداراتی نظم و ضبط کے ضابطے کی موثر نفاذ کو یقینی بنانے کے لیے، بورڈ نے متعدد کمیٹیاں تشکیل دی ہیں جن کی تعداد سات (7) ہیں۔ ان میں بورڈ کی چار (4) کمیٹیاں اور انتظامیہ کی تین (3) کمیٹیاں شامل ہیں۔ تمام کمیٹیوں کی ساخت اس رپورٹ میں علیحدہ سے اداراتی معلومات کے حصے میں پیش کی گئیں ہیں۔

مستقبل کا منظر نامہ

ملک کا کاروباری ماحول مسلسل مشکلات کا شکار ہے۔ کلی معیشت (macroeconomic) کا ماحول، بلند تر افراط زر اور کرنسی کی قدر میں کمی کے متعدد مراحل نے کاروبار کی صورت حال کو مزید مشکل بنادیا ہے۔ مشکل کاروباری ماحول کے باوجود، کمپنی کی حکمت عملی کی توجہ کامرکز انشورنس کمپنیوں کو خدمات کی فوری فراہمی پر رہے گی خاص طور پر اختیاری پیشکشوں پر۔ PRCL ایک مستحکم بیلنس شیٹ اور مضبوط (enhanced) ملکی سرمایے (equity) کے ڈھانچے کے ساتھ معیاری معاہداتی اور اختیاری کاروبار اور منافع بخش معاہداتی سپردگی (cession) پر توجہ مرکوز رکھے گی اور اس کے لیے ریٹینشن (retention) کی استعداد میں بتدریج اضافے اور خطرات سے نپٹنے کے انتظامی اقدامات سے حاصل کرے گی۔ کمپنی پر عزم ہے کہ وہ حصص کنندگان کی قدر میں اضافے اور اس کی توجہ ہے دونوں یعنی معاہداتی اور اختیاری کاروبار میں اپنے حصے کو بڑھائے۔

ری نکال آپریشن نے کمپنی کی منافع بخشی میں حصہ ڈالنا شروع کر دیا ہے اور توقع ہے کہ وقت گزرنے کے ساتھ اس میں اضافہ ہوگا۔ فکسڈ آمدنی کے پورٹ فولیو، فکسڈ آمدنی کے انشورمنٹس (instruments) سے حاصل ریکارڈ بلند منافع اور فکسڈ آمدنی کے پورٹ فولیو سے فائدہ اٹھانے کے لئے پوری طرح سے تیار ہے اور بلند تر لائے گا۔ مستقبل میں کمپنی اپنے کاروبار کی کارکردگی کی بارے میں پر امید منظر نامہ کی امید رکھتی ہے۔

کمپنی کے قلیل المدت اور طویل المدت مقاصد کے حصول کے لیے کمپنی کی کاروباری حکمت عملی کی توجہ کامرکز انشورنس کمپنیوں کو خدمات کی فوری فراہمی پر رہے گی خاص طور پر اختیاری پیشکشوں پر۔ PRCL ایک مستحکم بیلنس شیٹ اور مضبوط (enhanced) ملکی سرمایے (equity) کے ڈھانچے کے ساتھ معیاری معاہداتی اور اختیاری کاروبار اور منافع بخش معاہداتی سپردگی (cession) پر توجہ مرکوز رکھے گی اور اس کے لیے ریٹینشن (retention) کی استعداد میں بتدریج اضافے اور خطرات سے نپٹنے کے انتظامی اقدامات سے حاصل کرے گی۔

اندرونی نگرانی (Internal Controls)

کمپنی میں بورڈ کا تشکیل کردہ محاسب کا شعبہ، جو بیرونی آڈٹ فنکشن کے تحت نہیں ہے، کے ذریعے سے اندرونی نگرانی کا ڈھانچے کا موثر نفاذ کیا جا چکا ہے۔ محاسب کمیٹی اندرونی محاسب رپورٹ کا جائزہ لے چکی ہے اور جہاں ضروری ہو مناسب قدم اٹھایا۔ بیرونی اور اندرونی محاسبین میں تعاون کی سہولت فراہم کی گئی ہے تاکہ بہتر کارکردگی کو یقینی بنایا جائے اور کمپنی کے مقاصد کو پورا کیا جاسکے بشمول معتبر مالیاتی رپورٹنگ نظام اور قوانین اور ضوابط کی تعمیل بھی کی جاسکے۔

خطرے سے انتظام کی پالیسی (Risk Management Policy)

کمپنی میں خطرے سے نپٹنے اور کاروباری مقاصد سے متعلق مواقعوں سے فائدہ طریقوں، نظام اور پراسس کا مناسب ڈھانچہ موجود ہے۔ کمپنی کا خطرے کی منجمنٹ اپروچ میں شامل ہے خطرے کا مقداری (quantitative) اور مائیتی (qualitative) تخمینہ تاکہ خطرات کو کم سے کم کیا جاسکے۔ بورڈ، ایک تفصیلی خطرے کے

انتظام کی پالیسی کی منظوری دے چکا ہے جس کا وقتاً فوقتاً جائزہ لیا جاتا ہے۔ خطرے کو کم کرنے طریقے اور اقدامات تیار کیے جا چکے ہیں اور ہدایات میں وضاحت سے بیان کیا جا چکا ہے۔

ضابطہ اخلاق

کمپنی نے ضابطہ اخلاق تیار کیا ہے تاکہ تمام ملازمین کے اخلاقی رویے اور سالمیت کو یقینی بنایا جاسکے۔ کمپنی کے تمام آپریشنز ضابطہ اخلاق کی سختی سے تعمیل کرتے ہوئے جائز اور شفاف طریقے سے کئے جاتے ہیں۔

ناظمین کا تربیتی پروگرام

کمپنی کے تمام ناظمین، "ناظمین کے تربیتی پروگرام" کے تحت مستند ناظمین ہیں۔

ناظمین کی مشاہرہ پالیسی

بورڈ کی تجویز پر ناظمین کا مشاہرہ کی منظوری حصص کنندگان کے سالانہ عام اجلاس میں کیا جاتا ہے۔

بورڈ کے ناظمین کا کارکردگی کی قدر پندیری (Evaluation)

پبلک سیکٹر کارپوریشن گورننس، رولز 2013 کے ضابطہ 8(1) اور بورڈ کی منظور کردہ پالیسی کے تحت، CEO اور باقی تمام ناظمین کی کارکردگی کا جائزہ بورڈ کے چیئرمین نے لیا۔ قدر پندیری کا ڈھانچہ، بورڈ کے ہر انفرادی ارکان کے مابین (qualitative) تخمینے پر مشتمل ہے۔

متعلقہ فریق کے لین دین

بورڈ کے ناظمین ہر بورڈ کے اجلاس میں کمپنی کی شریک کمپنیوں / متعلقہ فریقوں کے لین دین کی منظوری دیتے ہیں۔ تمام متعلقہ فریقوں سے کئے گئے تمام لین دین متعین حدود کی بنیاد پر کئے گئے ہیں۔

ملکیت

31 دسمبر 2022 پر کمپنی کے رکارڈ پر 4,361 حصص کنندگان موجود تھے۔

حصص رکھنے کا رجحان

31 دسمبر 2022 پر کمپنی کے حصص رکھنے کا رجحان بمع ضروری معلومات اس رپورٹ کے آخر میں دستیاب ہے۔

اداراتی اور مالیاتی رپورٹنگ کے ڈھانچے کا بیان

PRCL ایک مندرجہ (listed) کمپنی ہے اور لسٹڈ کمپنیز کے (اداراتی نظم و ضبط کے قواعد)، 2020 اور دیگر تمام لسٹڈ قواعد کی پابندی کرتی ہے۔ کمپنی پبلک سیکٹر ادارہ بھی ہے اور پبلک سیکٹر کمپنیز (اداراتی نظم و ضبط کے ضوابط) قوانین 2013 اور اداراتی نظم و ضبط کے ضابطہ برائے انشوررز 2016 کے تحت کام کرتی ہے۔ ڈائریکٹرز تمام رپورٹنگ اور معلومات کو افشا کرنے کی ضروریات جو کمپنیز ایکٹ 2017، انشورنس آرڈیننس 2000 اور ان کے تحت بنائے گئے قوانین کی

تعمیل کی تصدیق کرتے ہیں۔ ڈائریکٹرز SECP کے ادارتی گورننس کے ضابطے کے ادارتی اور مالیاتی رپورٹنگ کے مندرجہ ذیل ڈھانچے کی تعمیل کی تصدیق کرتے ہیں:-

a. کمپنی انتظامیہ کے تیار کردہ مالیاتی گوشوارے اس کے معاملات کی حالت، عملی امور کے نتائج، کیش فلو اور ملکیتی سرمایہ (equity) میں تبدیلی بہتر طور پر پیش کرتے ہیں۔

b. کمپنی نے موزوں کھاتوں کی کتابیں (Books of Accounts) قائم رکھی ہوئی ہیں۔

c. کمپنی نے مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب عملی پالیسیاں یکساں طور پر اپنائی گئی ہے، تبدیلیوں کو مناسب طور پر ظاہر کیا گیا ہے اور اکاؤنٹنگ تخمینوں کی بنیاد معقول اور محتاط پر رکھی ہے۔

d. پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ کے معیار، کمپنیز ایکٹ 2017، انشورنس آرڈیننس 2000 اور سیکیورٹیز ایکٹنگ کمیشن (انشورنس) قوانین 2017 کی ضروریات کے مطابق عمل کرتے ہوئے مالیاتی گوشوارے تیار کئے گئے ہیں۔

e. اندرونی نگرانی کا نظام موجود ہے اندرونی آڈٹ کا شعبہ پوری طرح کام کر رہا ہے۔

f. کمپنی کے کاروبار کے جاری رہنے والے ادارے کے طور پر کوئی ابہام نہیں ہے۔

g. لسٹڈ کمپنیز کے ادارتی نظم و ضبط کا ضابطہ 2020 جیسا کہ لسٹنگ ریگولیشن میں درج ہے اور پبلک سیکٹر کمپنیز (ادارتی نظم و ضبط کا ضابطہ) 2013 برائے انشورنس 2016 میں درج بہترین پریکٹسز سے کسی قسم کا مادی انحراف نہیں کیا گیا ہے۔

h. ڈائریکٹرز کے تربیتی پروگرام کے تحت تمام ڈائریکٹرز تعلیم یافتہ ہیں۔

i. نو منتخب ڈائریکٹرز کو متعلقہ قوانین اور ان کی ذمہ داریوں کے بارے آگاہی کا تعارف پروگرام کیا گیا تھا۔

j. کمپنی کی نیشنل انویسٹمنٹ ٹرسٹ لمیٹڈ (NITL) میں 8.34 فیصد کی حصصی شراکت داری ہے اور اس طرح سے اس کے ڈائریکٹرز میں سے ایک ہیں۔ اس وقت جو PRCL کے موجودہ CEO ہیں وہ NITL کے بورڈ میں کمپنی کی نمائندگی ہے۔

k. چیرمین اور دیگر بورڈ کے ارکان کے انتخاب اور ان کے انتخاب کی شرائط کے ساتھ ساتھ ان کے مشاہرہ پالیسی کو کمپنی کے بہترین مفاد اور بہترین پریکٹسز کو مد نظر رکھتے ہوئے اختیار کیا گیا ہے۔

l. نان ایکزیکوٹیو ڈائریکٹرز کا متعین معاوضہ نہیں ہے اور ان کو ہر اجلاس میں شرکت کی ایک متعین فیس ادا کی جاتی ہے۔ چیف ایکزیکوٹیو، ڈائریکٹرز اور ایکزیکوٹیو زپر لاگو معاوضے علیحدہ سے رپورٹ میں دیے گئے ہیں۔

m. گذشتہ 6 سالوں کے کلیدی آپریٹنگ اور مالیاتی اعداد و شمار کا خلاصہ علیحدہ سے اس رپورٹ میں شامل ہے۔

n. حصص رکھنے کے رجحان کا بیان علیحدہ سے اس رپورٹ میں شامل ہے۔

o. وظیفہ بعد از ملازمت (pension)، گریجویٹ اور پراویڈینٹ فنڈ کی سرمایہ کاری کی مالیت درج ذیل ہے؛

(روپے ملین میں)

2021	2022	
1079	1107	پینشن اور گریجویٹ فنڈ
133	147	عام پراویڈنٹ فنڈ / پراویڈنٹ فنڈ

بورڈ کے ناظمین اجلاس اور حاضری

سال 2022 میں بورڈ نے متعدد کمیٹیاں تشکیل دیں، اور منعقدہ اجلاس اور ہر ڈائریکٹر کی حاضری کی تفصیلات درج ذیل ہیں

پروکیورمنٹ کمیٹی	سرمایہ کاری کمیٹی	رہنما، چیئرمن، چیئر اور قانونی کمیٹی	دعوت کے تصفیہ کمیٹی	انڈر رائٹنگ / ری انشورنس کمیٹی	ضابطہ اخلاق / انسانی وسائل / معاہدہ کمیٹی	آؤٹ کمیٹی	بورڈ آف ڈائریکٹرز	
3	3	3	4	3	8	5	9	اجلاس کی تعداد
اجلاس میں شرکت کی تعداد								ناظمین کے نام
3	3	2	4	-	8	-	9	1 جناب ممتاز علی راجپر، چیئر مین بورڈ
-	3	1	-	-	8	5	9	2 جناب مصلح الدین، رکن بورڈ
-	1	-	1	-	-	-	3	3 جناب شعیب میر، رکن بورڈ
3	-	3	-	3	8	5	9	4 ڈاکٹر کوثر علی زیدی، رکن بورڈ
-	3	3	-	-	-	5	9	5 جناب محمد راشد، رکن بورڈ
3	-	3	-	-	8	-	9	6 محترمہ زارا شاہین اعوان، رکن بورڈ
3	3	3	4	3	7	-	8	7 جناب فرمان اللہ زکون، CEO / ڈائریکٹر

جو ڈائریکٹرز اجلاس میں شرکت نہ کر سکے اور انہوں نے اس کی پیشگی اطلاع دے دی تھی، بورڈ نے ان کی اجلاس سے غیر حاضری کی رخصت کی منظوری دے دی تھی۔

بورڈ آف ڈائریکٹرز کی تبدیلی

زیر غور مدت میں، بورڈ ہر نان ایگزیکٹو / نامزد، ایکس آفیسو (Ex-officio) ڈائریکٹرز جو بورڈ میں شامل ہوئے ان کو خوش آمدید کیا اور بورڈ سے علیحدہ ہونے والے تمام ارکان کی خدمات اور کمپنی کی کامیابی میں حصہ ڈالنے کو کارڈ پر سراہتا ہے۔

قومی خزانے میں حصہ

آپ کی کمپنی نے محصولات، لیویز اور ڈیوٹیز کی مد میں گورنمنٹ کے خزانے میں 1,226 ملین روپے (2021:272 ملین روپے) جمع کروائے گئے۔

اداراتی نظم و ضبط کی تعمیل

نگرانی کرنے کے حکام کی جانب سے جاری کردہ اداراتی نظم و ضبط کے قواعد تعمیل کی گئی ہیں۔

بورڈ کی آڈٹ کمیٹی

بورڈ نے اداراتی نظم و ضبط کے ضابطے کی تعمیل کرتے ہوئے ایک آڈٹ کمیٹی تشکیل دے دی ہے اور بورڈ اس کے قواعد و ضوابط منظور کر چکا ہے۔ کمیٹی کے ارکان کے نام اداراتی معلومات کے سیکشن میں دئے گئے ہیں۔

گزشتہ 6 سالوں میں کمپنی کی کارکردگی

(روپے ملین میں)

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	
8,036	10,734	17,655	16,896	20,994	24,271	مجموعی پربیم
5,006	5,464	6,905	6,709	7,226	7,929	خالص پربیم
(1,148)	(1,047)	(1,243)	(925)	(968)	(1,026)	خالص کمیشن
(3,740)	(2,992)	(4,259)	(3,925)	(3,778)	(4,312)	خالص دعوے
(796)	(844)	(775)	(667)	(729)	(1,529)	انتظامی اخراجات
-	-	-	-	(-59)	1,401	پربیم کی کمی کا کھاتہ
(677)	581	506	766	1,683	1,338	انڈر رائٹنگ - نفع / نقصان

3,326	691	868	1,043	982	3,556	سرمایہ کاری سے آمدنی
2,876	1,740	2,189	1,972	3,614	2,624	نفع قبل از محصول
2,226	1,235	1,484	1,391	2,590		نفع بعد از محصول

کمپنی کے حصص کی تجارت

کمپنی کے اہم افسران نے کمپنی کے حصص کے لین دین نہیں کیا گیا۔

محاسبین (Auditors) کا انتخاب

سال 2022 کے لیے کمپنی کی مالیاتی دستاویزات کا آڈٹ میسرز BDO، چارٹرڈ اکاؤنٹینٹس سے کرایا گیا ہے۔ موجودہ آڈیٹرز BDO، چارٹرڈ اکاؤنٹینٹس نے سال 2023 کے لیے بطور آڈیٹرز کے کام کرنے پر آمادگی ظاہر کر چکے ہیں۔ بورڈ کے ناظمین نے آڈٹ کمیٹی کی سفارش پر میسرز BDO، چارٹرڈ اکاؤنٹینٹس، کو سال 2023 کے لیے ان کی بطور دستوری بیرونی آڈیٹرز کے انتخاب کی منظوری کی تجویز دی ہے۔

ستانس

کمپنی اپنے حصص کنندگان کا کمپنی پر اپنے اعتماد د کرنے کا شکریہ ادا کرنا چاہتی ہے۔ ہم تہہ دل سے تمام انشورنس کمپنیوں، حکمتی شراکت داوروں، سپورٹروں، سیکوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور بینک دولت پاکستان سے ان کی حمایت اور رہنمائی پر شکریہ کا اظہار کرتے ہیں۔ ہم کمپنی کے افسران اور عملے کے سخت محنت اور ان کی لگن کو بھی سراہتے ہیں۔

بورڈ آف ڈائریکٹرز کے لیے اور ان کی جانب سے

چیرمین / ڈائریکٹر

چیف ایگزیکٹو آفیسر

NOTICE OF THE 23rd ANNUAL GENERAL MEETING (“AGM”)

NOTICE IS HEREBY GIVEN that the 23rd Annual General Meeting (“AGM”) of Pakistan Reinsurance Company Limited (“the Company”) will be held at 14th Floor, PRC Towers, 32-A, Lalazar Drive, M.T.Khan Road, Karachi, and virtually through the video-conference facility on Friday, April 28, 2023, at 11: 00 am, to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the 22nd Annual General Meeting of the Company held on 29th April, 2022.
2. To receive, consider and adopt the Audited Financial Statements for the year ended December 31, 2022 together with the Chairman’s review, Directors’ and Auditors’ reports thereon.

As required under section 223(7) of the Companies Act 2017, read with S.R.O. 389(I)/2023 dated March 21, 2023, financial statements of the Company have been uploaded on the website of the Company which can be downloaded from the following QR enabled Code or web-link:
<https://www.pakre.org.pk/ms/investor-relations/financial-reports-by-year/2022.html>



3. To consider and if thought fit to approve the payment of final cash dividend at the rate of 7.5 %i.e. Rs. 0.75 per share of Rupees Ten (10.00) as recommended by the Board of Directors.
4. To appoint External Auditors and fix their remuneration for the year ending December 31, 2023. The Audit Committee and the Board of Directors have recommended the name of M/S BDO Ibrahim & Co, Chartered Accountants for re-appointment as auditors till the next Annual General Meeting.

ANY OTHER BUSINESS:

5. To transact any other business with the permission of the Chair.

By Order of the Board

Place: Karachi
Dated: 7th April, 2023

Sumeet Kumar
Company Secretary

NOTICE OF THE 23rd ANNUAL GENERAL MEETING (“AGM”)

NOTES:

1. Closure of Share Transfer Book

The share transfer books of the Company shall remain closed for eight days i.e. from **April 21, 2023**, to **April 28, 2023**; (both days inclusive) no transfer will be accepted for registration during the period.

2. Participation in the AGM proceeding via video conferencing facility

All shareholders/members interested in attending the AGM through a video-conferencing facility are requested to register at <https://forms.office.com/r/F62sFentqB> by providing their Names, Folio Numbers, Cell Numbers, CNICs / Passport numbers, and email addresses at least 48 hours prior to meeting. A confirmation email for video link and login credentials will be shared to the shareholders after due verification. Please note that login facility will remain open 15 minutes before the meeting time to enable the participants to join the meeting.

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address alihyder@pakre.org.pk at least 24 hours before the meeting schedule.

3. CDC Accountholders are advised to follow the following guidelines of the Securities and Exchange Commission of Pakistan for attending the meeting physically:

- a) In the case of individuals, the account holder or sub-account holder and/or the person whose securities are in a group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- b) In the case of a corporate entity, the Board of Director's Resolution/ Power of attorney with specimen signature of the nominee, shall be produced (Unless it has been provided earlier) at the time of the meeting.

4. Appointing Proxies

- a) A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote for him/her. A proxy must be deposited at the Company not less than 48 hours before the meeting and in case of default; a form of proxy will not be treated as valid.
- b) In the case of individuals, the account holder or sub-account holder and/or the person whose securities are in a group and their registration details are uploaded as per the CDC Regulation, shall submit the proxy form (provided at Company's website) as per the above requirement.

NOTICE OF THE 23rd ANNUAL GENERAL MEETING (“AGM”)

- c) The proxy form shall be witnessed by two persons whose names, addresses, and CNIC numbers shall be mentioned on the form.
- d) Attested copies of the CNIC or the Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- e) The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.
- f) In the case of a corporate entity, the Board of Directors’ Resolution/Power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

5. Updating Particulars

The shareholders are requested to promptly notify change in their address, if any, to the Company's Share Registrar. In case of corporate entity, the shareholders are requested to promptly notify change in their particulars of their authorized representative, if applicable.

6. PAYMENT OF CASH DIVIDENDS ELECTRONICALLY-COMPULSORY

Members of the Company are hereby requested to comply with the provisions of Section 242 of the Companies Act, 2017 and provide the particulars of their bank accounts through E-Dividend Form (annexed at the end of the annual report as well as available at the Company’s website: www.pakre.org.pk) as dividends payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders instead of, through the issuance of Dividend Warrants. In the absence of bank account details or in case of incomplete details, the Company will be constrained to withhold the payment of cash dividend to those shareholders who have not provided the same.

7. PAYMENT DEDUCTION OF INCOME TAX FROM DIVIDEND

- a. Pursuant to the provisions of the Finance Act, 2019 effective July 1, 2019, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:
 - 1) Persons appearing on the Active Taxpayers List (ATL) 15%
 - 2) Persons not appearing in the Active Taxpayers List (ATL) 30 %

Shareholders, who are filers, are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 30% instead of 15%.

NOTICE OF THE 23rd ANNUAL GENERAL MEETING (“AGM”)

- b. As per FBR Circulars C. No.1 (29) WHT/2006 dated 30 June 2010 and C. No.1 (43) DG (WHT)/2008-Vol. 1166417-R dated 12 May 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under clause 47B of Part-IV of Second Schedule is available. The shareholders who fall in the category mentioned in above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Share Registrar M/s. CDC Pakistan Limited before book closure otherwise tax will be deducted on dividend as per applicable rates.
- c. Further, according to clarification received from the Federal Board of Revenue (FBR), withholding tax will be determined separately on the ‘Filer/Non-Filer’ status of Principal shareholder as well as joint holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard, all shareholders who hold shares jointly are requested to provide shareholding Proportions of Principal shareholders and Joint holder(s) in respect of shares held by them (only if not already provided) to our Shares Registrar, in writing as follows:

Company Name	Folio/CDS Account #	Principal Shareholder		Joint Shareholder	
		Name and CNIC Number	Shareholding Proportion (No of Shares)	Name and CNIC number	Shareholding Proportion (No of Shares)

The required information must reach our Shares Registrar within 10 days of this notice; otherwise, it will be assumed that the shares are equally held by the principal shareholder and Joint holder(s).

- d. For any query/problem/information, the investors may contact the Company and/or the Share Registrar at the following phone numbers and email address. The Corporate Secretariat Department can be reached at telephone number (+92-21) 99202908-14 (Ex-220) and email address alihyder@pakre.org.pk. Alternatively, Share Registrar services can be accessed through the contact numbers 0800-23275 and email address info@cdcsrsl.com.
- e. Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or CDC Pakistan Limited. Shareholders while sending NTN or NTN certificates, as the case may be, must quote the Company name and their respective folio numbers. Without the NTN Company would not be in a position to check filer status on the ATL and hence higher tax of 30% may be applied in such cases.
- f. Members who desire to stop the deduction of Zakat from their dividends may submit a declaration on non-judicial stamp paper duly signed as required under the law (if not submitted earlier).

NOTICE OF THE 23rd ANNUAL GENERAL MEETING ("AGM")

8. CONSENT FOR VIDEO CONFERENCING FACILITY

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

I/ We, _____ of _____, being a member of Pakistan Reinsurance Company Limited holder of _____ ordinary share(s) as per registered folio / CDC no. _____ hereby opt for video conferencing facility.

9. UNCLAIMED/ UNPAID DIVIDENDS AND SHARE CERTIFICATES

As per Section 244 of the Companies Act, 2017 shares/dividends which remain unclaimed or unpaid for a period of three years from the date these have been due and payable to be vested with the Federal Government. In this regard, Pakistan Reinsurance Company Limited had already sent individual letters earlier, on the available addresses through our Share Registrar "CDC Share Registrar Services Limited, CDC House, 99-B, Block B, SMCHS, Main Sharah-e-Faisal, Karachi" requesting therein to claim their shares/dividends within 90-days of the letter. After that, as per SEC directives a final notice was also published in daily Business Recorder and daily Express dated June 12, 2019. In this regard, the detail of unclaimed/undelivered shares and dividends is available on the Company's website.

Shareholders of the Company, regardless of their status as former or current members, are humbly requested to revisit the Company's website and ascertain if there are any unclaimed or undelivered shares or dividends under their name. If any such circumstances arise, our Share Registrar, CDC Share Registrar Services Limited, can be contacted for lodging a claim through an application including the Folio number, present address, and a valid CNIC copy at the address mentioned above.

10. CONVERSION OF PHYSICAL SHARES INTO BOOK ENTRY FORM

In compliance with section 72 of the Companies Act, 2017 and SECP's letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021, listed companies are required to replace existing physical shares issued by them into the Book-Entry form. Given the above requirement, shareholders of the Company having physical folios/ share certificates are requested to convert their shares from the physical form into Book-Entry form as soon as possible. Conversion of physical shares into Book-Entry form would facilitate the shareholders in many ways, i.e. safe custody of shares, readily available market for instant sale and purchase of shares, eliminate the risk of loss & damage, easy & secure transfer with lesser formalities as compared to physical shares. The Company's shareholders may contact Share Registrar of the Company [i.e., M/s. CDC Pakistan Limited] for assistance in converting physical shares into Book-Entry Form.

NOTICE OF THE 23rd ANNUAL GENERAL MEETING ("AGM")

11. MERGER OF DIFFERENT FOLIOS INTO ONE FOLIO

As per record, some of the shareholders are maintaining more than one folio under the same particulars. Carrying two different folios may be a hassle for the shareholders to reconcile and receive different benefits in the shape of dividends/bonus. In order to provide better services and convenience, such shareholders are requested to send requests to the Company's Share Registrar to merge their folios into one folio.

12. SUBMISSION OF COPIES OF CNIC NOT PROVIDED EARLIER

Non-CDC Individual Shareholders are once again reminded to submit a copy of their valid CNICs to Share Registrar, if not provided earlier to the Company's Share Registrar, M/s. CDC Pakistan Limited.

Pakistan Reinsurance Company Limited

PRC Towers, 32-A, Lalazar Drive, M.T. Khan Road, P.O. Box No. 4777 Karachi, Pakistan,

Telephone: 021-99202908-14 Fax: 021-99202921-22,

Email: prcl@pakre.org.pk, Website: www.pakre.org.pk

Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013, Listed Companies (Code of Corporate Governance) Regulations, 2019 and Code of Corporate Governance for Insurers, 2016.

Name of Company

PAKISTAN REINSURANCE COMPANY LIMITED

Name of Line Ministry

MINISTRY OF COMMERCE (GoP)

For the year ended

DECEMBER 31, 2022

- i. This statement presents the overview of the compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called “the Rules”) issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance.
- ii. The Company has complied with the provisions of the Rules in the following manner:

Sr. No.	Provision of the Rules	Rule No.	Y	N																				
			Tick the relevant box																					
1.	The independent directors meet the criteria of independence, as defined under the Rules.	2(d)	Y																					
2.	<div>The Board has at least one-third of its total members as independent directors. At present the Board includes:</div> <table><tr><th>Category</th><th>Name</th><th>Date of Appointment</th></tr><tr><td rowspan="3">Independent / Non Executive Directors</td><td>Dr. Musleh-ud-Din</td><td>16-03-2017</td></tr><tr><td>Mr. Shoaib Mir</td><td>17.08.2022</td></tr><tr><td>Mrs. Zara Shaheen Awan</td><td>29.10.2021</td></tr><tr><td rowspan="3">Non-Executive Directors</td><td>Mr. Mumtaz Ali Rajper</td><td>31.12.2019</td></tr><tr><td>Mr. Muhammad Rashid</td><td>20.09.2021</td></tr><tr><td>Dr. Kausar Ali Zaidi</td><td>04.09.2020</td></tr><tr><td>Executive Directors</td><td>Mr. Farman Ullah Zarkoon</td><td>18.08.2022</td></tr></table>	Category	Name	Date of Appointment	Independent / Non Executive Directors	Dr. Musleh-ud-Din	16-03-2017	Mr. Shoaib Mir	17.08.2022	Mrs. Zara Shaheen Awan	29.10.2021	Non-Executive Directors	Mr. Mumtaz Ali Rajper	31.12.2019	Mr. Muhammad Rashid	20.09.2021	Dr. Kausar Ali Zaidi	04.09.2020	Executive Directors	Mr. Farman Ullah Zarkoon	18.08.2022	3(2)	Y	
Category	Name	Date of Appointment																						
Independent / Non Executive Directors	Dr. Musleh-ud-Din	16-03-2017																						
	Mr. Shoaib Mir	17.08.2022																						
	Mrs. Zara Shaheen Awan	29.10.2021																						
Non-Executive Directors	Mr. Mumtaz Ali Rajper	31.12.2019																						
	Mr. Muhammad Rashid	20.09.2021																						
	Dr. Kausar Ali Zaidi	04.09.2020																						
Executive Directors	Mr. Farman Ullah Zarkoon	18.08.2022																						
3	The directors have confirmed that none of them is serving as a director on more than five public sector / Listed companies simultaneously, except their subsidiaries.	3(5)	Y																					
4	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board Members under the provisions of the Act.	3(7)	Y																					
5	The Chairman of the Board is working separately from the Chief Executive of the Company.	4(1)	Y																					
6	The Chairman has been elected by the Board of directors except where Chairman of the Board has been appointed by the Government	4(4)	Y																					
7	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. (Not applicable where the chief executive has been nominated by the Government)	5(2)	Y																					

8	<p>(a) The Board has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place.</p> <p>(b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website (www.pakre.org.pk)</p> <p>(c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.</p>	5(4)	Y	
9	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	Y	
10	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5)(b) (ii)	Y	
11	The Board has developed and implemented a policy on anticorruption to minimize actual or perceived corruption in the company.	5(5)(b) (vi)	Y	
12	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5)(c) (ii)	Y	
13	The Board has ensured compliance with the law as well as the company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5 (5) (c) (iii)	Y	
14	The Board has developed a vision or mission statement and corporate strategy of the Company.	5(6)	Y	
15	The Board has developed 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.	5(7)	Y	
16	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)	Not applicable	
17	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	Y	
18	<p>(a) The Board has met at least four times during the year.</p> <p>(b) Written notices of the Board meetings, along with agenda duly approved by the Chairman, were circulated at least seven days before the meetings.</p> <p>(c) The minutes of the meetings were appropriately recorded and circulated.</p>	<p>6(1)</p> <p>6(2)</p> <p>6(3)</p>	<p>Y</p> <p>Y</p> <p>Y</p>	
19	The Board has monitored and assessed the performance of senior management on annual basis. And held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8 (2)		N

20	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	Y																																	
21	(a) The Board has approved the profit and loss account for, and balance sheet as at the end of the first, second and third quarter of the year as well as the financial year end.	10	Y																																	
	(b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors.	10	Y																																	
	(c) The Board has placed the annual financial statements on the company's website.	10	Y																																	
22	All the board members underwent an orientation course arranged by the company to apprise them of the material developments and information as specified in the Rules.	11	Y																																	
23	(a) The Board has formed the requisite committees, as specified in the Rules.	12	Y																																	
	(b) All the committees were provided with written terms of reference defining their duties, authority and composition.	12	Y																																	
	(c) The minutes of the meetings of the committees were circulated to all the board members.	12	Y																																	
	(d) The committees were chaired by the following non-executive directors:																																			
	<table><tr><th>S.No</th><th>Committees</th><th>No. of Directors</th><th>Name of Chair</th></tr><tr><td>1</td><td>Audit Committee</td><td>Four</td><td>Dr. Musleh-ud-Din</td></tr><tr><td>2</td><td>Investment Committee</td><td>Five</td><td>Mr. Shoaib Mir</td></tr><tr><td>3</td><td>* Ethics, Human Resource & Remuneration / Nomination Committee</td><td>Five</td><td>Mr. Mumtaz Ali Rajper</td></tr><tr><td>4</td><td>Procurement Committee</td><td>Four</td><td>Dr. Kausar Ali Zaidi</td></tr><tr><td>5</td><td>Underwriting / Reinsurance Committee</td><td>Two</td><td>Dr. Kausar Ali Zaidi</td></tr><tr><td>6</td><td>Claim Settlement Committee</td><td>Three</td><td>Mr. Mumtaz Ali Rajper</td></tr><tr><td>7</td><td>Risk Management, Compliance and Legal Committee</td><td>Four</td><td>Mr. Muhammad Rashid</td></tr></table>	S.No	Committees	No. of Directors	Name of Chair	1	Audit Committee	Four	Dr. Musleh-ud-Din	2	Investment Committee	Five	Mr. Shoaib Mir	3	* Ethics, Human Resource & Remuneration / Nomination Committee	Five	Mr. Mumtaz Ali Rajper	4	Procurement Committee	Four	Dr. Kausar Ali Zaidi	5	Underwriting / Reinsurance Committee	Two	Dr. Kausar Ali Zaidi	6	Claim Settlement Committee	Three	Mr. Mumtaz Ali Rajper	7	Risk Management, Compliance and Legal Committee	Four	Mr. Muhammad Rashid			
	S.No	Committees	No. of Directors	Name of Chair																																
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6	Claim Settlement Committee	Three	Mr. Mumtaz Ali Rajper																																	
7	Risk Management, Compliance and Legal Committee	Four	Mr. Muhammad Rashid																																	
<i>*The Board has assigned the responsibility and functions of Nomination Committee to the Ethics, HR & Remuneration Committee as per guidelines provided in COCG for Insurers, 2016.</i>																																				
		12	Y																																	
24	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.	13	Y																																	
25	The Chief Financial Officer and the Company Secretary have requisite qualifications prescribed in the Rules.	14	Y																																	
26	The Company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of Section 225 of the Act.	16	Y																																	
27	The Directors' Report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient features required to be disclosed.	17	Y																																	

Certain additional disclosures, required under the Listed Companies (Code of Corporate Governance) Regulations, 2019:

36 The total number of directors are Seven (7) as per the following:

- a. Male: Six
- b. Female: One

37 All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

38 The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

39 The Board has arranged Directors' Training program for all its members.

40 The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:

S.No.	Committees	Meeting Date
1	Audit Committee	February 4, 2022
		April 5, 2022
		April 27, 2022
		August 27, 2022
		October 28, 2022
2	Ethics,HR & Remuneration Committee	February 4, 2022
		March 10, 2022
		April 26, 2022
		May 27, 2022
		August 19, 2022
		September 16, 2022
		October 27, 2022
3	Investment Comm.	November 29, 2022
		May 12, 2022
		August 5, 2022
4	Risk Management, Compliance and Legal	November 30, 2022
		May 18, 2022
		August 23, 2022
5	Claims Settlement	November 30, 2022
		April 5, 2022
		August 4, 2022
		September 15, 2022
6	Underwriting / Reinsurance Comm.	December 1, 2022
		March 4, 2022
		May 29, 2022
7	Procurement Committee	July 29, 2022
		March 3, 2022
		June 3, 2022
		December 23, 2022

- 41 We confirm that all other requirements of the Regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with; and
- 42 Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27,32, 33 and 36 are below (if applicable):

Further disclosures, required under the Code of Corporate Governance for Insurers, 2016:

- 43 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 Developing Financial Institution (DFI) or a Non-Banking Financial Institution (NBFI) or being a member of stock exchange, has been declared as a defaulter by that stock exchange.
- 44 No casual vacancy occurred on the Board during the year which required to be filled up by the Directors.
- 45 The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016.
- 46 The Board has formed the following Management Committees:

Underwriting / Reinsurance Committee

Name of the Member	Category
Dr. Kausar Ali Zaidi	Chairman
Chief Executive Officer	Member
Executive Director (Underwriting)	Secretary

Claim Settlement Committee

Name of the Member	Category
Mr. Mumtaz Ali Rajper	Chairman
Mr. Shoaib Mir	Member
Chief Executive Officer	Member
Head of Claims Department	Secretary

Risk Management, Compliance and Legal Committee

Name of the Member	Category
Mr. Muhammad Rashid	Chairman
Dr. Kausar Ali Zaidi	Member
Mrs. Zara Shaheen Awan	Member
Chief Executive Officer	Member
Head of Risk Management	In Mandatory Attendance
Compliance Officer	In Mandatory Attendance
Head of Legal	In Mandatory Attendance
Company Secretary	Secretary

47. The Board has formed the following Board Committees:

Audit Committee

Name of the Member	Category
Dr. Musleh-ud-Din	Non-executive / Independent
Mr. Shoaib Mir	Non-executive / Independent
Dr. Kausar Ali Zaidi	Non-executive
Mr. Muhammad Rashid	Non-executive
Mr. Asif Kamal, Chief Internal Auditor	Secretary

Ethics, Human Resource & Remuneration/Nomination Committee

Name of the Member	Category
Mr. Mumtaz Ali Rajper	Chairman
Dr. Kausar Ali Zaidi	Member
Dr. Musleh-Ud-Din	Member
Mrs. Zara Shaheen Awan	Member
Chief Executive Officer	Member
Head of HR Department	Secretary

Investment Committee

Name of the Member	Category
Mr. Shoaib Mir	Chairman
Mr. Muhammad Rashid	Member
Mr. Mumtaz Ali Rajper	Member
Dr. Musleh-ud-Din	Member
Chief Executive Officer	Member
Chief Financial Officer	Secretary

Procurement Committee

Name of the Member	Category
Dr. Kausar Ali Zaidi	Chairman
Mr. Mumtaz Ali Rajper	Member
Mrs. Zara Shaheen Awan	Member
Chief Executive Officer	Member
Head of Administration	Secretary

48 All Meetings of the Board Committees were held twice in the year except that of Audit Committee which met as per the requirements of clause (liv) of the Code prior to approval of interim and final results of the insurer and as required by the Code of Corporate Governance for Insurers, 2016. The terms of references of the Committees have been formed and advised to the Committees for compliance.

49 The Chief Financial Officer and the Head of Internal Audit possess such qualifications and experience as is required under the Code of Corporate Governance for Insurers, 2016. Moreover, the following persons heading the underwriting, claim, reinsurance, risk management and grievance functions / departments possess qualification and experience of direct relevance to their respective functions, as required under Section 12 of the Insurance Ordinance, 2000 (Ordinance No.XXXIX of 2000).

Key Officers in Management

Name of the Person	Designation
1. Mr. Farman Ullah Zarkoon	Chief Executive Officer
2. Mr. Muhammad Junaid Moti,	Head of Underwriting/ Reinsurance
3. Mr. Asif Kamal	Chief Internal Auditor
4. Mr. Syed Aamir	Chief Financial Officer
5. Mr. Sumeet Kumar	Company Secretary
6. Mr. Arham Rahim	Head of Human Resources
7. Ms. Hina Gul	Head of Northern Zonal Office
8. Mr. Tameez-ud-Din	General Manager (Northern Zonal Office)
9. Mr. Bashir Ahmad	Compliance Officer / HoD (Risk Management)
10. Mr. Muhammad Rafique	Head of IT
11. Mr. Inayat Ullah	Head of Administration
12. Mr. Muhammad Naveed Iqbal	Head of Investment
13. Mr. Hans Hussain Soomro	Head of Accounts
14. Mr. Zohaib Hasan	Head of Data Processing
15. Ms. Erum Nadeem	Head of Legal Department
16. Mr. Muhammad Asif Ghafoor	Procurement Specialist
17. Muhammad Akbar	Manager (Accounts)
18. Mr. Muhammad Amin	Head of Claims
19. Mr. Muhammad Ahmed	Head of Re-takaful

- 50 The Board ensures that the investment policy of the insurer has been drawn up in accordance with the provisions of the Code of Corporate Governance for Insurers, 2016.
- 51 The Board ensures that the risk management system of the insurer is in place as per the requirements of the Code of Corporate Governance for Insurers, 2016.
- 52 The Company has set up a risk management function / department, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.
- 53 The Board ensures that as part of the risk management system, the insurer gets itself rated from JCR-VIS (credit rating agency) which is being used by its risk management function / department and the respective Committee as a risk monitoring tool. The rating assigned by the said rating agency was AA+ in December 30, 2022.
- 54 The Board has set up a grievance department/function, which fully complies with the requirements of the Code of Corporate Governance for Insurers, 2016.
- 55 We confirm that all other material principles contained in the Code of Corporate Governance for Insurer, 2016 have been complied with.

CHIEF EXECUTIVE OFFICER

CHAIRMAN

DRAFT

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE, PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013, LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 AND CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016

We have reviewed the enclosed Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013, Code of Corporate Governance for Insurers, 2016 and, Listed Companies (Code of Corporate Governance) Regulations, 2019 (referred to as 'the Codes') prepared by the Board of Directors of Pakistan Reinsurance Company Limited for the year ended December 31, 2022 to comply with the Codes.

The responsibility for compliance with the Codes 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 Codes, and report if it does not, and to highlight any non-compliance with the requirements of the Codes. 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 Codes.

As 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 Codes 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 of this requirement 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.

Following instances of non-compliance with the requirements of the Codes were observed which are not stated in the statement of compliance:

Listed Companies (Code of Corporate Governance) Regulations, 2019, Public Sector Companies (Corporate Governance) Rules, 2013, & Code of Corporate Governance for insurances, 2016		
S.NO	REFERENCE	DESCRIPTION
1	28(2)-Listed Co. COCG-2019	The Chairman of the HR committee is not an independent director.
2	14(vi)-Listed Co. COCG-2019, 7(2b)-Public Sector Co. CG-2013, xviii(d)-COCG for insurance-2016	Internal audit reports were not presented in The board of directors meeting
3	37(v)-Listed Co. COCG-2019, 32(2)-Public Sector Co. CG-2013, lix-COCG for insurance-2016	Internal auditor reports were not provided to the external auditors for review
4	12(2)-Public Sector Co. CG-2013	Majority of independent directors are not presented in the (i) Procurement (ii) Ethics, Human Resource & Remuneration/Nomination Committee (iii) Investment Committee.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that 'Statement of Compliance' does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Codes as applicable to the Company for the year ended December 31, 2022.


Further, we would like to highlight below instance of non-compliance with requirements of the Codes as reflected in the statement of compliance:

Non-Compliance of statement of compliance		
S.No.	Rule No.	Description
1.	8(2)	The Board has not monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.

KARACHI

DATED: APRIL 02, 2023

CHARTERED ACCOUNTANTS

Engagement Partner: Tariq Feroz Khan 

Explanation for Non-Compliance with Code of Corporate Governance

We confirm that all other material requirements envisaged in the Rules have been complied with, except for the following, towards which reasonable progress is being made by the Company to seek compliance by the end of next accounting year:

PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013, LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 AND CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016.			
S.r No.	Rule/Sub-rule No.	Reason for Non-compliance	Future Course of Action
1	28(2)-Listed Co. COCGG-2019	The Company was short of required number of independent Directors to rotate simultaneously in different Committees, keeping in view different codal requirements.	Nominations of independent directors by MoC were received in September 2022, and necessary steps are being taken by the Board to ensure compliance with the requirement of the law.
2	14(vi)-Listed Co. COCG-2019, 7(2b)-Public Sector Co. CG-2013, xviii (d)-COCG for insurance-2016	The Internal Audit Reports for the year 2022 were presented for the review of the Board Audit Committee (BAC) in each meeting held in the year 2022, however, on account of other urgent matters on agenda and due to paucity of time, the reports were not reviewed, except 1st quarter's report.	The reports will be presented to the Board for its review and concurrence in the year 2023.
3	37(v)-Listed Co. COCG-2019, 32(2) -Public Sector Co. CG-2013, Intern exterr lix-COCG for insurance-2016	The Internal Audit Reports for the year 2022 were presented for the review of the Board Audit Committee (BAC) in each meeting held in the year 2022, however, on account of other urgent matters on agenda and due to paucity of time, the reports were not reviewed, except 1st quarter's report.	The reports will be shared with the statutory auditors subsequent to the deliberations and review of the Board Audit Committee.
4	12(2)- Public Sector Co. CG-2013	The Company was short of required number of independent Directors to rotate simultaneously in different Committees, keeping in view different codal requirements.	Nominations of independent directors by MoC were received in September 2022, and necessary steps are being taken by the Board to ensure compliance with the requirement of the rule.

Non-Compliance of Statement of Compliance			
S.r No.	Rule No.	Reason for Non-compliance	Future Course of Action
1	8(2)	Due to employee separations and retirements within the company over the course of the year, the performance evaluation of senior management was not conducted. However, the matter of performance evaluation of incumbent senior management is being placed in upcoming Board meeting in compliance with the Rules/Regulations.	The matter is being presented to the Board and the future course of action would be in sync with decision of the Board in light of the relevant regulatory provision of law.

CHIEF EXECUTIVE OFFICER

CHAIRMAN

DRAFT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAKISTAN REINSURANCE COMPANY LIMITED

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of **PAKISTAN REINSURANCE COMPANY LIMITED** (the Company), which comprise the statement of financial position as at December 31, 2022, the statement of profit and loss account, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity 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, except for the effects of the matters discussed in the Basis for Qualified Opinion section of our report, the statement of financial position, the statement of profit and loss account, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017(XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2022 and of the profit, its other comprehensive income, its cash flows and the changes in equity for the year then ended.

Basis for Qualified Opinion

1. Receivable From Sindh Revenue Board (SRB) and the Related Litigation

As disclosed in note 15 and 37.2 to the financial statements, an amount of Rs. 2,573.89 million (2021: Rs. 2,573.89 million) is receivable from Sindh Revenue Board (SRB) which was recovered by SRB against the sales tax liability on reinsurance services. The Company has recorded this amount as an asset, however the Company could not substantiate any control over the underlying asset and the flow of economic benefits is remote due to ongoing Court case. Had the Company not recorded this asset, total assets, accumulated profit, shareholders' equity and solvency would have been reduced by the same amount accordingly.

2. Unreconciled Balances

As stated in note 16 and 32 to the financial statements, amount due from other insurance companies on account of treaty and facultative business includes gross amount of Rs. 16,792.10 million and net amount of Rs. 16,626.78 million and amount due to other insurance companies include an amount of Rs 40.11 million which remain unreconciled as of the reporting date. The Company is in the process of reconciling these balances. Due to pending reconciliations relating to the above balances, resultant adjustment and consequential impact thereon, if any, on these financial statements remain unascertained.

3. Treaty- Proportional Business

As disclosed in note 16, 17, 18, 25, 26, 27, 38, 39, and 55 to the financial statements, certain account balances and class of transactions have been recorded against treaty proportional business. We were not provided the details and supporting documentation of the premium / claims of the ceding insurance companies except statutory quarterly returns. The Company does not have any system and controls to verify such premium and claims. Consequently, we were unable to verify and determine whether any adjustments to these amounts were necessary.

4. Investment Property

As disclosed in note 11 to the financial statements, the Company carries its investment properties at fair value. International Accounting Standard (IAS-40) "Investment Property requires an entity following fair value model to reassess the fair values on a continuing basis. The management has not carried out any exercise to determine the fair values and its resultant impact as of the reporting date. Accordingly, resultant adjustment and consequential impact thereon, if any, on these financial statements remain unascertained.

Material Uncertainty Relating To Going Concern

We draw attention to note 1.2 to the financial statements, which indicates that as of the reporting date, the Company is in breach of the minimum solvency requirement as prescribed under Section 36 of the Insurance Ordinance, 2000 and related rules. Such breach indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not further modified in respect of this matter.

Emphasis of Matter

1. We draw attention to note 60 to the financial statements, which indicates that in terms of Section 36 of the Insurance Ordinance, 2000, the Company is required to maintain the minimum solvency ratio at all times to be computed in a manner as prescribed under the above section and related rules. As of the reporting date, the Company is in breach of such solvency requirement. Our opinion is not further modified in respect of this matter.
2. We draw attention to note 37.1 to the financial statements, which provide details regarding contingencies in respect of which decisions are pending. Our opinion is not further modified in respect of this matter.

Key Audit Matters

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

In addition to the matters described in the Basis for Qualified Opinion section and material uncertainty relating to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Following are the Key audit matters:

S. No	Key audit matters	How the matter was addressed in our audit report
1.	Revenue Recognition -Facultative premium earned	
	<p>Refer notes 5.12 and 38 to the financial statements for accounting policies and details in respect of revenue recognition. The Company recognizes facultative premium earned from facultative reinsurance policies representing 73% of gross premium written.</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 accurately recorded, recognized in the appropriate period and not properly disclosed in the financial statements.</p>	<p>Our audit procedures to address this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding, including the design and implementation of internal controls over process of capturing, processing in and recording of facultative premium income. • Assessed the appropriateness of the company's accounting policies for recording of facultative premiums in line with the requirements of applicable laws, accounting and reporting standards. • Tested the policies on sample basis where policies were written close to the year-end and subsequent to the year-end, and evaluated that these were recorded in the appropriate accounting period. • Tested the facultative premium recorded on sample basis to test the accuracy from the underlying policies issued to insurance contract holders. • Recalculated the unearned portion of facultative premium and ensured that appropriate amount has been recorded

S. No	Key audit matters	How the matter was addressed in our audit report
		<p>as provision for unearned premium in liabilities.</p> <ul style="list-style-type: none"> Evaluated that adequate disclosures have been made for facultative premium as the applicable laws and accounting and reporting standards.
2.	Valuation of outstanding claims including claims incurred but not reported	
	<p>Refer note 5.6 and 25 to the financial statements for accounting policy and details in respect of facultative claim liabilities.</p> <p>The Company's facultative claim liabilities represent approximately 35% of the Company's total liabilities, both Conventional and Takaful. Valuation of these liabilities involves significant judgment because it requires a number of assumptions to be made with high estimation uncertainty such as loss ratios, trend of historical claims and estimates of the frequency and severity of claims. Facultative claim liabilities are recognized on intimation of the insured event based on management judgment and estimate.</p> <p>The Company maintains provision for IBNR claims based on the advice of an independent actuary. The actuarial valuation process involves significant judgment and the use of actuarial assumptions.</p> <p>Based on the above factors, we have considered it as a key audit matter.</p>	<p>Our audit procedures to address this matter included the following:</p> <ul style="list-style-type: none"> Assessed the appropriateness of the Company's accounting policy for recording of facultative claims in line with the requirements of applicable laws and accounting and reporting standards. Obtained an understanding of the Company's policies and procedures including the design and implementation of internal controls over the capturing, processing and recording of information related to claims. Performed test of details and test of controls on sample basis to evaluate whether the facultative claims settled during the year end and outstanding at the year-end are appropriately recorded in accordance with the requirements of company's policies and insurance regulations. Assessed the competence, capability and objectivity of the actuary involved by the company to value IBNR reserves for facultative claims.

S. No	Key audit matters	How the matter was addressed in our audit report
		<ul style="list-style-type: none"> Reviewed the valuation report of management actuary to: <ul style="list-style-type: none"> Understand the basis and methodology used for such valuation. Evaluate the completeness and accuracy of source data used for the purpose of valuation. Involved an external actuarial specialist to evaluate the: <ul style="list-style-type: none"> Relevance and reasonableness of assumptions of management expert's findings and conclusions and their consistency with other evidence; The relevance and reasonableness of assumptions and methods used; The relevance of the source data used. Evaluated the adequacy of disclosures given on outstanding claims including IBNR as per the insurance regulations and applicable accounting and reporting standards.
3.	Retirement Benefits Plans	
	<p>Please refer notes 5.8 and 28 to the financial statements. The company operates various defined benefit plans. The Company's obligation in respect of these plans as at December 31, 2022 amounted to Rs. 3,630.7 million.</p> <p>Valuation of these plans require significant level of judgement and technical expertise to select appropriate valuation assumptions. Changes in the key assumptions (discount rate, salary increase rate, retirement age and mortality rate etc.) may have a material impact on the</p>	<p>Our audit procedures to address this matter included the following:</p> <ul style="list-style-type: none"> Assessed the competence and objectivity of the actuary involved by the Company to value the obligation under the plan. Reviewed the actuarial valuation reports to:

S. No	Key audit matters	How the matter was addressed in our audit report
	<p>valuation of these obligations under the retirement plans.</p> <p>Based on the above factors, we have considered this as a key audit matter.</p>	<ul style="list-style-type: none"> - Understand the basis and methodology used for such valuation - Evaluate the competences and accuracy of source data used for the purposes of valuation. • Involved our auditor's external expert to: <ul style="list-style-type: none"> - Relevance and reasonableness of management expert's findings and conclusions and their consistency with other evidence; - The relevance and reasonableness of assumptions and methods used; and - The relevance of the source data used. • Ensured the appropriateness of amount involved in valuation of these obligations. • Evaluated the adequacy of disclosures in the financial statements in accordance with the applicable accounting and reporting standards.

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

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion, except for the effects of the matters described in basis for qualified opinion section of our report:

- a) proper books of account have been kept by the Company as required by Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit and loss account, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

- d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Other Matter

The financial statements of the Company for the year ended December 31, 2021 were audited by another firm of chartered accountants, who expressed a qualified opinion on those financial statements vide their report dated April 25, 2022.

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz khan.

KARACHI

DATED:

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS *bdo*

UDIN:

PAKISTAN REINSURANCE COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

		December 31, 2022	December 31, 2021
	Notes	----- (Rupees) -----	
ASSETS			
Property and equipment	7	446,068,118	429,090,184
Right of use asset	8	1,639,605,577	1,801,531,334
Capital work in progress	9	10,083,343	8,474,168
Assets in Bangladesh	10	-	-
Investment property	11	722,274,603	722,274,603
Investments			
Equity securities	12	2,755,440,067	3,388,832,943
Debt securities	13	9,907,026,504	9,174,069,234
		12,662,466,571	12,562,902,177
Loans and other receivables	14	462,488,314	285,844,726
Receivable from Sindh Revenue Board	15	2,573,888,727	2,573,888,727
Insurance / reinsurance receivables	16	17,393,374,952	13,686,203,094
Reinsurance recoveries against outstanding claims including IBNR	17	14,420,709,311	4,608,127,235
Deferred commission expense / acquisition cost	18	931,382,139	806,214,206
Taxation - payments less provision	30	78,557,588	-
Prepayments	19	8,943,542,637	7,723,545,836
Cash and bank balances	20	3,030,890,557	1,140,841,359
		63,315,332,437	46,348,937,649
Total Assets From Window re-takaful operations - operator's Fund	21	539,612,842	456,613,640
Total Assets		63,854,945,278	46,805,551,289
EQUITY AND LIABILITIES			
Capital and reserves attributable to			
Company's equity holders			
Ordinary share capital	22	9,000,000,000	3,000,000,000
Reserves	23	3,900,130,136	8,526,912,530
Revaluation surplus - net of tax	24	1,421,277,526	1,545,282,086
Total Equity		14,321,407,662	13,072,194,616
Liabilities			
Underwriting Provisions			
- Outstanding claims including IBNR	25	21,256,435,233	9,401,437,187
- Unearned premium reserves	26	12,047,709,680	10,732,384,652
- Unearned reinsurance commission	27	539,143,250	523,294,102
- Premium deficiency reserve		12,526,427	58,873,368
		33,855,814,590	20,715,989,309
Retirement benefit obligations	28	3,630,799,590	3,206,839,590
Taxation liabilities- provision less payments	30	-	366,732,044
Deferred taxation	31	741,089,481	810,480,910
Insurance / reinsurance payables	32	10,932,282,952	8,208,198,213
Lease liabilities	33	23,033,149	29,238,876
Unclaimed dividend	34	88,652,013	205,956,627
Other creditors and accruals	35	109,158,042	89,257,122
Total Liabilities		15,525,015,227	12,916,703,382
Total liabilities from Window Takaful Operations - OPF	36	152,707,799	100,663,982
		49,533,537,615	33,733,356,673
Total Equity and Liabilities		63,854,945,278	46,805,551,289
Contingency(ies) and commitment(s)	37		

The annexed notes 1 to 64 form an integral part of these financial statements. *6/20*

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED DECEMBER 31, 2022

		December 31, 2022	December 31, 2021
	Notes	----- (Rupees) -----	
Net insurance premium	38	7,929,369,976	7,225,623,532
Net insurance claims	39	(4,311,851,021)	(3,777,804,999)
Net commission and other acquisition costs	41	(1,025,917,948)	(968,356,238)
Premium deficiency reserve expense		46,346,941	(58,873,368)
Insurance claims and acquisition expenses		(5,291,422,028)	(4,805,034,605)
Management expenses	42	(1,528,435,094)	(728,999,260)
Reversal / (provision) for doubtful debts	16	542,510,469	(8,781,891)
Underwriting results		1,652,023,323	1,682,807,776
Investment income	43	1,338,391,205	981,709,956
Rental income - net	44	126,643,188	104,379,330
Finance cost	45	(2,760,634)	(2,548,867)
Fair value gain on investment property		-	698,055,394
Other income	46	419,206,393	142,247,594
Other expenses	47	(7,130,355)	(8,195,243)
		1,874,349,797	1,915,648,164
Total profit from operations		3,526,373,121	3,598,455,940
Profit from Window Retakaful Operations	48	30,370,651	15,962,349
Profit before taxation		3,556,743,771	3,614,418,289
Taxation	49	(931,915,282)	(1,024,831,827)
Profit after taxation		2,624,828,489	2,589,586,462
			(Restated)
Earnings (after tax) per share - Rupees	50	2.92	2.88

The annexed notes 1 to 64 form an integral part of these financial statements. *6/10*

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

December 31, **December 31,**
2022 **2021**
----- (Rupees) -----

OPERATING CASH FLOWS:

Underwriting activities:-

Premium received	21,106,729,029	15,439,506,827
Reinsurance premium paid	(13,381,868,413)	(9,403,407,489)
Claims paid	(6,210,425,217)	(5,511,516,252)
Reinsurance and other recoveries received	3,940,990,166	1,655,094,346
Commission paid	(2,152,329,465)	(1,822,272,449)
Commission received	1,017,092,732	941,334,110
Premium and claim reserves retained from retrocessionaires/withheld by ceding companies	-	-
Other underwriting payments (management expenses)	(1,380,800,861)	(722,046,464)
Net Cash Flows Generated From Underwriting Activities	2,939,387,971	576,692,629

Other operating activities:

Income tax paid	(1,266,634,926)	(272,051,728)
General management expenses paid	(7,130,383)	(8,195,243)
Other operating receipts/(payments)	(6,475,233)	5,226,221
Advance to employees	72,943,017	(146,231,912)
Net cash used in other operating activities	(1,207,297,525)	(421,252,662)
TOTAL CASH FLOW GENERATED FROM ALL OPERATING ACTIVITIES	1,732,090,446	155,439,967

INVESTMENT ACTIVITIES

Fixed capital expenditure	(50,327,717)	(3,892,302)
Sale proceeds of fixed assets	377,638	-
Acquisition of investments	(16,334,668,315)	(17,209,901,257)
Rental income received - net of expenses	15,599,890,340	16,152,265,082
Dividend income received	95,054,502	100,770,578
Interest income on bank deposits	266,509,713	225,330,416
Investment income received - net of expenses	79,536,193	190,752,525
Proceeds on sale/ maturity of investments	1,218,891,022	658,822,674
Total cash used from investing activities	875,263,376	114,147,716

Financing activities

Dividend paid	(717,304,614)	(699,251,502)
Payments of finance leases	-	-
Total cash used in financing activities	(717,304,614)	(699,251,502)
Net cash flows from/ (used in) all activities	1,890,049,208	(429,663,819)
Cash and cash equivalents at beginning of the year	1,140,841,359	1,570,505,178
Cash and cash equivalents at end of the year	3,030,890,567	1,140,841,359

PAKISTAN REINSURANCE COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

December 31, **December 31,**
2022 **2021**
----- (Rupees) -----

Reconciliation to profit and loss account

Operating cash flows	1,732,090,446	155,439,967
Depreciation expense	(188,017,870)	(8,230,259)
Exchange gain	138,239,529	66,669,413
Rental income	126,643,188	105,656,793
Reinsurance recoveries against outstanding claims	9,812,582,076	698,055,394
Provision for outstanding claims	(11,854,998,046)	(995,680,796)
Provision for unearned premium	(1,315,325,028)	1,074,297,703
Prepaid reinsurance	1,217,497,267	(4,218,712,218)
Premium deficiency reserve	46,346,941	3,578,698,959
Provision for employee benefits	(743,885,192)	150,028,408
Dividend income	266,509,713	224,524,616
Investment income	(55,298,302)	(40,293,233)
Interest income	1,084,026,602	787,392,999
Amortization of premium	42,778,792	18,188,606
Gain on sale of investment	374,400	51,084,393
Decrease in operating assets other than cash	3,466,752,310	5,529,056,792
(Decrease) in operating liabilities	(1,516,578,632)	(4,072,284,847)
	2,259,738,194	3,103,892,690

Other adjustments:

Income tax paid	1,266,634,926	272,051,728
Profit before taxation	3,526,373,120	3,375,944,418
Provision for taxation	(931,915,282)	(1,024,831,827)
Profit after taxation	2,594,457,838	2,351,112,591
Profit from Window Retakaful Operations - Operator's Fund	30,370,651	15,962,349
Profit after taxation for the year	2,624,828,489	2,367,074,940

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

Cash and cash equivalents:

Cash and other equivalent

Current and other accounts

The annexed notes 1 to 64 form an integral part of these financial statements. *6/20*

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

		December 31, 2022	December 31, 2021
	Notes	----- (Rupees) -----	
Profit after taxation		2,624,828,489	2,589,586,463
Other comprehensive (loss) / income for the year			
Items that may be reclassified subsequently to profit and loss account			
Unrealized loss on available for sale investments		(638,280,966)	(560,047,005)
Deferred tax on available for sale investments		179,961,417	142,264,484
Unrealized gain on available for sale investments - Window Retakaful Operations- net of tax		584,733	48,126
Net loss transferred to profit and loss account on disposal / redemption		-	31,756,267
Surplus on revaluation of right of use asset- net of tax		-	1,264,741,728
Surplus on revaluation of property and equipment- net of tax		-	280,540,358
		(457,734,816)	1,159,303,958
Items that will not be reclassified subsequently to profit and loss account			
Actuarial loss on defined benefit obligations	27.1.3	(317,880,626)	(168,240,000)
Total comprehensive income for the year		1,849,213,046	3,580,650,421

The annexed notes 1 to 61 form an integral part of this financial statement. *bm*

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer
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PAKISTAN REINSURANCE COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

	Share capital	Reserves				Total reserves	Total equity	
		Capital		Other	Revenue			
		Reserve for exceptional losses	Unrealized gain on available for sale investment	Revaluation surplus	General reserve			Retained earnings
-----Rupees-----								
Balance as at January 01, 2021	3,000,000,000	281,000,000	1,440,831,468	-	1,777,419,085	3,742,293,642	7,241,544,195	10,241,544,195
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	2,589,586,463	2,589,586,463	2,589,586,463
Unrealized (loss) on available for sale investments - net	-	-	(417,782,521)	-	-	-	(417,782,521)	(417,782,521)
Net loss transferred to profit and loss account on disposal	-	-	31,756,267	-	-	-	31,756,267	31,756,267
Unrealized gain on available for sale investments - Window Retakaful Operations - Operator's retakaful fund	-	-	48,126	-	-	-	48,126	48,126
Revaluation surplus on property and equipment -net	-	-	-	280,540,358	-	-	280,540,358	280,540,358
Revaluation surplus on right of use assets - net	-	-	-	1,264,741,728	-	-	1,264,741,728	1,264,741,728
Remeasurement of defined benefit obligations - net	-	-	-	-	-	(168,240,000)	(168,240,000)	(168,240,000)
Transaction with owners	-	-	(385,978,128)	1,545,282,086	-	2,421,346,463	3,580,650,421	3,580,650,421
Final cash dividend 2020: Rs. 2.00 @ 25% (2019 : Rs. 2.00 @ 20%) per share	-	-	-	-	-	(750,000,000)	(750,000,000)	(750,000,000)
Balance as at December 31, 2021	3,000,000,000	281,000,000	1,054,853,340	1,545,282,086	1,777,419,085	5,413,640,105	10,072,194,616	13,072,194,616
Balance as at January 01, 2022	3,000,000,000	281,000,000	1,054,853,340	1,545,282,086	1,777,419,085	5,413,640,105	10,072,194,616	13,072,194,616
Total comprehensive income attributable to Company's equity holders								
Profit for the year	-	-	-	-	-	2,624,828,489	2,624,828,489	2,624,828,489
Unrealized loss on available for sale investments	-	-	(638,280,966)	-	-	-	(638,280,966)	(638,280,966)
Deferred tax on available for investments	-	-	179,961,417	-	-	-	179,961,417	179,961,417
Unrealized loss on available for sale investments - Window retakaful Operations- net of tax	-	-	584,733	-	-	-	584,733	584,733
Incremental Depreciation- Property and equipment	-	-	-	(14,027,018)	-	14,027,018	-	-
Incremental Depreciation- Right of use assets	-	-	-	(109,977,542)	-	109,977,542	-	-
Remeasurement of defined benefit obligations - net of tax	-	-	-	-	-	(317,880,626)	(317,880,626)	(317,880,626)
Transaction with owners	-	-	(457,734,816)	(124,004,560)	-	2,430,952,422	1,849,213,046	1,849,213,046
Final cash dividend 2021: Rs. 2.00 @ 20% (2020 : Rs. 2.50 @ 25%) per share	-	-	-	-	-	(600,000,000)	(600,000,000)	(600,000,000)
Issuance of bonus shares 2021: @ 200% (2020: Nil) per share	6,000,000,000	-	-	-	(642,122,769)	(5,357,877,231)	(6,000,000,000)	-
Balance as at December 31, 2022	9,000,000,000	281,000,000	597,118,524	1,421,277,526	1,135,296,316	1,886,715,296	5,321,407,662	14,321,407,662

The annexed notes 1 to 64 form an integral part of these financial statements.

bm

Chairman **Director** **Director** **Chief Executive Officer** **Chief Financial Officer**

PAKISTAN REINSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Pakistan Reinsurance Company Limited (the Company) was incorporated in Pakistan as a public limited company on March 30, 2000 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company is engaged in providing reinsurance and other insurance business being forum of risk transfer. The shares of the Company are quoted on Pakistan Stock Exchange Limited.

With effect from February 15, 2001, the Company took over all the assets and liabilities of former Pakistan Insurance Corporation (PIC) vide SRO No.98(1)/2000 dated February 14, 2001 of the Ministry of Commerce issued in terms of Pakistan Insurance Corporation (Re-organization) Ordinance, 2000 to provide for conversion of Pakistan Insurance Corporation into Pakistan Reinsurance Company Limited which was established in 1952 as Pakistan Insurance Corporation (PIC) under PIC Act 1952. Accordingly, PIC has been dissolved and ceased to exist and the operations and undertakings of PIC are being carried out by the Company.

The Company was granted authorization on September 26, 2018 under Rule 6 of the Takaful Rules, 2012 to undertake Window Retakaful Operations in respect of general retakaful products by the Securities and Exchange Commission of Pakistan (SECP).

The Company is under administrative control of Ministry of Commerce (Government of Pakistan). The Ministry of Commerce holds 51% shares of the Company. The Cabinet Committee on Privatization (CCoP) on August 21, 2020 approved divestment of government stakes in the Company through public offerings. The Privatization Commission has submitted the case of PRCL to CCOP for further guidance as Share Value at Stock Exchange is declined presently from the original approval of CCOP in 2018.

- 1.2 In terms of Section 36 of the Insurance Ordinance, 2000, the Company is required to maintain the minimum solvency ratio at all times to be computed in a manner as prescribed under the above section and related rules. As of the reporting date, the Company is in breach of such solvency requirement. Such breach indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the Company may not be able to realize its assets and discharge its liabilities in the normal course of business.

The management is undertaking a rigorous review of the Company's outstanding claims which were rapidly increased during the year from Rs. 9,401,437,187 to Rs. 21,256,435,233. Majority of claims are based on preliminary loss assessment which is either being declined, paid off or adjusted against the outstanding receivables subsequently. Hence, it is anticipated that liability for outstanding claims will significantly be reduced by the June 30, 2023. Moreover, the SECP is in process of issuing regulations to be finalized by June 2023 which among other matters also address the issue of long outstanding receivables of PRCL from insurance companies. Once these regulations are in effect, the recovery cycle would significantly improve and majority of old receivables would be recovered from Insurance Companies and consequently solvency position would significantly improve.

Due to the above reasons, the management expects that the Company will be able to securely meet the solvency requirement on or before December 31, 2023. Accordingly, these financial statements have been prepared on a going concern basis.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at PRC Towers, 32-A, Lalazar Drive, Maulvi Tamizuddin Khan Road, Karachi. The zonal office of the Company is located at 1st Floor, 15-A, Davis Road, State Life Building, Lahore, Pakistan.

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

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

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

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

3.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except certain investments which have been measured at fair value and the Company's liability under retirement benefit obligations which is determined based on present value of defined benefit obligation less fair value of plan assets. No adjustment for the effect of inflation has been accounted for in the financial statements. All transactions reflected in these financial statements are on accrual basis except for those reflected in Statement of Cash Flows.

3.3 Functional and presentation

These financial statements have been prepared and presented in Pakistani Rupee ('Rupees', or 'Rs.'), which is the Company's functional and presentation currency.

4 New Accounting Standards, Interpretations and amendments

4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended December 31, 2022

The following standards, amendments and interpretations are effective for the year ended December 31, 2022. These standards, amendments and interpretations are either not relevant to the Company's operations or do not have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	April 01, 2021
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022

**Effective date
(annual periods
beginning on or
after)**

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract January 01, 2022

Certain annual improvements have also been made to a number of IFRSs.

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

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

- a) IFRS 9 'Financial Instruments' and amendment (effective for period ending on or after June 30, 2019). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.
- b) Amendments 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 or loss account the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

Temporary Exemption from Application of IFRS 9

The Company has determined that it is eligible for the temporary exemption option since the Company has not previously applied any version of IFRS 9, its activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the Company doesn't engage in significant activities unconnected with insurance based on historical available information. Under the temporary exemption option, the Company can defer the application of IFRS 9 until the application IFRS 17.

4.2 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 16 'Leases' - Lease liability in a sale and leaseback	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

5 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below and are consistent with those of the previous financial years.

5.1 Insurance contracts

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

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.

In addition to direct insurance, at times the Company also participates in risks under co-insurance from other companies and also accepts risks through reinsurance inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Company.

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

5.1.1 Premiums

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.

Treaty is being carried out under the regulations 1978 as the data received is on prescribed forms (returns) therein. Due to the regulations being outdated (enacted decades before insurance ordinance 2000 and insurance rules 2017), PRCL is completely relied on returns.

Provision for unearned premium

The portion of premium written relating to the unexpired period of coverage is recognized as unearned premium by the Company. The unearned portion of premium income is recognized as a liability. For treaty business the liability is calculated by applying 1/8 method and for facultative business over the period of insurance from the date of issuance of the policy to which it relates to its expiry.

5.1.2 Reinsurance 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 accepted reinsurance business being reinsured.

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

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contracts are not offset against the expenses or income from related insurance contracts. Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expired.

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

5.1.3 Receivables and payables related to insurance contracts

Receivables including premium due but unpaid, relating to insurance contracts are recognized when due. The claim payable is recorded when intimation is received. These are recognized at cost, which is the fair value of the consideration given less provision for impairment losses, if any. Premium received in advance is recognized as liability till the time of issuance of insurance contract there against.

5.1.4 Reinsurance recoveries against outstanding claims

Claims recoveries receivable 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.

5.1.5 Commission

Commission and other acquisition costs incurred in obtaining and recording on direct, facultative and reinsurance cessions have been deferred and recognized as assets and liability as under:

a) Commission income

The revenue recognition policy for commission from reinsurer is given under note 5.12.2.

b) Deferred commission expense

Commission expenses are deferred and recognized as an asset in correlation with pattern of recognition of premium revenue.

Other acquisition are charged to statement of profit and loss account at the time policies are accepted.

5.1.6 Premium deficiency reserve

The Company is required to maintain a provision in respect of premium deficiency for the individual class of business where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired policies in that class of business at the reporting date. The movement in the premium deficiency reserve is recognized as an expense in the profit or loss account. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims.

The management considers that the unearned premium reserve for all 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 reporting date in respect of policies in those classes of business in force at the reporting date. Hence, no reserve for the same has been made in these financial statements.

5.2 Investments

5.2.1 Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs, except for held for trading investments in which case transaction costs are charged to the Statement of profit or loss account. These are recognized and classified as follows:

- Held-for-trading;
- Held-to-maturity; and
- Available-for-sale.

5.2.2 Measurement

(a) Held for trading

Investments which are designated as held for trading upon initial recognition.

After initial recognition, the above investments are remeasured at fair value determined with reference to the rates prevailing in the stock exchange, where applicable. Gains or losses on remeasurement of these investments are recognized in statement of profit and loss account.

(b) Held to maturity

Investments with fixed maturity and fixed income investments, where management has both the intent and the ability to hold to maturity, are classified as held-to-maturity. After initial recognition, these are carried at amortized cost less provision for impairment loss, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition using effective yield method.

(c) Available for sale

Available-for-sale financial assets are those non-derivative financial assets 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

5.2.3 Quoted securities - subsequent measurement

Subsequent to initial recognition, quoted investments are stated at market value for available for sale investments and fixed income investments redeemable at a given date and where the cost is different from the redemption value, require such difference to be amortized uniformly between the date of acquisition and the date of maturity. The Company uses stock exchange quotations at the reporting date to determine the market value.

5.2.4 Unquoted securities

Unquoted investments are recorded at cost less impairment loss (if any).

5.2.5 Impairment

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For available for sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

5.2.6 Date of recognition

Regular way purchase and sale of investments that require delivery within the time frame established by regulations or market convention are recognized at the trade date. Trade date is the date on which the Company commits to purchase or sell the investment.

5.3 Investment property

Investment property is stated at fair value, which reflects market conditions at the reporting date. Gain or loss on re-measurement of investment property at fair value is recognized in statement of other comprehensive income. Fair value is evaluated annually by an independent professional value. Investment property is derecognized when either it has been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized as income in the period of de-recognition. Maintenance and normal repairs are charged to the statement of profit or loss as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gains or losses on disposal of investment property, if any, are included in income currently.

5.4 Liability adequacy test

At the end of each reporting year, the Company assesses whether its recognized insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of estimated future cash flows, the entire deficiency is immediately recognized in the statement of profit or loss.

5.5 Commission expense, other acquisition costs and commission income

Commission expense and other acquisition costs are charged to the statement of profit and loss account at the time the policies are accepted. Commission income from reinsurers is recognized at the time of issuance of the underlying insurance policy by the Company. This income is deferred and brought to accounts as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit commission, if any, which the Company may be entitled to under the terms of reinsurance, is recognized on accrual basis.

5.6 Provision for outstanding claims including IBNR

A liability is recognized for outstanding claims incurred up to the reporting date and is considered to be incurred at the time of incident giving rise to the claim. Unpaid reported claims are based on prescribed statutory returns submitted by the ceding companies. Outstanding claims reserve and claims incurred but not reported (IBNR) to the Company up to the reporting date are recorded on the basis of actuarial valuation, results of which have been recognized in the financial statements. The above liability is measured at undiscounted value and includes expected settlement costs. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates and provision for those claims which are incurred and not reported as at reporting date are made on the basis of specified guidelines issued by the Securities and Exchange Commission of Pakistan, according to which the Company should record those claims which are incurred but not reported on the basis of collection of data of IBNR claims reserves from the ceding companies (non-life insurers) in accordance with the share of Company on account of facultative and treaty business.

5.7 Prepaid reinsurance ceded

Reinsurance premium is recognized as an expense evenly over the period of the underlying policies. The portion of reinsurance premium not yet recognized as expense is recognized as prepayment.

5.8 Staff retirement benefits

5.8.1 Gratuity and pension scheme

The Company operates approved gratuity and pension scheme for all its permanent employees who are entitled to the scheme. The Company makes contributions or record liability in respect of defined benefit plans on the basis of actuarial valuations, carried out annually by independent actuaries and in line with the provisions of the Income Tax Ordinance, 2001. The latest actuarial valuations were carried out as of December 31, 2022 using the Projected Unit Credit Method based on the significant assumptions stated in relevant note for valuation of the funds.

5.8.2 Pension fund

The Company operates a defined benefit plan, a funded pension scheme for its employees and officers eligible for the pension scheme and payments are made annually to the extent allowed under the Income Tax Rules, 2002 to meet the obligations there-under on the basis of actuarial valuation. Liability for the fund is based on the advice of appointed actuary.

5.8.3 Provident fund

The Company contributes to a provident fund scheme which covers all permanent employees. Equal contributions are made both by the Company and the employees to the fund at the rate of 10 percent of basic salary.

5.8.4 Compensated absences

The Company accounts for all accumulated compensated absences when the employees render service that increases their entitlement to future compensated absences based on actuarial valuation.

The Company makes periodic provisions in the financial statements for its liability towards defined encashment of leaves up to maximum of 365 days in respect of leave preparatory to retirement (LPR) on the basis of basic pay. The liability is estimated on the basis of actuarial advice under the Projected Unit Credit method carried out by a qualified actuary.

5.8.5 Post retirement medical benefits

The Company operates post retirement medical benefit plan and recognizes liability for post retirement medical facilities in respect of its eligible employees in accordance with requirements of IAS - 19 (Revised).

5.9 Taxation

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

5.9.1 Current

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Provision for taxation is based on taxable income at the current rates of tax after taking into account applicable tax credits, rebates and exemptions available, if any.

5.9.2 Deferred

Deferred tax is accounted for using the balance sheet liability method, in respect of temporary differences arising at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is utilized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the statement of profit and loss account except in the case of items credited or charged to equity in which case it is included in equity.

5.10 Property and equipment

Fixed assets except leasehold lands (other than land of PRC House and PRC Building, which has not been bifurcated) are stated at fair value less accumulated depreciation calculated on written down values and accumulated impairment losses thereon. Leasehold land is stated at cost.

Depreciation is charged to income applying the reducing balance method. The rates of depreciation are stated in note 7.1 to the financial statements.

Depreciation on additions during the financial year is charged from the month in which asset is available for use whereas no depreciation is charged from the month in which the asset is disposed off. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The assets residual value and useful life are continuously reviewed by the Company and adjusted if impairment or depreciation is significant.

Maintenance and normal repairs are charged to Statement of profit and loss account as and when incurred. Major renewals and improvements are capitalized and assets so replaced, if any are retired.

Gains and losses on disposal of fixed assets, if any, are included in other income.

In case of Right of use assets, depreciation is charged over lower of useful life and lease term. The calculation of useful life is based on management's assessment of various factors such as the operating cycles, the maintenance programs, and normal wear and tear using its best estimates.

5.11 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss. All expenditure including borrowing costs connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to operating fixed assets as and when these are available for use.

5.12 Revenue recognition

5.12.1 Premium

Premium received / receivable under a policy are recognized evenly over the period of underlying policies or in accordance with the pattern of reinsurance service provided. Where the pattern of incidence of risk varies over the period of the policy, the premium is recognized as an income in accordance with the pattern of incidence of risk.

Revenue from premium is based on prescribed statutory returns submitted by the ceding companies. Premiums are taken to income, after (i) deducting reinsurance and (ii) adjusted for provision for unearned premium.

Premium recognition in case of co-insurance or pool arrangements is restricted to the Company's share only.

5.12.2 Commission income

Commission income is being taken to the statement of profit and loss account on a time proportion basis in accordance with the pattern of recognition of reinsurance premium.

5.12.3 Investment income

- Gain / loss on sale of investments is taken to the statement of profit and loss account in the year of sale.
- Profit / interest income on investments securities are recognized on effective interest method.
- Gains or losses on remeasurement of investments recognised as held for trading are recognized in the statement of profit and loss account.
- Dividend income is recognized when the right to receive such dividend is established.

5.12.4 Rental income

Rentals from investment properties are recognized over the term of the lease.

5.12.7 Other income

Profit on bank deposits is recognized on a time proportion basis taking into account the effective yield.

5.13 Management expenses

Management expenses allocated to the underwriting business represent directly attributable expenses and indirect expenses allocated on the basis of net premium revenue under individual business.

5.14 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the statement of profit and loss account.

5.15 Foreign currency translations

Transactions in foreign currencies are translated into Pakistani Rupees at the rates of exchange prevailing on the date of transactions. Significant exchange rates applied during the year are provided in relevant note. Non-monetary assets and liabilities are translated into Pakistani Rupees using exchange rates prevalent on transaction date. Exchange differences on foreign currency translations are included in the statement of profit and loss account currently.

5.16 Impairment of assets

Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

If a decline in fair value is significant or prolonged, then there is objective evidence of impairment, regardless of how long management intends to hold the investment.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Non-financial assets

The carrying amounts of Company's non-financial assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit and loss account. A previously recognized impairment loss is reversed only if there has been change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement profit and loss account.

5.17 Cash and cash equivalents

Cash and cash equivalents are carried at amortized cost. They comprise (a) cash in deposit accounts with banks (b) cash (and cheques) in hand, in transit and at banks in current accounts (c) stamps in hand and (d) term deposits maturing within 12 months.

5.18 Off setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.19 Segment reporting

For management purposes, the Company is organized into six departments which deal with specific type of insurance policies. These departments are business segments for financial reporting purposes. Moreover, there are 'treaty arrangement' under each department and is treated as a separate segment. Thus the Company has seven segment - fire, marine cargo, marine hull, accident and others, aviation, engineering and treaty.

These segments are the basis on which the Company report its primary segment information. Other operations of the Company comprises investment in securities and in properties. The Company operates in Pakistan only. There are no transactions between segments.

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

5.20 Provision for doubtful debts

Receivables under insurance contracts are recognized when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. Provision for impairment of premium receivables is established when the chances of recovery are less. Receivables are also analyzed as per their ageing and accordingly provision is maintained on a systematic basis. The provision is made while taking into consideration of expected recoveries, if any.

5.21 Financial instruments

Financial instruments carried on the statement of financial position include cash and bank deposits, loans, investments, amounts due from / to other insurers / reinsurers, premium and claim reserves retained from / by retrocessionaires / cedants, accrued investment income, sundry receivables, provision for outstanding claims, long term deposits, other creditors and accruals, retention money payable, dividend payable and surplus profit payable.

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of contractual rights that comprise the financial assets, and in the case of financial liabilities, when the obligation specified in the contract is discharged, cancelled or expired. At the time of initial recognition, all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. Any gain or loss on derecognition of financial assets and financial liabilities is taken to income directly.

5.22 Dividend and other appropriations

Dividend and appropriation to reserves are recognized as liability in the Company's financial statements in the year in which these are approved.

5.23 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted 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, if any. However, there were no dilutive potential ordinary shares in issue at December 31, 2022.

5.24 Leases

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company mainly lease properties for its operations and recognizes a right-of use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of the right-of-use asset or end of lease term. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

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

The Company has elected not to recognize right-of-use assets and lease liabilities for short term and low value assets. The lease payments associated with these leases are recognized as an expense on a straight line basis over the lease term.

5.25 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment, if any. Amortization is calculated on a straight-line basis over the estimated useful life of the asset.

6 USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the requirements of the accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, 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 result of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

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

Significant areas where assumptions and estimates were exercised in application of accounting policies relate to:

6.1 Classification of investments

In classifying investments as held to maturity, the Company has determined financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Company evaluates its intention and ability to hold such investment to maturity.

In classifying investments as held for trading, the Company has determined securities, which are acquired with the intention to trade, taking advantage of short-term market / interest rate movements.

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available for sale. Subsequent to the initial recognition at cost, quoted investments are stated at market value. Unquoted investments are stated at cost less impairment losses, if any.

6.2 Income tax

In making the estimates for income taxes currently payable by the Company, the management looks, at the current income tax laws and the decision of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Company's future taxable profits are taken into account.

6.3 Property and equipment / right-of-use asset

In making estimates of the depreciation method, the management uses method which reflects pattern in which economic benefits are expected to be consumed by the Company. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method would be changed to reflect the change in pattern.

6.4 Impairment of available for sale investments

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. The 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.

6.5 Premium deficiency reserve

The Company carries out an analysis of loss / combined ratios for the expired period, such ratio being calculated after taking into account the relevant IBNR provision for the determination of premium deficiency reserve for each class of business.

6.6 Outstanding claims including incurred but not reported (IBNR)

The Company estimates the liability for claims, which include amounts relating to unpaid, reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates and provision for those claims which are incurred and not reported as at the reporting date are made on the basis of specified guidelines issued by the Securities and Exchange Commission of Pakistan through letter no. ID/PRDD/IBNR/2017/9695 dated May 30, 2017, which states that Company should record those claims which are incurred but not reported on the basis of collection of data of IBNR claims reserves from the ceding companies (non-life insurers) in accordance with the share of Company on the account of facultative and treaty business.

6.7 Reinsurance

The Company is exposed to disputes with, and possibility of defaults by, its reinsurers. The Company monitors on a quarterly basis the evolution of disputes with and the strength of its reinsurers.

6.8 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

6.9 Unearned premium reserve

The Company's estimate of the unearned premium reserve is based on current insurance industry practices in Pakistan and the directives issued by the Securities and Exchange Commission of Pakistan.

7 PROPERTY AND EQUIPMENT

7.1 Operating fixed assets

OWNED									LEASED			Total
Building	Furniture and fixtures, office equipment, books and computer equipment				Electrical installation, air-conditioning and lifts			Motor vehicles	Leasehold land			
PRC Tower	Furniture and fixtures	Office equipment	Books	Computer equipment	Electrical installation	Air-conditioning	Lifts		PRC House*	PRC Towers**		

----- Rupees -----

Net carrying value basis

Year ended December 31, 2022

Opening net book value	198,676,097	1,563,283	3,189,479	227,065	12,068,754	582,873	1,552,274	489,243	2,317,493	208,200,000	223,622	429,090,184
Addition (at cost)	-	2,588,012	4,391,718	1,800	15,029,607	-	-	13,107,650	12,528,621	1,177,554	-	48,824,962
Disposal (NBV)	-	-	-	-	-	-	-	-	-	-	-	-
Cost / revalued amount	-	(79,000)	(214,247)	-	(34,605)	-	-	-	(2,108,566)	-	-	(2,436,418)
Accumulated depreciation	-	7,800	168,298	-	33,805	-	-	-	1,848,877	-	-	2,058,780
***	-	(71,200)	(45,949)	-	(800)	-	-	-	(259,689)	-	-	(377,638)
Depreciation charge	(9,933,805)	(221,233)	(919,449)	(22,811)	(4,868,141)	(116,575)	(310,455)	(2,500,918)	(2,125,664)	(10,450,339)	-	(31,469,390)
Closing net book value	188,742,292	3,858,862	6,615,799	206,054	22,229,420	466,298	1,241,819	11,095,975	12,460,761	198,927,215	223,622	446,068,118

Gross carrying value basis

Year ended December 31, 2022

Cost / revalued amount	226,201,229	14,900,224	13,069,867	667,506	57,984,107	12,559,913	23,032,657	24,513,198	23,355,021	209,906,208	223,622	606,413,552
Accumulated depreciation	(37,458,937)	(11,041,362)	(6,454,068)	(461,452)	(35,754,687)	(12,093,615)	(21,790,838)	(13,417,223)	(10,894,260)	(10,978,993)	-	(160,345,434)
Closing net book value	188,742,292	3,858,862	6,615,799	206,054	22,229,420	466,298	1,241,819	11,095,975	12,460,761	198,927,215	223,622	446,068,118

Depreciation rate (% per annum)	0%	10%	15%	10%	20%	20%	20%	20%	20%			
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*This represents lease hold land of 1,388 Square Yards located at House No. 30-B, Lalazar Drive, Maulvi Tamizuddin Khan Road, Karachi.

**This represents lease hold land of 7,918 Square Yards located at Plot No. 32-A, Lalazar Drive, Maulvi Tamizuddin Khan Road, Karachi.

*** Disposals of fixed assets do not include any asset whose aggregating book value exceeds Rs 500,000.

OWNED								LEASED		Total	
Building	Furniture and fixtures, office equipment, books and computer equipment				Electrical installation, air-conditioning and lifts			Motor vehicles	Lease land		
PRC Tower	Furniture and fixtures	Office equipment	Books	Computer equipment	Electrical installation	Air-conditioning	Lifts		PRC House*		PRC Towers**
Rupees											

Net carrying value basis

Year ended December 31, 2021

Opening net book value	11,388,799	1,344,585	2,199,937	252,295	13,374,684	728,591	1,940,343	611,554	2,896,867	305,182	223,622	35,266,460
Additions	-	364,020	1,413,952	-	1,464,159	-	-	-	-	650,171	-	3,892,302
Revaluations	187,856,738	-	-	-	-	-	-	-	-	207,270,527	-	395,127,265
Depreciation charge for the year	(569,440)	(145,322)	(424,410)	(25,230)	(2,770,089)	(145,718)	(388,069)	(122,311)	(579,374)	(25,880)	-	(5,195,843)
Closing net book value	198,676,097	1,344,585	2,199,937	252,295	13,374,684	728,591	1,940,343	611,554	2,896,867	305,182	223,622	429,090,184

Gross carrying value basis

Year ended December 31, 2021

Cost / revalued amount	226,201,229	12,312,212	8,678,149	665,706	42,954,500	12,559,913	23,032,657	11,405,548	10,826,400	208,728,654	223,622	557,588,590
Accumulated depreciation	(27,525,132)	(10,748,929)	(5,488,670)	(438,641)	(30,885,746)	(11,977,040)	(21,480,383)	(10,916,305)	(8,508,907)	(528,654)	-	(128,498,406)
Closing net book value	198,676,097	1,563,283	3,189,479	227,065	12,068,754	582,873	1,552,274	489,243	2,317,493	208,200,000	223,622	429,090,184

Depreciation rate (% per annum)	5%	10%	15%	10%	20%	20%	20%	20%	20%	5%	-	
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*This lease hold land of 1,388 Square Yards are located at House No. 30-B, Lalazar Drive, Maulvi Tamizuddin Khan Road, Karachi.

**This lease hold land of 7,918 Square Yards are located at Plot No. 32-A, Lalazar Drive, Maulvi Tamizuddin Khan Road, Karachi.

7.2 Fair value measurement

The fair value of Land and Building is determined by Iqbal A. Nanjee & Company (Private) Ltd which is an external, independent property valuers having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued and also registered with Pakistan Bankers Association. The fair value of land are based on assumptions considered to be in level 3 i.e, inputs other than quoted prices included within level 3 that are not observable either directly or indirectly.

		December 31, 2022	December 31, 2021
7.3 Forced sales value			
	Note	----- (Rupees) -----	
Class of assets			
Building- PRC tower		158,341,968	158,341,968
Leasehold land- PRC House		166,560,000	166,560,000
		<u>324,901,968</u>	<u>324,901,968</u>
8 RIGHT OF USE ASSETS			
8.1 Assets - Leasehold land			
Net carrying value basis			
Opening net book value		1,801,531,334	25,475,815
Revaluation gain during the year		-	1,781,326,378
Accumulated depreciation	8.2	<u>(161,925,757)</u>	<u>(5,270,859)</u>
Closing net book value		<u>1,639,605,577</u>	<u>1,801,531,334</u>
Gross carrying value basis			
Cost / revalued amount		1,801,531,334	1,806,802,193
Accumulated depreciation	8.2	<u>(161,925,757)</u>	<u>(5,270,859)</u>
		<u>1,639,605,577</u>	<u>1,801,531,334</u>
8.2 Accumulated depreciation			
Balance at beginning of the year		5,270,859	3,513,906
Depreciation for the year		<u>156,654,899</u>	<u>1,756,953</u>
Balance at end of the year		<u>161,925,757</u>	<u>5,270,859</u>
8.3	The Company has entered into lease arrangement with Karachi Port Trust (KPT) for lease of land. The remaining lease term (useful life) of the right of use asset is 9.5 years. (2021: 10.5 years)		
9 CAPITAL WORK-IN-PROGRESS			
Computer software	9.1 & 9.2	10,083,343	8,474,168
9.1	The movement in capital work in progress is as follows:		
Balance at beginning of the year		8,474,168	8,474,168
Additions during the year		<u>1,609,175</u>	<u>-</u>
Balance at end of the year		<u>10,083,343</u>	<u>8,474,168</u>
9.2	This pertains to implementation of ERP and development of customized system solution which includes Reinsurance, Administration, Human Resource, Audit, Accounting and Finance, Investment, Corporate Affairs and Retakaful modules.		

		December 31, 2022	December 31, 2021
	Note ----- (Rupees) -----		
10 ASSETS IN BANGLADESH - NET			
Assets and Liabilities in Bangladesh comprise of :			
Assets			
Fixed assets			
Land and building		8,608,000	8,608,000
Furniture and fixtures		4,000	4,000
		<u>8,612,000</u>	<u>8,612,000</u>
Investments			
Stock and shares		7,112,000	7,112,000
Debentures		250,000	250,000
		<u>7,362,000</u>	<u>7,362,000</u>
		15,974,000	15,974,000
Liabilities			
Outstanding claims	23.4	(4,952,000)	(4,952,000)
Other liabilities		(809,000)	(809,000)
		<u>(5,761,000)</u>	<u>(5,761,000)</u>
		10,213,000	10,213,000
Provision for loss on net assets in Bangladesh		<u>(10,213,000)</u>	<u>(10,213,000)</u>
		<u>-</u>	<u>-</u>
11 INVESTMENT PROPERTY			
PRC Building, Karachi		6,014,475	6,014,475
Electrical installations		47,174	47,174.4
Air conditioning plant		67,158	67,158.4
Lifts		52,331	52,331.12
		<u>6,181,139</u>	<u>6,181,139</u>
Lease holdland		244,750,000	244,750,000
PRC Towers, Karachi		461,082,104	461,082,104
PRC House		10,261,360	10,261,360
		<u>716,093,464</u>	<u>716,093,464</u>
		<u>722,274,603</u>	<u>722,274,603</u>
11.1 Forced sales value			
Owned		4,811,580	4,811,580
PRC building Karachi			
Leased			
Leasehold land		1,425,240,000	1,425,240,000
PRC tower		369,464,592	369,464,592
PRC House		8,209,088	8,209,088
		<u>1,807,725,260</u>	<u>1,807,725,260</u>

- 11.2 With effect from December 31, 2021, the Company has changed its accounting policy from cost model to revaluation model for its buildings and Lands. The management is of the view that the change provides more reliable and more relevant information because it deals more accurately with the components of property. Investment property is remeasured at fair value, which 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. Gains or losses arising from changes in the fair value of investment property must be included in net profit or loss for the period in which it arises. Where a property has previously been measured at fair value, it should continue to be measured at fair value until disposal, even if comparable market transactions become less frequent or market prices become less readily available.
- 11.3 The fair value of land and building was privously determined by Iqbal A. Nanjee & Co. Private Limited which is an external, independent property valuers having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued and also registered with Pakistan Bankers Association. However, as per board the relvaution shall be carried out once in every three year as the valuation does not materially differs from the carrying values.
- 11.4 The fair value of the investment properties has been categorized as a Level 3 fair value (based on the inputs to the valuation techniques used) and which is considered as highest and best use of investment property.

12 INVESTMENTS IN EQUITY SECURITIES

		2022				2021			
		Cost	Impairment	Unrealized gain / (loss)	Carrying amount	Cost	Impairment	Unrealized gain / (loss)	Carrying amount
		Rupees							
Available for sale	Note								
Related parties									
Listed shares	12.1	88,518,391	-	556,230,535	644,748,926	88,521,808	-	603,373,907	691,895,715
Unlisted shares	12.2	1,235,842	(618,227)	-	617,615	1,235,842	(618,227)	-	617,615
Mutual funds	12.3	800,000,000	(223,986,732)	(96,670,800)	479,342,468	800,000,000	(223,986,732)	-	576,013,268
		889,754,233	(224,604,959)	459,559,735	1,124,709,009	889,757,650	(224,604,959)	603,373,907	1,268,526,598
Others									
Listed shares	12.4	421,480,106	-	470,514,543	891,994,648	421,448,606	-	759,610,701	1,181,059,307
Unlisted shares	12.5	1,372,264	(1,372,264)	-	-	1,372,264	(1,372,264)	-	-
Mutual funds	12.6	792,488,811	(76,694,174)	(111,269,412)	604,525,225	792,488,810	(76,694,174)	76,379,250	792,173,886
		1,215,341,180	(78,066,438)	359,245,131	1,496,519,873	1,215,309,680	(78,066,438)	835,989,951	1,973,233,193
Sub total		2,105,095,413	(302,671,397)	818,804,866	2,621,228,882	2,105,067,330	(302,671,397)	1,439,363,858	3,241,759,791
Held for trading									
Related parties									
Listed shares	12.7	71,616,662	-	(10,467,977)	61,148,685	104,552,855	-	(32,936,193)	71,616,662
Others									
Listed shares	12.8	102,337,463	-	(29,274,963)	73,062,500	88,158,765	-	(12,702,275)	75,456,490
Sub total	12.7 & 53	173,954,125	-	(39,742,940)	134,211,185	192,711,620	-	(45,638,468)	147,073,152
Grand Total		2,279,049,538	(302,671,397)	779,061,926	2,755,440,067	2,297,778,950	(302,671,397)	1,393,725,390	3,388,832,943

2022					2021				
Number of shares / certificates / units	Cost	Impairment	Unrealized gain / (loss)	Carrying amount	Number of shares / certificates / units	Cost	Impairment	Unrealized gain / (loss)	Carrying amount
----- Rupees -----					----- Rupees -----				

Available for sale - Related parties

12.1 Listed shares

National Bank of Pakistan	6,359,119	6,824,793	-	143,186,824	150,011,617	6,359,119	6,824,793	-	212,691,995	219,516,788
Pakistan State Oil Company Limited	14,042	371,225	-	1,650,683	2,021,908	14,042	371,225	-	2,182,874	2,554,099
Pakistan Petroleum Limited	546,480	27,388,953	-	9,848,194	37,237,147	546,480	27,388,953	-	15,804,826	43,193,779
Sui Southern Gas Company Limited	12,694,227	36,461,488	-	80,579,285	117,040,773	12,694,227	36,461,488	-	81,467,881	117,929,369
Sui Northern Gas Pipelines Limited *	8,698,203	17,107,194	-	309,510,329	326,617,523	8,698,203	17,110,611	-	273,844,279	290,954,890
Pakistan Engineering Company Limited	43,776	364,738	-	11,455,220	11,819,958	43,776	364,738	-	17,382,052	17,746,790
	28,355,847	88,518,391	-	556,230,535	644,748,926	28,355,847	88,521,808	-	603,373,907	691,895,715

12.2 Unlisted shares**

State Bank of Pakistan	4,900	517,615	-	-	517,615	4,900	517,615	-	-	517,615
Industrial Development Bank of Pakistan ***	6,213	618,227	(618,227)	-	-	6,213	618,227	(618,227)	-	-
National Investment Trust Limited	79,200	100,000	-	-	100,000	79,200	100,000	-	-	100,000
	90,313	1,235,842	(618,227)	-	617,615	90,313	1,235,842	(618,227)	-	617,615

12.3 Mutual funds

National Investment Unit Trust	8,292,733	800,000,000	(223,986,732)	(96,670,800)	479,342,468	8,292,733	800,000,000	(223,986,732)	-	576,013,268
Grand total	36,738,893	889,754,233	(224,604,959)	459,559,735	1,124,709,009	36,738,893	889,757,650	(224,604,959)	603,373,907	1,268,526,598

* Frozen shares

This represents 8,698,203 ordinary shares of Sui Northern Gas Pipelines Limited which are frozen on the basis of Government of Pakistan (GoP) directives F.10(6&14)EN-94/2005 dated April 13, 2005, as the same form part of the strategic shareholding under the control of the GoP. As a result, the Company is restricted from selling, transferring, encumbering or otherwise disposing of or dealing with any interest in the said shares, including any future bonus / right shares in respect thereof.

** Name of Company	2022		2021	
	CEO/Managing Director	Breakup value	CEO/Managing Director	Breakup value
State Bank of Pakistan	Dr. Reza Baqir	-	Dr. Reza Baqir	1,156,631
Industrial Development Bank of Pakistan	Not available		Not available	
National Investment Trust Limited	Adnan Afridi	-	Adnan Afridi	12,668

*** Industrial Development Bank of Pakistan (IDBP) has been dissolved and all assets and liabilities are vested in the Industrial Development Bank Limited (IDBL) vide Government of Pakistan (GoP)'s Finance division's S.R.O. (1)/2012 dated November 13, 2012.

Available for sale - Others

12.4 Listed shares

Banks

Banks										
Faysal Bank Limited	-	-	-	-	-	-	-	-	-	
MCB Bank Limited	500,000	93,131,314	-	(35,051,314)	58,080,000	500,000	93,131,314	-	(16,456,314)	76,675,000
Habib Bank Limited	700,000	83,042,124	-	(38,431,123)	44,611,001	700,000	83,042,124	-	(1,408,124)	81,634,001
UBL Bank Limited	500,000	60,488,901	-	(10,113,901)	50,375,000	500,000	60,488,901	-	7,801,099	68,290,000
	1,700,000	236,662,339	-	(83,596,337)	153,066,001	1,700,000	236,662,339	-	(10,063,338)	226,599,001

Insurance

Adamjee Insurance Company Limited	1,398,536	32,124,622	-	7,272,137	39,396,759	1,398,536	32,124,622	-	23,816,818	55,941,440
Asia Insurance Company Limited	40,055	224,800	-	340,382	565,182	36,414	224,800	-	351,269	576,069
Crescent Star Insurance Company Limited	-	-	-	-	-	-	-	-	-	-
Habib Insurance Company Limited	12,700	1,724	-	74,476	76,200	12,700	1,724	-	86,795	88,519
United Insurance Company of Pakistan Limited	1,249,635	166,165	-	9,331,061	9,497,226	1,249,635	166,165	-	9,830,915	9,997,080
	2,700,926	32,517,311	-	17,018,056	49,535,368	2,697,285	32,517,311	-	34,085,797	66,603,108

Personal Goods

Khurshid Spinning Mills Limited	7,600	5,700	-	86,488	92,188	7,600	5,700	-	59,660	65,360
Crescent Jute Products Limited	157,314	-	-	-	-	157,314	-	-	-	-
Usman Textile Mills Limited	300	-	-	-	-	300	-	-	-	-
Muhammad Farooq Textile Mills Limited	4,100	-	-	-	-	4,100	-	-	-	-
Taj Textile Mills Limited	5,600	-	-	-	-	5,600	-	-	-	-
	174,914	5,700	-	86,488	92,188	174,914	5,700	-	59,660	65,360

General Industries

Packages Limited	821,714	90,388,540	-	213,777,114	304,165,654	821,714	90,388,540	-	318,225,181	408,613,721
Hashmi Can Company Limited	23,887	31,500	-	165,807	197,307	5,250	-	-	-	-
	845,601	90,420,040	-	213,942,921	304,362,961	826,964	90,388,540	-	318,225,181	408,613,721

Household Goods

Hussain Industries Limited	15,820	-	-	471,436	471,436	15,820	-	-	316,400	316,400
Towellers Limited	129,759	1,048,453	-	14,036,031	15,084,484	129,759	1,048,453	-	12,706,001	13,754,454
	145,579	1,048,453	-	14,507,467	15,555,920	145,579	1,048,453	-	13,022,401	14,070,854

Food Producers

Imperial Sugar Mills Limited	-	-	-	-	-	-	-	-	-	-
Jauharabad Sugar Mills Limited	-	-	-	-	-	-	-	-	-	-
Shahtaj Sugar Mills Limited	-	-	-	-	-	-	-	-	-	-
Sindh Abadgar's Sugar Mills Limited	65,500	327,500	-	505,660	833,160	65,500	327,500	-	649,760	977,260
	65,500	327,500	-	505,660	833,160	65,500	327,500	-	649,760	977,260

Construction and Materials

Dadabhoy Cement Industries Limited	17,300	-	-	-	-	17,300	-	-	-	-
Zeal Pak Cement Factory Limited	39,130	-	-	-	-	39,130	-	-	-	-
	56,430	-	-	-	-	56,430	-	-	-	-
	5,688,950	360,981,343	-	162,464,255	523,445,598	5,666,672	360,949,843	-	355,979,461	716,929,304

2022					2021				
Number of shares	Cost	Impairment	Unrealized gain / (loss)	Carrying amount	Number of shares	Cost	Impairment	Unrealized gain / (loss)	Carrying amount
	----- Rupees -----					----- Rupees -----			
5,688,950	360,981,343	-	162,464,255	523,445,598	5,666,672	360,949,843	-	355,979,461	716,929,304
10,580	18,403	-	2,881,799	2,900,202	10,580	18,403	-	8,678,357	8,696,760
3,000	9,961	-	5,959,297	5,969,258	3,000	9,961	-	3,582,809	3,592,770
13,580	28,364	-	8,841,096	8,869,460	13,580	28,364	-	12,261,165	12,289,529
480,000	8,884,043	-	21,394,357	30,278,400	480,000	8,884,043	-	25,359,157	34,243,200
100,000	223,790	-	46,210	270,000	100,000	223,790	-	120,210	344,000
30,000	1,481,678	-	(682,178)	799,500	30,000	1,481,678	-	(511,178)	970,500
610,000	10,589,511	-	20,758,389	31,347,900	610,000	10,589,511	-	24,968,189	35,557,700
250,000	14,089,542	-	29,922,958	44,012,500	250,000	14,089,542	-	57,057,958	71,147,500
52,333	-	-	-	-	52,333	-	-	-	-
928,689	195,915	-	86,682,941	86,878,856	928,689	195,915	-	111,144,609	111,340,524
307,281	35,595,431	-	161,844,903	197,440,334	307,281	35,595,431	-	198,199,318	233,794,749
7,850,833	421,480,106	-	470,514,542	891,994,648	7,828,555	421,448,606	-	759,610,701	1,181,059,307

12.5 Unlisted shares

Cost of investment in unlisted companies
Less: provision for diminution in value

Note	2022	2021
	----- Rupees -----	----- Rupees -----
12.5.1	1,372,264	1,372,264
	(1,372,264)	(1,372,264)
	-	-

2022					2021				
Number of shares	Cost	Impairment	Unrealized gain / (loss)	Carrying amount	Number of shares	Cost	Impairment	Unrealized gain / (loss)	Carrying amount
	----- Rupees -----					----- Rupees -----			
25,000	250,000	(250,000)	-	-	25,000	250,000	(250,000)	-	-
22,029	-	-	-	-	22,029	-	-	-	-
23,250	-	-	-	-	23,250	-	-	-	-
56,227	-	-	-	-	56,227	-	-	-	-
126,506	250,000	(250,000)	-	-	126,506	250,000	(250,000)	-	-
1,000	9,950	(9,950)	-	-	1,000	9,950	(9,950)	-	-
353	-	-	-	-	353	-	-	-	-
13,510	-	-	-	-	13,510	-	-	-	-
22,397	219,801	(219,801)	-	-	22,397	219,801	(219,801)	-	-
37,260	229,751	(229,751)	-	-	37,260	229,751	(229,751)	-	-
20,000	200,000	(200,000)	-	-	20,000	200,000	(200,000)	-	-
861	6,470	(6,470)	-	-	861	6,470	(6,470)	-	-
30,000	-	-	-	-	30,000	-	-	-	-
64	640	(640)	-	-	64	640	(640)	-	-
30,925	7,110	(7,110)	-	-	30,925	7,110	(7,110)	-	-
100,000	-	-	-	-	100,000	-	-	-	-
13,963	-	-	-	-	13,963	-	-	-	-
133,333	685,403	(685,403)	-	-	133,333	685,403	(685,403)	-	-
461,987	1,372,264	(1,372,264)	-	-	461,987	1,372,264	(1,372,264)	-	-
461,987	-	-	-	-	461,987	-	-	-	-

12.5.2 Financial statements of these companies are not available, therefore, the break-up value and the name of the Chief Executive Officer is not presented.

12.6 Mutual funds

	2022					2021				
	Number of units	Cost	Impairment	Unrealized gain / (loss)	Carrying amount	Number of units	Cost	Impairment	Unrealized gain / (loss)	Carrying amount
	----- Rupees -----					----- Rupees -----				
Open-End Mutual Funds										
JS Value Fund	50,951	2,267,483	-	4,917,118	7,184,601	50,951	2,267,483	-	6,191,431	8,458,914
NAFA Stock Fund	20,671,728	400,000,000	(76,694,174)	(54,149,592)	269,156,234	20,671,728	400,000,000	(76,694,174)	-	323,305,826
HBL Growth Funds - Class B Segment	15,000,000	105,632,400	-	76,571,100	182,203,500	15,000,000	105,632,400	-	151,008,600	256,641,000
	35,722,679	507,899,883	(76,694,174)	27,338,626	458,544,335	35,722,679	507,899,883	(76,694,174)	157,200,031	588,405,740
Close-End Mutual Funds										
HBL Growth Funds - Class A	30,406,721	284,541,231	-	(138,588,969)	145,952,262	30,406,721	284,541,230	-	(80,816,199)	203,725,031
HBL Investment Funds - Class A	17,246	47,697	-	(19,069)	28,628	17,246	47,697	-	(4,582)	43,115
	30,423,967	284,588,928	-	(138,608,038)	145,980,890	30,423,967	284,588,927	-	(80,820,781)	203,768,146
	66,146,646	792,488,811	(76,694,174)	(111,269,412)	604,525,225	66,146,646	792,488,810	(76,694,174)	76,379,250	792,173,886

Held-for-trading

12.7 Related parties

Listed shares

National Bank of Pakistan	399,266	13,782,662	-	(4,363,977)	9,418,685	399,266	19,388,357	-	(5,605,695)	13,782,662
Oil & Gas Development Authority Limited	350,000	30,170,000	-	(2,289,000)	27,881,000	350,000	42,592,500	-	(12,422,500)	30,170,000
Pakistan Petroleum Limited	350,000	27,664,000	-	(3,815,000)	23,849,000	350,000	42,571,998	-	(14,907,998)	27,664,000
	1,099,266	71,616,662	-	(10,467,977)	61,148,685	1,099,266	104,552,855	-	(32,936,193)	71,616,662

12.8 Others- listed shares

Cement

Attock Cement Limited	69,000	9,588,240	-	(5,686,290)	3,901,950	69,000	10,408,075	-	(819,835)	9,588,240
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Technology and Communication

Pakistan Telecommunication Company Limited	319,500	2,779,650	-	(830,700)	1,948,950	319,500	4,169,475	-	(1,389,825)	2,779,650
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Commercial Bank

MCB	200,000	26,880,973		(3,648,973)	23,232,000					
United Bank Limited	250,000	34,145,000	-	(8,957,500)	25,187,500	250,000	40,200,850	-	(6,055,850)	34,145,000

Construction

Aisha Steel Mills Limited	700,000	10,542,000	-	(4,795,000)	5,747,000	700,000	10,139,080	-	402,920	10,542,000
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Household

Pak Elektron Limited	550,000	12,386,000	-	(5,263,500)	7,122,500	550,000	18,494,685	-	(6,108,685)	12,386,000
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Chemical

Fauji Fertilizer Company Limited	60,000	6,015,600	-	(93,000)	5,922,600	60,000	4,746,600	-	1,269,000	6,015,600
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Sub total of others

	2,148,500	102,337,463	-	(29,274,963)	73,062,500	1,948,500	88,158,765	-	(12,702,275)	75,456,490
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13 INVESTMENTS IN DEBT SECURITIES

INVESTMENTS IN DEBT SECURITIES		2022		2021	
		Cost	Carrying value/	Cost	Carrying value/
		----- Rupees -----		----- Rupees -----	
Note					
Investments - Held to maturity					
Pakistan Investment Bonds - fixed	13.1 & 13.2	3,825,209,817	3,873,596,120	1,595,597,300	1,586,280,288
Pakistan Investment Bonds - floating	13.2	554,936,654	550,410,809	554,936,654	550,932,749
Treasury Bills	13.2	4,928,548,850	5,180,006,150	6,475,082,500	6,576,126,800
Term Finance Certificates	13.3	99,840,000	99,840,000	99,880,000	99,880,000
	53	9,408,535,321	9,703,853,079	8,725,496,454	8,813,219,837
Investments - Available for sale					
Pakistan Investment Bonds	13.4	195,481,125	203,173,425	331,407,375	360,849,397
		9,604,016,446	9,907,026,504	9,056,903,829	9,174,069,234

13.1 This includes Pakistan Investment Bonds amounting to Rs. 1,108 million (2021: Rs. 308 million) deposited with the State Bank of Pakistan as required by section 29 of the Insurance Ordinance, 2000.

13.2 Held-to-maturity - secured

Held-to-maturity - secured	2022	2021	2022	2021	2022	2021
	Treasury bills		Pakistan Investment Bonds - fixed		Pakistan Investment Bonds - floating	
	----- Rupees in million -----					
Carrying value	5,180.01	6,576.13	3,873.60	1,586.28	550.41	550.93
Tenure	up to 12 months	up to 12 months	3 to 10 years	3 to 10 years	3 to 5 years	3 to 5 years
Face value - Rupees in million	6,475	6,475	4,287	1,595	550	555
Market value - Rupees in million	6,576	6,576	3,873	1,586	550	551
Maturity dates	January 2022 to June 2022	January 2022 to June 2022	June 2023 to September 2029	July 2022 to September 2029	June 2023 to June 2025	June 2023 to June 2025
Profit repayment - frequency	On maturity	On maturity	Half yearly	Half yearly	Half yearly	Half yearly
Principal repayment - frequency	On maturity	On maturity	On maturity	On maturity	disposal	disposal
Effective interest rate / coupon rate - per annum	13.10%	7.43%	9.36%	8%	17.17% to 17.38%	11.82%
	to 15.99%	to 11.38%	to 13.58%	to 12%		to 11.87%

13.3 This represent investment in Term Finance Certificate having an aggregate face value Rs. 99.84 million (2021: Rs. 99.84 million) carrying markup at 6 months KIBOR + 1%. These have been placed with Habib Bank Limited for a term of 10 years, maturing on 2028. Accrued profit on these certificates amounting to Rs. 1.2 million (2021: Rs.0.949 0.571 million).

	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
13.4 Available for sale - secured	203.17	360.85
Pakistan Investment Bonds		
Tenure	3 years to 10 years	3 years to 10 years
Face value - Rupees in million	225	365
Market value - Rupees in million	203	360.85
Maturity dates	July 2022 to September 2029	July 2022 to September 2029
Profit repayment - frequency	Half yearly	Half yearly
Effective interest rate / coupon rate - per annum	On maturity / 9% to 10.00%	On maturity / 7.25% to 10.00%

		December 31, 2022	December 31, 2021
14	LOANS AND OTHER RECEIVABLES	Note	----- (Rupees) -----
	Loans to employees	14.1	80,494,850
	Accrued investment income	14.2	139,927,517
	Sundry receivables - net	14.3	100,726,049
	Receivable from tenants	14.4	141,339,898
			<u>462,488,314</u>
			<u>285,844,726</u>
14.1	Loans to employees		
	Non-current portion		66,106,300
	Current portion		14,388,550
		14.1.1	<u>80,494,850</u>
14.1.1	No loan has been provided to the Directors by the Company. Details of loans to Executives of the Company is as under:		
	Balance at beginning of the year		970,711
	Add: disbursements during the year		16,357,010
	Less: receipts during the year		5,850,658
	Balance at end of the year		<u>23,178,379</u>
14.1.2	Loans to employees represent mark-up free loans and are secured against retirement benefits of the respective employee including, where applicable, documents of assets for which the loan has been given. None of the amount is either past due or impaired, consequently no provision for bad or doubtful loans has been made.		
14.1.3	The maximum month-end amount of these loan during the year has been amounting to Rs. 84,294,852 (2021: Rs. 84,278,202).		
14.2	Accrued investment income		
	Dividend receivable		
	Interest on held to maturity debt securities		123,087,440
	Interest on available for sale debt securities		16,840,077
			<u>139,927,517</u>
14.3	Sundry receivables - net		
	Considered good		
	Advances		59,203,431
	Security deposits		6,554,922
	Other receivable		37,892,198
			<u>103,650,551</u>
			<u>11,410,765</u>

		December 31, 2022	December 31, 2021
	Note	----- (Rupees) -----	
Considered doubtful			
Export Credit Guarantee schemes	14.3.1	56,142,435	56,142,435
Receivable against National Co-insurance Scheme		4,939,471	4,939,471
Receivable against War Risk Insurance-Karachi	14.3.2	7,724,303	7,724,303
Receivable against War Risk Insurance-Lahore		10,541,524	10,541,524
Receivable from Investment Corporation of Pakistan		868,470	868,470
Advances		-	2,413,260
Other receivable		-	511,243
		80,216,203	83,140,706
		183,866,754	94,551,471
Less: provision for doubtful debts	14.3.3	(83,140,705)	(83,140,705)
Sundry receivables - net		100,726,049	11,410,766

14.3.1 This represents the total amount of income tax deposited by the Company since the year 1984-85 to the year 2001-02 in respect of Export Credits Guarantee Scheme (ECGS). The income of the respective years under the Scheme was transferred to the Government. The income tax department, however, taxed ECGS income by clubbing it with the Company's income. The Company's appeal in this respect which was pending before Honorable High Court has been dismissed. This amount was previously classified as advance tax and has been transferred as amount receivable from the Ministry of Finance, Government of Pakistan.

The Company had filed an appeal in the Honorable Supreme Court of Pakistan (SCP) in this respect which vide order dated August 21, 2007 granted leave to appeal filed by the Company against the judgment of the Honorable High Court. The matter is now before Alternate Dispute Resolution Committee (ADRC).

The ADRC therefore concluded that they would refer the matter to the FBR for providing a legal expert to the ADRC or to re-constitute the ADRC by including therein the legal expert who can interpret and decide on the applicability of the Article 165A of the Constitution of Pakistan in this case.

FBR via letter No. 2(48) IT-Jud/2006-ADR/45098-R regretted the request for reconstitution of ADRC. Therefore, the Company pursued its case with the SCP which has already granted a leave to appeal against order of High Court, has remanded back the case to the High Court of Sindh where the matter is still pending for date of hearing. The Company has recorded provision amounting to Rs. 56.142 million (2021: Rs. 56.142 million) in these financial statements.

- 14.3.2 Amount is receivable from Government of Pakistan against expenses for running the affairs of War Risk Insurance Department (the Department) working under the supervision of Pakistan Insurance Corporation (defunct). The Department was set up for insurance of losses which could have occurred due to war.

14.3.3 Provision for doubtful debts

Balance at beginning of the year	83,140,705	83,294,944
(Reversal) made during the year	-	(154,239)
Balance at end of the year	<u>83,140,705</u>	<u>83,140,705</u>

14.4 Receivable from tenants

Rentals	134,654,995	104,085,710
Electricity charges	<u>6,774,801</u>	<u>7,844,807</u>
Provision against electricity charges	<u>(89,898)</u>	<u>(89,898)</u>
	<u>6,684,903</u>	<u>7,754,909</u>
	<u>141,339,898</u>	<u>111,840,619</u>

15 RECEIVABLE FROM SINDH REVENUE BOARD

<u>2,573,888,727</u>	<u>2,573,888,727</u>
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- 15.1 The aggregate amount of Rs. 2,573.889 million (2021: Rs. 2,573.889 million) paid has been recorded as “receivable from SRB” in the financial statements. Moreover, the Company has not recorded provision against the orders passed by SRB in pursuance of Appellate Order dated February 01, 2016 in Appeal No. AT-02/2013 and order dated February 03, 2016 in Appeal No. AT-109/2015.

16 INSURANCE / REINSURANCE RECEIVABLES

Amount due from other reinsurers		721,774,617	181,652,226
Amount due from other insurers	16.1 & 16.2	<u>17,178,288,151</u>	<u>14,553,749,153</u>
		17,900,062,768	14,735,401,379
Less: provision for impairment in due from other insurers / reinsurers	16.3	<u>(506,687,816)</u>	<u>(1,049,198,285)</u>
		<u>17,393,374,952</u>	<u>13,686,203,094</u>
Premium and claim reserves retained by cedants		<u>24,831,633</u>	<u>24,831,633</u>
Less: provision for impairment in premium and claim		<u>(24,831,633)</u>	<u>(24,831,633)</u>
		-	-
	16.4	<u>17,393,374,952</u>	<u>13,686,203,094</u>

- 16.1 This includes an amount of Rs. 266 million (2021: Rs. 565.9 million) which is under litigation and the Company has recorded a provision of Rs. 243.3 million (2021: Rs. 243.3 million) in respect of these balances.

		December 31, 2022	December 31, 2021		
	Note	----- (Rupees) -----			
16.2	This includes an amount of Rs. 10,729,548,945 (2021: Rs. 8,788,498,324) due from a related party, National Insurance Company Limited. The age analysis of amount due from related party is as follows:				
		Up to 3 months	5,043,039,966	4,617,664,380	
		Over 3 months and above	5,686,508,979	4,170,833,944	
	54	<u>10,729,548,945</u>	<u>8,788,498,324</u>		
16.3	Movement of provision for impairment in due from other insurers / reinsurers				
		Balance at beginning of the year	1,049,198,285	1,040,262,155	
		(Reversal) / provision made during the year	(542,510,469)	8,936,130	
	16.3.1	<u>506,687,816</u>	<u>1,049,198,285</u>		
16.3.1	This represents reversal of provision in terms of Board approved policy.				
16.4	These balances are based on underlying information and returns submitted by insurers / reinsurers periodically. As per the requirements mentioned in SECP letter no. ID/Offsite-I/Misc/2023/631 dated February 9, 2023 addressed to Insurance Association of Pakistan, the Company is in the process to reconcile and agree the balances relating to other insurers / reinsurers to ensure that the balances are accurate and complete in respect of information available. In this regard, the proposed timeline by Securities and Exchange Commission of Pakistan (SECP) for conclusion of reconciliation activity is December 31, 2023.				
17	REINSURANCE RECOVERIES AGAINST OUTSTANDING CLAIMS INCLUDING IBNR				
		Facultative business	17.1	13,407,154,617	3,585,888,847
		Treaty	17.2	1,013,554,694	1,022,238,388
				<u>14,420,709,311</u>	<u>4,608,127,235</u>
17.1	Facultative business				
		Fire	410,710,801	317,808,041	
		Marine cargo	5,425,012	-	
		Marine hull	14,565,192	65,747,545	
		Accident	13,933,067	-	
		Aviation	916,208,568	1,642,925,619	
		Engineering	12,046,311,977	1,559,407,642	
			<u>13,407,154,617</u>	<u>3,585,888,847</u>	

		December 31, 2022	December 31, 2021
	Note	----- (Rupees) -----	
17.2 Treaty			
Proportional		-	376,534,914
Non-proportional		1,013,554,694	645,703,474
		<u>1,013,554,694</u>	<u>1,022,238,388</u>
18 DEFERRED COMMISSION			
Facultative business	18.1	361,765,142	344,747,514
Treaty	18.2	569,616,997	461,466,692
		<u>931,382,139</u>	<u>806,214,206</u>
18.1 Facultative business			
Fire		53,334,034	98,891,830
Marine cargo		6,334,980	252,683
Marine hull		2,640,357	3,521,874
Accidents and others		7,220,759	3,709,144
Aviation		117,381,006	104,731,532
Engineering		174,854,006	133,640,451
		<u>361,765,142</u>	<u>344,747,514</u>
18.2 Treaty			
Proportional		563,848,844	458,356,101
Non-proportional		5,768,153	3,110,591
		<u>569,616,997</u>	<u>461,466,692</u>
19 PREPAYMENTS			
Prepaid reinsurance ceded - facultative business	19.1	8,157,303,075	7,399,530,623
Prepaid reinsurance ceded - treaty business	19.2	783,025,375	323,300,560
		<u>8,940,328,450</u>	<u>7,722,831,183</u>
Others		3,214,187	714,653
		<u>8,943,542,637</u>	<u>7,723,545,836</u>
19.1 Prepaid reinsurance ceded - facultative business			
Fire		38,243,295	40,842,152
Marine Cargo		89,749,062	-
Marine hull		23,645,065	22,227,920
Accidents and others		80,909,326	3,150,578
Aviation		4,408,006,288	4,237,630,265
Engineering		3,516,750,039	3,095,679,708
		<u>8,157,303,075</u>	<u>7,399,530,623</u>

		December 31, 2022	December 31, 2021
		----- (Rupees) -----	
19.2	Prepaid reinsurance ceded - treaty business		
	Proportional	-	-
	Non-proportional	783,025,375	323,300,560
		<u>783,025,375</u>	<u>323,300,560</u>
20	CASH AND BANK BALANCES		
	Cash in hand	335,020	208,191
	Cash at bank in:		
	Saving accounts		
	- Local currency	1,541,818,348	38,996,136
	- Foreign currency	686,452,556	285,809,585
	20.1	2,228,270,904	324,805,721
	Current accounts		
	- Local currency	711,204,528	609,870,820
	Dividend accounts		
	- Saving accounts	67,030,422	64,630,903
	- Current accounts	24,049,683	141,325,724
		91,080,105	205,956,627
		<u>3,030,890,557</u>	<u>1,140,841,359</u>
20.1	Saving accounts carry markup at the rates ranging from 13% to 15% (2021: 11.25% to 15%) per annum.		
21	TOTAL ASSETS FROM WINDOW RETAKAFUL OPERATIONS - OPERATOR'S FUND		
	Assets		
	Investments	20,196,059	18,307,796
	Other receivable	4,084,045	2,865,576
	Qard-e-hasna to Participant's Retakaful Fund	300,000,000	244,254,221
	Deferred commission expense	103,795,713	80,659,235
	Bank balances	111,537,025	110,526,812
	Total Assets	<u>539,612,842</u>	<u>456,613,640</u>

22 SHARE CAPITAL

22.1 Authorized share capital

2022	2021			
(Number of shares)				
2,500,000,000	2,500,000,000	Ordinary shares of Rs.10/- each.	25,000,000,000	25,000,000,000

22.2 Issued, subscribed and paid-up share capital

2022	2021			
(Number of shares)				
8	8	Ordinary shares of Rs.10/- each fully paid in cash.	80	80
5,000,000	5,000,000	Ordinary shares of Rs.10/- each issued for consideration	50,000,000	50,000,000
894,999,992	294,999,992	Ordinary shares of Rs.10/- each issued as fully paid bonus shares.	8,949,999,920	2,949,999,920
900,000,000	300,000,000		9,000,000,000	3,000,000,000

22.3 Shares of the Company held by related parties:

	December 31, 2022	December 31, 2021
	(Rupees)	(Rupees)
	Number of shares	Percentage of holding (%)
Ministry of Commerce	4,590,000,000	51.00%
State Life Insurance Corporation of Pakistan	2,196,966,030	24.41%
	6,786,966,030	75.41%

23 RESERVES

Capital

Reserve for exceptional losses	23.1	281,000,000	281,000,000
Revaluation reserve on available for sale investments	23.2	597,118,524	1,054,853,340

Revenue

Retained earnings	1,135,296,316	5,413,640,105
General reserve	1,886,715,296	1,777,419,085
	3,900,130,136	8,526,912,530

- 23.1 These reserves for exceptional losses was set aside prior to 1979 and was charged to statement of profit and loss with the provision of Income Tax Act, 1922 (repealed), and has been so retained to date.
- 23.2 This represents unrealized gain on remeasurement of available for sale investments at fair value and is not available for distribution. This shall be transferred to statement of profit and loss on derecognition of investments as permitted under IAS 39.

	December 31, 2022	December 31, 2021
Note	----- (Rupees) -----	
24 SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS - NET		
Opening balance	2,176,453,643	-
Add: revaluation surplus recognized during the year	-	2,176,453,643
Transferred to retained earnings in respect of incremental depreciation for the year (net of tax)	(174,654,309)	-
	<u>2,001,799,334</u>	<u>2,176,453,643</u>
Less:		
Related deferred tax liability		
Balance at beginning of the year	-	-
Effect of surplus recognized during the year	(631,171,556)	(631,171,556)
Impact of deferred tax on incremental depreciation charged during the year	50,649,750	-
Balance at end of the year	<u>(580,521,807)</u>	<u>(631,171,556)</u>
Closing balance	<u>1,421,277,527</u>	<u>1,545,282,086</u>

25 OUTSTANDING CLAIMS INCLUDING IBNR

Facultative business	25.1	17,772,634,303	6,219,407,266
Treaty	25.2	3,488,752,930	3,186,981,921
		<u>21,261,387,233</u>	<u>9,406,389,187</u>
Claims related to Bangladesh,	10 & 24.4	(4,952,000)	(4,952,000)
		<u>21,256,435,233</u>	<u>9,401,437,187</u>

25.1 Facultative business

Fire	3,497,442,825	1,841,612,038
Marine cargo	59,944,602	68,805,420
Marine hull	65,000,872	229,659,688
Accident and others	102,343,570	291,598,982
Aviation	1,011,311,668	1,779,285,442
Engineering	13,036,590,766	2,008,445,696
	<u>17,772,634,303</u>	<u>6,219,407,266</u>

		December 31, 2022	December 31, 2021
	Note	----- (Rupees) -----	
25.2 Treaty			
Proportional		1,979,757,600	2,327,078,907
Non-proportional		1,508,995,330	859,903,014
	25.3	<u>3,488,752,930</u>	<u>3,186,981,921</u>

- 25.3 The Securities and Exchange Commission of Pakistan (SECP) issued guidelines for estimation of Incurred But Not Reported (IBNR) claim reserves for non-life insurer companies through Circular No. 9 of 2016 dated March 09, 2016. The guidelines prescribe the standard method for estimation of IBNR claim reserves so as to bring industry wide-uniformity in respect of such estimation and to ensure adequacy of IBNR claims reserve. All non-life insurance companies are required to comply with these guidelines with effect from July 01, 2016.

However, on May 30, 2017 SECP issued separate guidelines for the Company for estimation of Incurred but Not Reported (IBNR) claim through letter No. ID/PRDD/IBNR/2017/9695 which prescribe that, for the purposes of ascertaining IBNR claim reserves by the Company, guidance is hereby extended, that the Company shall collect the data of IBNR claim reserves from the cedants (non-life insurers) and in accordance with its share in the reinsurance program (both on treaty and facultative basis) of the cedant(s) it shall record its IBNR claim reserves.

On the basis of above SECP specified guidelines, the Company wrote letter to each ceding Company to share data of IBNR Claims Reserves in accordance with its share in the reinsurance program both for facultative and treaty business. However, none of the ceding companies shared their IBNR Claim Reserves. The Company recorded Facultative and Treaty IBNR claim reserves on basis of actuarial valuation amounting to Rs. 1,697,801,986 and Nil respectively.

		December 31, 2022	December 31, 2021
	Note	----- (Rupees) -----	
25.4 Claims related to Bangladesh			
Facultative business			
Fire		2,382,000	2,382,000
Marine		1,470,000	1,470,000
Miscellaneous		1,100,000	1,100,000
		<u>4,952,000</u>	<u>4,952,000</u>
26 UNEARNED PREMIUM RESERVES			
Facultative business	26.1	9,242,330,987	8,562,765,837
Treaty	26.2	2,805,378,693	2,169,618,815
		<u>12,047,709,680</u>	<u>10,732,384,652</u>

		December 31, 2022	December 31, 2021
	Note	----- (Rupees) -----	
26.1	Facultative business		
	Fire	500,178,705	709,287,738
	Marine cargo	113,176,377	9,793,225
	Marine hull	41,549,187	52,201,183
	Accident and others	131,355,951	41,133,807
	Aviation	4,700,022,226	4,455,283,060
	Engineering	3,756,048,541	3,295,066,824
		<u>9,242,330,987</u>	<u>8,562,765,837</u>
26.2	Treaty		
	Proportional	1,954,264,983	1,656,587,205
	Non-proportional	851,113,710	513,031,610
		<u>2,805,378,693</u>	<u>2,169,618,815</u>
27	UNEARNED REINSURANCE COMMISSION		
	Facultative business	27.1 530,411,836	522,040,713
	Treaty	27.2 8,731,414	1,253,389
		<u>539,143,250</u>	<u>523,294,102</u>
27.1	Facultative business		
	Fire	3,824,329	4,084,215
	Marine hull	2,364,506	2,222,792
	Marine Cargo	8,974,906	-
	Accident and others	6,116,857	315,058
	Aviation	229,747,920	217,616,830
	Engineering	279,383,318	297,801,818
		<u>530,411,836</u>	<u>522,040,713</u>
27.2	Treaty		
	Proportional	-	970,256
	Non-proportional	8,731,414	283,133
		<u>8,731,414</u>	<u>1,253,389</u>

		December 31, 2022	December 31, 2021
	Note	----- (Rupees) -----	
28 RETIREMENT BENEFITS OBLIGATIONS			
Defined benefit obligations of post employee benefits			
Officers' pension benefits	28.1	1,600,799,590	1,113,415,590
Employees' pension fund	28.1	915,640,000	891,659,000
Gratuity fund	28.1	23,004,000	4,025,000
Other post employment benefits			
Post retirement medical benefits	28.1	904,412,000	1,106,551,000
Other long term employment benefits			
Compensated absences	28.1	186,944,000	91,189,000
		<u>3,630,799,590</u>	<u>3,206,839,590</u>

Note	2022						2021							
	Post employment benefits					Total	Post employment benefits					Total		
	Retirement benefits			Other post-employment benefits			Retirement benefits			Other post-employment benefits				
	Pension		Gratuity	Medical	Compensated absences		Pension		Gratuity	Medical	Compensated absences			
	Officer	Employees					Officer	Employees						
Rupees in millions														
28.1	Payable to defined benefit plan													
	Present value of defined benefit obligation (PVDBO)	28.4	3,168,462	455,114	17,733	904,412	186,944	4,732,665	2,558,461	525,442	4,025	1,106,551	91,189	4,285,668
	Fair value of plan assets	28.5	(1,567,662)	460,526	-	-	-	(1,107,136)	(1,445,045)	366,217	-	-	-	(1,078,828)
	Benefit Payable	28.2	-	-	5,271	-	-	5,271	-	-	-	-	-	-
			1,600,800	915,640	23,004	904,412	186,944	3,630,800	1,113,416	891,659	4,025	1,106,551	91,189	3,206,840
28.2	Movement in payable to / (receivable) from defined benefit plan													
	Opening balance		1,113,416	891,659	4,025	1,106,551	91,189	3,206,840	1,303,669	718,559	4,583	1,068,405	93,411	3,188,627
	Expenses recognized													
	- Current service cost		13,564	4,245	7,728	6,539	15,319	47,395	10,308	12,388	1,126	17,249	4,974	46,045
	- Past service cost		-	-	9,630	-	-	9,630	(208,248)	(9,566)	-	-	-	(217,814)
	- Interest cost		294,918	62,022	0,170	133,664	10,214	500,988	261,792	47,002	0,321	108,164	8,381	425,660
	- Re-measurements		-	-	-	-	85,331	-	-	-	-	-	7,711	-
	- Interest income on plan assets		(177,018)	44,861	-	-	-	(132,157)	(128,165)	26,650	-	-	-	(101,515)
		28.3	131,464	111,128	17,528	140,203	110,864	511,187	(64,313)	76,474	1,447	125,413	21,066	160,087
	Other comprehensive income													
	- Experience (gains) / losses		758,470	(91,732)	4,615	(264,079)	-	394,548	47,136	39,287	0,897	(60,975)	-	26,345
	- Financial (gains) / losses		(136,067)	(6,587)	(3,164)	(47,424)	-	(193,242)	-	-	-	-	-	-
	Actuarial (gain) / loss on plan assets	28.3	54,401	49,448	-	-	-	103,849	40,105	101,790	-	-	-	141,895
			676,804	(48,871)	1,451	(311,503)	-	305,155	87,241	141,077	0,897	(60,975)	-	168,240
	Contributions to the fund		(301,929)	(38,276)	-	-	-	(340,205)	(213,181)	(44,451)	(2,902)	-	(23,288)	(283,822)
	Benefits paid - net		-	-	-	(30,839)	(15,109)	(45,948)	-	-	-	(26,292)	-	(26,292)
	Closing balance	28.1	1,619,755	915,640	23,004	904,412	186,944	3,637,030	1,113,416	891,659	4,025	1,106,551	91,189	3,206,840
28.3	Charge for the year													
	Statement of profit or loss		131,464	111,128	17,528	140,203	110,864	511,187	(64,313)	76,474	1,447	125,413	21,066	160,087
	Statement of other comprehensive income		676,804	(48,871)	1,451	(311,503)	-	317,881	87,241	141,077	0,897	(60,975)	-	168,240

	Note	2022						2021					
		Post employment benefits					Total	Post employment benefits					Total
		Retirement benefits			Other post-employment benefits			Retirement benefits			Other post-employment benefits		
		Pension		Gratuity	Medical	Compensated absences		Pension		Gratuity	Medical	Compensated absences	
		Officer	Employees					Officer	Employees				
Rupees in millions													
28.4	Movement in PVDBO												
	Opening balance	2,558.461	525.442	4.025	1,106.551	91.189	4,285.668	2,660.654	480.782	4.583	1,068.405	93.411	4,307.835
	Current service cost	13.564	4.245	7.728	6.539	15.319	47.395	10.308	12.388	1.126	17.249	4.974	46.045
	Past service cost	-	-	9.630	-	-	9.630	(208.248)	(9.566)	-	-	-	(217.814)
	Interest cost	294.918	62.022	0.170	133.664	10.214	500.988	261.792	47.002	0.321	108.164	8.381	425.660
	Benefits paid / payable	(301.929)	(38.276)	(5.271)	(30.839)	(15.109)	(391.424)	(213.181)	(44.451)	(2.902)	(26.292)	(23.288)	(310.114)
	Payable	-	-	-	-	-	-	-	-	-	-	-	-
	Liability transferred from employees' pension' fund	-	-	-	-	-	-	-	-	-	-	-	-
	Actuarial (gain) or loss on obligation - balancing figure	-	-	-	-	-	-	-	-	-	-	-	-
	Remeasurements:	-	-	-	-	-	-	-	-	-	-	-	-
	Demographic adjustment	-	-	-	-	-	-	-	-	-	-	-	-
	Financial adjustment	(136.067)	3.631	(3.164)	(47.424)	-	(183.024)	-	-	-	-	-	-
	Experience adjustment	739.515	(92.508)	4.615	(264.079)	85.331	472.874	47.136	39.287	0.897	(60.975)	7.711	34.056
	Closing balance of obligation at the end of the period	3,168.462	464.556	17.733	904.412	186.944	4,742.107	2,558.461	525.442	4.025	1,106.551	91.189	4,285.668
28.5	Fair value of plan assets												
	Fair value at the beginning of the year	1,445.045	(366.217)	-	-	-	1,078.828	1,356.985	(237.777)	-	-	-	1,119.208
	Contributions to the fund	301.929	38.276	-	-	-	340.205	213.181	44.451	-	-	-	257.632
	Interest income on plan assets	177.018	(44.861)	-	-	-	132.157	128.165	(26.650)	-	-	-	101.515
	Benefits paid	(301.929)	(38.276)	-	-	-	(340.205)	(213.181)	(44.451)	-	-	-	(257.632)
	Return on plan assets	(54.401)	(49.448)	-	-	-	(103.849)	(40.105)	(101.790)	-	-	-	(141.895)
	Fair value at the end of the year	1,567.662	(460.526)	-	-	-	1,107.136	1,445.045	(366.217)	-	-	-	1,078.828
28.6	Actual return on plan assets	122.617	(94.309)	-	-	-	28.308	88.060	(128.440)	-	-	-	(40.380)

	2021						2021					
	Pension - officers'		Pension - employees'		Gratuity		Pension - officers'		Pension - employees'		Gratuity	
	Amount in Rupees	Percentage	Amount in Rupees	Percentage	Amount in Rupees	Percentage	Amount in Rupees	Percentage	Amount in Rupees	Percentage	Amount in Rupees	Percentage
Assets with an active market												
Open ended mutual funds units / Equity /	150,741,000	9.62%	173,952,000	-37.77%	154,211,000	91.04%	176,274,000	12.20%	203,417,000	14.08%	179,626,000	92.93%
Treasury bills	105,126,000	6.71%	440,896,000	-95.74%	13,855,000	8.18%	94,000,000	6.50%	281,000,000	19.45%	13,000,000	6.73%
Accrued interest on T-Bill	5,196,000	0.33%	16,767,000	-3.64%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Assets with no active market												
Term deposit receipts	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Receivable from Gratuity Fund	79,608,000	5.08%	89,771,000	-19.49%	0.00%	0.00%	90,305,000	6.25%	102,985,000	7.13%	-	0.00%
Receivable from Employees Provident Fund	44,591,000	2.84%	50,852,000	-11.04%	0.00%	0.00%	46,196,000	3.20%	52,683,000	3.65%	-	0.00%
Receivable from Employees Pension Fund	1,180,220,000	75.29%	-	0.00%	0.00%	0.00%	1,033,014,000	71.49%	-	0.00%	-	0.00%
Cash and bank balances	2,182,000	0.14%	3,476,000	-0.75%	1,313,000	0.78%	5,255,000	0.36%	4,456,000	0.31%	664,000	0.34%
Payable to General Provident Fund	-	0.00%	(56,020,000)	12.16%	0.00%	0.00%	-	-	(49,033,000)	-	-	0.00%
Payable to Employees Pension Fund	-	0.00%	-	0.00%	0.00%	0.00%	-	-	-	-	(90,305,000)	-
Payable to Officers Pension Fund	-	0.00%	(1,180,220,000)	256.28%	(79,608,000)	-47.00%	-	-	(1,033,014,000)	-	(102,985,000)	-
Defence Saving Certificate	-	0.00%	-	0.00%	(89,771,000)	-53.00%	-	-	71,291,000	-	-	-
Net assets of the fund	1,567,664,000	100.00%	(460,526,000)	100.00%	-	0.00%	1,445,044,000	100.00%	(366,215,000)	100.00%	-	100.00%

28.8 The funds have no holding in the Company's equity instruments as plan assets. Moreover, the funds have no property or other assets, as its plan assets, occupied or used by the Company.

28.9 Actuarial valuation assumptions

	2022					2021				
	Pension		Gratuity	Medical	Compensated absences	Pension		Gratuity	Medical	Compensated absences
	Officer	Employees				Officer	Employees			
Valuation discount rate	12.25%	12.25%	12.25%	12.25%	12.25%	10.25%	10.25%	10.25%	10.25%	10.25%
Expected return in plan assets	14.25%	14.25%	14.25%	-	-	12.25%	12.25%	12.25%	-	-
Salary increase rate	14.25%	14.25%	14.25%	-	14.25%	12.25%	12.25%	12.25%	-	12.25%
Indexation in pension	13.25%	13.25%	-	-	-	8.25%	8.25%	-	-	-
Medical inflation rate	-	-	-	14.25%	-	-	-	-	12.25%	-

29 The effect of one percentage movement in the assumptions (rates) would have

Valuation discount rate

Present value of obligation - other than medical
Financial impact on present value of obligation
Valuation discount rate %

Salary increase rate

Present value of obligation - other than medical
Financial impact on present value of obligation
Salary increase rate %

Medical inflation rate

Present value of obligation - medical
Financial impact on present value of obligation
Medical inflation rate %

Life expectancy

Present value of obligation
Financial impact on present value of obligation

Original	1% Increase	1% Decrease
Rupees in millions		
4,033.471	3,993.136	4,073.805
-	(40.335)	40.335
12.25%	13.25%	11.25%
4,033.471	3,993.136	4,073.805
-	(40.335)	40.335
14.25%	15.25%	13.25%
954.083	944.542	963.624
-	(9.541)	9.541
14.25%	15.25%	13.25%
4,987.554	4,937.678	5,037.429
-	(49.876)	49.876

29.1 Expected charge to the Funds for the year ending December 31, 2023

Post employment benefits						Total
Retirement benefits			Other post-employment benefits			
Pension		Gratuity	Medical	Compensated absences		
Officer	Employees					
247.982	134.944	14.330	143.117	-	540.373	

Acturial Assumption

29.2 The Mortality Table SLIC (2001-05) with 1 year setback, based on the experience of the lives insured with State Life Insurance Corporation of Pakistan, has been used in determining the Liability in respect of the Benefits payable under the Plan.

		December 31, 2022	December 31, 2021
	Note	----- (Rupees) -----	
30	TAXATION - PAYMENTS LESS PROVISION/ (PROVISION LESS PAYMENTS)		
Balance at beginning of the year		(366,732,044)	181,407,606
Tax paid / deducted during the year		1,266,634,238	272,051,728
Provision for taxation	49	(821,344,606)	(820,191,378)
Balance at end of the year		<u>78,557,588</u>	<u>(366,732,044)</u>

31 DEFERRED TAXATION

Taxable temporary differences:

Accelerated tax depreciation

Property and equipment

120,787,566

10,618,523

Right-of-use assets

475,485,617

5,859,437

Revaluation surplus on property and equipment

-

114,586,907

Revaluation surplus on Right of use asset -net of tax

-

516,584,650

Investment property

202,065,600

202,436,064

Unrealized gain on investments

225,927,959

404,180,363

1,024,266,742

1,254,265,944

Deferred tax assets on deductible temporary differences:

Provision for doubtful debts

(24,136,875)

(24,136,875)

Provision for impairment of insurers / reinsurers receivable

(146,939,467)

(304,267,503)

Provision for impairment of receivables from other insurers / reinsurers

(7,201,174)

(7,201,175)

Provision for dividend receivable

-

-

Held to maturity investments

-

-

Remeasurement of defined benefit obligations

Lease liabilities

(6,679,613)

(8,479,274)

Notional interest on interest free loans

(10,445,427)

(11,925,502)

Provision for impairment in available for sale investments

(87,774,705)

(87,774,705)

(283,177,261)

(443,785,034)

31.1

741,089,481

810,480,910

- 31.1 The above closing deferred tax liability is comprised of deferred tax amounting to Rs. 770,116,038 and Rs. (903,789,300) reported through Statement of profit and loss and Statement of comprehensive income respectively.

		December 31, 2022	December 31, 2021
	Note	----- (Rupees) -----	
32	INSURANCE / REINSURANCE PAYABLES		
Due to other insurers/ reinsurers	32.1 & 32.2	10,916,458,596	8,192,373,857
Premium and claim reserves retained from retrocessionaires	32.3	<u>15,824,356</u>	<u>15,824,356</u>
		<u>10,932,282,952</u>	<u>8,208,198,213</u>
32.1	This includes an amount of Rs.16.55 million (2021: Rs. 16.55 million) which is under litigation.		
32.2	Due to other insurers / reinsurers		
Due to other insurers		289,086,841	264,775,346
Due to other reinsurers		<u>10,608,451,488</u>	<u>7,927,598,511</u>
		<u>10,897,538,329</u>	<u>8,192,373,857</u>
32.3	Premium and claim reserves retained from retrocessionaires		
Premium reserves		(2,851,182)	(2,851,182)
Losses reserves		17,033,417	17,033,417
Cash losses received from retrocessionaires		<u>1,642,121</u>	<u>1,642,121</u>
	32.3.1	<u>15,824,356</u>	<u>15,824,356</u>
32.3.1	This represents the Company's retention of deposits withheld against the total amount retroceded to other companies.		
33	LEASE LIABILITIES		
Current portion		3,105,977	8,860,729
Non-current portion		<u>19,927,172</u>	<u>20,378,147</u>
		<u>23,033,149</u>	<u>29,238,876</u>
33.1	The Company has entered into lease arrangement with Karachi Port Trust (KPT) for lease of land. Minimum lease payments, which are payable till the expiry of lease agreement, have been discounted by using 6 months KIBOR prevailing at the initial application date i.e. 13.44% (2021: 13.44%).		
33.2	Statement of profit and loss shows the following amounts		
- Depreciation charge on right-of-use asset	8	(161,925,757)	1,756,953
- Interest expense		<u>2,413,641</u>	<u>2,460,021</u>
		<u>(159,512,116)</u>	<u>4,216,974</u>

		December 31, 2022	December 31, 2021
	Note	----- (Rupees) -----	
33.3	The amount of future payments under the finance lease arrangements and the year in which these payments will become due are as follows:		
	Not later than one year	3,105,977	8,287,853
	Later than one year but not later than five years	13,716,995	39,936,006
	Later than five years	22,766,520	
	Total future minimum lease payments	<u>39,589,492</u>	<u>48,223,859</u>
	Finance charge allocated to future years	(16,556,343)	(18,969,983)
	Present value of future minimum lease payments	<u>23,033,149</u>	<u>29,253,876</u>
	Not later than one year	-	(8,860,729)
	Later than one year but not later than five years	-	(6,136,096)
	Later than five years	<u>23,033,149</u>	<u>14,257,051</u>

34 UNCLAIMED DIVIDENDS

Balance at beginning of the year	205,956,627	155,208,129
Add: dividend announced during the year	600,000,000	750,000,000
Less: payments during the year	(717,304,614)	(700,352,569)
Add: accrual of interest	-	1,101,067
Balance at end of the year	<u>88,652,013</u>	<u>205,956,627</u>

35 OTHERS CREDITORS AND ACCRUALS

Creditors and accruals		21,300,655	15,508,761
Rent payable	35.1	36,277,063	31,693,297
Security deposits	35.2	32,496,917	26,074,074
Accrued expenses		18,007,846	14,768,388
Surplus profit payable	35.3	<u>1,075,561</u>	<u>1,212,602</u>
		<u>109,158,042</u>	<u>89,257,122</u>

- 35.1 The Company has dispute in respect of the unilateral increase in rentals of its lease hold land by Karachi Port Trust (KPT) being exorbitant and unreasonable, a view supported by the Company's legal advisor. The amount not acknowledged in this regard, however, the Company has recorded provision in this regard as at December 31, 2022 amounting to Rs. 31.693 million (2021: Rs. 31.693 million).

Currently, a stay is operating in favor of the Company and the matter is pending before the Honorable High Court of Sindh, for the issue and hearing of application. The matter is currently being contested by both parties and there has been no negotiation to settle the matter out of the Court. Most likely outcome of the case, may be in accordance with the market rate in the vicinity. The case is pending in the Honorable High Court of Sindh and a hearing has been fixed on April 05, 2023 and the matter is still pending.

35.2 This represents security deposits received from tenants in connection with letting of PRC Towers and earnest money deposits for the purpose of securing tenders of suppliers and contractors.

35.3 This represents the amount set aside for the shareholders in accordance with the requirements of Pakistan Insurance Corporation Act, 1952 (repealed).

36 TOTAL LIABILITIES FROM WINDOW RETAKAFUL OPERATIONS - OPERATOR'S RETAKAFUL FUND

Liabilities:

	December 31, 2022	December 31, 2021
Note	----- (Rupees) -----	
Unearned wakala fee	103,114,993	77,933,450
Operator's retakaful fund - payable	14,683,246	3,309,474
Taxation- provision less payment	20,615,023	13,404,750
Deferred taxation	182,212	319,252
Other creditors and accruals	2,437,660	1,243,041
Payable to related party	11,674,665	4,454,014
Total liabilities	152,707,799	100,663,981

37 CONTINGENCIES AND COMMITMENTS

37.1 Contingencies

The Company is contingently liable for:

Sindh Sales Tax	37.2	18,905,009,427	15,761,000,973
Federal Excise Duty	37.3	4,073,379,063	4,073,379,063
Income Tax	37.4	1,822,636,685	1,728,665,305
Insurance payables	37.6	61,568,840	61,568,840
EOBI	37.7	1,509,500	639,500
		24,864,103,515	21,625,253,681

37.2 The Company received a notice from Sindh Revenue Board (SRB) relating to non-filing of Sales Tax return on services provided by PRCL to Insurance Companies. The Company contested the notice, however, the decision was made against the Company giving rise to sales tax liability amounting to Rs. 3,242 million and tax penalty of Rs. 880 million for financial year 2011 and 2012. The Company filed an appeal with Commissioner of Appeals, Sindh Revenue Board, however, it was rejected. The Company again filed an appeal with the Appellate Tribunal where the decision was made against the Company vide order number AT-02/2013/109/2013 dated February 03, 2016. As a result, the Company filed reference in the Honorable High Court of Sindh against the orders of Appellant Tribunal.

In the aforementioned tribunal orders, the SRB was directed to reconcile and separate the sales tax liability on reinsurance premium generated within the province of Sindh and rest of Pakistan.

Subsequently, the Company received two orders in pursuance of Appellate Tribunal (SRB) Order against Appeal No. AT-02/2013 and AT-109/2015 dated May 23, 2016 from Sindh Revenue Board (SRB) demanding the amount of sales tax liability on re-insurance services provided / rendered by the Company in Sindh from the period from July 2011 to November 2011 and for the period from December 2011 to December 2012 which were worked out and calculated by SRB amounting to Rs. 372.2 million and Rs. 1,118.1 million respectively. The Company has filed reference in the Honorable High Court of Sindh, dated April 18, 2016 against the Orders of Appellant Tribunal.

Further, the Company has also received a notice from Sindh Revenue Board (SRB) for the period from January 2013 to December 2013. The Company contested the notice; however, the order was passed against the Company giving rise to sales tax liability amounting to Rs. 1,385 million and tax penalty amounting to Rs. 424 million. The Company filed an appeal against the order with Commissioner of Appeals, Sindh Revenue Board which was decided against the Company. The Company being aggrieved by the said order has filed an appeal before Appellant Tribunal-SRB which has been heard and order is awaited. Stay of tax demand has been obtained in this regard which was valid up to April 05, 2017.

During the year 2017, the Company has paid an amount of Rs. 2,131.464 million under protest against the principal amount of sales tax liability in respect of above notices issued by SRB for tax years 2011, 2012 and 2013.

The Company has also apprised Ministry of Commerce through letter dated April 14, 2017, on the matter of disputed sales tax demand raised by SRB. Ministry of Commerce through letter dated on May 03, 2017, directed to take action as per Board of Directors decision and also directed that the Company may keep contesting the case in High Court vigorously.

After obtaining legal opinion and approval from Board of Directors and Ministry of Commerce, the Company wrote a letter dated May 17, 2017, to the Commission (SRB) that the Company is in agreement to make payment of the principal amount of the demand under protest subject to the condition that SRB will withdraw all notices issued u/s 66 of Sindh Sales Tax Act, 2011, to the clients and debtors of the Company for the attachment of payables to Company, SRB will not initiate any further proceedings in relation to the amount of default surcharge and penalty until the liability of tax on reinsurance services is finally decided by the Honorable High Court of Sindh and SRB will not initiate any further proceedings against the Company for the tax periods subsequent to these three tax periods and matter shall be decided after the decision of the Honorable High Court of Sindh.

During previous year, the SECP vide letter No. ID/PRDD/TAXATION/2020/15 dated March 13, 2020 highlighted taxation issues to SRB faced by the insurance industry in Pakistan. SECP highlighted that, insurance companies obtained reinsurance services to mitigate their risk by sharing it with other insurance/reinsurance companies, hence, forming part of the overall risk management function of insurance companies. The imposition of sales tax on reinsurance services through service charge mechanism, may lead to double taxation on the insurance business, in the context of foreign reinsurance.

Imposition of sales tax on the reinsurance services would increase the cost of doing business for insurance companies, which may reflect as an increase in the rates of insurance premiums, making insurance more costly for the policyholders. As lowering the cost of business is the primary agenda of the Government of Pakistan and as such, the imposition of sales tax on reinsurance services would be working at odds with measures taken by the Government of Pakistan for ease of doing business in Pakistan.

SRB vide letter SRB/TP/57/2016 dated April 26, 2020 advised the Company with the provisions of Sindh Sales Tax Act, 2011 by issuing tax invoices, e-filing of tax returns and e-depositing the SST invoice.

The aggregate amount of Rs. 2,573.889 million paid has been recorded as “receivable from SRB” in the financial statements. Moreover, the Company has not recorded provision against the orders passed by SRB in pursuance of Appellate Order dated February 01, 2016 in Appeal No. AT-02/2013 and order dated February 03, 2016 in Appeal No. AT-109/2015.

Further, if the matter is decided against the Company, the charge to accumulated profits would amount to Rs. 14,042.042 million (approximately) pertaining to the years 2011 to 2020 excluding any additional penalty or default surcharge. The pending legal proceeding may result in claims that the Company is unlikely to be able to satisfy. Further, in that case, the overall equity may erode and turn into negative and the Company would also face liquidity crunch and be unable to meet its solvency requirements in addition to "going concern assumption" basis of accounting.

Based on the legal opinion of the Company’s legal advisor, management is confident that strong grounds exist to contest the case and that the eventual resolution of the matter would be in favor of the Company. Accordingly, no provision for sales tax liability for the years 2011 to 2021 has been recorded in these financial statements.

On January 10, 2023 , the hearing of the said case was held in the High Court of Sindh, Karachi. Although it was discharged, due to the shortage of time till the next hearing date May 19, 2023. The case is still pending in high court of Sindh Karachi.

37.3 Federal Excise Duty

S. no.	Year	Amount in Rupees	Status of the case
1	2012	161,753,030	Federal Board of Revenue (FBR) has issued show-cause notices dated November 22, 2017, whereby the Company is required to explain as to why Federal Excise Duty (FED) on aggregate reinsurance premium revenue has not been paid in respect of tax periods from October 2012 to September 2017. The Company has submitted its reply against show-cause challenging levy of FED on various legal grounds. Further, the Company also filed Constitutional Petition against show cause notices in the Honorable High Court of Sindh and the Honorable High Court of Sindh vide order dated January 29, 2019 has suspended the proceedings initiated through the above show-cause notice.
2	2013	755,903,899	
3	2014	765,427,619	
4	2015	835,030,670	
5	2016	928,295,664	
6	2017	626,968,181	
		4,073,379,063	

On March 09, 2023 , the hearing of the said case was held in the High Court of Sindh, Karachi. The hearing was discharged, due to the shortage of time till the next hearing date of April 13, 2023.

This case is pending for finalization before the Honorable High Court of Sindh. The Company is confident that outcome of the case will be in favor of the Company in light of the 18th amendment in the Constitution of Pakistan.

37.4 Income Tax

Tax Year	Order Under Section	Tax Liability in Order & Refund in ROI	Liability Accepted by Company	Deleted by TO/ CIRA/ ATIR	Differential (Pending)	Status of the case
2010	122(5A)	61,946,267	183,750	-	61,762,517	CIRA has decided issues against; Company which are pending in ATIR. Issue of Donation of Rs.525,000 accepted by Company.
2011	122(5A)	508,263,856		357,535,389	150,728,467	CIRA and/or ATIR have decided issues in Company's favour. Appeal effect given vide order dated October 12, 2017. Tax of Rs. 1,555,807 inadvertently under paid by Company in respect of Rental income is now voluntarily paid by Company. Tax liability of Rs. 98,868,443 is arising due to unavailability of brought forward loss relating to TY 2010 due to assessment order passed for the aforesaid tax year.
2012	122(5A)	320,013,363	-	192,687,155	127,326,208	CIRA and/or ATIR have decided issues in Company's favour. Tax liability of Rs. 127,326,208 is arising due to unavailability of loss of Rs.212,481,202 relating to Tax Year 2010 and tax refund of Rs.52,957,787 relating to Tax Year 2011, due to assessment orders passed for these tax years.
2013	122(5A)	191,405,099	32,841,303	149,221,136	9,342,660	CIRA and/or ATIR have decided issues in Company's favour. Appeal effect order with regard to CIRA & ATIR orders are pending. Tax liability of Rs. 42,040,463 is arising due to unavailability of tax refunds of Rs.1,025,968 and Rs. 41,014,495 relating to Tax Years 2010 and 2012 respectively, due to assessment orders passed for these tax years.
2014	122(5A)	542,653,355	-	129,928,583	412,724,772	CIRA has decided issues of Dividend income and claim of expenses against Rental income in Company's favour, whilst remaining issues were decided against Company and are pending in ATIR. Appeal effect with regard to CIRA's order is pending.
2015	122(5A)	498,357,134	-	497,585,902	771,232	CIRA has decided issues in Company's favour except issue of Exchange loss of Rs. 50,578,845 which is decided against Company and is pending in ATIR. Appeal effect given vide order dated April 27, 2017
2016	122(5A)	742,375,175	-	518,462,262	223,912,913	CIRA has decided issues in Company's favour except issue of Loss on re-measurement of defined benefit obligations of Rs.675,584,000 and Provision for compensated absences of Rs.60,868,000, which are decided against Company and are pending in ATIR, however same issue have been decided in Company's favour in tax year 2015. Appeal effect given vide order dated April 6, 2017. Full bench had been formed due to a conflicting decision of Honorable Tribunal in respect of issue of Commission, however, hearing in this respect has not yet been conducted.
2018	122(5A)	799,153,338		445,541,192	353,612,146	Appeal before CIRA against the order dated January 31, 2019 has been filed which has been heard by CIRA. CIRA has decided various issues in Company's favour against which department has filed appeal before ATIR. However, major issue of Commission expense was decided in favor of the department against which appeal has been filed before ATIR by the Company which is pending.

Total 3,653,503,759 32,841,303 2,290,961,619 1,340,180,915

The status of orders passed under section 161 of the Income Tax Ordinance, 2001 is as follows:

Tax year	Note	December 31, 2022	December 31, 2021
		----- (Rupees) -----	-----
2014		260,214,169	260,214,169
2015		39,541,845	39,541,845
2016		182,699,756	182,699,756
	37.5	<u>482,455,770</u>	<u>482,455,770</u>
Grand Total		<u><u>1,822,636,685</u></u>	<u><u>1,728,665,305</u></u>

- 37.5 The Company received various notices in respect of non deduction of with holding tax on commission paid to ceding companies. CIRA has decided issue of Commission expense against Company and appeal is pending in ATIR. Full bench had been formed due to a conflicting decision of Honourable Tribunal in respect of issue of Commission, however, hearing of main appeal had not been fixed yet.

The above matters are pending before various forums. On the basis of the opinion of tax advisor, the Company is confident that the eventual outcome will be in favor of the Company.

37.6 Insurance payables

The ceding companies have filed various suits amounting to Rs. 61,568,840 (2021: Rs. 65,149,495) against the Company for recovery of claims. Based on the legal opinion of the Company's legal advisor, management is confident that strong grounds exist to contest the cases and that the eventual resolution of the matter would be in favor of the Company. Accordingly, no provision has been recorded in the financial statements relating to these claims.

37.7 Employee Old Age Benefit Institution

The Company has received a notice from the Regional Director of Employee Old Age Benefit Institution (EOBI) vide letter dated October 31, 2009 that Pakistan Reinsurance Company Limited is required to be registered with EOBI. The Company is of the view that since it is a statutory body corporate under the management and control of Ministry of Commerce, Government of Pakistan and have its own pensioner rules and limitation and therefore provisions of EOBI Act, 1976 are not applicable. A suit was filed with the Honorable Civil Court in 2011 where the judgment was passed against the Company.

Further, the Company filed an appeal in the Honorable High Court of Sindh against the Civil Court judgment and there has been no further proceeding in the court but the management expects a favorable outcome. On the basis of meeting held with EOBI officials, the Company is considering registration of its contractual employees with EOBI which is pending approval from Ministry of Commerce. Further, it has been agreed that advice from Ministry of Law and Justice may be sought on the issue of registration of permanent employees who are already covered under Company's own pension scheme. The financial impact pertaining to contractual employees along with penalty, if any, amounts to Rs. 870,000 (Rs. 455,900) and the impact of permanent employees to the financial statements is currently not ascertainable. Therefore, no provision has been made in these financial statements.

In continuance to above the company has filled an appeal 121/2020 in High Court of Sindh. The case was fixed for hearing on October 25, 2022 but due to fixation policy the case was discharged till next date for hearing i.e, March 29, 2023 . However the case is still pending in High court of Sindh.

- 37.8 As disclosed in the notes 16 and 30 to the financial statements, the balances of Rs.17.483 billion (net of provision amounting to Rs. 16.821 billion) and Rs. 10.567 billion were respectively due from and due to insurance/ reinsurance companies. In order to reconcile the above balances with the insurance companies, management is in process of reconciling these balances as at December 31, 2022 with the consultation of Securities and Exchange Commission of Pakistan (SECP) by outsourcing this function to an independent third party.

However, the management is confident that the eventual outcome of reconciliation exercise would be in favor of the Company.

		December 31, 2022	December 31, 2021
37.9 Commitments	Note	----- (Rupees) -----	
Commitments in respect of:			
- Short term lease rentals (0 to 1 year)		565,908	565,908
- Capital expenditure (intangible assets)		25,422,503	25,422,503
		<u>25,988,411</u>	<u>25,988,411</u>

38 NET INSURANCE PREMIUM

Gross premium written		24,271,390,418	20,993,560,184
Add: unearned premium reserve opening		10,732,384,652	6,513,672,434
Less: unearned premium reserve closing	25	(12,047,709,680)	(10,732,384,652)
Premiums earned		<u>22,956,065,390</u>	<u>16,774,847,966</u>
Less: reinsurance premium ceded		16,244,192,681	13,127,923,393
Add: prepaid reinsurance premium opening		7,722,831,183	4,144,132,224
Less: prepaid reinsurance premium closing	19	(8,940,328,450)	(7,722,831,183)
Reinsurance expense		<u>15,026,695,414</u>	<u>9,549,224,434</u>
		<u>7,929,369,976</u>	<u>7,225,623,532</u>

	December 31, 2022	December 31, 2021
Note ----- (Rupees) -----		

39 NET INSURANCE CLAIMS

Claims paid	6,210,425,217	5,511,516,252
Add: outstanding claims including IBNR closing	21,261,387,233	9,406,389,187
Less: outstanding claims including IBNR opening	(9,406,389,187)	(10,480,686,890)
Claims expense	18,065,423,263	4,437,218,549
Less: reinsurance and other recoveries received	3,940,990,166	1,655,094,346
Add: reinsurance and other recoveries in respect of outstanding claims closing	14,420,709,311	4,608,127,235
Less: reinsurance and other recoveries in respect of outstanding claims	(4,608,127,235)	(5,603,808,031)
Reinsurance and other recoveries revenue	13,753,572,242	659,413,550
	4,311,851,021	3,777,804,999

40 Claim development

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

Accident year	2017	2018	2019	2020	2021	Total
Estimate of ultimate claims cost						
- At the end of accident year	965,930,028	93,448,497	262,507,634	410,462,011	3,247,621,120	N/A
- One year later	1,104,360,879	242,891,457	972,728,411	1,656,178,363	-	N/A
- Two years later	1,850,441,443	247,582,266	1,253,160,168	-	-	N/A
- Three years later	2,558,194,886	417,161,525	-	-	-	N/A
- Four years later	2,832,268,011	-	-	-	-	N/A
Current estimate of cumulative claims	3,298,224,273	582,064,399	3,635,894,942	2,033,643,710	5,368,078,115	14,917,905,438
Cumulative payments to date	465,956,262	164,902,874	2,382,734,774	377,465,347	2,120,456,995	5,511,516,252
Liability recognized in the statement	2,832,268,011	417,161,525	1,253,160,168	1,656,178,363	3,247,621,120	9,406,389,186

41 NET COMMISSION AND OTHER ACQUISITION COSTS

Commission paid or payable	2,152,329,465	1,822,272,449
Add: deferred commission expense opening	806,214,206	708,870,616
Less: deferred commission expense closing	(931,382,139)	(806,214,206)
Net commission	2,027,161,532	1,724,928,859
Less: commission received or receiveable	1,017,092,732	941,334,110
Add: unearned reinsurance commission opening	523,294,102	338,532,613
Less: unearned reinsurance commission closing	(539,143,250)	(523,294,102)
Commission from reinsurers	1,001,243,584	756,572,621
	1,025,917,948	968,356,238

		December 31, 2022	December 31, 2021
	Note	----- (Rupees) -----	
42 MANAGEMENT EXPENSES			
Employee benefit cost	42.1	1,165,815,034	668,442,172
Medical		20,118,955	19,705,182
Utilities		23,885,867	4,478,665
Security services expense		8,753,503	5,658,114
Repairs and maintenance		16,617,706	14,941,796
Directors' meeting and other expenses	51	13,742,801	11,606,591
Depreciation expense	42.2	188,124,289	6,952,796
Advertisement and business promotion		9,707,494	3,488,992
Travelling and conveyance		24,026,724	4,745,681
Insurance		2,808,163	4,464,834
Computer related expenses		14,904,753	6,678,656
Rent, rates and taxes		3,972,764	7,655,039
Consultancy and professional charges		5,584,034	1,920,475
Printing and stationary		4,695,195	3,948,726
Entertainment		2,597,581	762,456
Communication		3,679,540	2,323,080
Newspaper and periodicals		149,920	56,066
Repairs and renewal		3,983,858	2,656,267
Training and research		3,409,973	1,025,400
Shares transaction costs		63,427	354,193
Charity and Donation		2,500,000	
Others		44,491,662	2,490,947
		<u>1,563,633,243</u>	<u>774,356,128</u>
Expenses allocated to investment income	43	(15,586,861)	(19,646,645)
Expenses allocated to rental income	44	(19,611,288)	(25,710,223)
		<u>1,528,435,094</u>	<u>728,999,260</u>

42.1 Employee benefit cost

Salaries, wages and benefits	654,627,634	508,354,772
Post employees benefits		
- Officers' pension	131,464,400	(64,312,600)
- Employees' pension	111,128,000	76,474,000
- Post retirement medical benefits	17,528,000	125,413,000
- Gratuity fund	140,203,000	1,447,000
- Compensated absences	110,864,000	21,066,000
	<u>511,187,400</u>	<u>160,087,400</u>
	<u>1,165,815,034</u>	<u>668,442,172</u>

		December 31, 2022	December 31, 2021
	Note ----- (Rupees) -----		
42.2 Depreciation expense			
Property and equipment	7.1	31,469,390	5,195,843
Right-of-use assets	8.2	156,654,899	1,756,953
		<u>188,124,289</u>	<u>6,952,796</u>
43 INVESTMENT INCOME - NET			
Income from equity securities			
Available for sale			
Dividend income		255,662,913	213,126,116
Held for trading			
Dividend income		10,846,800	11,398,500
		<u>266,509,713</u>	<u>224,524,616</u>
Income from debt securities			
Held to maturity			
Return on debt securities			
Pakistan Investment Bonds - fixed		254,350,816	195,865,078
Pakistan Investment Bonds - floating		75,758,759	43,171,382
Treasury Bills		698,785,800	417,661,508
Profit on Term Finance Certificates		14,934,542	8,834,800
Amortization of Pakistan Investment Bonds		42,778,792	18,188,606
		<u>1,086,608,709</u>	<u>683,721,374</u>
Available for sale			
Profit on Pakistan Investment Bonds		40,196,685	62,600,409
Net realized gains on investments			
Available for sale financial assets			
Realized gain on equity securities		374,400	51,084,393
Held for trading financial assets			
Realized gain on equity securities		-	-
Realized gain on debt securities		-	72,398
Net unrealized losses on investments			
Held for trading investments		(39,742,941)	(27,631,715)
Total investment income		<u>1,353,946,566</u>	<u>994,371,475</u>
Add: reversal of impairment in value of available for sale investment		31,500	6,985,126
Less: investment related expenses	42	(15,586,861)	(19,646,645)
Net investment income		<u>1,338,391,205</u>	<u>981,709,956</u>

	December 31, 2022	December 31, 2021
Note	----- (Rupees) -----	

44 RENTAL INCOME - NET

Rental income earned	44.1	146,254,476	131,367,016
Less: expenses allocated to investment property	42	(19,611,288)	(25,710,223)
Less: depreciation on investment property	11	-	(1,277,463)
		(19,611,288)	(26,987,686)
		<u>126,643,188</u>	<u>104,379,330</u>

44.1 The rental income represents income from letting out of PRC Tower.

44.2 There are no direct expenses relating to investment property that did not generate rental income (2021:Rs. 9.191 million)

45 FINANCE COST

Finance cost - leases	2,413,641	2,460,021
Bank charges	346,993	88,846
	<u>2,760,634</u>	<u>2,548,867</u>

46 OTHER INCOME

Return on bank deposits	212,080,446	61,719,841
Net return on loans to employees	5,103,704	13,319,891
Miscellaneous income	63,782,714	538,449
Exchange gain	138,239,529	66,669,413
	<u>419,206,393</u>	<u>142,247,594</u>

47 OTHER EXPENSES

Legal fees	1,780,000	627,700
Auditor's remuneration	47.1	1,327,090
Fee and subscription	1,344,427	3,481,464
Subscription and membership fee	2,678,838	2,771,913
	<u>7,130,355</u>	<u>8,195,243</u>

47.1 Auditor's remuneration

Annual audit fee	466,560	400,000
Interim review	169,711	157,140
Out-of-pocket expenses	204,819	112,270
Other certification fee	486,000	644,756
	<u>1,327,090</u>	<u>1,314,166</u>

December 31, December 31,
2022 2021
Note ----- (Rupees) -----

**48 PROFIT FROM WINDOW RETAKAFUL OPERATIONS
-OPERATOR'S RETAKAFUL FUND**

Revenue account

Wakala fee	215,856,211	156,471,404
Commission expense	(213,471,407)	(145,151,427)
General, administrative and management expenses	(15,746,091)	(7,937,109)
	<u>(13,361,287)</u>	<u>3,382,868</u>

Investment income	1,687,509	920,194
Profit on bank deposits	34,143,170	14,518,979
Modarib's share of Participant's Retakaful investment and other income	20,306,173	3,660,141
	<u>56,136,852</u>	<u>19,099,314</u>

Profit before taxation

	42,775,565	22,482,182
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Taxation	(12,404,914)	(6,519,833)
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Profit after taxation	<u><u>30,370,651</u></u>	<u><u>15,962,349</u></u>
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49 TAXATION

Current	917,264,145	994,594,665
Prior year	(95,919,539)	(174,403,287)
	<u>821,344,606</u>	<u>820,191,378</u>
Deferred	110,570,676	204,640,449
49.1	<u><u>931,915,282</u></u>	<u><u>1,024,831,827</u></u>

49.1 Relationship between tax expense and accounting profit

Profit before tax	<u><u>3,556,743,771</u></u>	<u><u>3,614,418,290</u></u>
Tax at the applicable rate of 33% including supper tax (2021: 29%)	1,031,455,694	1,048,181,304
Tax effect of income that are deductible in determining the taxable profit	(3,620,872)	151,053,810
Prior year tax adjustment	(95,919,539)	(174,403,287)
Charge for the year	<u><u>931,915,282</u></u>	<u><u>1,024,831,827</u></u>

49.2 Relationship between average effective tax rate and the applicable tax rate

Applicable tax rate	29.00%	29.00%
Tax effects of amounts that are:		
- Deductible temporary difference	3.13%	7.40%
- Taxable temporary difference	(3.23%)	3.22%
	<u>28.90%</u>	<u>29.44%</u>

50 EARNINGS PER SHARE - basic and diluted

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

	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
Profit after tax (Rupees)	<u>2,624,828,489</u>	<u>2,589,586,462</u>
Weighted average number of ordinary shares (number of shares)	<u>900,000,000</u>	<u>(Restated) 900,000,000</u>
Earnings per share (Rupees)	<u>2.92</u>	<u>(Restated) 2.88</u>

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

51 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	2022	2021	2022	2021	2022	2021
	----- Rupees in '000-----					
Meeting fees	-	-	6,350	6,350	-	-
Managerial remuneration	2,321	728	-	-	108,513	26,950
Leave encashment	-	-	-	-	9,446	2,596
Bonus	-	-	-	-	35,709	11,657
Charge for defined benefit plan	-	-	-	-	-	30,086
Rent and house maintenance	1,123	619	-	-	78,039	22,908
Utilities	304	168	-	-	21,193	6,199
Dearness allowance	198	109	-	-	13,061	4,043
Conveyance / car monetization	2,708	-	-	-	18,776	3,026
Adhoc relief (2016, 2017 and 2018)	198	109	-	-	12,955	8,123
Education allowance	104	30	-	-	8,116	1,744
Others	-	966	5,256	5,256	3,382	25,868
	<u>6,956</u>	<u>2,729</u>	<u>11,606</u>	<u>5,082</u>	<u>309,190</u>	<u>281,093</u>
Number of person(s)	1	1	8	8	19	19

- 51.1 Executive means any employee who satisfies the definition / criteria as mentioned in the Insurance Regulations, 2017.
- 51.2 Non Executive Directors are entitled to meeting fee for attending each board and committee meeting amounting to Rs. 50,000 and other benefits comprising of accommodation, air travel allowance and conveyance allowance as recommended by Board on its 133rd meeting held on October 30, 2018 in accordance with the articles of association of the Company.

	December 31, 2022	December 31, 2021
52 EMPLOYEES	----- (Rupees) -----	
Number of employees at the year end		
Permanent	124	142
Contractual	57	17
	<u>181</u>	<u>159</u>
Average number of employees during the year		
Permanent	140	149
Contractual	61	22
	<u>201</u>	<u>171</u>

53 IMPLICATIONS OF REVISED IFRS 2 - SHARE-BASED PAYMENT ON BENAZIR EMPLOYEES' STOCK OPTION SCHEME (BESOS)

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme ("the Scheme") for employees of certain State Owned Enterprises (SOEs) and Non-State Owned Enterprises, where GoP holds significant investments (Non-SOEs). The Scheme is applicable to permanent and contractual employees who were in employment of these entities including the Company on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GoP has transferred 12% of its investment in such SOEs and Non-SOEs to a Trust Fund, established under a Trust Deed, created for the purpose by each of such entities. The eligible employees are entitled to be allotted units by each Trust Fund in proportion to their respective length of service and on retirement or termination, such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units, as would be determined based on market price for listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would be transferred back to GoP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund, managed by the Privatization Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the stated GoP policy of empowerment of employees of State Owned Enterprises, needs to be accounted for by the covered entities, including the Company, under the provisions of amended International Financial Reporting Standard-2, "Share-based Payments" (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the SECP, on receiving representations from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan, has granted exemption vide SRO 587(l)/2011 dated June 07, 2011 to such entities including the Corporation from the application of IFRS 2 to the Scheme.

Had the exemption not been granted, Staff costs of the Company would have been higher by Rs. 42.235 million, profit before taxation would have been lower by Rs. 42.235 million, earnings per share would have been lower by Rs. 0.14, reserves would have been higher by Rs. 42.235 million.

During the year, the company has received a notice from Ministry of Commerce, dated 17 March, 2022. to deposit principal amount along with interest accrued on the principal amount available with the Company under BESOS scheme under federal consolidated fund. The Company has paid the principal amount along with the interest accrued on the principal amounting to Rs. 558.525 million on November 29, 2022 to Ministry of Commerce. The Fund will be dissolved after the audit of the financial statements of the fund.

54 RELATED PARTIES TRANSACTIONS AND BALANCES

Government of Pakistan through Ministry of Commerce owns 51% (2021: 51%) shares of the Company. Therefore, all entities owned and controlled by the Government of Pakistan are related parties of the Company. The related parties comprise major shareholders, associated company, directors, companies with common directorship, key management personnel, and staff retirement benefit funds. The Company in normal course of business pays for electricity, gas and telephone to entities controlled by Government of Pakistan which are not material and hence not disclosed in these financial statements. Moreover, transactions with related parties, other than remuneration and benefits to key management personnel under the terms of their employment as disclosed in note 48 of these financial statements, are as follows:

		December 31, 2022	December 31, 2021
	Note	----- (Rupees) -----	
Major shareholders			
Government of Pakistan (GoP) through Ministry of Commerce			
Dividend paid for the year		305,999,512	336,599,463
State Life Insurance Corporation of Pakistan			
Dividend paid for the year		146,464,402	183,080,503
Related parties by virtue of GoP's holdings			
State Bank of Pakistan			
Purchase of investment		16,341,045,462	17,018,141,250
Dividend received during the year		-	49,000
			17,018,190,250
Pakistan State Oil Company Limited			
Dividend received during the year		119,357	210,630
National Investment Trust Limited			
Dividend received during the year		65,637,000	71,280,000
National Insurance Company Limited			
Premium due but unpaid		8,797,497,324	3,327,220,693
Insurance premium written during the year	55.3	15,957,225,633	13,486,623,550
Premium received		(14,025,174,012)	(8,016,346,919)
Balance at the end of year	16.2	10,729,548,945	8,797,497,324
Insurance commission paid		568,487,815	414,567,086
Insurance claims paid		1,151,138,787	1,775,838,644
Alpha Insurance Company Limited			
Insurance / reinsurance receivables / (insurance / reinsurance payable)		2,543,083	222,688
Insurance premium written during the year		15,639,419	13,686,995
Commission Paid		(323,226)	(372,591)
Claims paid		(1,359,629)	(10,994,009)
Net receipts			-
Balance at the end of year		16,499,647	2,543,083
Other related parties			
Remuneration including benefits and perquisites of key	51	327,751,862	157,534,593

The transactions with related parties are in the normal course of business at contracted rates and terms and conditions determined on commercial terms.

55 SEGMENT INFORMATION

December 31, 2022

	Fire	Marine cargo	Marine hull	Accident	Aviation	Engineering	Treaty	Total
	Rupees							
Gross written premium	1,778,754,168	187,966,423	262,617,090	408,284,983	4,785,514,192	9,960,807,988	6,887,445,574	24,271,390,418
Unearned-opening	709,287,738	9,793,225	52,201,183	41,133,807	4,455,283,060	3,295,066,824	2,169,618,815	10,732,384,652
Unearned-closing	500,178,705	113,176,377	41,549,187	131,355,951	4,700,022,226	3,756,048,541	2,805,378,693	12,047,709,680
Premium earned	1,987,863,201	84,583,271	273,269,086	318,062,839	4,540,775,026	9,499,826,271	6,251,685,696	22,956,065,390
Reinsurance-ceded	314,124,717	120,558,442	101,836,826	178,853,300	4,437,080,298	9,002,840,594	2,088,898,504	16,244,192,681
Prepaid reinsurance-opening	40,842,152	-	22,227,920	3,150,578	4,237,630,265	3,095,679,708	323,300,560	7,722,831,183
Prepaid reinsurance-closing	38,243,295	89,749,062	23,645,065	80,909,326	4,408,006,288	3,516,750,039	783,025,375	8,940,328,450
Reinsurance expenses	316,723,574	30,809,380	100,419,681	101,094,552	4,266,704,275	8,581,770,263	1,629,173,689	15,026,695,414
Net insurance premium	1,671,139,627	53,773,891	172,849,405	216,968,287	274,070,751	918,056,008	4,622,512,007	7,929,369,976
Commission income	22,003,438	3,080,938	10,041,967	7,402,351	238,377,295	696,021,128	24,316,467	1,001,243,584
Net underwriting income (A)	1,693,143,065	56,854,829	182,891,372	224,370,638	512,448,046	1,614,077,136	4,646,828,474	8,930,613,560
Insurance claims paid	906,800,345	1,351,471	90,055,960	74,700,378	959,165,409	259,458,473	3,918,893,181	6,210,425,217
Outstanding-opening	1,841,612,038	68,805,420	229,659,688	291,598,982	1,779,285,442	2,008,445,696	3,186,981,921	9,406,389,187
Outstanding-closing	3,497,442,825	59,944,602	65,000,872	102,343,570	1,011,311,668	13,036,590,766	3,488,752,930	21,261,387,233
Insurance claims expenses	2,562,631,132	(7,509,347)	(74,602,856)	(114,555,034)	191,191,635	11,287,603,543	4,220,664,190	18,065,423,263
Reinsurance recoveries received	-	-	-	-	967,411,703	(4,789,020)	2,978,367,483	3,940,990,166
Recovery-opening	317,808,041	-	65,747,545	-	1,642,925,619	1,559,407,642	1,022,238,388	4,608,127,235
Recovery-closing	410,710,801	5,425,012	14,565,192	13,933,067	916,208,568	12,046,311,977	1,013,554,694	14,420,709,311
Insurance claims recovered from reinsures	92,902,760	5,425,012	(51,182,353)	13,933,067	240,694,652	10,482,115,315	2,969,683,789	13,753,572,242
Net claims	2,469,728,372	(12,934,359)	(23,420,503)	(128,488,101)	(49,503,017)	805,488,228	2,382,908,657	4,311,851,021
Commission expense	238,436,093	5,737,831	17,826,997	20,175,216	128,068,292	414,481,619	1,202,435,484	2,027,161,532
Management expense	329,706,649	10,609,293	34,102,236	42,806,649	54,072,650	181,127,396	789,628,664	1,442,053,537
Premium deficiency expense	-	-	-	-	-	-	-	(46,346,941)
Provision for doubtful debts-net	-	-	-	-	-	-	-	(542,510,469)
Net insurance claims and expenses (B)	(3,037,871,113)	(3,412,766)	(28,508,730)	65,506,236	(132,637,926)	(1,401,097,243)	(4,374,972,805)	(7,192,208,681)
Underwriting results (C=A-B)	(1,344,728,048)	53,442,063	154,382,642	289,876,874	379,810,120	212,979,893	271,855,669	1,738,404,879
Net investment income								1,338,391,205
Rental income								126,643,188
Finance cost								(2,760,634)
Other expenses								(7,130,355)
Other income								419,206,393
Profit before tax								3,612,754,676
Less: Tax expense								(931,915,282)
Profit after tax								<u>2,680,839,394</u>
Segment assets	1,693,143,065	56,854,829	182,891,372	224,370,638	512,448,046	1,614,077,136	4,646,828,474	8,930,613,560
Unallocated assets								<u>54,924,331,718</u>
								<u>63,854,945,278</u>
Segment liabilities	(3,037,871,113)	(3,412,766)	(28,508,730)	65,506,236	(132,637,926)	(1,401,097,243)	(4,374,972,805)	(8,912,994,347)
Unallocated liabilities								<u>24,438,009,574</u>
								<u>15,525,015,227</u>

December 31, 2021

	Fire	Marine cargo	Marine hull	Accident	Aviation	Engineering	Proportional Treaty	Total
	Rupees							
Gross written premium	2,065,777,596	37,391,759	268,166,179	184,726,692	5,002,065,800	8,260,706,867	4,013,314,980	20,993,560,184
Add: unearned-opening	566,711,447	7,963,063	93,166,700	44,987,784	236,576,190	3,618,269,870	1,506,408,842	6,513,672,433
Less: unearned-closing	709,287,738	9,793,225	52,201,183	41,133,807	4,455,283,060	3,295,066,824	1,656,587,205	10,732,384,652
Premium earned	1,923,201,305	35,561,597	309,131,696	188,580,669	783,358,930	8,583,909,913	3,863,136,617	16,774,847,965
Reinsurance-ceded	280,488,850	-	122,814,988	6,298,277	4,501,440,964	7,496,589,005	-	13,127,923,393
Add: Prepaid reinsurance-opening	17,885,008	-	54,446,935	2,938,875	168,543,304	3,465,398,241	-	4,144,132,224
Less: Prepaid reinsurance-closing	40,842,152	-	22,227,920	3,150,578	4,237,630,265	3,095,679,708	-	7,722,831,183
Reinsurance expenses	257,531,706	-	155,034,003	6,086,574	432,354,003	7,866,307,538	-	9,549,224,434
Net insurance premium	1,665,669,599	35,561,597	154,097,693	182,494,095	351,004,927	717,602,375	3,863,136,617	7,225,623,531
Add: commission income	24,222,632	-	15,503,400	608,658	29,451,293	677,977,888	-	756,572,621
Net underwriting income - A	1,689,892,231	35,561,597	169,601,093	183,102,753	380,456,220	1,395,580,263	3,863,136,617	7,982,196,152
Insurance claims paid	445,711,029	3,618,623	24,557,819	50,987,802	1,434,500,711	225,926,383	2,472,516,667	5,511,516,252
Less: outstanding-opening	1,765,854,730	140,719,544	81,818,633	327,965,630	4,220,242,139	1,108,830,004	2,416,686,917	10,480,686,890
Add: outstanding-closing	1,841,612,038	68,805,420	229,659,688	291,598,982	1,779,285,442	2,008,445,696	2,327,078,907	9,406,389,187
Insurance claims expenses	521,468,337	(68,295,501)	172,398,874	14,621,154	(1,006,455,986)	1,125,542,075	2,382,908,657	4,437,218,549
Reinsurance recoveries received	-	-	17,629,422	-	1,304,660,267	117,392,517	-	1,655,094,346
Less: recovery-opening	245,413,842	66,733,022	29,989,753	-	3,974,870,199	845,050,591	-	5,603,808,031
Add: recovery-closing	317,808,041	-	65,747,545	-	1,642,925,619	1,559,407,642	-	4,608,127,235
Insurance claims recovered from reinsures	72,394,199	(66,733,022)	53,387,214	-	(1,027,284,313)	831,749,568	-	659,413,550
Net claims	449,074,138	(1,562,479)	119,011,660	14,621,154	20,828,327	293,792,507	2,382,908,657	3,777,804,999
Commission expense	256,183,847	3,190,384	21,322,446	17,845,252	8,160,744	416,965,683	-	1,724,928,859
Management expense	168,050,812	3,587,840	15,547,046	18,411,983	35,413,184	72,399,510	324,332,280	728,999,259
Provision for doubtful debts-net	2,024,424	43,221	187,288	221,800	426,605	872,161	3,907,070	8,781,891
Net insurance claims and expenses - B	(875,333,221)	(5,258,966)	(156,068,440)	(51,100,189)	(64,828,860)	(784,029,861)	(2,711,148,007)	(6,240,515,008)
Underwriting results C = A-B	814,559,010	30,302,631	13,532,653	132,002,564	315,627,360	611,550,402	1,151,988,610	1,741,681,144
Net investment income								981,709,955
Rental income								104,379,330
Finance cost								(2,548,867)
Fair value gain on investment property								698,055,394
Other expenses								(8,195,243)
Other income								142,247,594
Premium deficiency expense								(58,873,368)
Profit before tax								3,598,455,941
Less: Tax expense								(1,024,831,827)
Profit after tax								2,573,624,114
Segment assets	1,689,892,231	35,561,597	169,601,093	183,102,753	380,456,220	1,395,580,263	3,863,136,617	7,982,196,152
Unallocated assets								38,480,287,344
								46,462,483,496
Segment liabilities	(875,333,221)	(5,258,966)	(156,068,440)	(51,100,189)	(64,828,860)	(784,029,861)	(2,711,148,007)	(4,647,767,545)
Unallocated liabilities								17,564,470,927
								12,916,703,382

55.1 Geographical segment

Although the operations of the Company are based primarily on business segments, the Company also operates in geographical area. The following table shows the distribution of the Company's revenue, total assets and total liabilities by geographical segments:

Locations	2022		2021	
	Lahore	Karachi	Lahore	Karachi
	Rupees in thousands		Rupees in thousands	
Premium earned	1,544,359	22,956,065	1,289,834	15,485,014
Commission expense	371,744	1,780,585	334,565	633,791
Losses paid	847,883	5,362,542	494,263	5,017,253
Outstanding liabilities	647,540	20,608,896	851,479	8,549,958
Management expenses	8,621	1,519,814	4,376	724,623
Total assets	1,610,695	62,244,250	800	46,804,751

55.2 Management has allocated indirect management expenses to underwriting business on the basis of net premium revenue under individual business as per the stated accounting policy of the Company.

55.3 Information about major customer

The following table presents insurance premium written from transactions with external customer where such amounts equals and / or exceed ten per cent of the total premium written by the Company.

	December 31,	
	2022	2021
Note	----- (Rupees) -----	
National Insurance Company Limited - (related party)		
Facultative business		
Accident	268,358,879	7,265,923
Aviation	4,748,148,099	5,033,313,883
Engineering	9,617,379,837	7,695,742,240
Fire	86,581,123	125,294,124
Marine Cargo	141,888,012	-
Marine hull	258,274,396	249,347,056
	15,120,630,346	13,110,963,226
Treaty business	836,595,287	375,660,324
54	15,957,225,633	13,486,623,550

56 MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Held for trading	Total
	----- Rupees -----			
At beginning of previous year	7,641,957,966	4,218,090,877	174,704,866	12,034,753,710
Additions	16,760,414,750	143,504,966	-	16,903,919,716
Disposals / redemptions	(15,589,152,879)	(288,837,810)	-	(15,877,990,689)
Fair value net gains (excluding net realized gains)	-	(470,148,846)	(27,631,714)	(497,780,559)
At beginning of current year	8,813,219,837	3,602,609,187	147,073,152	12,562,902,177
Additions	16,341,045,462	-	26,880,972	16,367,926,434
Disposals / redemptions	(15,450,555,599)	(150,000,000)	-	(15,600,555,599)
Fair value net gains (excluding net)	-	(628,063,502)	(39,742,941)	(667,806,443)
At end of current year	<u>9,703,709,700</u>	<u>2,824,545,685</u>	<u>134,211,182</u>	<u>12,662,466,569</u>

57 MANAGEMENT OF INSURANCE AND FINANCIAL RISK

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty in the amount of compensation to the insured. Generally most insurance contracts carry the insurance risk for a period of one year.

57.1 Insurance risk

The Company's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitor risk. This framework includes implementation of underwriting strategies which aim to ensure that the underwritten risks are well diversified in terms of type and amount of the risk. Adequate reinsurance is arranged to mitigate the effect of the potential loss to the Company from individual to large or catastrophic insured events. Further, the Company adopts strict claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the insurance risk.

a) Frequency and severity of claims

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

The Company's class wise major risk exposure is as follows:

	December 31, 2022	December 31, 2021
Gross sum insured	----- (Rupees) -----	
Fire	7,496,000	8,391,036
Marine cargo	1,200,000	840,000
Marine hull	1,481,000	3,116,100
Accident and others	499,000	3,523,209
Aviation	18,346,000	15,735,000
Engineering	5,502,000	3,882,079
	<u>34,524,000</u>	<u>35,487,424</u>

The reinsurance arrangements against major risk exposure include excess of loss, surplus arrangements and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on Company's net retentions.

b) Source 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 including the event reported after the expiry of the insurance contract term.

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. The estimation of provision of claims incurred but not reported (IBNR) is based on analysis of the past claim reporting pattern and confirmation received from ceding companies.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from initial recognized amount. Similarly, the provision for claims incurred but not reported is based on historic reporting pattern of the claims; hence, actual amount of incurred but not reported claims may differ from the amount estimated.

Key assumptions

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

The assumed net of reinsurance loss ratios for each class of business is as follows:

	December 31, 2022	December 31, 2021
	----- (Percentage) -----	
<u>Assumed net loss ratio</u>		
Fire	68%	27%
Marine cargo	28%	4%
Marine hull	34%	77%
Accident and others	45%	8%
Aviation	30%	6%
Engineering	6%	41%

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 of claims paid on profit before tax net of reinsurance recoveries.

	Profit before tax		Shareholders' equity	
	2022	2021	2022	2021
	----- Rupees in thousand -----		----- Rupees in thousand -----	
10% increase in expense	(4,311,851)	(377,780)	(2,888,940)	(268,224)
10% decrease in expense	4,311,851	377,780	2,888,940	268,224

57.2 Reinsurance and retrocession arrangements

The Company in the normal course of business, undertakes reinsurance business from local insurance companies and controls its exposure to potential losses from large risk, by retrocession to various foreign companies. Its significant portion of reinsurance and retrocession is effected under treaty pact and excess of loss contracts.

The Company further evaluates the financial condition of ceding companies as well as it reinsures to minimize its exposures to significant losses from reinsurance insolvencies.

The Company continues to remain under obligation of the ceding companies during the validity of the contract and as a result it remains liable for the portion of outstanding claims reinsured to the extent that reinsurer fails to meet the obligation under their agreements.

An analysis of gross amount due from other insurers and reinsurers recognized by the rating of the entity, from which it is due are as follows:

	December 31, 2022	December 31, 2021
	----- (Rupees"000") -----	
A or above	6,148,149	5,369,528
BBB	1,573	40
Others	11,333,554	9,366,133
Total	17,483,276	14,735,701

57.3 Financial risk management objectives and policies

The Company's activities expose to 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 (the Board) has overall responsibility to the establishment and oversight of Company's risk management framework. The Board is also responsible for developing the Company's risk management policies.

a) 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 provision 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:

	Note	December 31, 2022	December 31, 2021
		----- (Rupees"000") -----	
Bank balances	20	3,030,890,557	1,140,633,168
Loans and other receivables	14	462,488,314	285,844,726
Receivable from Sindh Revenue Board	15	2,573,888,727	2,573,888,727
Debt securities	13	9,907,026,504	9,174,069,234
Insurance / reinsurance receivables	16	17,393,374,952	13,686,203,094
Reinsurance recoveries against outstanding claims	17	14,420,709,311	4,608,127,235
		<u>47,788,378,365</u>	<u>31,468,766,184</u>

The Company did not hold any collateral against the above during the year. General provision is made for insurance / reinsurance receivables and other receivables according to the Company's policy. The impairment provision is written off when the Company expects that it cannot recover the balance due.

	December 31, 2022	December 31, 2021
The age analysis of insurance / reinsurance receivable is as follows:	----- (Rupees"000") -----	
Up to three months	6,790,472	5,819,178
Over three months but up to one year	8,803,863	7,603,629
Over one year but up to two years	1,627,586	738,514
Over two years but up to three years	177,416	109,122
Over three years	500,725	464,958
	<u>17,900,062</u>	<u>14,735,401</u>
Provision against amount due from other insurers and reinsurers	(661,496)	(1,049,198)
	<u>17,238,566</u>	<u>13,686,203</u>

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

	Short term	Long term	Rating agency	2022	2021
				----- (Rupees "000") -----	
National Bank of Pakistan	A-1+	AAA	PACRA	69,008	39,125
Bank Al-Habib Limited		AA+	PACRA	1,464,745	1,079,652
Bank Alfalah Limited	A-1+	AA+	PACRA	24,031	21,818
Sindh Bank Limited	A-1	A+	JCR-VIS	42	38
Dubai Islamic Bank				1,472,729	
				<u>3,030,556</u>	<u>1,140,633</u>

b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its funding requirements. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity.

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

	Carrying amount	Contractual cash flows	Maturity in one year	Maturity exceeding one year
	----- (Rupees "000") -----			
31-Dec-22				
Outstanding claims including IBNR	21,256,435	21,256,435	21,256,435	-
Insurance / reinsurance payables	10,932,283	10,932,283	10,932,283	-
Other creditors and accruals	109,158	109,158	109,158	-
Lease liabilities	29,239	29,239	29,239	29,239
	<u>32,327,115</u>	<u>32,327,115</u>	<u>32,327,115</u>	<u>29,239</u>

	Carrying amount	Contractual cash flows	Maturity in one year	Maturity exceeding one year
	----- (Rupees "000") -----			
31-Dec-21				
Outstanding claims including IBNR	9,401,437	9,401,437	9,401,437	-
Insurance / reinsurance payables	8,208,198	8,208,198	8,208,198	-
Other creditors and accruals	89,257	89,257	89,257	-
Lease liabilities	29,239	29,239	8,861	20,378
	<u>29,335,167</u>	<u>29,335,167</u>	<u>29,314,789</u>	<u>20,378</u>

c) Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices. The Company is exposed to market risk with respect to its investments. The Company has invested its funds in Government securities, ordinary shares, National Investment Trust Units and close ended mutual funds resulting in risk arising from fluctuation in the rate of interest and dividend earned thereon and the possibility of capital gains or losses arising from the sale of these investments.

The Company minimizes such risk by having a diversified investments portfolio. In addition, the Company actively monitors the key factors that affect investment market.

Sensitivity analysis

The table below summarizes the Company's equity price risk as of December 31, 2022 and 2021 and shows the effects of a 10% increase and a 10% decrease in market prices as at the year end. The selected 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	Estimated fair value after change in price	Increase / (decrease) in shareholders equity	Profit before tax
	----- (Rupees "000") -----			
31-Dec-22				
10% increase	2,755,440	3,030,984	187,370	275,544
10% decrease	-	2,479,896	(187,370)	(275,544)
31-Dec-21				
10% increase	2,755,583	3,031,142	195,646	275,558
10% decrease	-	2,480,025	(195,646)	(275,558)

d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company invests in securities and has deposits that are subject to interest / mark-up rate risk. Interest / mark-up rate risk to the Company is the risk of changes in market interest / mark-up rates reducing the overall return on its interest bearing securities. The Company limits interest / mark-up rate risk by monitoring changes in interest / mark-up rates in the currencies in which its cash and investments are denominated. The following table provides information about the exposure of the Company to interest / mark-up rate risk at the balance sheet date based on contractual repricing or maturity dates which ever is earlier:

2022							
Effective rate per annum (percentage)	Interest bearing financial instruments				Non-interest bearing financial instruments	Total	
	Maturity up to one year	Maturity over one year to five years	Maturity more than five years	Sub total			
----- (Rupees "000") -----							
Financial assets							
Cash and bank deposits	14 to 16	2,295,301	-	-	2,295,301	735,589	3,030,891
Investments	9.36 to 17.38	5,661,117	4,004,055	241,853	9,907,025	2,755,440	12,662,465
Insurance / reinsurance receivables		-	-	-	-	17,393,375	17,393,375
Receivable from Sindh revenue board		-	-	-	-	2,573,889	2,573,889
Loans and other receivables		14,389	-	-	14,389	432.93	447,316
Reinsurance recoveries against outstanding claims		-	-	-	-	14,420,709	14,420,709
Subtotal		7,970,807	4,004,055	241,853	12,216,715	37,879,435	50,528,645

		2021					
	Effective rate per annum (percentage)	Interest / mark-up bearing financial instruments				Non-interest / mark-up bearing financial instruments	Total
		Maturity up to one year	Maturity over one year to five years	Maturity more than five years	Sub total		
		Rupees in thousand					
Financial assets							
Cash and bank deposits	6.25 to 11.25	389,437	-	-	389,437	1,101,845	1,491,282
Investments	5.90 to 12	7,267,248	2,316,246	(409,425)	9,174,069	3,388,833	12,562,902
Insurance / reinsurance receivables		-	-	-	-	13,686,203	13,686,203
Receivable from Sindh revenue board		-	-	-	-	2,573,889	2,573,889
Loans and other receivables		74,020	-	-	74,020	211,825	285,845
Reinsurance recoveries against outstanding claims		-	-	-	-	4,608,127	4,608,127
Subtotal		7,730,705	2,316,246	(409,425)	9,637,526	25,570,722	35,208,248
Financial liabilities							
Outstanding claims including IBNR		-	-	-	-	9,401,437	9,401,437
Insurance / reinsurance payables		-	-	-	-	8,208,198	8,208,198
Lease liabilities		8,861	7,830	12,548	29,239	-	29,239
Other creditors and accruals		-	-	-	-	295,214	295,214
Subtotal		8,861	7,830	12,548	29,239	17,904,849	17,934,088
Total		7,721,844	2,308,416	(421,973)	9,608,287	7,665,873	17,274,160
Interest risk sensitivity gap		7,721,844	2,308,416	(421,973)	9,608,287		
Cumulative interest risk sensitivity gap		7,721,844	10,030,260	9,608,287			

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 change of 100 basis points in interest rates at the reporting date would have decreased /(increased) profit for the year by the amounts shown below.

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. 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 below. The analysis assumes that all other variables remain constant.

2022		2021	
Increase	Decrease	Increase	Decrease
in profit / (loss) upon change of 100 bps		in profit / (loss) upon change of 100 bps	
----- (Rupees "000")-----			

Cash flow sensitivity - variable rate
financial liabilities

-	-	-	-
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Cash flow sensitivity - variable rate
financial assets

99,070	(99,070)	92,131	(92,131)
--------	----------	--------	----------

e) Foreign currency risk

Foreign currency risk is the risk that the value of financial instrument will fluctuate due to change in foreign exchange rates. The Company principal transactions are carried out in Pakistani Rupee and its exposure to foreign exchange risk arises primarily with respect to US Dollar. Financial assets exposed to foreign exchange risk amounted to Rs. 1,472.728 million (2021: Rs.285.809 million) at reporting date.

The following significant exchange rates were applied during the year:

	2022	2021	2022	2021
	Rupees per US Dollars		Rupees per UK Pound	
Average rate	204.47	162.97	251.49	224.05
Report date rate	226.40	177.1	272.63	240.59

57.4 Capital risk management

Capital management objectives and requirements related to regulatory, solvency and paid up capital requirements are set and regulated by the Securities and Exchange Commission of Pakistan (SECP). These objectives and requirements are put in place to ensure sufficient solvency margins. Further, objective are set by the Company to maintain a strong credit rating and healthy capital ratios in order to support business objectives, maximize shareholders value and provide returns for benefits for other stakeholders.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

Currently the Company has a paid up capital of Rs. 9,000 million against the minimum required paid-up capital of Rs. 500 million set by the SECP for the non-life insurance companies for the year ended December 31, 2022.

The Company monitors capital using gearing ratio. Net debt is calculated as total liabilities (as shown in statement of financial position) less cash and cash equivalents. Equity comprises all components of equity.

The Company's net debt to equity ratio as at December 31, 2022 was as follows:

	2022	2021
	----- (Rupees"000") -----	
Total liabilities	49,533,538	33,733,357
Less: cash and cash equivalents	3,030,891	(1,140,841)
Net debt (A)	52,564,428	32,592,516
Total equity (B)	14,321,408	13,072,195
Total debt and equity (C=A+B)	66,885,836	45,664,711
Gearing ratio (A/C)	79%	71%

58 FAIR VALUE OF FINANCIAL INSTRUMENTS

58.1 Carrying amount and fair value

The following table compares the carrying amounts and fair values of the Company's financial assets and financial liabilities as at December 31, 2022.

The Company considers that the carrying amount of the following financial assets and financial liabilities are a reasonable approximation of their fair value:

	December 31, 2022		December 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Equity securities				
Held for trading				
Ordinary shares - listed	134,211,185	134,211,185	147,073,152	147,073,152
Available for sale				
Ordinary shares - listed	644,748,926	644,748,926	1,872,955,022	1,872,955,022
Mutual fund units	479,342,468	479,342,468	1,368,187,154	1,368,187,154
Ordinary share - unlisted	617,615	617,615	617,615	617,615
Debt securities				
Pakistan Investment Bonds	4,424,006,929	4,424,006,929	2,498,062,434	3,376,000,000
Treasury Bills	5,180,006,150	4,975,000,000	6,576,126,800	4,975,000,000

	December 31, 2022		December 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Terms Finance Certificate	99,840,000	99,840,000	99,880,000	99,880,000
Loans and other receivables	462,488,314	462,488,314	285,844,726	285,844,726
Receivable from Sindh Revenue Board	2,573,888,727	2,573,888,727	2,573,888,727	2,573,888,727
Insurance / reinsurance receivables	17,393,374,952	17,393,374,952	13,686,203,094	13,686,203,094
Reinsurance recoveries against outstanding claims	14,420,709,311	14,420,709,311	4,608,127,235	4,608,127,235
Cash and cash equivalent	3,030,890,557	3,030,890,557	1,140,841,359	1,140,841,359
	<u>48,844,125,134</u>	<u>48,639,118,984</u>	<u>34,857,807,318</u>	<u>34,134,618,084</u>
Financial liabilities				
Outstanding claims including IBNR	21,008,473,085	21,008,473,085	10,475,734,890	10,475,734,890
Unearned premium reserves	12,047,709,680	12,047,709,680	6,513,672,434	6,513,672,434
Unearned reinsurance commission	539,143,250	539,143,250	338,532,613	338,532,613
Retirement benefit obligations	3,039,780,500	3,039,780,500	3,188,627,998	3,188,627,998
	<u>36,635,106,515</u>	<u>36,635,106,515</u>	<u>20,516,567,935</u>	<u>20,516,567,935</u>

58.2 Fair value hierarchy

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

The fair value hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

December 31, 2022	Total	Level 1	Level 2	Level 3
	----- Rupees -----			
Financial assets measured at fair value				
Held-for-trading investment				
Ordinary shares - listed	134,211,185	134,211,185	-	-
Available-for-sale investment				
Ordinary shares - listed	644,748,926	644,748,926	-	-

December 31,2022	Total	Level 1	Level 2	Level 3
	----- Rupees -----			
Mutual fund units	479,342,468	479,342,468	-	-
Ordinary shares - unlisted	617,615	-	-	617,615
December 31,2021				
Financial assets measured at fair value				
Held-for-trading investment				
Ordinary shares - listed	147,073,152	147,073,152	-	-
Available-for-sale investment				
Ordinary shares - listed	1,872,955,022	1,872,955,022	-	-
Mutual fund units	1,368,187,154	1,368,187,154	-	-
Ordinary shares - unlisted	617,615	-	-	617,615

58.3 Transfers during the period

There were no transfers between Level 1 and Level 2 fair value measurements.

There were no transfers into or out of Level 3 fair value measurements.

58.4 Valuation techniques

For level 2 investments - held to maturity, the fair value has been determined by using the rates at the reporting date as per Financial Market Association of Pakistan in respect of T bills and PIBs.

For Level 3 available-for-sale investments, the Company values the investment at lower of carrying value and breakup value.

	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
59 PROVIDENT FUND		
Net assets of the fund	<u>147,039,158</u>	<u>158,081,087</u>
Cost of investments	<u>71,639,865</u>	<u>69,052,878</u>
Fair value of investments	<u>99,056,163</u>	<u>97,922,004</u>
Cost of investment / net assets of the fund	<u>48.72%</u>	<u>43.68%</u>

59.1 Break-up of investments of provident fund

Investment in equity collective investment schemes	7,850,000	7,850,000
Investment in Government securities	32,335,905	39,042,280
TDR	25,963,588	22,000,000
Bank Balances	<u>5,490,372</u>	<u>160,598</u>
59.2	<u>71,639,865</u>	<u>69,052,878</u>

59.2 Investments out of provident fund have been made in accordance with the provisions of the section 218 of Companies Act, 2017 and the rules formulated for this purpose.

60 STATEMENT OF SOLVENCY

	December 31, 2022	December 31, 2021
Note	----- (Rupees) -----	
Assets		
Property and equipment	446,068,118	429,090,184
Right of use asset	1,639,605,577	1,801,531,334
Capital work in progress	10,083,343	8,474,168
Investment property	722,274,603	722,274,602
Investments		
Equity securities	2,755,440,067	3,388,832,943
Debt securities	9,907,026,504	9,174,069,234
Receivable from Sindh Revenue Board	2,573,888,727	2,573,888,727
Loans and other receivables	462,488,314	285,844,726
Insurance / reinsurance receivables	17,393,374,952	13,686,203,094
Reinsurance recoveries against outstanding claims including IBNR	14,420,709,311	4,608,127,235
Deferred commission expense	931,382,139	806,214,206
Taxation - payments less provision	78,557,588	-
Prepayments	8,943,542,637	7,723,545,836
Cash and cash equivalent	3,030,890,557	1,140,841,359
Total		
Total Assets From Window re-takaful operations operator's Fund	539,612,842	456,613,640
Total assets (A)	63,854,945,278	46,805,551,288

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

Property and equipment (2) (u-i, ii & iii)	257,325,826	230,414,087
Right of use asset SRO 1012(i) 2022	1,616,572,428	1,801,531,334
Receivable from Sindh Revenue Board	2,573,888,727	2,573,888,727
Capital work in progress (2) (i)	10,083,343	8,474,168
Investments (2) (p & s)	11,625,597	63,750,607
Loans and other receivables (2) (d)	-	74,019,617
Insurance / reinsurance receivables more than three months (2) (h)	10,026,979,095	5,819,172,000
Total in-admissible assets (B)	14,496,475,017	10,571,250,540
Total admissible assets (C=A-B)	49,358,470,261	36,234,300,748

	December 31, 2022	December 31, 2022
	----- (Rupees) -----	
Total liabilities		
Underwriting provisions		
Outstanding claims including IBNR	21,256,435,233	9,401,437,187
Unearned premium reserves	12,047,709,680	10,732,384,652
Unearned reinsurance commission	539,143,250	523,294,102
Premium deficiency reserve	12,526,427	58,873,368
Retirement benefit obligations	3,630,799,590	3,206,839,590
Taxation liabilities- provision less payments	-	366,732,044
Deferred taxation	741,089,481	810,480,910
Lease liabilities	23,033,149	29,238,876
Insurance / reinsurance payables	10,932,282,952	8,208,198,213
Unclaimed dividends	88,652,013	205,956,627
Other creditors and accruals	109,158,042	89,257,122
Total liabilities from Window Takaful Operations OPF	152,707,799	100,663,982
Total liabilities (D)	49,533,537,615	33,733,356,673
Total net admissible assets (E=C-D)	(175,067,354)	2,500,944,075
Minimum solvency requirement (higher of following)		
Method A - u/s 36(3)(a)	150,000,000	150,000,000
Method B - u/s 36(3)(b)	2,295,606,539	1,677,484,797
Method C - u/s 36(3)(c)	3,330,414,491	2,031,900,456
	(3,330,414,491)	(2,031,900,456)
Excess of net admissible assets over minimum requirements	<u>(3,505,481,845)</u>	<u>469,043,619</u>

- 60.1 In terms of Section 36 of the Insurance Ordinance, 2000, the Company is required to maintain the minimum solvency ratio at all times to be computed in a manner as prescribed under the above section. As of the reporting date, the Company has breached such solvency requirement. Such breach indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The above-mentioned events or conditions may cast significant doubt on the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

61 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison.

62 SUBSEQUENT NON ADJUSTING EVENTS

The Board of Directors in its meeting held on _____ have recommended a final cash dividend of Rs. _____ per share and a bonus issue of Rs. _____ per share for the approval of the members in the annual general meeting to be held on_____.

These financial statements for the year ended December 31, 2021 do not include the effect of these appropriations and these will be accounted in the financial statements for the year ending December 31, 2022.

63 DATE OF AUTHORIZATION FOR ISSUE

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

64 GENERAL

All figures have been rounded off to the nearest rupee unless otherwise stated. *smo*

DRAFT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS

Disclaimer of Opinion

We were engaged to audit the annexed financial statement of Pakistan Reinsurance Company Limited- Window Retakful Operation, which comprise the statement of financial position as of December 31, 2022, the statement of profit and loss account, the statement of comprehensive income, the statement of changes in the fund and the statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have not obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

We do not express an opinion on the accompanying financial statements of Pakistan Reinsurance Company Limited- Window Retakful Operation. Because of the significance of the matters described in basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Treaty- Proportional Business

As disclosed in 8, 12, 13, 20, 28, 30, 35 and 38 to these financial statements, certain account balances and class of transactions have been recorded against treaty proportional business. We were unable to obtain sufficient and appropriate evidence in respect of such account balances and class of transactions because the Company does not establish any system and controls to verify the transactions and only relies on the amounts provided in the statutory quarterly returns and bordereaux. Consequently, we were unable to verify and determine whether any adjustments to these amounts were necessary.

2. Unreconciled Balances

As stated in note 8 to the financial statements, amount due from retakful participants on account of treaty and facultative retakful business includes gross amount of Rs. 423.435 million and net amount of Rs. 410.660 million which remain unreconciled as of the reporting date. The Company is in the process of reconciling these balances. Due to pending reconciliations relating to the above balances, resultant adjustment and consequential impact thereon, if any, on these financial statements remain unascertained.

3. Emphasis of Matter

We draw attention to the note 27.1 to these financial statements which explains that notice was served by Sindh Revenue Board (SRB) in 2016 for non-filing of sales tax returns and raised sales tax liability via same notice on conventional reinsurance service provider by the Operator. Our opinion is not modified in respect of this matter.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion, except for the effects of the matters described in the basis for disclaimer of opinion section of our report:

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

Other Matter

The financial statements of the Company for the year ended December 31, 2021 were audited by another firm of chartered accountants, who expressed disclaimer of opinion on those financial statements vide their report dated April 25, 2022.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Tariq Feroz Khan.

KARACHI

DATED:

UDIN:

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS



PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

		Operator's Retakaful Fund		Participant's Retakaful fund	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	Note	-----Rupees-----			
ASSETS					
Investments	6	20,196,059	18,307,796	99,193,301	89,759,175
Other receivable	7	4,084,045	2,865,576	10,631,103	1,231,247
Takaful/ retakaful receivables	8	-	-	503,635,945	330,413,954
Receivables from Participant's/Operator's Retakaful fund - net	9	-	-	14,683,246	3,309,474
Qard-e-hasna to Participant's Retakaful Fund	10	300,000,000	244,254,221	-	-
Retakaful recoveries against outstanding claims	11	-	-	230,780,709	29,382,727
Deferred wakala fee	12	-	-	103,114,993	77,933,450
Deferred commission expense	13	103,795,712	80,659,235	-	-
Prepayments	14	-	-	87,351,654	76,368,847
Bank balances	15	111,537,025	110,526,812	1,110,117,788	598,618,743
TOTAL ASSETS		539,612,841	456,613,640	2,159,508,739	1,207,017,617
FUND AND LIABILITIES					
FUNDS ATTRIBUTABLE TO:					
Operator`s Retakaful Fund					
Statutory fund	16	300,000,000	300,000,000	-	-
Reserves	17	86,905,042	55,949,658	-	-
Total Operator's Funds		386,905,042	355,949,658	-	-
Participant's Retakaful Fund					
Seed money	18	-	-	1,000,000	1,000,000
Reserves	17	-	-	445,084,170	97,147,953
Balance of Participant's Retakaful Fund				446,084,170	98,147,953
Qard-e-Hasna	10	-	-	300,000,000	244,254,221
		-	-	746,084,170	342,402,174
LIABILITIES					
Underwriting provisions					
Outstanding claims including IBNR	19	-	-	721,865,204	314,149,375
Unearned contribution reserves	20	-	-	515,574,963	389,667,246
Contribution deficiency reserve	21	-	-	-	42,862,640
		-	-	1,237,440,167	746,679,261
Unearned wakala fee	12	103,114,993	77,933,450	-	-
Takaful/retakaful payables	22	-	-	175,952,712	117,935,182
Payable to Participant/ Operator's Retakaful Fund - net	9	14,683,246	3,309,474	-	-
Taxation - provision less payment	23	20,615,023	13,404,751	-	-
Deferred taxation	24	182,212	319,252	-	-
Other creditors and accruals	25	2,437,660	1,243,041	31,690	1,000
Payable to related party	26	11,674,665	4,454,014	-	-
TOTAL LIABILITIES		152,707,799	100,663,982	1,413,424,569	864,615,443
TOTAL EQUITY AND LIABILITIES		539,612,841	456,613,640	2,159,508,739	1,207,017,617
CONTINGENCIES AND COMMITMENTS	27				

The annexed notes 1 to 45 form an integral part of these financial statements. *6/20*

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2022

		<u>December 31, 2022</u>	<u>December 31, 2021</u>
	Note	-----Rupees-----	
Participant's Retakaful Fund			
Contributions earned		1,079,281,056	782,357,018
Less: contributions ceded to retrotakaful		(100,155,434)	(91,942,133)
Net contribution revenue	28	979,125,622	690,414,885
Wakala fee expense	29	(215,856,211)	(156,471,404)
Net underwriting income		763,269,411	533,943,481
Net claims - reported/ settled - IBNR	30	(501,892,882)	(311,243,050)
Reversal / (charge) of contribution deficiency reserve		42,862,640	(23,851,863)
Surplus before investment income		304,239,169	198,848,568
Investment income	31	8,316,060	4,560,461
Other income	32	72,908,632	10,080,104
Less: Modarib's fees		(20,306,173)	(3,660,141)
(Charge) / Reversal for doubtful contributions	8.1	(8,773,125)	2,850,015
Surplus before taxation		356,384,563	212,679,007
Taxation	34	(10,760,328)	(2,027,758)
Surplus transferred to accumulated surplus		<u>345,624,235</u>	<u>210,651,249</u>
Operator's Retakaful Fund			
Wakala fee income	29	215,856,211	156,471,404
Commission expense	35	(213,471,407)	(145,151,427)
General, administrative and management expenses	36	(15,746,091)	(7,937,109)
		<u>(13,361,287)</u>	<u>3,382,868</u>
Investment income		1,687,509	920,194
Other income		34,143,170	14,518,979
Modarib's fee		20,306,173	3,660,141
		<u>56,136,852</u>	<u>19,099,314</u>
Profit before taxation		<u>42,775,565</u>	<u>22,482,182</u>
Taxation		<u>(12,404,914)</u>	<u>(6,519,833)</u>
Profit after taxation attributable to shareholders		<u>30,370,651</u>	<u>15,962,349</u>

The annexed notes 1 to 45 form an integral part of these financial statements. *6/20*

<u>Chairman</u>	<u>Director</u>	<u>Director</u>	<u>Chief Executive Officer</u>	<u>Chief Financial Officer</u>
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PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Operator's Retakaful Fund		Participant's Retakaful Fund	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
-----Rupees-----				
OPERATING CASH FLOWS				
Retakaful activities				
Contributions received	-	-	1,031,966,782	813,424,282
Retro takaful contribution paid	-	-	(53,120,710)	(34,571,803)
Benefits paid	-	-	(323,529,673)	-
Benefits recoveries from retro takaful	-	-	27,954,638	(325,612,745)
Commission paid	(236,607,884)	(184,305,739)	-	-
Net cash (used in) / from retakaful activities	(236,607,884)	(184,305,739)	683,271,037	453,239,734
Other operating activities				
Income tax paid	(5,194,642)	(2,075,981)	(10,760,328)	(2,027,758)
Management expenses paid	(15,746,092)	(7,455,110)	-	-
Other operating receipts / (payments)	279,777,461	217,277,232	(290,859,989)	(209,563,936)
Net cash from / (used in) other operating activities	258,836,727	207,746,141	(301,620,317)	(211,591,694)
Total cash flow from all operating activities	22,228,843	23,440,402	381,650,720	241,648,040
Investment activities				
Payment for investments made	(1,303,529)	(1,007,959)	(7,122,145)	(3,755,694)
Receipt of profit on bank deposits	34,143,170	11,753,404	72,908,632	9,320,436
Receipt of investment income	1,687,509	920,194	8,316,060	4,560,461
Total cash flow from investing activities	34,527,150	11,665,639	74,102,547	10,125,203
Financing activities				
Qard-e-hasna	(55,745,779)	(244,254,221)	55,745,779	244,254,221
Total cash flow from financing activities	(55,745,779)	(244,254,221)	55,745,779	244,254,221
Net cash flow from / (used-in) all activities	1,010,214	(209,148,180)	511,499,045	496,027,464
Cash and cash equivalents at beginning of the period	110,526,812	319,674,992	598,618,743	102,591,279
Cash and cash equivalents at end of the period	111,537,025	110,526,812	1,110,117,788	598,618,743
Reconciliation to profit and loss				
Operating cash flows	22,228,843	23,440,402	381,650,720	241,648,040
Receipt of profit on bank deposits	34,143,170	11,753,404	72,908,632	4,560,461
Receipt of investment income	1,687,509	920,194	8,316,060	9,320,436
(Decrease) / increase in operating assets other than cash	24,491,986	11,770,057	431,557,951	170,263,294
(Increase) / decrease in operating liabilities	(44,970,585)	(27,477,856)	(548,809,127)	(215,140,982)
Other adjustments:				
Income tax paid	5,194,642	2,075,981	10,760,328	2,027,758
Profit before taxation	42,775,564	22,482,182	356,384,563	212,679,007
Provision for taxation	(12,404,914)	(6,519,833)	(10,760,328)	(2,027,758)
Profit after taxation	30,370,650	15,962,349	345,624,235	210,651,249

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

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	December 31, 2022	December 31, 2021
		-----Rupees-----	
Participants' Retakaful Fund			
Surplus for the period		345,624,235	210,651,249
Other comprehensive income			
Item that may be subsequently reclassified to profit and loss account			
Unrealised gain on 'available for sale' investments - net of tax		2,311,982	1,416,925
Total comprehensive income for the period		<u>347,936,217</u>	<u>212,068,174</u>
Operator's Retakaful Fund			
Profit after taxation		30,370,651	15,962,349
Other comprehensive income for the year			
Item that may be subsequently reclassified to profit and loss account			
Unrealized gain on revaluation of available-for-sale investments- net of tax		584,733	48,126
Total comprehensive income for the year		<u>30,955,384</u>	<u>16,010,475</u>

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


Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer
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PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATION
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

FOR THE YEAR ENDED DECEMBER 31, 2022

Attributable to Operator's Retakaful Fund					
Statutory Fund	Reserves			Total	
	Capital	Revenue			
	Unrealized gain on available for sale investment	Unappropriated profit	Total reserves		
-----Rupees-----					
Balance as at January 01, 2021	300,000,000	169,179	39,770,004	39,939,183	339,939,183
Unrealized gain on available for sale investments-net	-	48,126	-	48,126	48,126
Profit for the year	-	-	15,962,349	15,962,349	15,962,349
Balance as at December 31, 2021	300,000,000	217,305	55,732,353	55,949,658	355,949,658
Balance as at January 01, 2022	300,000,000	217,305	55,732,353	55,949,658	355,949,658
Profit for the year	-	-	30,370,651	30,370,651	30,370,651
Unrealized loss on available for sale investments-net of tax	-	584,733	-	584,733	584,733
Balance as at December 31, 2022	300,000,000	802,038	86,103,004	86,905,042	386,905,042

Attributable to Participant's Retakaful Fund					
Seed money	Reserves			Total	
	Capital	Revenue			
	Unrealized gain on available for sale investment	Accumulated (deficit) / surplus	Total reserves		
-----Rupees-----					
Balance as at January 01, 2021	1,000,000	1,887,212	(116,807,433)	(114,920,221)	(113,920,221)
Total comprehensive income for the year	-	1,416,925	-	1,416,925	1,416,925
Unrealized gain on available for sale investments-net	-	-	210,651,249	210,651,249	210,651,249
Balance as at December 31, 2021	1,000,000	3,304,137	93,843,816	97,147,953	98,147,953
Balance as at January 01, 2022	1,000,000	3,304,137	93,843,816	97,147,953	98,147,953
Total comprehensive income for the year	-	-	345,624,235	345,624,235	345,624,235
Surplus for the year	-	-	345,624,235	345,624,235	345,624,235
Unrealized gain on available for sale investments-net	-	2,311,982	-	2,311,982	2,311,982
Balance as at December 31, 2022	1,000,000	5,616,119	439,468,051	445,084,170	446,084,170

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

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer
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PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Pakistan Reinsurance Company Limited (the Company) is a public listed company incorporated in Pakistan on March 30, 2000 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Pakistan Reinsurance Company Limited - Window Retakaful Operations (the Operator) is listed on Pakistan Stock Exchange and is engaged in general retakaful business which comprise of fire, marine, aviation, engineering and accident. The registered office of the Operator is situated at PRC Tower, 32-A, Lalazar Drive, Maulvi Tamizuddin Khan Road, Karachi. The zonal office of the Operator is located at 1st floor, 15-A, Davis Road, State Life Building, Lahore, Pakistan.
- 1.2 The Operator has been authorized to undertake Window Retakaful Operations on September 26, 2018 by Securities and Exchange Commission of Pakistan (SECP) under Takaful Rules, 2012 to carry on General Window Retakaful Operations in Pakistan. For the purpose of carrying on the Retakaful business, the Operator has formed a Waqf (Participants' Retakaful Fund) on September 26, 2018 under the Waqf Deed with a Seed money of Rs. 1,000,000.
- 1.3 The Waqf Deed and Participant Retakaful Fund Policies (Waqf Rules) govern the relationship of Operator, Waqf and Participants for management of Retakaful operations, investment of Waqf and Operator's Fund as approved by the Shariah Advisor of the Operator. The accounts of the Waqf are maintained by the Operator in a manner that the assets and liabilities of Waqf remain separately identifiable. The financial statements of the Operator are prepared in such a manner that the financial position and results from the operations of Waqf and the Operator are shown separately.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

-International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

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

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

The Securities and Exchange Commission of Pakistan (SECP) vide S.R.O. 1416(I).2019 dated November 20, 2019 has issued General Takaful Accounting Regulations, 2019. Accordingly, the Operator has changed format for preparation and presentation of the financial statement to comply with the requirement of the regulation. The application of these regulations for the purpose of preparation and presentation of the financial statement are effective from January 01, 2020.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for the available-for-sale investments that have been measured at fair value.

2.3 Functional and presentation currency

These financial statements have been presented in Pak Rupees which is also the functional and presentation currency of the Operator.

3 New Accounting Standards, Interpretations and amendments

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended December 31, 2022

The following standards, amendments and interpretations are effective for the year ended December 31, 2022. These standards, amendments and interpretations are either not relevant to the Company's operations or do not have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	April 01, 2021
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

Certain annual improvements have also been made to a number of IFRSs.

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

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

- a) IFRS 9 'Financial Instruments' and amendment (effective for period ending on or after June 30, 2019). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.
- b) Amendments 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 or loss account the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

Temporary Exemption from Application of IFRS 9

The Company has determined that it is eligible for the temporary exemption option since the Company has not previously applied any version of IFRS 9, its activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the Company doesn't engage in significant activities unconnected with insurance based on historical available information. Under the temporary exemption option, the Company can defer the application of IFRS 9 until the application IFRS 17.

3.2 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 16 'Leases' - Lease liability in a sale and leaseback	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

The Company's expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. The policies are consistent in all the years presented in these financial statements.

4.1 Retakaful contracts

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

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

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

The Operator underwrites non-life Retakaful contracts that can be categorized into:

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

Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. The Retakaful risk involved in these contracts is similar to the contracts undertaken by the Operator as Retakaful operator.

Fire and property damage

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

Marine, aviation and transport

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

Motor

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

Miscellaneous

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

4.2 Retakaful surplus

Retakaful surplus attributable to the participants is calculated after charging all direct cost and setting aside various reserves. Allocation to participants, if applicable, shall be made after the adjustment of claims paid to them during the year.

4.3 Qard-e-Hasna

Qard-e-Hasna is provided by Operators' Fund to Participant's Retakaful Fund in case of deficit in Participant's Retakaful Fund. Qard-e-Hasna is recognized at the amount provided to Participant's Retakaful Fund less impairment, if any. The Operator would be allowed to recover this Qard from the Participant Retakaful Fund over any period without charging any profit.

4.4 Taxation

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

4.4.1 Current

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

4.4.2 Deferred

Deferred tax is accounted for using the balance sheet liability method, in respect of temporary differences arising at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

4.5 Revenue recognition

4.5.1 Contribution

For all takaful contracts, contributions including administrative surcharge under a takaful contract are recognized as written from date of issuance to the date of attachment of risk to the policy / cover note.

Contributions income net of wakala fee is determined after taking into account the unearned portion of contributions. The unearned portion of contribution income is recognized as a liability in Participant's Retakaful Fund.

Re-takaful ceded is recognized as expense after taking into account the proportion of deferred re-takaful contribution expense which is calculated using twenty fourths method. The deferred portion of re-takaful contribution expense is recognized as a prepayment.

4.5.2 Rebate From Retrotakaful Operator

Rebate and other forms of revenue (apart from recoveries) from re-takaful operators are deferred and recognized as liability and recognized in the profit and loss account as revenue of Participants' Retakaful Fund in accordance with the pattern of recognition of the re-takaful contributions.

4.5.3 Investment income

Profit on bank deposits is recognized on a time proportion basis taking into account the effective yield.

Dividend income is recognized when the Operations' right to receive the payment is established.

Gain / loss on sale of investments is recognized at the time of sale.

4.5.4 Receivables and payables related to Retakaful contracts

Receivables including contribution due but unpaid, relating to retakaful contracts are recognized when due. The claim/ benefits payable is recorded when intimation is received. These are recognized at cost, which is the fair value of the consideration given or received less provision for impairment losses, if any. Contribution received in advance is recognized as liability till the time of issuance of retakaful contract there against.

4.6 Cash and cash equivalents

Cash and cash equivalents comprise of cash in deposit accounts with banks (current and savings).

4.7 Provisions

A provision is recognized when the Operator has a legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

4.8 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 goods and or services received, whether or not billed to the Operator.

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

4.9 Wakala fee

Wakala fee is recognized in the Profit and loss account. Wakala Fee is taken 20% of Contribution earned from all business categories. This is recognized as an expense of Participant Retakaful Fund and income of Operator Fund.

4.9.1 Provision for unearned wakala fee

The Operator manages the general takaful operations for the participants and charges wakala fee to Participants' Retakaful Fund on gross contributions recognized for each class. Unearned portion of wakala fee is determined on the basis of unearned portion of contribution received.

4.10 Commission

Commission and other acquisition costs incurred in obtaining and recording on direct, facultative and retrotakaful sessions has been deferred and recognized as assets and liability as under:

4.10.1 Commission income

Commission income is being taken to profit and loss account on a time proportion basis in accordance with the pattern of recognition of retrotakaful Contribution to comply with the requirements of Insurance Rules, 2017. issued by SECP vide its S.R.O. 89(1) / 2017 dated February 09, 2017.

4.10.2 Deferred commission expense

Commission expenses are deferred and recognized as an asset in correlation with unearned Contribution that will be recognized in the subsequent reporting period to comply with the requirements of Insurance Rules, 2017; issued by SECP vide its S.R.O. 89(1) / 2017 dated February 09, 2017.

4.11 Statutory fund

Total amount of Rs. 300 million is deposited as statutory fund to comply with provisions of paragraph 4 of circular no. 8 of 2014 read with section 11(1)(c) of Takaful Rules, 2012 issued by SECP, which states that 'every insurer who is interested to commence Window Takaful business shall transfer an amount of not less than Rs. 50 million to be deposited in the separate bank account for Window Takaful business duly maintained in a scheduled bank.

4.12 Contribution

Contribution 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, Contribution is recognized as revenue in accordance with the pattern of the incidence of risk.

4.12.1 Provision for unearned contribution

The portion of Contribution written relating to the unexpired period of coverage is recognized as unearned Contribution by the Company. The unearned portion of Contribution income is recognized as a liability. For Treaty business, the liability is calculated by applying 1/8 method and for Facultative Business over the period of insurance from the date of issuance of the policy to which it relates to its expiry.

4.13 Retro-takaful ceded

The Company enters into retrotakaful contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward retrotakaful Contributions are accounted for in the same period as the related Contributions for the accepted retrotakaful business being retakaful.

Retrotakaful liabilities represent balances due to retrotakaful companies. Amount payable are estimated in a manner consistent with the related retrotakaful contract. Retrotakaful assets represent balance due from retrotakaful companies. Amount recoverable from reinsurers are estimated in a manner consistent with the provision for outstanding claims or settled claims associated with the retrotakaful policies and are in accordance with the related insurance contract.

Retrotakaful assets are not offset against related insurance liabilities. Income for expenses from retrotakaful contracts are not offset against expenses or income from related insurance assets. Retrotakaful assets or liabilities are derecognized when the contractual rights are extinguished or expired.

The Company assesses its retrotakaful assets for impairment on balance sheet date. If there is an objective evidence that the retrotakaful asset is impaired; the Company reduces the carrying amount of the retrotakaful asset to its recoverable amount and recognizes that impairment loss in the profit and loss account.

4.14 Provision for outstanding claims including Incurred But Not Reported (IBNR)

A liability for outstanding claims is recognized in respect of all claims incurred up to the financial statement date which is measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to claims reported but not settled, claims incurred but not reported (IBNR) and expected claims settlement costs.

Retakaful recoveries against outstanding claims are recognized as an asset and measured at the amount expected to be received.

4.15 Retro - takaful recoveries against outstanding claims

Claims recoveries receivable 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.

4.16 Off setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.17 Segment reporting

For management purposes, the Company is organized into six departments which deal with specific type of insurance policies. These departments are business segments for financial reporting purposes. Moreover, there are 'treaty arrangement' under each department and is treated as a separate segment. Thus the Company has seven segment - fire, marine cargo, marine hull, accident and others, aviation, engineering and treaty.

These segments are the basis on which the Company report its primary segment information. Other operations of the Company comprises investment in securities and in properties. The Company operates in Pakistan only. There are no transactions between segments.

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

4.18 Investments

4.18.1 Classification and recognition

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

These are recognized and classified as follows:

- Held for trading,
- Held to maturity, and
- Available-for-sale.

The classification depends on the purpose for which the financial assets were acquired.

4.18.2 Measurement

(a) Held for trading

Investments which are designated as held for trading upon initial recognition.

After initial recognition, the above investments are remeasured at fair value determined with reference to the rates prevailing in the stock exchange, where applicable. Gains or losses on remeasurement of these investments are recognized in profit or loss account.

(b) Held to maturity

Investments with fixed maturity and fixed income investments, where management has both the intent and the ability to hold to maturity, are classified as held-to-maturity. After initial recognition, these are carried at amortized cost less provision for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition using effective yield method.

(c) Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets 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 held for trading.

Equity securities held by the Operator that are traded in an active market are classified as Available for Sale and are stated at fair value at the end of each reporting period. Dividend on AFS equity investments are recognized in profit and loss account. Other changes in the carrying amount of AFS financial assets are recognized in other comprehensive income and accumulated under the heading of capital reserve. When the investments is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in comprehensive income is reclassified to profit and loss account.

4.18.3 Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For Available-for-Sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

4.19 Impairment of non financial assets

The carrying amount of assets are reviewed at each reporting 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. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Impairment losses are recognized in profit and loss account.

4.20 Management expenses

Management expenses directly attributable to Window Retakaful Operations are charged to Operator's Retakaful Fund on an accrual basis.

4.21 Modarib's fee

The Operator also manages the participants' investment as Mudarib and charges 25 % of the investment income and profit on bank deposits earned by the Participant's Retakaful Fund as Mudarib's fee. It is recognized on the same basis on which related revenue is recognized.

4.22 Benefits

Benefits are charged to Participant's Retakaful Fund as incurred based on estimated liability for compensation owed under the takaful contracts. It includes claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

4.23 Receivables and payables related to retakaful contracts

Receivables including contribution due but unpaid relating to takaful contracts are recognized when due. The claim payable is recorded when intimation is received. These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any. Contribution received in advance is recognized as liability till the time of issuance of takaful contract there against.

If there is an objective evidence that any contribution due but unpaid is impaired, the Operations reduces the carrying amount of that contribution receivable and recognizes the loss in profit and loss account.

4.24 Contribution deficiency reserve

The Participant's Retakaful Fund is required to maintain a provision in respect of contribution deficiency for the individual class of business where the unearned contribution liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired policies in that class of business at the reporting date. The movement in the contribution deficiency reserve is recognized as an expense in the profit or loss account. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-

The management considers that the unearned contribution reserve for all 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 reporting date in respect of policies in those classes of business in force at the reporting date.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

5.1 Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Operations' accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognized in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent years are included in following notes:

	Note
a) classification of investments;	4.18.1
b) impairment of available for sale investments ;	4.18.3
c) taxation;	4.4
d) provision for unearned wakala fee;	4.9.1
e) deferred commission expense;	4.10.2
f) provision for outstanding claims including IBNR;	4.14
g) provision for unearned contribution;	4.12.1
h) allocation of management expenses; and	4.20
i) contribution deficiency reserves.	4.24

6 INVESTMENTS

Available for sale - Mutual Funds

December 31, 2022						
Operator's Fund			Participant Retakaful Fund			
Total cost of investment	Market value	Unrealized gain / (loss)	Total cost of investment	Market value	Unrealized gain / (loss)	
-----Rupees-----						
Al Hamra Islamic income fund	3,902,248	4,080,742	178,494	19,181,651	19,997,856	816,205
Al-Ameen Islamic Sovereign Fund -Class-C	2,059,555	2,148,748	89,193	3,634,508	3,791,908	157,400
Al-Ameen Islamic Cash Fund	1,775,645	1,861,940	86,295	15,354,648	16,084,032	729,384
NBP Islamic Mahana Amdani Fund (Formerly: NBP Aitemaad Mahana Amdani Fund)	3,879,668	4,064,275	184,607	19,071,306	19,917,206	845,900
Abl Islamic Income Fund	3,871,926	3,961,649	89,723	19,034,770	19,410,741	375,971
Meezan Rozana Amdani Fund - Growth-b	4,078,699	4,078,704	5	19,991,568	19,991,557	(11)
	19,567,741	20,196,058	628,317	96,268,451	99,193,301	2,924,850

December 31, 2021						
Operator's Fund			Participant Retakaful Fund			
Total cost of investment	Market value	Unrealized gain / (loss)	Total cost of investment	Market value	Unrealized gain / (loss)	
-----Rupees-----						
Al Hamra Islamic income fund	3,456,674	3,688,243	231,569	16,998,094	18,074,395	1,076,301
Al-Ameen Islamic Sovereign Fund -Class-C	1,844,638	1,975,524	130,886	3,255,244	3,486,219	230,975
Al-Ameen Islamic Cash Fund	1,564,970	1,668,320	103,350	13,534,827	14,411,467	876,640
NBP Islamic Mahana Amdani Fund (Formerly: NBP Aitemaad Mahana Amdani Fund)	3,432,992	3,672,321	239,329	16,882,345	17,996,414	1,114,069
Abl Islamic Income Fund	3,461,354	3,639,723	178,369	17,023,108	17,833,413	810,305
Meezan Rozana Amdani Fund - Growth-b	3,446,297	3,663,665	217,368	16,891,834	17,957,267	1,065,433
	17,206,925	18,307,796	1,100,871	84,585,452	89,759,175	5,173,723

Operator's Retakaful Fund		Participant's Retakaful Fund	
December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
-----Rupees-----			

7 OTHER RECEIVABLES

Loan to employee	160,000	100,000	-	-
Accrued markup on bank deposits	3,924,045	2,765,576	10,631,103	1,231,247
	4,084,045	2,865,576	10,631,103	1,231,247

Participant's Retakaful Fund	
December 31, 2022	December 31, 2021

Note

8 TAKAFUL/ RETAKAFUL RECEIVABLES

Due from takaful participants holders			
Treaty retakaful		361,612,636	238,236,899
Facultative retakaful		154,844,846	96,225,467
		516,457,482	334,462,366
Less: provision for doubtful debts	8.1	(12,821,537)	(4,048,412)
		503,635,945	330,413,954

8.1 Movement of provision for doubtful debts

Opening balance	4,048,412	6,898,427
Provisions made during the period	8,773,125	(2,850,015)
Closing balance	12,821,537	4,048,412

Operator's Retakaful Fund		Participant's Retakaful Fund	
December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021

		Rupees	
9	RECEIVABLE/ PAYABLE (Current account between OPF and PTF)	Note	
	Amount (payable) to / receivable from Participant's		
	Retakaful Fund	9.1	(39,419,289) (2,127,468) 39,419,289 2,127,468
	Wakala fee	9.2	241,037,755 179,463,592 (241,037,755) (179,463,592)
	Modarib's share of participant's retakaful fund investment		
	income and bank profit	9.3	20,306,173 3,660,141 (20,306,173) (3,660,141)
	Commission payable		(236,607,884) (184,305,739) 236,607,884 184,305,739
			(14,683,246) (3,309,474) 14,683,246 3,309,474

9.1 The amount is payable by the Operator to Participant's Retakaful Fund related to contribution received by the Operator from takaful participants.

9.2 It represents the amount receivable from Participant's Retakaful Fund related to wakala fee charged at 20% (2021: 23%) of gross contribution written amounted to Rs. 241,037,754 (2021: Rs. 186,629,843).

9.3 It represents Mudarib fee receivable against managing the investments and funds of participants at the rate 25% of all investment income and profit on bank deposits.

Operator's Retakaful Fund		Participant's Retakaful Fund	
December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021

		Rupees	
10	QARD-E-HASNA	Note	
	Balance at the beginning of the year	244,254,221	- (244,254,221) -
	Qard-e-hasna transferred from OPF during the year	300,000,000	244,254,221 (300,000,000) (244,254,221)
	Qard-e-hasna returned by PTF during the year	(244,254,221)	- 244,254,221 -
	Impairment adjustment	-	- - -
	Balance at the end of the year	300,000,000	244,254,221 (300,000,000) (244,254,221)

Participant's Retakaful Fund	
December 31, 2022	December 31, 2021

11 RETAKAFUL RECOVERIES AGAINST OUTSTANDING CLAIMS

Balance at beginning of the year	29,382,727	-
Charge for the year	229,352,620	29,382,727
Received during the year	(27,954,638)	-
Balance at the end of the year	230,780,709	29,382,727

Operator's Retakaful Fund		Participant's Retakaful Fund	
December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021

-----Rupees-----

**12 DEFERRED / UNEARNED
WAKALA FEE**

Facultative business	12.1	6,458,554	5,461,817	6,458,554	5,461,817
Treaty		96,656,439	72,471,633	96,656,439	72,471,633
		<u>103,114,993</u>	<u>77,933,450</u>	<u>103,114,993</u>	<u>77,933,450</u>

12.1 Facultative business

Fire	5,175,445	4,579,804	5,175,445	4,579,804
Marine cargo	6,816	1,452	6,816	1,452
Marine Hull	29,644	12,547	29,644	12,547
Accident	561,555	559,787	561,555	559,787
Engineering	685,094	308,227	685,094	308,227
	<u>6,458,554</u>	<u>5,461,817</u>	<u>6,458,554</u>	<u>5,461,817</u>

**13 DEFERRED
COMMISSION EXPENSE**

Facultative business	13.1	2,437,160	2,633,700
Treaty		101,358,552	78,025,535
		<u>103,795,712</u>	<u>80,659,235</u>

13.1 Facultative business

Fire	2,097,475	2,335,311
Marine Cargo	3,141	7,065
Marine Hull	11,117	
Accident	137,899	137,996
Engineering	187,528	153,328
	<u>2,437,160</u>	<u>2,633,700</u>

14 PREPAYMENTS

Treaty business				
Prepaid retakaful contribution ceded		-	-	87,351,654
		<u>-</u>	<u>-</u>	<u>76,368,847</u>

15 BANK BALANCES

Cash at bank in:				
Saving accounts	15.1	111,537,025	110,526,812	1,110,117,788
		<u>111,537,025</u>	<u>110,526,812</u>	<u>598,618,743</u>

15.1 Markup on profit and loss sharing account ranging from 14% to 16% (December 31 2021: 9% to 10 %) per annum.

16 STATUTORY FUND

Total amount of Rs. 300 million is deposited by the Operator as statutory fund to comply with the provisions of paragraph 4 of circular no. 8 of 2014 read with section 11(1)(c) of Takaful Rules, 2012 issued by SECP, which states that 'every insurer who is interested to commence Window Takaful business shall transfer an amount of not less than Rs. 50 million to be deposited in a separate bank account for Window Takaful business duly maintained in a scheduled bank.

Operator's Retakaful Fund		Participant's Retakaful Fund	
December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021

-----Rupees-----

17 RESERVES

Revenue Reserves				
Unappropriated profit	86,103,004	55,732,353	439,468,051	93,843,816
Capital Reserves				
Unrealized gain on available for sale investment	802,038	217,305	5,616,119	3,304,137
	<u>86,905,042</u>	<u>55,949,658</u>	<u>445,084,170</u>	<u>97,147,953</u>

18 SEED MONEY

It represent the initial amount deposited by the Operator of Rs. 1,000,000 in Waqf fund to create a Participant's Retakaful Fund.

Participant's Retakaful Fund	
December 31, 2022	December 31, 2021

19 OUTSTANDING CLAIMS INCLUDING IBNR

Note

-----Rupees-----

Facultative business	19.1	96,848,533	75,979,626
Treaty		625,016,671	238,169,749
	19.2	<u>721,865,204</u>	<u>314,149,375</u>

19.1 Facultative business

Fire	83,479,953	62,102,577
Marine cargo	80,537	136,745
Marine hull	65,359	-
Accident	3,721,474	4,902,131
Engineering	9,501,210	8,838,173
	<u>96,848,533</u>	<u>75,979,626</u>

19.2 The Securities and Exchange Commission of Pakistan (SECP) issued guidelines for estimation of Incurred but Not Reported (IBNR) claim reserves for non-life insurer companies through Circular No. 9 of 2016 dated March 09, 2016. The guidelines prescribe the standard method for estimation of IBNR claim reserves so as to bring industry wide-uniformity in respect of such estimation and to ensure adequacy of IBNR claims reserve. All non-life insurance companies are required to comply with these guidelines with effect from July 01, 2016.

However, on May 30, 2017, SECP issued separate guidelines for the Operator for estimation of Incurred but Not Reported (IBNR) claim through letter No. ID/PRDD/IBNR/2017/9695 which prescribe that, for the purposes of ascertaining IBNR claim reserves by the Operator, guidance is hereby extended, that the Company shall collect the data of IBNR claim reserves from the cedants (non-life insurers) and in accordance with its share in the reinsurance program (both on treaty and facultative basis) of the cedant(s) and it shall record its IBNR claim reserves.

On the basis of above SECP specified guidelines, the Company wrote letter to each ceding Company to share data of IBNR Claims Reserves in accordance with its share in the reinsurance program both for facultative and treaty business. However, none of the ceding companies shared their IBNR Claim Reserves. The Operator recorded Facultative and Treaty IBNR claim reserves on basis of actuarial valuation dated March 26, 2023 which amounts to Rs. 11.036 million and Rs. Nil respectively.

		Participant's Retakaful Fund	
		December 31, 2022	December 31, 2021
		-----Rupees-----	
20	UNEARNED CONTRIBUTION RESERVES		
	Facultative business	32,292,770	27,309,083
	Treaty	483,282,193	362,358,163
		<u>515,574,963</u>	<u>389,667,246</u>
20.1	Facultative business		
	Fire	25,877,225	22,899,021
	Marine cargo	34,081	7,259
	Marine hull	148,222	62,734
	Accident	2,807,774	2,798,933
	Engineering	3,425,468	1,541,136
		<u>32,292,770</u>	<u>27,309,083</u>
20.2	Treaty		
	Proportional	436,019,476	317,065,833
	Non-proportional	47,262,717	45,292,330
		<u>483,282,193</u>	<u>362,358,163</u>
21	CONTRIBUTION DEFICIENCY RESERVES		
	Fire	-	-
	Marine cargo	-	-
	Proportional treaty	-	-
	Non proportional treaty	-	42,862,640
		<u>-</u>	<u>42,862,640</u>
21.1	Movement of contribution deficiency reserve		
	Balance at beginning of the year	42,862,640	19,010,777
	Charge for the year	-	30,417,426
	Reversal during the year	(42,862,640)	(6,565,563)
	Charge of contribution deficiency reserve -net	(42,862,640)	23,851,863
	Balance at end of the year	<u>-</u>	<u>42,862,640</u>

Participant's Retakaful Fund	
December 31, 2022	December 31, 2021

Note

-----Rupees-----

22 TAKAFUL/ RETAKAFUL PAYABLES

Retakaful contribution payable	175,952,712	117,935,182
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23 TAXATION- LESS PAYMENT

Operator's Retakaful Fund		Participant's Retakaful Fund	
December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021

-----Rupees-----

Balance at beginning of the period/year	(13,404,751)	(8,960,899)		
Income tax deducted at source on dividend income	246,937	162,387	1,193,917	805,210
Income tax deducted at source on bank profit	4,947,705	1,913,594	9,566,411	1,222,548
Payment of income tax	5,194,642	2,075,981	10,760,328	2,027,758
Provision for current tax	(12,404,914)	(6,519,833)	(10,760,328)	(2,027,758)
Balance at end of the period/year	(20,615,023)	(13,404,751)	-	-

24 DEFERRED TAX ASSET / (LIABILITY)

Opening balance	319,252	69,101
Deductible temporary differences on		
Unrealized loss on available for sale investments		
Taxable temporary differences		
Unrealized gain on available for sale investments	137,040	250,151
	182,212	319,252

25 OTHER CREDITORS AND ACCRUALS

Officers association payable	20,800	3,000	-	-
Employee income tax payable	363,464	46,409	-	-
PRCL employees professional tax payable	2,000	1,000	-	-
Sindh sales tax payable	11,990	6,600	3,960	-
Income tax deducted at source	-	156,000	26,730	-
Audit fee payable	975,800	861,000	-	-
Miscellaneous creditors	1,063,606	169,032	1,000	1,000
	2,437,660	1,243,041	31,690	1,000

26 PAYABLE TO RELATED PARTY

Pakistan Reinsurance Company Limited	26.1	11,674,667	4,454,014	-	-
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26.1 Payable in respect of

Income tax	1,884,393	2,484,399	-	-
Salaries	9,028,001	1,835,110	-	-
Bonus	762,271	134,505	-	-
	11,674,665	4,454,014	-	-

27 CONTINGENCIES AND COMMITMENTS

27.1 The Operator was served with a notice by Sindh Revenue Board (SRB) in 2016 for non filing of sales tax returns and raised sales tax liability via same notice on conventional reinsurance services provided by the Operator. Company has contested the notice and the case is pending with the Honorable High Court of Sindh. In case of unfavorable outcome of the said matter, the charge to profit or loss would be Rs. 156.6 million pertaining to the 2022 (2021: Rs. 121.3 millions) on retakaful operations excluding any additional penalty or default surcharge.

27.2 There are no commitments as at December 31, 2022 (December 31 2021: Nil).

	Participant's Retakaful Fund	
	December 31, 2022	December 31, 2021
	-----Rupees-----	
28 NET CONTRIBUTION REVENUE		
Written gross contribution	1,205,188,773	933,149,216
Add: unearned contribution reserve opening	389,667,246	238,875,048
Less: unearned contribution reserve closing	(515,574,963)	(389,667,246)
Contribution earned	1,079,281,056	782,357,018
Retakaful contribution ceded	111,138,241	92,463,282
Add: prepaid retakaful contribution opening	76,368,847	75,847,698
Less: prepaid retakaful contribution closing	(87,351,654)	(76,368,847)
Retakaful expense	(100,155,434)	(91,942,133)
	979,125,622	690,414,885

29 WAKALA FEE

Gross wakala fee	241,037,755	186,629,843
Add: unearned wakala fee opening	77,933,449	47,775,010
Less: unearned wakala fee closing	(103,114,993)	(77,933,449)
	215,856,211	156,471,404

29.1 This represents expense for Participants Retakaful Fund and revenue for Operator's Retakaful Fund. The Operator manages the Window Retakaful Operations for the participants and charges 20% of the gross contribution written as wakala fee against the services.

30 NET CLAIMS - REPORTED / SETTLED INCLUDING IBNR

Benefits/ claims paid	323,529,673	325,612,745
Less: outstanding benefits/ claims including IBNR - opening	(314,149,375)	(299,136,344)
Add: outstanding benefits / claims including IBNR - closing	721,865,204	314,149,376
Claims expense	731,245,502	340,625,777
Retakaful and other recoveries received	27,954,638	-
Add: retakaful and other recoveries received- opening	(29,382,727)	
Less: retakaful and other recoveries received- closing	230,780,709	29,382,727
Retakaful and other recoveries revenue	(229,352,620)	(29,382,727)
Net claims expenses	501,892,882	311,243,050

30.1 Claim development table

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

Accident year	2018	2019	2020	2021	2022 Including IBNR	Total
Estimate of ultimate claims cost						
-At the end of accident year	-				403,231,634	-
-One year later	-			198,126,289		-
-Two years later	-		85,600,480			-
-Three years later	-	34,906,801				-
-Four years later	-					-
Current estimate of cumulative claims	-	37,278,647	98,699,171	250,755,730	658,661,329	1,045,394,877
Cumulative payments to date	-	2,371,846	13,098,691	52,629,441	255,429,695	323,529,673
Liability recognized in the statement of financial position	-	34,906,801	85,600,480	198,126,289	403,231,634	721,865,204

Operator's Retakaful Fund		Participant's Retakaful Fund	
December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021

Note -----Rupees-----

31 INVESTMENT INCOME

Income from equity securities- available for sale

Dividend income	1,687,509	920,194	8,316,060	4,560,461
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32 OTHER INCOME

Profit on bank deposits	34,143,170	14,518,979	72,908,632	10,080,104
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33 MODARIB'S FEE

Investment income earned	8,316,060	4,560,461	(8,316,060)	(4,560,461)
Profit on bank deposits	72,908,632	10,080,104	(72,908,632)	(10,080,104)
Mudarib' share of income	20,306,173	3,660,141	(20,306,173)	(3,660,141)

33.1 The Operator of the Window Retakaful manage the participant's investments as a Modarib and charge 25% of Modarib's share of the investment income earned and profit on bank deposits by the Participant's Retakaful Fund.

34 TAXATION

Current tax	12,404,914	6,519,833	10,760,328	2,027,758
	12,404,914	6,519,833	10,760,328	2,027,758

34.1 Relationship between tax expense and accounting profit

Profit before tax	42,775,565	22,482,182	-	-
Tax at the applicable rate of 29% (2021: 29%)	12,404,914	6,519,833	-	-
Tax effect of income that are deductible in determining the taxable profit	-	-	10,760,328	2,027,758
Charge for the year	12,404,914	6,519,833	10,760,328	2,027,758

Operator's Retakaful Fund		Participant's Retakaful Fund	
December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021

-----Rupees-----

Applicable tax rate	29%	29%
Tax effects of amount that are:		
Permanent difference	0%	0%
Effective tax rate	29%	29%

Participant's Retakaful Fund	
December 31, 2022	December 31, 2021

Note

-----Rupees-----

35 COMMISSION EXPENSE

Commission paid or payable	236,607,884	184,305,739
Add: deferred commission expense opening	80,659,235	41,504,923
Less: deferred commission expense closing	(103,795,712)	(80,659,235)
	<u>213,471,407</u>	<u>145,151,427</u>

36 GENERAL, ADMINISTRATIVE AND MANAGEMENT EXPENSES

Salaries, allowance and other benefits	13,506,827	5,319,329
Shariah advisor fee	1,573,605	1,990,645
Auditor's remuneration	590,000	590,000
Others	75,659	37,135
	<u>15,746,091</u>	<u>7,937,109</u>

36.1 Auditor's remuneration

Half yearly review	108,000	108,000
Annual audit fee	162,000	162,000
Shariah audit fee	135,000	135,000
Regulatory returns	135,000	135,000
Out of pocket expense	50,000	50,000
	<u>590,000</u>	<u>590,000</u>

37 NUMBER OF EMPLOYEES

	2022	2021
Number of employees at the year end	<u>2</u>	<u>3</u>
Average number of employees during the year	<u>2</u>	<u>3</u>

38 SEGMENT REPORTING

PARTICIPANT'S RETAKAFUL FUND

	For the year ended December 31, 2022					
	Fire and property damage	Marine	Accident	Proportional Treaty	Non Proportional Treaty	TOTAL
	-----Rupees-----					
Gross written contribution	106,944,159	1,571,272	10,238,415	987,304,172	99,130,755	1,205,188,773
Unearned contribution-opening	24,440,157	69,993	2,798,933	317,065,833	45,292,330	389,667,246
Unearned contribution-closing	(29,302,693)	(182,303)	(2,807,774)	(436,019,476)	(47,262,717)	(515,574,963)
Contribution earned	102,081,623	1,458,962	10,229,574	868,350,529	97,160,368	1,079,281,056
Retakaful-Ceded	-	-	-	-	111,138,241	111,138,241
Prepaid retakaful-opening	-	-	-	-	76,368,847	76,368,847
Prepaid retakaful-closing	-	-	-	-	(87,351,654)	(87,351,654)
Retakaful expenses	-	-	-	-	100,155,434	100,155,434
Net contribution	102,081,623	1,458,962	10,229,574	868,350,529	(2,995,066)	979,125,622
Rebate	-	-	-	-	-	-
Net underwriting income (A)	102,081,623	1,458,962	10,229,574	868,350,529	(2,995,066)	979,125,622
Benefits paid	10,780,549	-	1,281,845	265,630,453	45,836,826	323,529,673
Outstanding benefits/claims-opening	(70,940,750)	(136,745)	(4,902,131)	(204,908,354)	(33,261,396)	(314,149,376)
Outstanding benefits/claims-closing	92,981,163	145,896	3,721,474	563,892,991	61,123,680	721,865,204
Claims expenses	32,820,962	9,151	101,188	624,615,090	73,699,110	731,245,501
Retakaful recoveries received	-	-	-	-	27,954,638	27,954,638
Retakaful recoveries against outstanding claims-opening	-	-	-	-	(29,382,727)	(29,382,727)
Retakaful recoveries against outstanding claims-closing	-	-	-	-	230,780,709	230,780,709
Retakaful recoveries revenue	-	-	-	-	229,352,620	229,352,620
Net benefit expenses	32,820,962	9,151	101,188	624,615,090	(155,653,510)	501,892,881
Wakala fee	20,416,325	291,792	2,045,915	173,670,106	19,432,074	215,856,211
Contribution deficiency expense	-	-	-	-	-	-
Net benefits and expenses (B)	53,237,287	300,943	2,147,103	798,285,196	(136,221,436)	717,749,092
Underwriting results (C=A-B)	48,844,336	1,158,019	8,082,471	70,065,334	133,226,370	261,376,530
Profit on bank deposits						72,908,632
Modarib share of PTF investment income and bank profit						(20,306,173)
Dividend Income						8,316,060
Surplus before tax						322,295,049

For the year ended December 31, 2022						
	Fire and property damage	Marine	Accident	Proportional Treaty	Non Proportional Treaty	TOTAL
	-----Rupees-----					
Segment assets	102,081,623	1,458,962	10,229,574	868,350,529	(2,995,066)	979,125,622
Unallocated assets						1,180,383,116
Total assets						<u>2,159,508,739</u>
Segment liabilities	53,237,287	300,943	2,147,103	798,285,196	(136,221,436)	717,749,092
Unallocated liabilities						695,675,477
Total liabilities						<u>1,413,424,569</u>
OPERATOR'S RETAKAFUL FUND						
Wakala fee	20,416,325	291,792	2,045,915	173,670,106	19,432,074	215,856,211
Commission	(10,387,829)	(135,075)	507,477			(10,015,427)
Management expenses	(1,426,260)	(20,384)	(142,925)			(1,589,569)
Segment results	<u>8,602,236</u>	<u>136,333</u>	<u>2,410,467</u>	<u>173,670,106</u>	<u>19,432,074</u>	<u>204,251,215</u>
Profit on bank deposits						34,143,170
Dividend income						1,687,509
Modarib share of PTF investment income and bank profit						20,306,173
Profit before tax						<u>260,388,067</u>
Segment assets						-
Unallocated assets						539,612,841
Total assets						<u>539,612,841</u>
Segment Liabilities						-
Unallocated Liabilities						152,707,799
Total liabilities						<u>152,707,799</u>

PARTICIPANT'S RETAKAFUL FUND

	For the year ended December 31, 2021					
	Fire and property damage	Marine	Accident	Proportional Treaty	Non Proportional Treaty	TOTAL
	-----Rupees-----					
Gross written contribution	84,381,052	4,668,346	9,643,683	735,827,222	98,628,913	933,149,216
Unearned contribution-opening	13,048,134	64,808	4,923,375	203,901,756	16,936,975	238,875,048
Unearned contribution-closing	(24,440,157)	(69,993)	(2,798,933)	(317,065,833)	(45,292,330)	(389,667,246)
Contribution Earned	72,989,029	4,663,161	11,768,125	622,663,145	70,273,558	782,357,018
Retakaful-ceded	-	-	-	-	92,463,282	92,463,282
Prepaid Retakaful-opening	-	-	-	-	75,847,698	75,847,698
Prepaid Retakaful-closing	-	-	-	-	(76,368,847)	(76,368,847)
Retakaful Expenses	-	-	-	-	91,942,133	91,942,133
Net contribution	72,989,029	4,663,161	11,768,125	622,663,145	(21,668,575)	690,414,885
Net underwriting income (A)	72,989,029	4,663,161	11,768,125	622,663,145	(21,668,575)	690,414,885
Benefits/claims paid	5,638,342	-	718,969	270,072,601	49,182,833	325,612,745
Outstanding benefits/claims-opening	(71,548,846)	-	(3,352,686)	(173,075,210)	(51,159,602)	(299,136,344)
Outstanding benefits/claims-closing	70,940,750	-	5,038,876	204,908,354	33,261,396	314,149,376
Claims expenses	5,030,246	-	2,405,159	301,905,745	31,284,627	- 340,625,777
Retakaful recoveries received	-	-	-	-	-	-
Retakaful recoveries against outstanding claims-opening	-	-	-	-	-	-
Retakaful recoveries against outstanding claims-closing	-	-	-	-	29,382,727	29,382,727
Benefits recovered from retro takaful	-	-	-	-	29,382,727	- 29,382,727
Net benefit expenses	5,030,246	-	2,405,159	301,905,745	1,901,900	311,243,050
Wakala Fee	14,597,806	932,632	2,353,625	124,532,629	14,054,712	156,471,404
Contribution deficiency expense	-	-	-	-	23,851,863	23,851,863
Net benefits and expenses (B)	19,628,052	932,632	4,758,784	426,438,374	39,808,475	491,566,317
Underwriting results (C=A-B)	53,360,977	3,730,529	7,009,341	196,224,771	(61,477,050)	198,848,568
Profit on bank deposits						10,080,104
Dividend income						4,560,461
Modarib share of PTF investment income and bank profit						(3,660,141)
Reversal for doubtful contributions						2,850,015
Surplus before tax						212,679,006

For the year ended December 31, 2021						
	Fire and property damage	Marine	Accident	Proportional Treaty	Non Proportional Treaty	TOTAL
	-----Rupees-----					
Segment assets	72,989,029	4,663,161	11,768,125	622,663,145	(21,668,575)	690,414,885
Unallocated assets						516,602,732
						1,207,017,617
Segment liabilities	19,628,052	932,632	4,758,784	426,438,374	39,808,475	491,566,317
Unallocated liabilities						373,049,126
						864,615,443
OPERATOR'S RETAKAFUL FUND						
Wakala Fee	14,597,806	932,632	2,353,625	124,532,629	14,054,712	156,471,404
Commission	(8,348,326)	(576,840)	(623,385)	(135,602,876)	-	(145,151,426)
Management Expenses	(839,092)	(53,608)	(135,288)	(7,158,226)	249,105	(7,937,109)
Segment Results	5,410,388	302,184	1,594,952	(18,228,473)	14,303,817	3,382,868
Profit on bank deposits						14,518,979
Modarib share of PTF investment income and bank profit						3,660,141
Dividend Income						920,194
Profit before tax						22,482,182
Segment Assets	2,488,639	7,065	137,996	78,025,535	-	80,659,235
Unallocated Assets						375,954,405
						456,613,640
Segment Liabilities	4,888,031	13,999	559,787	63,413,167	9,058,466	77,933,449
Unallocated Liabilities						22,730,532
						100,663,981

2022	
Operator's Retakaful Fund	Participant's Retakaful Fund
Available for sale	
-----Rupees-----	

39 MOVEMENT IN INVESTMENTS

At beginning of previous year	17,251,711	84,586,557
Additions	1,007,959	3,755,693
Fair value (loss) / gain - net	48,126	1,416,925
At beginning of current year	18,307,796	89,759,175
Additions	1,303,529	7,122,145
Fair value gain - net	584,733	2,311,982
At end of current year	20,196,058	99,193,302

40 MANAGEMENT OF RETAKAFUL AND FINANCIAL RISK

The risks involved with financial instruments and the Operator's approach to managing such risks are as follow:

40.1 Retakaful risk

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

The Operator principally issues the general Retakaful cover. Risks under these policies usually cover a twelve month duration.

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

Frequency and severity of benefits

Risk associated with general Retakaful contracts includes the reasonable possibility of significant loss as well as the frequent occurrence of the Retakaful events. This has been managed by underwriting strategy, retakaful arrangements and proactive benefit handling procedures.

The Operator's class wise major risk exposure is as follows:

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

Uncertainty in the estimation of future benefits payment

Benefits on general Retakaful contracts are payable on a benefit occurrence basis. The Participant Retakaful is liable for all covered events that occur during the term of the Retakaful contract including the event reported after the expiry of the Retakaful contract term.

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

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

40.2 Credit risk

Credit risk is the risk that the counter party to a financial instrument will cause a financial loss for the Operator by failing to discharge its obligation. The Operator's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements. Further, management monitors exposure to credit risk through review of credit exposure, undertaking transactions with a large number of counter parties in various industries and by continuously assessing the credit worthiness of counter parties.

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:

		Operator's Retakaful Fund		Participant's Retakaful Fund	
		2022	2021	2022	2021
	Note	-----Rupees-----			
Bank balances	15	111,537,025	110,526,812	1,110,117,788	598,618,743
Takaful / retakaful receivables	8	-	-	503,635,945	330,413,954
Accrued markup on bank deposit	7	3,924,045	2,765,576	10,631,103	1,231,247
Loan to employees	7	160,000	100,000	-	-
Receivable from Participant's Retakaful Fund / Operator's Retakaful Fund - net	9	-	-	14,683,246	3,309,474

The Company did not hold any collateral against the above during the year. General provision is made for takaful / retakaful receivables and other receivables according to the Company's policy. The impairment provision is written off when the Company expects that it cannot recover the balance due.

The credit quality of the bank in which Operator maintained its own and Participant's Funds' bank balance and markup on bank deposits accrued can be assessed below with reference to external credit ratings.

Rating			Operator's Retakaful Fund	Participant's Retakaful Fund
Short Term	Long Term	Rating Agency	Amount in Rs.	
A-1+	AAA	JCR-VIS	422,919	286,604,640
A-1	A+	JCR-VIS	491,488	1,230
A-1+	AA	JCR-VIS	109,612,405	312,012,873
			110,526,812	598,618,743

The management monitors exposure to credit risk in contribution receivable from customers through regular review of credit exposure and prudent estimates of provision for doubtful receivables.

The credit quality of customers from whom the amount of retakaful receivables can be assessed with reference to external credit ratings.

	Amount Receivable in Rs.
A or above	516,457,482
Others	-
	516,457,482

40.3 Impaired assets

The impairment provision is written-off when the Operator expects that it cannot recover the balance due. During the year, no amount has been impaired.

40.4 Liquidity risk

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

The following are the contractual maturities of financial liabilities on the basis of an undiscounted cash flow;

	Carrying amount	Contractual cash flows	Maturity up to one year
	-----Rupees-----		
Operator`s Retakaful Fund			
2022			
Financial liabilities:			
Payable to Participant Retakaful Fund-	14,683,246	14,683,246	14,683,246
Other creditors and accruals	2,437,660	2,437,660	2,437,660
	<u>17,120,906</u>	<u>17,120,906</u>	<u>17,120,906</u>
2021			
Financial liabilities:			
Payable to Participant Retakaful Fund-net	3,309,474	3,309,474	3,309,474
Other creditors & accruals	1,243,041	1,243,041	1,243,041
	<u>4,552,515</u>	<u>4,552,515</u>	<u>4,552,515</u>
Participant's Retakaful Fund			
2022			
Financial liabilities:			
Outstanding claims including IBNR	721,865,204	721,865,204	721,865,204
Takaful/ retakaful payables	175,952,712	175,952,712	175,952,712
Other creditors and accruals	31,690	31,690	31,690
	<u>897,849,606</u>	<u>897,849,606</u>	<u>897,849,606</u>
2021			
Financial liabilities:			
Outstanding claims including IBNR	314,149,375	314,149,375	314,149,375
Takaful/ retakaful payables	117,935,182	117,935,182	117,935,182
Other creditors and accruals	1,000	1,000	1,000
	<u>432,085,557</u>	<u>432,085,557</u>	<u>432,085,557</u>

40.5 Market risk

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

40.5.1 Profit/interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company invests in securities and has deposits that are subject to interest / mark-up rate risk. The Company limits interest / mark-up rate risk by monitoring changes in interest / mark-up rates in the currencies in which its cash and investments are denominated.

The information about the Operator's and Participant's Retakaful fund to interest rate risk based on contractual repricing or maturity dates whichever earlier is as follows:

OPERATOR'S

2022	Effective rate per annum (%)	Interest / mark-up bearing financial instruments			Non-interest / mark-up bearing financial instruments	Total
		Maturity up to one year	Maturity over one year	Sub total		
-----Rupees-----						
Financial assets						
Bank balances	9% to 10%	111,537,025	-	111,537,025	-	111,537,025
Investments		-	-	-	20,196,059	20,196,059
Other receivable		-	-	-	4,084,045	4,084,045
Receivable from Participant's Retakaful Fund- net		-	-	-	-	-
Subtotal		111,537,025	-	111,537,025	24,280,104	135,817,129
Financial liabilities						
Outstanding claims including IBNR		-	-	-	-	-
Takaful / retakaful payables		-	-	-	-	-
Payable to Participant Retakaful Fund-net		-	-	-	14,683,246	14,683,246
Other creditors and accruals		-	-	-	2,437,660	2,437,660
Subtotal		-	-	-	17,120,906	17,120,906
		111,537,025	-	111,537,025	7,159,198	118,696,223
On balance sheet sensitivity gap		111,537,025	-	111,537,025	7,159,198	

2021	Effective rate per annum (%)	Interest / mark-up bearing financial instruments			Non-interest / mark-up bearing financial instruments	Total
		Maturity up to one year	Maturity over one year	Sub total		
		-----Rupees-----				
Financial assets						
Bank balances	9% to 10%	110,526,812	-	110,526,812	-	110,526,812
Investments		-	-	-	18,307,796	18,307,796
Other receivables		-	-	-	2,865,576	2,865,576
		-	-	-	-	-
Receivable form Participant's Retakaful Fund-net		110,526,812	-	110,526,812	21,173,372	131,700,184
Subtotal						
Financial liabilities						
Outstanding claims including IBNR		-	-	-	-	-
Insurance / reinsurance payables		-	-	-	3,309,474	3,309,474
Other creditors and accruals		-	-	-	1,243,041	1,243,041
Subtotal		-	-	-	4,552,515	4,552,515
		110,526,812	-	110,526,812	16,620,857	127,147,669
On balance sheet sensitivity gap						
		110,526,812	-	110,526,812	16,620,857	

PARTICIPANT'S

2022	Effective rate per annum (%)	Interest / mark-up bearing financial instruments			Non-interest / mark-up bearing financial instruments	Total
		Maturity up to one year	Maturity over one year	Sub total		
		-----Rupees-----				
Financial assets						
Bank balances	3% to 6%	1,110,117,788	-	1,110,117,788	-	1,110,117,788
Investments		-	-	-	99,193,301	99,193,301
Other receivable		-	-	-	10,631,103	10,631,103
Receivable from Operator's Retakaful Fund - net		-	-	-	14,683,246	14,683,246
Takaful / retakaful receivables		-	-	-	503,635,945	503,635,945
Subtotal		1,110,117,788	-	1,110,117,788	628,143,595	1,738,261,383
Financial liabilities						
Outstanding claims including IBNR		-	-	-	299,136,344	299,136,344
Takaful / retakaful payables		-	-	-	58,819,041	58,819,041
Payable to Operatotr's Retakaful Fund		-	-	-	29,557,577	29,557,577
Other creditors and accruals		-	-	-	1,000	1,000
Subtotal		-	-	-	387,513,962	387,513,962
		1,110,117,788	-	1,110,117,788	240,629,634	1,350,747,421
On balance sheet sensitivity gap		1,110,117,788	-	1,110,117,788	240,629,634	
-----Rupees-----						
2021	Effective rate per annum (%)	Interest / mark-up bearing financial instruments			Non-interest / mark-up bearing financial instruments	Total
		Maturity up to one year	Maturity over one year	Sub total		
		-----Rupees-----				
Financial assets						
Bank balances	9% to 10%	598,618,743	-	598,618,743	-	598,618,743
Investments		-	-	-	89,759,175	89,759,175
Other receivable		-	-	-	1,231,247	1,231,247
Receivable from Operator's Retakaful Fund - net		-	-	-	3,309,474	3,309,474
Takaful / retakaful receivables		-	-	-	330,413,954	330,413,954
Subtotal		598,618,743	-	598,618,743	424,713,850	1,023,332,593
Financial liabilities						
Outstanding claims including IBNR		-	-	-	314,149,375	314,149,375
Payable to Operatotr's Retakaful Fund		-	-	-	-	-
Takaful/retakaful payables		-	-	-	117,935,182	117,935,182
Other creditors and accruals		-	-	-	1,000	1,000
Subtotal		-	-	-	432,085,557	432,085,557
		598,618,743	-	598,618,743	(7,371,707)	591,247,036
On balance sheet sensitivity gap		598,618,743	-	598,618,743	(7,371,707)	

Market risk

Market risk is a risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The Company is exposed to market risk with respect to its investments and bank balances maintained in profit & loss sharing accounts. The Company has invested its funds in close ended mutual funds resulting in risk arising from fluctuation in the rate of return and dividend earned thereon and the possibility of capital gains or losses arising from the sale of these investments.

Sensitivity analysis for variable rate

Profit rate risk arises from possibility that changes in profit rate will effect the value of financial instruments. Rate risk is the risk of decline in earning due to adverse movement of the rate curve. The operator is exposed to profit rate risk for certain deposits with the banks.

The below table summarize the price risk as at December 31, 2022 and 2021 and show the effect of 10% increase and decrease in market rate as at the year end. The selected changes does not reflect what could be considered to be the best or worst case scenarios.

OPERATOR'S RETAKAFUL FUND

	Fair value	Effect on profit before tax	Effect on Operator's Fund
	-----Rupees-----		
December 31, 2022			
10% increase	111,537,025	11,153,703	7,919,129
10% decrease	111,537,025	(11,153,703)	(7,919,129)
December 31, 2021			
10% increase	110,526,812	11,052,681	7,847,404
10% decrease	110,526,812	(11,052,681)	(7,847,404)

PARTICIPANT'S RETAKAFUL FUND

December 31, 2022			
10% increase	1,110,117,788	111,011,779	78,818,363
10% decrease	1,110,117,788	(111,011,779)	(78,818,363)
December 31, 2021			
10% increase	598,618,743	59,861,874	42,501,931
10% decrease	598,618,743	(59,861,874)	(42,501,931)

40.6 Foreign Currency risk

Foreign currency risk is a risk that the fair value of future cash flows financial instrument will fluctuate because of change in exchange rates. Current, the Operator is not exposed to currency risk as majority of the transactions are carried out in Pakistani rupees.

40.7 Equity Price Risk

The Operator's equity investments are susceptible to market price risk arising from uncertainty about the future value of investments securities. The Operator limit market risk by diversifying its equity investment portfolio and by actively monitoring the developments in equity market.

The table below summarize Operator's market price risk as of December 31, 2022 and 2021. it shows the effects of a 10% increase and decrease in the market prices of equity investments as on those dates on Operator's profit and total Operator's fund.

40.8 Price risk

The fair value hierarchy has the following levels:

- | | Total | Level 1 | Level 2 | Level 3 |
|---|------------|------------|---------|---------|
| 2022 | | | | |
| Financial assets measured at fair value | | | | |
| Available-for-sale investment | | | | |
| Mutual funds | | | | |
| - Operator's Fund | 20,196,059 | 20,196,059 | - | - |
| - Participant Retakaful Fund | 99,193,301 | 99,193,301 | - | - |
| 2021 | | | | |
| Financial assets measured at fair value | | | | |
| Available-for-sale investment | | | | |
| Mutual funds | | | | |
| - Operator's Fund | 18,307,796 | 18,307,796 | - | - |
| - Participant Retakaful Fund | 89,759,175 | 89,759,175 | - | - |

**December 31,
2022
Rupees**

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		December 31, 2022 Rupees
	Note	
Receivable from Operator's Retakaful Fund - net	9	14,683,246
Retakaful recoveries against outstanding claims	11	103,114,993
Bank balances	15	1,110,117,788
Total Assets (A)		<u>2,031,843,022</u>
In-admissible assets as per section 32 (2) of Insurance Ordinance, 2000		
Investments		-
Contribution due since more than three months		(195,647,000)
Total In-admissible assets (B)		<u>(195,647,000)</u>
Total Admissible Assets (C=A-B)		<u>1,836,196,022</u>
Total Liabilities		
Underwriting Provisions		
Outstanding benefits including IBNR	19	721,865,204
Unearned contribution reserves	20	515,574,963
Contribution deficiency reserves	21	-
Takaful/retakaful payable	22	175,952,712
Other creditors and accruals	25	31,690
Total Liabilities (D)		<u>1,413,424,569</u>
Total Net Admissible Assets (E=C-D)	0.1	<u>422,771,453</u>

The Participant's Retakaful Fund has complied with the minimum solvency requirement as against the requirement of section 36 of the Insurance ordinance, 2000.

42 CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

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

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

Amount of Rs. 300 million is deposited as statutory fund to comply with provisions of paragraph 4 of circular no. 8 of 2014 read with section 11(1)(c) of Takaful Rules, 2012 issued by SECP, which states that 'every insurer who is interested to commence Window Takaful business shall transfer an amount of not less than Rs. 50 million to be deposited in a separate bank account for Window Takaful business duly maintained in a scheduled bank.

The Company monitors capital using a ratio of "net debt" to "equity". Net debt is calculated as total liabilities (as shown in statement of financial position) less cash and cash equivalents. Equity comprises all components of Operator' and Participant' Retakaful Fund

The Operator's net debt to equity ratio as at December 31, 2022 was as follows:

	Operator's Retakaful Fund		Participant's Retakaful Fund	
	2022	2021	2022	2021
	-----Rupees-----			
Total liabilities	152,707,799	100,663,982	1,413,424,569	864,615,443
Less: cash and cash equivalents	(111,537,025)	(110,526,812)	(1,110,117,788)	(598,618,743)
Net debt	<u>41,170,774</u>	<u>(9,862,830)</u>	<u>303,306,781</u>	<u>265,996,700</u>
Total Operator's Fund / Balance of Participant's Retakaful Fund	<u>386,905,042</u>	<u>355,949,658</u>	<u>446,084,170</u>	<u>98,147,953</u>
Net debt to equity ratio	11%	-3%	68%	271%

43 SUBSEQUENT EVENT

No adjusting or significant non-adjusting events have occurred between the reporting date and date of authorization.

44 DATE OF AUTHORIZATION FOR ISSUE

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

45 GENERAL

Figures have been rounded off to the nearest rupee unless otherwise stated. *6/10*

_____ Chairman	_____ Director	_____ Director	_____ Chief Executive Officer	_____ Chief Financial Officer
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PAKISTAN REINSURANCE COMPANY LIMITED

Pattern of Shareholding

as at December 31, 2022

# Of Shareholders	Shareholdings'Slab	Total Shares Held
323	1 to 100	7,603
407	101 to 500	148,428
389	501 to 1000	345,562
1352	1001 to 5000	3,707,748
605	5001 to 10000	4,637,616
281	10001 to 15000	3,710,358
162	15001 to 20000	2,931,968
115	20001 to 25000	2,670,439
127	25001 to 30000	3,684,192
64	30001 to 35000	2,071,580
44	35001 to 40000	1,670,591
40	40001 to 45000	1,735,602
46	45001 to 50000	2,265,664
26	50001 to 55000	1,383,274
29	55001 to 60000	1,714,997
14	60001 to 65000	883,425
18	65001 to 70000	1,235,312
17	70001 to 75000	1,251,101
11	75001 to 80000	862,750
13	80001 to 85000	1,082,579
9	85001 to 90000	806,491
15	90001 to 95000	1,386,262
30	95001 to 100000	2,968,772
3	100001 to 105000	306,000
5	105001 to 110000	546,000
6	110001 to 115000	677,500
14	115001 to 120000	1,671,000
3	120001 to 125000	370,509
9	125001 to 130000	1,155,075
4	130001 to 135000	533,966
5	135001 to 140000	692,908
4	140001 to 145000	576,527
11	145001 to 150000	1,638,651
3	150001 to 155000	464,500
3	155001 to 160000	474,397
1	160001 to 165000	165,000
2	165001 to 170000	333,066
1	170001 to 175000	170,796
5	175001 to 180000	894,994
1	180001 to 185000	183,500
1	185001 to 190000	186,600
4	190001 to 195000	773,080
7	195001 to 200000	1,390,497

2	200001 to	205000	402,500
1	210001 to	215000	211,500
2	215001 to	220000	440,000
4	220001 to	225000	899,000
1	235001 to	240000	237,000
1	240001 to	245000	241,500
1	245001 to	250000	246,000
1	250001 to	255000	255,000
3	255001 to	260000	773,197
1	260001 to	265000	260,500
1	265001 to	270000	266,500
2	270001 to	275000	548,000
1	275001 to	280000	276,000
1	290001 to	295000	295,000
12	295001 to	300000	3,597,500
1	305001 to	310000	310,000
2	310001 to	315000	630,000
3	325001 to	330000	985,500
1	330001 to	335000	334,500
1	345001 to	350000	348,000
1	355001 to	360000	359,997
1	360001 to	365000	361,500
2	365001 to	370000	736,699
4	370001 to	375000	1,491,000
1	375001 to	380000	380,000
1	380001 to	385000	383,000
2	385001 to	390000	777,399
1	400001 to	405000	400,500
2	410001 to	415000	825,538
1	415001 to	420000	417,000
3	435001 to	440000	1,316,195
1	445001 to	450000	449,997
1	460001 to	465000	463,500
2	465001 to	470000	934,974
1	480001 to	485000	484,500
1	490001 to	495000	491,000
3	495001 to	500000	1,493,500
1	500001 to	505000	502,000
1	505001 to	510000	508,000
1	530001 to	535000	533,331
1	565001 to	570000	568,664
1	580001 to	585000	581,500
1	585001 to	590000	588,000
4	595001 to	600000	2,400,000
1	600001 to	605000	601,800
1	610001 to	615000	610,500
2	620001 to	625000	1,249,000

1	625001 to	630000	629,997
1	655001 to	660000	655,500
2	660001 to	665000	1,323,000
1	665001 to	670000	667,797
1	705001 to	710000	705,500
2	715001 to	720000	1,437,000
1	745001 to	750000	750,000
1	795001 to	800000	800,000
1	800001 to	805000	802,500
1	820001 to	825000	824,397
1	845001 to	850000	846,729
1	860001 to	865000	860,529
1	895001 to	900000	899,997
1	935001 to	940000	936,000
1	955001 to	960000	957,597
1	970001 to	975000	974,364
1	1010001 to	1015000	1,011,000
1	1025001 to	1030000	1,029,000
1	1085001 to	1090000	1,087,246
1	1095001 to	1100000	1,100,000
5	1120001 to	1125000	5,621,820
1	1150001 to	1155000	1,151,997
1	1185001 to	1190000	1,187,997
1	1195001 to	1200000	1,200,000
1	1215001 to	1220000	1,216,500
1	1235001 to	1240000	1,239,000
1	1385001 to	1390000	1,385,997
1	1795001 to	1800000	1,800,000
2	1995001 to	2000000	4,000,000
1	2335001 to	2340000	2,339,994
1	2535001 to	2540000	2,540,000
1	2755001 to	2760000	2,756,500
1	3295001 to	3300000	3,300,000
1	5310001 to	5315000	5,311,500
1	6495001 to	6500000	6,500,000
1	13045001 to	13050000	13,048,500
1	13970001 to	13975000	13,971,000
1	14935001 to	14940000	14,937,000
1	31660001 to	31665000	31,665,000
1	219695001 to	219700000	219,696,603
1	458995001 to	459000000	458,999,268

4361

900,000,000

PAKISTAN REINSURANCE COMPANY LIMITED

**Pattern of Shareholding
as at December 31, 2022**

Categories of Shareholders	Shareholders	Shares Held	Percentage
Government of Pakistan			
THE SECRETARY MINISTRY OF COMMERCE,	1	458,999,268	51.00
Directors, Chief Executive Officer, and their spouse and minor children			
MR. MUSLEH UD DIN	1	165	0.00
MUMTAZ ALI RAJPER	2	1,665	0.00
MR. SHOAIB MIR	1	165	0.00
ZARA SHAHEEN AWAN	1	30	0.00
Associated Companies, undertakings and related parties			
STATE LIFE INSURANCE CORP. OF PAKISTAN	1	219,696,603	24.41
Banks, Development Financial Institution, Non-Banking Financial Institution.	8	46,668,406	5.19
Insurance Companies	5	18,683,076	2.08
Foreign Companies	2	6,061,500	0.67
Modarabas and Mutual Funds	1	717,000	0.08
General Public			
a. Local	4,205	143,407,066	15.93
b. Foreign	81	2,038,827	0.23
Others	52	3,726,229	0.41
Totals	4,361	900,000,000	100.00

Share holders holding 10% or more	Shares Held	Percentage
THE SECRETARY MINISTRY OF COMMERCE,	458,999,268	51.00
STATE LIFE INSURANCE CORP. OF PAKISTAN	219,696,603	24.41



Pakistan Reinsurance Company Limited
FORM OF PROXY
Annual General Meeting

I/We, _____ of _____ being a member of **Pakistan Reinsurance Company Limited** and holder of _____ ordinary shares hereby appoint Mr/Mrs. _____ of _____ or failing him/her _____ of _____ as my / our proxy in my absence to attend and vote for me / us and on my / our behalf at the 23rd Annual General Meeting of the Company to be held on 28th April, 2023 at 11:00am at Karachi and at any adjournment thereof.

Signed this _____ day of April, 2023.

Affix Rupees Five
Revenue Stamp

Signature of Member(s)

Shareholder's Folio No. _____

or CDC

Participant I D. No. _____

and Sub Account No. _____

Witnesses:

1. Signature _____
Name _____
Address _____
CNIC or Passport No. _____

2. Signature _____
Name _____
Address _____
CNIC or Passport No. _____

NOTE:

1. The member is requested:
 - i) To affix revenue stamp of Rs.5/- at the place indicated above.
 - ii) To sign across the revenue stamp in the same style of signature as is registered with the Company.
 - iii) To write down his/her/their folio number.
 - iv) Attach an attested photocopy of their valid Computerized National Identity Card/Passport/Board Resolution and the copy of CNIC of the proxy, with this proxy form before submission.
2. In order to be valid, this proxy must be received at the registered office of the Company at least 48 hours before the time fixed for the meeting, duly completed in all respects.
3. CDS Shareholders or their proxies should bring their original computerized national identity card or passport along with the Participant's ID Number and their Account Number to facilitate their identification. Detailed procedure is given in the notes to the notice of AGM.

Folio No. _____
Name of Shareholder _____
F/H Name _____
Address _____
Telephone/Cell # _____

Note: This letter is being computer generated and does not require any signature.

Commitment To Excellence



PakRe

Pakistan Reinsurance Company Limited

PRC Towers, 32 - A, Lalazar Drive, M.T. Khan Road, Karachi
PO.Box 4777, Sindh
Pakistan

Phone : (+92-21) 99202908-14
Fax : (+92-21) 99202921-22
Email : prcl@pakre.org.pk
Website : www.pakre.org.pk