



ANNUAL  
REPORT

2022

SIGN OF PROTECTION

**SHAHEEN INSURANCE COMPANY LIMITED**



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# COMPANY INFORMATION

## BOARD OF DIRECTORS

### CHAIRMAN

Air Marshal Muhammad Arif Pervaiz (Retd.)

### DIRECTORS

Air Vice Marshal Salman Ahsan Bokhari (Retd.)

Air Commodore Tausif Sadiq (Retd.)

Air Commodore Wasim Ahmed Khan (Retd.)

Mr. Adeel Ali

Ms. Farrah Azeem Khan

Mr. Jehangir Shah



## CHIEF EXECUTIVE OFFICER

Mr. Rizwan Akhtar

## CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Nisar Ahmed Almani

## AUDIT COMMITTEE

Ms. Farrah Azeem Khan

Air Commodore Wasim Ahmed Khan (Retd.)

Mr. Adeel Ali

Mr. Sayyam Maqsood

Chairperson

Member

Member

Secretary

## INVESTMENT COMMITTEE

Air Marshal Muhammad Arif Perviaz (Retd.)

Air Vice Marshal Salman Ahsan Bokhari (Retd.)

Mr. Adeel Ali

Mr. Rizwan Akhtar

Mr. Nisar Ahmed Almani

Mr. Muhammad Nasir Jamal

Chairman

Member

Member

Chief Executive Officer

Chief Financial Officer

Secretary

## ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE

Ms. Farrah Azeem Khan

Mr. Adeel Ali

Mr. Rizwan Akhtar

Mr. Nisar Ahmed Almani

Chairperson

Member

Member

Secretary



#### **BANKS CONVENTIONAL**

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
Bank of Punjab  
Faysal Bank Limited  
JS Bank Limited  
MCB Bank Limited  
Soneri Bank Limited  
Summit Bank Limited  
National Bank of Pakistan  
Dubai Islamic Bank Pakistan Ltd.

#### **BANKS TAKAFUL**

Bank Islami Limited  
Meezan Bank Limited  
Dubai Islamic Bank Pakistan Ltd.

#### **LEGAL ADVISOR**

Iftikhar Hussain Law Associates

#### **AUDITORS**

Yousuf Adil  
Chartered Accountants

#### **SHARIAH ADVISOR**

Mufti Bilal Ahmed Qazi

#### **HEAD OF WINDOW TAKAFUL OPERATIONS**

Mr. Abdul Hamid

#### **SHARIAH COMPLIANCE OFFICER**

Mr. Zafar Husnain

#### **COMPLIANCE OFFICER**

Mr. Danish Khalid

#### **HEAD OF INTERNAL AUDIT (COORDINATOR)**

Mr. Sayyam Maqsood

#### **INTERNAL AUDITOR**

Shaheen Foundation

#### **REGISTERED OFFICE**

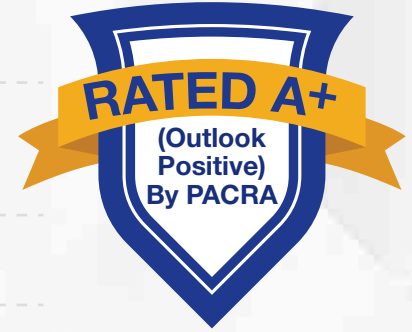
10th Floor, Shaheen Complex, M.R Kayani Road, Karachi.

#### **HEAD OFFICE**

10th Floor, Shaheen Complex, M.R Kayani Road, Karachi.

#### **SHARE REGISTRAR**

M/s. Corplink (Pvt.) Ltd.  
Wings Arcade, 1-K, Commercial, Model Town, Lahore.



# COMPANY PROFILE



**Shaheen Insurance Company Ltd. (SICL)** is a group company of **Shaheen Foundation, PAF** which owns major shareholding of the Company. **Shaheen Insurance** was incorporated as a Public Limited Company in 1995. The company is listed with Pakistan Stock Exchange (PSX) and also registered with the Central Depository Company of Pakistan (CDC).

**Shaheen Insurance** is one of the most reputable and brightest names in the insurance sector. Its sustained growth over the years has secured it a prominent place among the reputed insurers of Pakistan. **SICL** is catering the insurance needs of business fraternity through its branch network spread across all major cities of Pakistan.

**Shaheen Insurance** is also providing Shariah Compliant Islamic covers through its **Window Takaful Operations (WTO)** under the license and guidelines of Securities and Exchange Commission of Pakistan. In order to give more strength to its WTO, Company has formed Shariah Board comprising of qualified scholars, having vast experience and knowledge about Islamic Banking & Takaful. A wide range of Shariah compliant Takaful Products are offered through WTO, serving customers from all walks of life, on a much larger scale.

The Company's financial results are consistently improving; Authorized Capital of the Company is Rs.1 billion, while Paid-up Capital is Rs.600 million. Shareholder's Equity as at December 31, 2022 rose to Rs.731.93 million.

In view of strong backing of sponsors, capital base, prudent underwriting, efficient claims management and consistently sound financial position of the Company, PACRA has harmonized IFS Rating of the Company to "A+" with 'Positive' Outlook which denotes "Strong capacity to meet policy holders and contractual obligations. Risk factors are low, and the impact of any adverse business and economic factors is expected to be small."

**SICL** has excellent reinsurance & retakaful treaty arrangements with financially sound foreign reinsurers of outstanding repute. Besides treaty arrangements, the Company also has back to back arrangements with foreign and domestic "A" rated insurers, reinsurers and world renowned brokers for placements of large and specialized risks abroad and locally on facultative basis.

**SICL** underwrites all classes of general insurance & general takaful. Company is fully equipped with technical and managerial skills supported by strong reinsurance treaty arrangements for smooth operations for both traditional and specialized insurance & takaful covers.

SICL is fully geared up to take on challenges with a vision to play its role in the development of insurance industry, country's economic development and to be recognized as one of the most professional and respected insurance company of Pakistan.



# “Positive Outlook” By PACRA



# A+



**PACRA maintains IFS Rating of  
Shaheen Insurance Company Limited at  
A+ with “Positive” Outlook.**



## VISION

To deliver general insurance at its best and to contribute positively and proactively for the welfare of our society at large as well as for the preservation of our environment, culture and ethics

## MISSION STATEMENT

Our mission is to continuously improve ourselves to become a leading, profitable Company, meeting the needs of our customers and enhancing the value of our shareholder's investment.

We will accomplish this by using the strengths of our people and the application of innovative science for the development of new insurance products and services that are high in quality and competitive in price.

# DIRECTORS PROFILE



**Air Marshal Muhammad  
Arif Pervaiz (Retd.)**  
Chairman

Air Marshal M Arif Pervaiz (Retd) got commissioned in Pakistan Air Force in GD (P) branch on 15 April 1972. He has served the PAF for 35 years and has held various Command and Staff appointments. Basically, a Fighter Pilot with a rich flying experience on Management and Administrative knowledge.

He qualified B Sc from PAF Academy, Risalpur and M Sc (War Studies) from French Inter Services War College, France. In recognition of his commendable services, the Government of Pakistan awarded him with Hilal-i-Imtiaz (Military) and Tamgha-i-Basalat. He got retirement from Pakistan Air Force on 15 April, 2007 after serving a meritorious service. During his illustrious career, he has held the various Senior Command & Staff and administrative appointments: -

- Deputy Chief of Air Staff (Admin) AHQ, Islamabad.
- Air Officer Commanding, Southern Air Command.
- Member Board of Defence Housing Authority.
- Director General Defence Procurement, Mod.
- Member Committee of Administration, Fauji Foundation.
- Member Committee of Administration, Shaheen Foundation, PAF.

Owing to his rich administrative experience, he held following corporate appointments after his retirement from PAF:-

- Managing Director, Shaheen Foundation, PAF (Mar, 13 to Mar, 16).
- Chairman Board of Directors, M/s Shaheen Insurance Company Limited (Mar 13 to Mar 16).
- Chairman Board of Directors M/s Air Eagle (Private) Limited (Mar 13 to Mar 16).

Keeping in view his illustrious career and achievements in the past, he has assumed the office of Managing Director, Shaheen Foundation, PAF for the second time with effect from 17 February, 2020.



**Air Vice Marshal Salman  
Ahsan Bokhari**  
(Retd.)

Air Vice Marshal Salman Ahsan Bokhari HI (M) (Retd.), is currently serving as Deputy Managing Director of Shaheen Foundation, PAF. He has spent almost 39 years in the PAF. During his vast stay in the PAF he held various international, Command and Staff appointment including managing flying operation, Policy making, administration management and organization development. He is basically a Fighter Pilot with over 4600 hours. The officer is a recipient of Tamgha-i-Imtiaz (Military), Sitara-i-Imtiaz (Military) & Hilal-i-Imtiaz (Military).

The Air Officer is a graduate of PAF Air War College and National Defence University Islamabad, where he did MSc in Military Art Science and MS in Strategic Studies from Maxwell, Alabama USA. He has also served as an Air Attached (Beijing), Air Officer Commanding Southern Air Command, Director General Security and Director General Military Procurement.

In the Air Marshal; there is a fine blend of military and civilian traits. He applies the military experience in the corporate world. A pleasant personality, excellent intra-personal skills and a par excellence international reputed officer, make him a highly respected human being.



# DIRECTORS PROFILE



**Air Commodore Tausif Sadiq**  
(Retd.)

Air Commodore Tausif Sadiq (Retd.) is currently serving as Director Admin, HR and Welfare at Shaheen Foundation PAF. He possesses over 32 years of professional managerial and flying experience, with 15 years exclusively in Project Management. He successfully initiated and completed multiple complex projects worth 50 million US Dollars to over one billion Us Dollars, with different European and Chinese multi-national companies.

His work experience includes Portfolio management, contract management, project management, negotiation skills, supply chain management, procurement of spares / technical material and related Infrastructure development, capacity building, training and decision making in complex situations.

Holding Masters degree in National Security Management and War Studies he also have first-hand experience in supervision and maintenance of aircraft and electronic systems and logistic support. In recognition of his meritorious services he was awarded Sitara-i-Imtiaz (Military) and "03" Chief of Air Staff Commendation Certificates.



**Air Commodore Wasim  
Ahmed Khan**  
(Retd.)

Air Commodore Wasim Ahmed Khan (Retd.) is currently working as Director Projects at Shaheen Foundation PAF. He holds M. Phil degree in Public Policy & Strategic Security Management with extensive experience in Program/Project Management, Human Resource Management, Supply Chain Management, Security & Emergency Relief Operations Management Public Schools Administration & Management.

He has been associated with PAF for 30 years in various positions. He attended various staff and Command courses.



**Mr. Adeel Ali**

Mr. Adeel Ali is a seasoned Chartered Accountant possessing more than 19 years of experience in all aspects of finance function. He carries strong analytical and leadership skills necessary for business development, processes improvements, cost reduction, revenue enhancement and strategic planning for optimizing values and minimizing risks. He is currently associated with Shaheen Foundation PAF in the capacity of Director Finance. Prior to joining Shaheen Foundation, he has been working with Bank of Punjab, TPL Group, Shaheen Air International, Honda Atlas Cars Pakistan and A.F. Ferguson & Co. (PWC).

# DIRECTORS PROFILE



## Ms. Farrah Azeem Khan

Ms. Farrah Azeem Khan is currently associated with Shaheen Insurance Company Limited as an Independent Director. She holds MSC in Environment and Development Education, from South Bank University, London.

Ms. Farrah Azeem Khan has spearheaded fundraising efforts for national and international multimillion-dollar organizations and maintained strategic focus while supervising large and complex programmes funded by multiple donors. She possesses sharp organizational, planning, management, and administrative skills.

She has worked at various senior level positions that include;

- a) Director of Women's Empowerment Programmes 2018 to 2020.  
The Asia Foundation, Afghanistan.
- b) Senior Key Judicial and Legal Affairs Communications Expert, Punjab Access to Justice Project (PA2JP), 2014 to 2017. Galway Development Services International Limited (GDSI) – EU.
- c) Executive Director, 1998 - 2013 Citizens' Commission for Human Development (CCHD), Pakistan.
- d) Strategy Expert - Midterm Evaluation of Plan International Country Program Strategy III, 2013. HTSPE Limited, Pakistan.
- e) Political Strand Manager - National Educational Campaign - Alif Alan, 2012. HTSPE Limited, Pakistan.



## Mr. Jehangir Shah

Mr. Jehangir Shah has over forty years of experience in commercial banking, private & personal banking and leasing. He has had overseas work experience in UAE, Egypt and Brazil, and is currently Deputy Managing Director, Pak Oman Investment Company Limited, a joint venture between the Government of Pakistan and Sultanate of Oman since 2008. Previously, he has served as Country Manager-Pakistan of Oman International Bank SAOG and as Managing Director and CEO of Capital Assets Leasing Corporation Limited (Calcorp). His former employments include those at Habib Credit and Exchange Bank and Bank of Credit and Commerce International.

Mr. Shah was a Sponsor Director of Pak Gulf Leasing Company Limited, a listed company on the Pakistan Stock Exchange, incorporated in 1996.

Mr. Shah is also on the Board of the following Companies;

- Pak Oman Asset Management Company: Nominee Director and Member, Board HR, Audit and Investment Committees.
- International Industries Limited: Independent Director and Chairman, Board Audit Committee.
- Fauji Fertilizer Company Limited: Independent Director and Member, Board Audit and Investment Committees.



## CODE OF CONDUCT AND ETHICS

The Code of Conduct and Ethics (Code) establishes the standards that govern the way we deal with each other, our customers, shareholders, governments, suppliers, competitors and the public at large. Complying with the Code is a part of the terms and conditions of employment with Shaheen Insurance Company Limited.

## ANTI FRAUD PROGRAM & WHISTLE BLOWING POLICY

The assessment of a Company's internal control over financial reporting must be based on procedures sufficient both to evaluate its design and to test its operating effectiveness. Control subject to such assessment include.... Controls related to the prevention, identification, and detection of fraud.

This Whistle Blowing Policy is a part of Company's effort to further improve governance and service quality.



## Our Services

Shaheen Insurance underwrites all classes of General Insurance and enjoys excellent reputation. Apart from Conventional Insurance Shaheen Insurance has also commenced its Takaful operations in 2018.



### General Insurance (Conventional)

Shaheen Insurance commenced its general insurance business in 1995 and it underwrites in all classes of traditional and non-traditional lines.

Shaheen Insurance offering a wide range of covers such as Fire & Property, Marine Cargo, Motor Vehicles (Commercial & Private), Personal Accident, Money Insurance, Burglary & Liability (Public & Product) and Workmen Compensation while non-traditional covers such as Engineering Risks (MBD, CAR, EAR), Aviation Insurance, Terrorism and Bonds are also being offered.



### General Takaful (Islamic)

Takaful is an Islamic substitute of Insurance and is growing steadily. Shaheen Insurance commenced its Window Takaful Operations in April 2018 under the guidance of renowned, qualified and certified Sharia Board.

Shaheen Takaful is offering a wide range of Sharia Compliant Takaful Products such as Fire & Property Takaful, Marine Cargo Takaful, Motor Takaful (Private / Commercial Vehicles), Engineering Takaful, Terrorism & Political Violence Takaful and Miscellaneous Accident Takaful.

# FIRE & PROPERTY INSURANCE

## Fire & Allied Perils Insurance

Shaheen Insurance provides comprehensive Fire insurance coverage at most competitive rates. The standard Fire policy covers loss and/or damage to the property caused by Fire & Lightning. The basic Fire policy can be extended to cover a number of additional risks known as 'special perils' or 'allied perils'. These includes: Riot and Strike Damage, Malicious Damage, Explosion, Atmospheric Disturbance (including Flood), Earthquake Fire and Shock, Impact Damage, Aircraft Damage, Burglary and Sabotage including Political Violence Risks.

The property insured normally includes Buildings, Plant & Machinery of all kind (industrial, commercial, residential, offices, factory & warehouse / godowns), fixtures & fittings, stocks in godowns, raw materials, work-in-process and finished goods.

## Consequential Loss Due to Fire

SICL also provides this coverage in conjunction with Fire Policy. It provides protection against Loss of Profit incurred as a result of business interruption or interference in Business caused by an event indemnifiable under Fire Policy.



# MARINE CARGO INSURANCE

Shaheen Insurance provides most comprehensive Marine Cargo insurance. Marine Cargo insurance provides protection to Imports & Exports of goods by any mode of transport viz by Sea, by Air or by Road/Rail. Cargo is usually insured on a warehouse (of departure) to warehouse (of arrival) basis and usually covering all transit risks as per Institute Cargo Clauses 'A'. For lesser risks Cargo clauses 'B' & 'C' are available; even cover on TLO (Total Loss only, due to total loss of vessel / aircraft) basis is also available. Marine Inland Transit insurance policy provides adequate cover to protect goods in transit by any mode of transport i.e., by Air or by Road/Rail within the territory of Pakistan.

# MOTOR INSURANCE

Shaheen Insurance provides most comprehensive coverage against accidental damage to the motor cars, motorcycles, trucks and other vehicles. Following are major types of Motor insurance:

## Comprehensive Motor Policy (Private Vehicles)

Our Motor Insurance provides protection against losses incurred as a result of theft, accidents, riots, malicious damage and against liability that could be incurred in an accident. This policy can be extended to include accidental personal injuries and death of Driver and Passengers.

## Commercial Vehicles

We also insure Motor vehicles used for trade / commercial purposes and classified as Commercial Vehicles such as Trucks, Trailers, Buses, Ambulances, Wagons / Vans etc. and providing protection against losses incurred as a result of theft, accidents, riots, malicious damage and against liability that could be incurred in an accident.

## Third Party Liabilities Insurance

To meet requirement by law under Motor Vehicle Act 1939 is in respect of legal liability to pay damages arising out of bodily injury caused to any third party person, the following policies are also available under the legal section

**Act Liability Only:** it provides coverage in respect of liability incurred through death or injury to a third party person. This is minimum legal cover available under the law.

**Third Party Liability Only:** it provides coverage as above plus damage to third party property.



# AVIATION INSURANCE

Shaheen Insurance offer aviation insurance to the commercial airlines as well as private jets. Our comprehensive aviation insurance plan protects the insured from probable risks of Aircraft Hull & Spares All Risks, Aviation Legal Liabilities, War & Allied Perils, Loss of License to Pilots, Aircraft's Ferry Flight Insurance, Crew Legal Liabilities, Airport Operations Insurance.

# ENGINEERING INSURANCE

Engineering policies mainly cover operational loss of plant & machinery and projects of various kinds. It covers damage or breakdown of plant & machinery or its specific items. It indemnifies the cost of repair of plant & machinery own damage and legal liability for damage to the property of third party.

Cover for loss of profits and standing charges following machinery breakdown is also available. Engineering risk usually provides coverage for Contractor's All Risks Insurance, Contractor's Plant & Machinery Insurance, Plant & Machinery Erection All Risks Insurance, Machinery Break-Down Insurance and Comprehensive Machinery Insurance.



# BONDS & SURETY INSURANCE

Contractor undertaking the construction of public works like buildings, roads, bridges, dams, civil works etc are usually required to furnish guarantees / bonds guaranteeing the fulfillment of their contractual obligations to the principals.

Traditionally Bid Bonds, Advance Payment / Mobilization Bonds, Performance Bonds, Maintenance Bonds and Customs & Excise Bonds are available.

# MISCELLANEOUS & OTHERS

A wide range of products available under Miscellaneous & Others insurance which includes, but not limited to, Products Liability Insurance, Professional Indemnity Insurance, Group / Personal Accident Insurance, Employer's Legal Liability Insurance, Workmen Compensation Insurance, Fidelity Guarantee Insurance, Public Liability Insurance, Third Party Liability Insurance, Directors & Officers Liability Insurance, Product Liability Insurance, Travel Insurance, All Risks Insurance, House-breaking & Burglary Insurance, Money Insurance (Cash in Safe & Cash in transit), Group Health Insurance, Plate Glass Insurance and Baggage Insurance etc.





## CHAIRMAN'S REVIEW

I am pleased to present the 28th Annual Report and Performance Review of your Company on behalf of the Board of Directors for the year ended December 31, 2022.

In addition to the 2022 floods, devaluation of rupee along with possible fiscal slippages as general elections approach, and a higher-than-projected increase in global food and energy prices posed downside risks to the outlook. Inflation accelerated sharply in the FY2022, spurred by the removal of fuel and electricity subsidies and the surge in international commodity prices. Average inflation spiked to over 20% during the year 2022, its highest since 2008 and we expect inflationary pressures will remain high in FY2023 with inflation forecast to rise above 25%.

The economic outlook will be shaped largely by the restoration of political stability and the continued implementation of reforms under the revived IMF program to stabilize the economy and restore fiscal and external buffers. Amid macroeconomic challenges, the State Bank of Pakistan increasing the Policy Rate almost every passing month to anchor inflationary pressures and to ensure sustainable growth. It is expected that investment income of the Company would grow in the coming year 2023.

Despite challenging economic situation along with strict competition among insurers, your company performed reasonably well. You would be pleased to note that despite all odds, not only the premiums of your company grew by more than 100%, but also excellent growth was witnessed in profit after tax during the year 2022. Investment Income which also grew more than 50% remained a major contributory in the profitability of the Company. Your company yielded EPS of Rs.0.89 for the year 2022 while all financial indicators maintained an upward trajectory.

I am confident that the Company will capitalize on the available opportunities and will perform well.

I would like to place on record my gratitude to the members of the Board of Directors' for their support and confidence on the management. I would also like to appreciate the shareholders of the Company for their confidence & trust during these challenging times.

I would like to thank our valued customers for their continued patronage, unflinching trust and our Reinsurers for their continued backing & confidence and to the regulators i.e., SECP for their continued guidance and support during these testing times.

I would also like to express my appreciation for the employees & team Shaheen for their hard work, commitment and dedication towards the Company.

**Air Marshal Muhammad Arif Pervaiz (Retd)**  
Chairman

Karachi, March 30, 2023



## چیرمین کی جائزہ رپورٹ

یہ میرے لیے مسرت کی بات ہے کہ میں کمپنی کی سالانہ رپورٹ 31 دسمبر، 2022 کو ختم ہونے والے سال کے لیے پیش کر رہا ہوں۔

2022 کے سیلاب کے علاوہ، عام انتخابات کے قریب آنے پر روپے کی قدر میں کمی کے ساتھ ملکنہ مالیاتی گراؤ، اور خوراک اور توانائی کی عالمی قیمتوں میں متوقع سے زیادہ اضافے نے آؤٹ لک کو منفی خطرات لاحق کر دیے۔ مال سال 2022 میں افراط زر میں تیزی سے اضافہ ہوا، جس کی وجہ ایندھن اور بجلی کی سبسڈی کے خاتمے اور بین الاقوامی اجناس کی قیمتوں میں اضافے سے ہوئی۔ سال 2022 کے دوران اوسط افراط زر 20 فیصد سے زیادہ بڑھ گیا، جو 2008 کے بعد سب سے زیادہ ہے اور ہم توقع کرتے ہیں کہ مالی سال 2023 میں افراط زر کا دباؤ زیادہ رہے گا اور افراط زر کی شرح 25 فیصد سے زیادہ ہونے کی پیش گوئی کی گئی ہے۔

معاشی نقطہ نظر کو بڑی حد تک سیاسی استحکام کی بحالی اور معیشت کو مستحکم کرنے اور مالیاتی اور بیرونی بفرز کو بحال کرنے کے لیے آئی ایم ایف کے بحالی شدہ پروگرام کے تحت اصلاحات کے مسلسل نفاذ سے تشکیل دیا جائے گا۔ معاشی چیلنجوں کے درمیان، اسٹیٹ بینک آف پاکستان مہنگائی کے دباؤ کو نگر انداز کرنے اور پائیدار ترقی کو یقینی بنانے کے لیے تقریباً ہرگزرتے مہینے پالیسی ریٹ میں اضافہ کر رہا ہے۔ توقع ہے کہ کمپنی کی سرمایہ کاری کی آمدنی آنے والے سال 2023 میں بڑھے گی۔

چیلجنگ معاشی صورتحال کے ساتھ ساتھ بیمہ کنندگان کے درمیان سخت مقابلے کے باوجود، آپ کی کمپنی نے معقول کارکردگی کا مظاہرہ کیا۔ آپ کو یہ جان کر خوشی ہوگی کہ تمام تر مشکلات کے باوجود، نہ صرف آپ کی کمپنی کے پریمیوم میں 100 فیصد کا اضافہ ہوا بلکہ سال 2022 کے دوران ٹیکس کے بعد منافع میں بھی شاندار اضافہ دیکھا گیا۔ آپ کی کمپنی نے سال 2022 کے لیے 0.89 روپے کا آمدنی فی شیئر حاصل کی جبکہ تمام مالیاتی اشاریوں نے ترقی کی رفتار کو برقرار رکھا۔

مجھے یقین ہے کہ کمپنی دستیاب مواقع سے فائدہ اٹھائے گی اور اچھی کارکردگی کا مظاہرہ کرے گی۔

میں بورڈ آف ڈائریکٹرز کے ممبران کا شکریہ ادا کرنا چاہتا ہوں جنہوں نے انتظامیہ پر ان کے تعاون اور اعتماد کا اظہار کیا۔ میں اس مشکل وقت میں کمپنی کے شیئر ہولڈرز کے اعتماد اور بھروسے کے لیے ان کی بھی تعریف کرنا چاہوں گا۔

میں اپنے قابل قدر صارفین کا ان کی مسلسل سرپرستی، غیر متزلزل اعتماد اور اپنے ری بیمہ کنندگان کا ان کی مسلسل حمایت اور اعتماد کے لیے اور ریگولیٹرز یعنی ایس ای سی پی کا ان آزمائشی اوقات میں مسلسل رہنمائی اور تعاون کے لیے شکریہ ادا کرنا چاہوں گا۔

میں ملازمین اور ٹیم شاہین کے لیے ان کی محنت، عزم اور لگن کے لیے بھی اپنی تعریف کا اظہار کرنا چاہوں گا۔



انیر مارشل محمد عارف پرویز (ریٹائرڈ)

چیرمین

کراچی، مارچ 30، 2023



## DIRECTORS' REPORT

The Directors of the Company are pleased to present the Annual Report to-gather with the audited financial statements and Auditor's report thereon for the year ended December 31, 2022.

### GENERAL ECONOMIC REVIEW

Pakistan is suffering severely from the chronic economic crisis, even before the pandemic, since many years. Low growth rates, high levels of debt, inflation, low productivity and biased politically driven economic policies, among other factors has contributed to widespread poverty and slow development.

Pakistan, with all its resources and opportunities, cannot afford continuing to muddle through economically any longer, but needs a better, functioning, and prosperous economy without any further delay.

Economic variables are not just a matter for the economists, but for all Pakistanis. Future of the country will depend on overcoming the economic crisis, which has been aggravated due to political instability prevailing since long. There is a dire need for a functioning economic strategy, and for continuity in its implementation. One of the solution may be agreeing on 15-years economic road map i.e., "Charter of Economy" and formation of a high powered Committee comprising of all political & other decision making forces.

Year 2022 remained challenging both on the economic and social front with significant downside risks included;

- a) unexpected damages from the floods as on-the-ground damage assessments continue
- b) political instability which undermined a coherent and timely policy response;
- c) worsening external conditions, including unforeseen increases in global commodity prices and interest rates;
- d) risks associated with large domestic and external financing needs, especially in the context banking sector liquidity constraints

To manage these risks, it will be critical to adhere to sound overall economic management and buttress market sentiment, including through articulating and effectively implementing a clear strategy for economic recovery; constraining fiscal expenditures to the extent possible and carefully targeting any new expenditures; maintaining a tight monetary stance and flexible exchange rate; and remaining on-track with critical structural reforms, including in the energy sector.

Although the world economy is very supportive, particularly after the recent floods and local economy is responding too, but economic stability of the country will now depend upon the economic policies expected to be formed by the new government after the forthcoming general elections.

Conditions in the insurance industry continues to be challenging viz-a-viz to our economy due to lower than expected GDP growth in the FY2022, floods and other sever economic imbalances.

We are fully aware of the challenges taking place in the insurance industry and are fully equipped to benefit from all such interventions. Considering that industrial expansion is negligible, the company's growth and overall performance can be considered satisfactory. Your Company is taking various measures for business expansion including but to limited to joining hands with other players by providing our capacities on consortium basis.

We look forward with confidence in meeting the challenges and opportunities in the coming years.

### COMPANY'S PERFORMANCE – OPERATIONAL RESULTS FOR THE YEAR 2022

Year 2022 proved to be a year of turnaround for the Company despite tough challenges. Your Company's growth rate was significant compared with the last year as below:

Business Segment	Gross Premium FY 2022	Gross Premium FY 2021	%age Growth
Conventional Business	485.60	231.25	110%
Takaful (WTO) Business	33.63	11.77	186%
Total Business (Overall)	519.23	243.02	114%

The comparative financial highlights of your Company for the year ended December 31, 2022 are as under:

Profit & Loss Account	Year 2022	Year 2021	%age Inc/(Dec)
Gross Premium (including window takaful operations)	519.23	243.02	114%
Net Premium	300.87	179.99	67%
Net Incurred Claims (including IBNR)	80.08	42.71	88%
Management Expenses	198.01	140.50	41%
Profit from WTO	3.51	(0.66)	636%
Investment Income	78.38	47.56	65%
Profit before tax	77.79	25.97	200%
Profit after tax	53.38	31.08	72%
Earning per share (EPS)	0.89	0.52	72%

During the year 2022, your Company underwrote gross premium of Rs.519 Million inclusive of Takaful Contribution of Rs.33.6 million as against Rs.243 million including Takaful Contribution of Rs.11.8 million of year 2021 demonstrating an overall increase of 114%. Net premium from conventional business increased to Rs.301 million for the year under review against Rs.180 million during last corresponding year. Claims incurred during the year were Rs.80 million against Rs.43 million during last year mainly due to increase in business.

Your Company earned profits from its core lines of business where classes of business contributing profitability but due to recording of provision against amounts due from other co-insurers & reinsurers of Rs.22.61 million (FY2021: 4.00 million) and write-offs of Rs.33.47 million (FY 2021: Rs.21 million) resulted in underwriting loss of Rs.35.52 million for the year 2022 compared with loss of Rs.38.18 million during year 2021.

Investment Income of the company registered an increase of 65% mainly due to sharp rise in interest rates by the State Bank of Pakistan. Management and other expenses for the 2022 rose by 41% if compared with 2021 mainly due to steep inflation and recording of write-offs and provision against amounts due from other insurers / reinsurers.

Despite all these challenges our Company registered a robust increase in net profit before tax which rose to 77.79 million (FY 2021: Rs.26.62 million) and net profit after tax stood at 53.38 million showing an increase of more than 68% from preceding year (FY 2021: Rs.31.73 million).

#### WINDOW TAKAFUL OPERATIONS – (A TURN AROUND)

Shaheen Takaful is operating under the guidance of Sharia Board comprising of qualified and certified Sharia Scholars.

During the year 2022, our Takaful operations also progressed robustly by underwriting gross contributions of Rs.33.6 Million as against Rs.11.8 million during 2021 showing an increase of more than 185%. The net



contribution from takaful business increased to Rs.18.76 million during the year 2022 against Rs.4.71 million during corresponding year.

We are extremely delighted to share that our Window Takaful Operations (WTO) has registered profit before tax of Rs.3.74 million (FY 2021: Loss Rs.0.655 million) for the first time since it started operations. You will also appreciate that our company's WTO has started returning back Qard-e-Hasna of Rs.2.83 million by PTF account to OPF account during the year 2022, and aiming to reduce its Qarz during upcoming years.

We are confident that takaful operations will grow substantially in the years to come as we are taking all requisite steps towards increasing our market share.

### **Bank Limits & Non-Listings**

As vast majority of the insurance business is procured by the insurers from Banks / FIs / DFIs financings; however the fixing of 'Bank Limits' and Delisting /Non-Listings by some Banks / FIs / DFIs is not providing level playing field to all the market players, particularly the medium size insurers. This inequitable policy of the banks & financial institutions favors only big insurance companies, while the rest of the players left deprived. This discriminatory scenario needs to be addressed by the relevant quarters for the larger and best interest of the insurance industry. The hidden oversight of this policy is that the exposure of banks & FIs is accumulating with few insurers, rather than spreading among various insurers which is the original spirit of the insurance & takaful.

### **INVESTMENTS**

The overall investment policy of your Company by and large remains unchanged focusing on risk free, highest returns. Your company also generates a significant portion of its investment income from mark-up. Investment portfolio include Term Deposits for Rs.364.78 million as at December 31, 2022 (FY 2021: Rs.324 million). Cash & Bank balances stood at Rs.105.70 million as at December 31, 2022 (FY 2021: Rs.72.59 million).

### **CLAIMS**

The Company recognizes liability in respect of all claims incurred up to the Statement of Financial Position date i.e., December 31, 2022 which is measured at the undiscounted value of the expected future payments.

The provision for claims incurred but not enough reported (IBNER) is made at the balance sheet date are Rs.5.85 million (FY 2021: Rs.11.96 million) for conventional & Rs.2.23 million (FY 2021: Rs.0.83 million) for takaful operations. In compliance with SECP Circular No.9 of 2016, the Company takes Actuarial advice for the determination of IBNER claims. IBNER claims have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

### **REINSURANCE & RETAKAFUL**

Your Company successfully concluded reinsurance arrangements for the year 2023. Trust Re, on behalf of Best Meridian Insurance (BMI), the world's renowned Reinsurer continues to be the leader of Company reinsurance program while our treaty partners include Labuan Re, Saudi Re, Tunis Re, SCR, Kenya Re and Ocean Re. Underwriting capacity for certain lines of business has improved further for underwriting year 2023, thus your Company would be able to underwrite moderate risks. We are thankful to all our reinsurers for their unwavering confidence and continued support.

The Retakaful arrangements for the year 2022-23 are in order. The world's renowned Retakaful operator Labuan Re continue to be the Leader of Retakaful program while our treaty partners include Saudi Re and Tunis Re. Business capacity for certain lines of business has improved further for underwriting year 2022-23. We are thankful to all our Retakaful Treaty Partners for their continued support & confidence.



## **PAID-UP CAPITAL & RESERVES**

As of the balance sheet date the Paid-up Capital of your Company is Rs.600 million and General Reserves stood at Rs.23.86 million, while total Equity grew to Rs.731.86 million. Your Company is thoroughly capitalized and is well in excess of the requisite Minimum Capital Requirement of Rs.500 Million prescribed by the SECP for non-life insurance companies. Increased equity will greatly assist the Company in taking on future business challenges and growth prospects.

## **INFORMATION TECHNOLOGY**

The role of IT in the present scenario cannot be ignored. This has become quite essential as availability of uninterrupted IT services have attained a dynamic role in core business operations.

Your Company is constantly investing to expand & upgrade its technological platform. General Insurance Software 'IGIS'; is running successfully at branch user level. IGIS has also been implemented for Takaful operations of the Company at branch user level to meet short and long term day to day needs. The quality of 'IGIS' is that it is an integrated software comprising of various modules i.e., Underwriting, Claim, Accounts and Reinsurance. It is (JSP) Java scripted online web-based software with Oracle data base, and its data management is hassle-free and highly secure in its modesty & safety.

Due to implementation of above modules, operational efficiencies at department level improved and these developments supported the improvement of internal controls and effective MIS.

The Securities and Exchange Commission of Pakistan has issued SEC guidelines on Cyber Security framework for the Insurance sector, which will help in aligning Cyber Security Framework with overall risk management framework and achieving ISO 27001, which significantly minimizes the risk against internal human error or offence.

The IT strategy of the Company is fully aligned with its operational requirements in order to provide swift services to our customers for their highest level of satisfaction.

## **CREDIT RATING**

With strong backing of sponsors, capital base, prudent underwriting and financial management, Pakistan Credit Rating Agency (PACRA) has reaffirmed the Insurer Financial Strength (IFS) rating of our Company to 'A+' (Single A Plus) with Outlook continues to be 'Positive'. The assigned rating denotes good credit quality, protection factors are strong, risk is modest but may vary with possible changes in the economy, a high capacity to meet policyholder and contract obligations

## **BOARD OF DIRECTORS**

Board of Directors' of the company consists of eight directors including Chief Executive Officer (CEO) having knowledge, experience and skills required to provide oversight and strategic guidelines. The total number of Directors are eight (8) as per following distribution;

- (a) Male 07
- (b) Female 01

The composition of board is as follows: -

- Independent Directors (2)
- Non-Executive Directors (5)
- CEO – Deemed to be Executive Director (1)

During the year the Board remained actively involved in performing its duties including those to be performed under various relevant Laws and Memorandum and Articles of Association of the Company, with the ultimate objectives of self-guarding the interest of the Shareholders, increase in profitability of the Company and promoting market confidence.



All of the following persons are non-executive directors of the company:

- |  |                                   |
|--|-----------------------------------|
| 1. Air Marshal Muhammad Arif Pervaiz (Retd.)     | Chairman & Non-Executive Director |
| 2. Air Vice Marshal Salman Ahsan Bokhari (Retd.) | Non-Executive Director            |
| 3. Air Commodore Tausif Sadiq (Retd.)            | Non-Executive Director            |
| 4. Air Commodore Wasim Ahmed Khan (Retd.)        | Non-Executive Director            |
| 5. Mr. Adeel Ali                                 | Non-Executive Director            |
| 6. Ms. Farrah Azeem Khan                         | Independent/Female Director       |
| 7. Mr. Jehangir Shah*                            | Independent Director              |

\* Mr. Jehangir Shah was appointed in June 2022 to fill casual vacancy on the Board in place of Mr. Khalid Saeed Mirza who resigned from the Board during the year.

Meeting fee for the quarterly Board Meetings is paid to the attending directors of the Company.

### BOARD MEETINGS

Board of Directors held four (4) meetings in 2022. Attendance of directors is indicated below;

Name of Director	No. of meetings attended
Air Marshal Muhammad Arif Pervaiz (Retd.)	4
Air Vice Marshal Salman Ahsan Bokhari (Retd.)	4
Air Commodore Tausif Sadiq (Retd.)	4
Air Commodore Wasim Ahmad (Retd.)	3
Mr. Adeel Ali	4
Ms. Farrah Azeem Khan	3
Mr. Jehangir Shah (Appointed in June 2022)	2
Mr. Khalid Saeed Mirza (Resigned in June 2022)	1

Leave of absence was granted in case the directors could not attend some of the meetings.

### RELATED PARTY TRANSACTIONS

All related party transactions are put up periodically before the Audit Committee and the Board for their review and approval. These transactions have been reviewed / recommended by the Audit Committee and approved by the Board of Directors in their respective meetings. All transactions executed with related parties are on arm's length basis.

### LIQUIDITY MANAGEMENT

The company prudently manages liquidity to ensure its ability to meet contractual obligation more efficiently through the cash flow generated from its core business as well as investment and other income. Your company meets the solvency requirements, maintain strong cash flow to meet any unforeseen exigencies. The company's solvency as at December 31, 2022 was Rs.650.79 million as against required solvency of Rs.150 million i.e. excess of Rs.500.79 million over minimum required solvency.

### DEFERRED TAXATION

Deferred tax, if any, is provided using the liability method on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes. Deferred tax assets and liabilities, if any, are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted, or substantially enacted of the statement of financial position date.

Deferred tax assets, if any, are recognized only to the extent that it is probable that future taxable profit will be available against which the assets can be utilized.



## DIVIDEND AND APPROPRIATIONS OF PROFIT

Profit after tax of Rs 53.38 Million was earned during the year ended December 31, 2022. In order to take on future business challenges and uncertain economic situation, the Directors have not recommended any dividend / payout for the year.

## EARNINGS PER SHARE

Basic and Diluted Earnings per Share of the Company for the year ended December 31, 2022 is Rs 0.89 per share (FY 2021: Rs 0.52 per share).

## CONTRIBUTORY PROVIDENT FUND

The value of investment including accrued income of provident fund on the basis of unaudited accounts as on December 31, 2022 is as follows;

Value of investments Rs.20.94 Million

## STATUTORY PAYMENTS ON ACCOUNT OF TAXES, DUTIES

There are no statutory payments on account of taxes, duties, levies, and charges which are outstanding except in the ordinary course of business and as disclosed in the Financial Statements.

Tabulated below are the financial data for the last six years against the head of accounts;

Head of Account	Rupees in Millions					
	2022	2021	2020	2019	2018	2017
Written Gross Premium including gross written contribution	519	243	254	357	417	343
Investment Income	78	48	57	61	33	29
Claims Expense	80	43	66	100	85	80
Net commission and other acquisition cost	58	35	53	61	100	62
Management and other expenses	198	147	152	139	133	126
Profit after tax	53	25	36	60	79	63
Share Holders Equity	731	689	656	621	574	495
Claim Outstanding	129	86	127	128	116	114
Insurance / Reinsurance receivables	123	145	178	252	272	181
Investment	612	600	603	564	507	453
Investment Properties	167	155	135	130	31	32

## ANTI-MONEY LAUNDERING AND COUNTERING FINANCING TERRORISM

SECP being regulator have issued the guidelines / regulations on anti-money laundering policies and procedures. SECP has also issued various circulars for the implementation of Know Your Customer (KYC) Guidelines applicable on insurance companies. SECP has also issued Anti Money Laundering and Countering Financing of Terrorism Regulations 2020 through SRO 921(1)/2020 dated 28th September, 2020 which are very comprehensive guidelines for AML and KYC. Your Company has implemented these guidelines to an extent in order to cater the relevant risk and exposure.

## ROLE OF COMPLIANCE

Role of Compliance function is imperative to evaluate the efficiency and effectiveness of internal control without which the company cannot obtain resistant against risks and threats, particularly with respect to regulatory compliance. The Compliance Officer is responsible to improve the control environment and ensures compliance of



various applicable laws, regulatory requirements, internal policies and procedures with specific emphasis on compliance with SECP's Regulations.

#### **CORPORATE GOVERNANCE LEADERSHIP SKILL PROGRAM**

One director meet the criteria of eligibility as a director having 15 years' experience on the Board of listed companies and 14 years of education as required under Listed Companies (Code of Corporate Governance) Regulations, 2019.

#### **CORPORATE BRIEFING**

Corporate Briefing session was held for Shareholders and Analysts on November 24, 2022 via video link, in line with the requirement of the Pakistan Stock Exchange. Senior Management, Analysts and shareholders attended the session.

#### **DIRECTOR'S REMUNERATION**

In line with the requirement of Companies Act, 2017, Listed Companies (Code of Corporate Governance) Regulations, 2019 and Articles of Association of the Company, the policy of remuneration of non-executive directors including Independent directors, the Company do not pay any remuneration to its non-executive directors (including independent directors) except as meeting fee for attending the quarterly Board meetings only.

#### **ROLE OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

##### **CHAIRMAN BOARD OF DIRECTORS**

Managing Director of Shaheen Foundation is the Chairman of the Board of Directors of the Company. Chairman of the Board is responsible to ensure that the Board is working properly and all the matters relevant to the governance of the company are considered in the Board Meetings. The Chairman presides and conducts the Board meetings, and is responsible to lead the Board and ensure its effective functioning and continuous development. The Chairman has no involvement in day-to-day operations of the Company.

##### **CHIEF EXECUTIVE OFFICER – CEO**

The Board of Directors appoint the Chief Executive Officer (CEO) of the Company for the tenure of three years. Chief Executive Officer is responsible for the operations of the Company and conduct of its business in accordance with all statutory obligations and subject to the direction of the Board and power vested in him by law. His responsibilities include implementation of strategies and policies of the Board. He is responsible for exercising the overall control, direction, administration and supervision for sound and efficient management and conduct of the business of the Company. The Chairman and CEO meet regularly to discuss / review issues, opportunities and problems.

##### **CEO's PERFORMANCE REVIEW**

The performance of the CEO is evaluated by the Board on annual basis based on the business activities performed during the year.

##### **BOARD COMMITTEES**

All the directors represent rich exposure of diverse field of business and professions and possess requisite skills and understanding to deal with the various business and corporate issues and have the ability to review, analyze and challenge the management performance. They have contributed immensely in terms of their experience and practical advice.

The Board has constituted Audit, Investment, Human Resource & Remuneration and Nomination Committees comprising of the following Non-Executive Directors





## AUDIT COMMITTEE

The following are the members of audit committee

1. Ms. Farrah Azeem Khan	Chairperson (Independent Female Director)
2. Air Commodore Wasim Ahmad (Retd.)	Member (Non-Executive Director)
3. Mr. Adeel Ali	Member (Non-Executive Director)
4. Mr. Sayyam Maqsood	Secretary

The terms of reference of the Audit Committee include the following:

- i. Recommending to the Board of Directors the appointment of External Auditors and consider any questions of audit fee; taking into consideration a number of factors including satisfactory rating under ICAPS quality control review program.
- ii. Consideration of questions regarding resignation or removal of External Auditors;
- iii. Determination of appropriate measures to safeguard the company's assets;
- iv. Review of quarterly, half yearly and annual financial statements of the Company, prior to the approval by the Board of Directors;
- v. Major judgmental areas;
- vi. Review of adjustments resulting from audit;
- vii. Going concern assumption;
- viii. Any changes in auditing policies and practices;
- ix. Review of preliminary announcement of results prior to publication;
- x. Review and recommend all related party transactions;
- xi. Compliance with applicable accounting standards;
- xii. Determination of compliance with relevant statutory requirements;
- xiii. Monitoring compliance with the best practices of corporate governance and regulations and identification of any significant violations thereof;
- xiv. Consideration of major findings of internal investigations of activities characterized by corruption and abuse of power and management's response thereto;
- xv. Consideration of any other issue or matter as may be assigned by the board of directors;
- xvi. Facilitating the external audit and discussion with external auditors of major observations from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- xvii. Review of arrangement for staff and management to report to audit committee in Confidence, concerns, if any about actual or potential improprieties in financial and other Matters and recommend instituting remedial and mitigating measures;
- xviii. Review of management letter issued by external auditors and management's response there to.
- xix. Ensuring coordination between the internal and external auditors of the company;
- xx. Review the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;
- xxi. Ascertaining that the internal control systems including financial and operational controls accounting systems and the reporting structure are adequate and effective;
- xxii. Review of the company's statement on internal control systems prior to endorsement by the board of directors and internal audit reports;
- xxiii. Instituting special projects, value for money studies or other investigations on any matter specified by the board of directors, in consultation with the chief executive officer and to consider remittance of any matter to the external auditors or to any other external body;



### **INVESTMENT COMMITTEE**

Investment Committee consists of five members including Chief Executive Officer.

- |  |                                   |
|--|-----------------------------------|
| 1. Air Marshal Muhammad Arif Pervaiz (Retd.)     | Chairman (Non-Executive Director) |
| 2. Air Vice Marshal Salman Ahsan Bokhari (Retd.) | Member (Non-Executive Director)   |
| 3. Mr. Adeel Ali                                 | Member (Non-Executive Director)   |
| 4. Mr. Rizwan Akhtar                             | Chief Executive Officer           |
| 5. Mr. Nisar Ahmed Almani                        | Chief Financial Officer           |
| 6. Mr. Muhammad Nasir Jamal                      | Secretary                         |

All the investments / placements during the year have been approved by this Committee.

### **ETHICS, HUMAN RESOURCES & REMUNERATION COMMITTEE**

The committee comprises of five members including the Chairman of this committee.

- |                              |                                    |
|------------------------------|------------------------------------|
| Ms. Farrah Azeem Khan        | Chairperson (Independent Director) |
| Mr. Adeel Ali                | Member (Non-Executive Director)    |
| Mr. Rizwan Akhtar – CEO      | Member (Executive Director)        |
| Mr. Nisar Ahmed Almani – CFO | Secretary                          |

### **MANAGEMENT COMMITTEES**

The Board has also constituted four Management Committees – namely Underwriting, Reinsurance & Co-insurance, Claims Settlement and Compliance and Risk Management Committees

### **UNDERWRITING COMMITTEE**

The functions of the Underwriting Committee includes:

- The Underwriting Committee formulates the underwriting policy of the Company.
- It sets out the criteria for assessing various types of insurance risks and determines the premium policy of different insurance covers.
- It regularly reviews the underwriting and premium policies of the Company with due regards to relevant factors such as the business portfolio and the market scenario.

The Committee consists of the following members;

- |                      |           |
|----------------------|-----------|
| 1. Mr. Rizwan Akhtar | Chairman  |
| 2. Ms. Sumbul Faraz  | Member    |
| 3. Mr. Zia Ur Rahim  | Secretary |

### **REINSURANCE & CO-INSURANCE COMMITTEE**

The functions of the Re-Insurance S & Co-Insurance Committee includes;

- This committee ensures that adequate re-insurance arrangements are made for company's business.
- The Committee pursues the proposed re-insurance arrangements prior to their execution, review the arrangements from time to time and subject to the consent of the participating re-insurers, suggest appropriate adjustments from time to time.
- The Committee also assesses the effectiveness of the re-insurance programmer for future reference.

The Committee consists of the following members:-

- |                             |                      |
|-----------------------------|----------------------|
| 1. Mr. Rizwan Akhtar        | Chairman             |
| 2. Mr. Muhammad Asif Ramzan | Member               |
| 3. Mr. Zafar Hasnain        | Member               |
| 4. Mr. Sumbul Faraz         | Member and Secretary |



### **CLAIMS SETTLEMENT COMMITTEE**

The functions of the Committee includes:-

- It reviews the class wise aging of outstanding claims.
- The Committee determines the circumstances under which claims disputes shall be brought to its attention and decide how to deal with such claims disputes.
- The Committee shall review matters relating to management of claims. It oversees the claim position of the company and ensures the adequate claims reserves are made.
- The Committee pays attention to significant claims cases or event which gives rise to a series of claims and oversees the implementation of the measures for combating claims.

The Committee consists of the following members:-

- |                           |                      |
|---------------------------|----------------------|
| 1. Mr. Rizwan Akhtar      | Chairman             |
| 2. Mr. Nisar Ahmed Almani | Member               |
| 3. Mr. Aamir Ghazali      | Member               |
| 4. Mr. Muhammad Imran     | Member and Secretary |

### **COMPLIANCE & RISK MANAGEMENT COMMITTEE**

The functions of the Committee includes:-

- The committee shall oversee the activities of the risk management function / department of an insurer, and shall make appropriate recommendations to the board and shall assist the board in implementation of the decisions taken by the board to mitigate probable risk falling within the purview of the risk management function / department.
- The committee shall also be responsible for monitoring the compliance function and the insurer's risk profile in respect of compliance with the laws applicable to it as well as the internal policies and procedures (excluding the insurer's Code of Conduct).
- The committee shall also require reports detailing the insurer's risk profile and the compliance activities undertaken proactively aiming at determination of the insurer's ability to meet its legal and ethical obligations, as well as reports on identified weaknesses, lapses, breaches or violations and the controls and other measures in place to help detect and address the same.
- The committee shall supervise and monitor matters reported using the insurer's whistle blowing or other confidential mechanisms for employees and others to report compliance concerns or potential breaches, violations or frauds.
- The committee shall, from time to time, advise the board on the effect of the above on the insurer's conduct of business and shall assist the board in setting up adequate controls or take such measures so as to mitigate any risk relating to compliance and / or potential breaches, violations or frauds.

**The Committee consists of the following members:-**

- |                           |           |
|---------------------------|-----------|
| 1. Mr. Rizwan Akhtar      | Chairman  |
| 2. Mr. Nisar Ahmed Almani | Member    |
| 3. Ms. Sumbul Faraz       | Member    |
| 4. Mr. Muhammad Imran     | Member    |
| 5. Mr. Danish Khalid      | Secretary |

### **TRAINING PROGRAM**

Staff training is carried on continuous bases throughout the year. During the year staff and senior officers were nominated to attend various Seminars and training courses.

### **PATTERN OF SHARE HOLDING**

A statement of pattern of shareholding is separately shown in the report.

### **TRADING IN COMPANY'S SHARES**

No trading in the shares of the Company was carried out by the directors, CEO, CFO and Company Secretary, their spouses or minor children. Only 500 nominee shares were transferred to the newly inducted director Mr. Jehangir Shah.



## STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The corporate laws, rules and regulations framed here under spelled out the overall functions of the Board of Directors of the Company. The Board is fully aware of its corporate responsibilities as envisaged under the Code of Corporate Governance, prescribed by the Securities and Exchange Commission of Pakistan and is pleased to certify that;

- 1) The financial statements, prepared by the Company, presents fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- 2) The Company has maintained proper books of accounts.
- 3) The Company has consistently followed appropriate accounting policies in preparation of the financial statements and accounting estimates are on the basis of prudent and reasonable judgment.
- 4) International Accounting Standards as applicable in Pakistan have been followed in the preparation of Financial Statements. Accounting Standards and such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017 the Insurance Ordinance 2017, provisions and directives issued under the Companies Act 2017, the Insurance Ordinance 2017, SEC (Insurance) Rules 2017 and Takaful Rules 2012. Any departure there from has been adequately disclosed.
- 5) The Board has established a system of internal control, which is implemented at all levels within the Company. The Company is making efforts and arrangements to include all necessary aspects of internal control given in the Code of Corporate Governance for Insurers, 2016 (the code) and Listed Companies Code of Corporate Governance Regulations 2019 (the Regulations).
- 6) The fundamentals of the Company are strong and there is no doubt about its ability to continue as a going concern.
- 7) The Company has followed the best practices of Corporate Governance as laid down in the Listing Regulations of the except for the matters highlighted by the auditors in the CCG report.

### AUDITORS

Ms. Yousuf Adil & Co, Chartered Accountants have completed their assignment for the year 2022 and retire upon conclusion of the upcoming Annual General Meeting. Having completed their maximum term of five years, they are not eligible for reappointment pursuant to Regulation 33 (1) of the Listed Companies (Code of Corporate Governance) Regulations 2019. On the proposal of the Audit Committee, Board has recommended the appointment of BDO Ebrahim & Co. Chartered Accountants as auditors of the Company for the year 2023 after obtaining their consent.

### FUTURE OUTLOOK OF THE COMPANY

Government is facing a difficult policy challenge in recovery of economy while maintaining progress towards macroeconomic stabilization. The future outlook for the short and medium term is dependent on geo political situation of the country, besides continuation of economic and fiscal policies by the Government.

The general economic environment of the country is uncertain in the wake of continuously rising inflation, fuel & food prices, energy tariff, interest rates and worsening political scenario. However, our economy is getting momentum with the expectation that current and future governments will be able to stabilize the economy and insurance industry will also be benefited. The Company expect to get its due share in years to come.

Business development in this scenario will be quite challenging but we are optimistic about the future business prospects and feel that the Company will grow in years to come as we are taking all necessary steps for increasing our market share.



Our strategy will be to balance the portfolio by doing more business in all classes. Progress is put on improving the overall risk architecture and focusing on safe and sustainable growth with stable underwriting results. Healthy contributions from investment activities are also anticipated in the wake of high policy rate by the SBP.

We are fully aware of the current challenges & opportunities available in the market and are fully equipped to benefit from all such environment. We look forward with confidence in meeting the challenges and opportunities in the coming years.

#### **ACKNOWLEDGMENTS**

We would like to thank our valued customers for their continued patronage and support. We also thank all our Reinsurers & Retakaful operators and Brokers for their confidence and extending their guidance and valuable support throughout the year.

We are also thankful for the co-operation and assistance extended by the Securities & Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP), PACRA and PSX for their professional guidance, assistance and support during the year.

We also record their appreciation for the untiring services of our executives, sales team, officers and staff for their dedication, commitment, sincerity and hard work for the growth of the Company. Your Directors are also grateful to the shareholders for their confidence and support.

For and on behalf of Board

**Syed Rizwan Akhtar**  
Chief Executive Officer

**Air Marshal Muhammad Arif Pervaiz (Retd.)**  
Chairman

March 30, 2023

## کمپنی کا مستقبل:

حکومت کو معاشی استحکام کی جانب پیش رفت کو برقرار رکھتے ہوئے معیشت کی بحالی میں ایک مشکل پالیسی چیلنج کا سامنا ہے۔ مختصر اور درمیانی مدت کے لیے مستقبل کا نقطہ نظر حکومت کی طرف سے اقتصادی اور مالیاتی پالیسیوں کے تسلسل کے علاوہ ملک کی جغرافیائی سیاسی صورتحال پر منحصر ہے۔

مسلحہ بڑھتی ہوئی مہنگائی، ایندھن اور ایشیائے خوردونوش کی قیمتوں کی توانائی کے ٹیرف، شرح سود اور بگڑتے ہوئے سیاسی منظر نامے کی وجہ سے ملک کا عمومی معاشی ماحول غیر یقینی ہے۔ تاہم ہماری معیشت اس امید کے ساتھ رفتار پکڑ رہی ہے کہ موجودہ اور مستقبل کی حکومتیں معیشت کو مستحکم کرنے میں کامیاب ہو جائیں گی اور انشورنس انڈسٹری کو بھی فائدہ پہنچے گا۔ کمپنی کو آنے والے سالوں میں اپنا واجب الادا حصہ ملنے کی امید ہے۔

اس منظر نامے میں کاروباری ترقی کافی چیلنجنگ ہوگی لیکن ہم مستقبل کے کاروباری امکانات کے بارے میں پر امید ہیں اور محسوس کرتے ہیں کہ کمپنی آنے والے سالوں میں ترقی کرے گی کیونکہ ہم اپنے مارکیٹ شیئر کو بڑھانے کے لیے تمام ضروری اقدامات کر رہے ہیں۔

ہماری حکمت عملی یہ ہوگی کہ تمام کلاسز میں زیادہ سے زیادہ کاروبار کر کے پورٹ فولیو میں توازن پیدا کیا جائے۔ پیش رفت مجموعی طور پر خطرے کے ڈھانچے کو بہتر بنانے اور انڈر رائٹنگ کے مستحکم نتائج کے ساتھ محفوظ اور پائیدار ترقی پر توجہ مرکوز کرنے پر ہے۔ اسٹیٹ بینک کی جانب سے اعلیٰ پالیسی ریٹ کے تناظر میں سرمایہ کاری کی سرگرمیوں سے صحت مند شراکت کی بھی توقع ہے۔

ہم موجودہ چیلنجز اور مارکیٹ میں دستیاب مواقع سے پوری طرح واقف ہیں اور ایسے تمام ماحول سے فائدہ اٹھانے کے لیے پوری طرح لیس ہیں۔ ہم آنے والے سالوں میں چیلنجوں اور مواقع کا مقابلہ کرنے کے لیے اعتماد کے ساتھ منتظر ہیں۔


اظہار تشکر


ہم اپنے قابل قدر صارفین کا ان کی مسلسل سرپرستی اور حمایت کے لیے شکریہ ادا کرنا چاہیں گے۔ ہم اپنے تمام ری بیمہ کنندگان اور ریٹائٹل کافل آپریٹرز اور بروکرز کا بھی شکریہ ادا کرتے ہیں کہ ان کے اعتماد اور سال بھر ان کی رہنمائی اور قابل قدر تعاون فراہم کرنے کے لیے۔

ہم سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) اور اسٹیٹ بینک آف پاکستان (ایس بی پی)، پیکر اور پی ایس ایکس کی طرف سے سال کے دوران پیشہ ورانہ رہنمائی، مدد اور تعاون کے لیے تعاون اور مدد کے لیے بھی شکر گزار ہیں۔

ہم اپنے ایگزیکٹوز، سیلز ٹیم، افسران اور عملے کی کمپنی کی ترقی کے لیے ان کی لگن، عزم، خلوص اور محنت کے لیے ان کی انتھک خدمات کے لیے ان کی تعریف بھی ریکارڈ کرتے ہیں۔ آپ کے ڈائریکٹرز بھی شیئر ہولڈرز کے اعتماد اور تعاون کے لیے ان کے مشکور ہیں۔

منجانب بورڈ آف ڈائریکٹرز

  
ایمر مارشل (ر) محمد عارف پرویز  
چیئر مین  
2023 مارچ، 30

  
سید رضوان اختر  
چیف ایگزیکٹو آفیسر

## کمپنی کے حصص میں تجارت

ڈائریکٹرز، سی ای او، سی ایف او اور کمپنی سیکرٹری، ان کی شریک حیات یا نابالغ بچوں کے ذریعے کمپنی کے شیئرز میں کوئی تجارت نہیں کی گئی۔ نئے شامل ہونے والے ڈائریکٹر جناب جہانگیر شاہ کو صرف 500 نامزد حصص منتقل کیے گئے۔

### کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کا بیان

یہاں بنائے گئے کارپوریٹ قوانین، قواعد و ضوابط کمپنی کے بورڈ آف ڈائریکٹرز کے مجموعی افعال کو بیان کرتے ہیں۔ بورڈ اپنی کارپوریٹ ذمہ داریوں سے پوری طرح واقف ہے جیسا کہ کوڈ آف کارپوریٹ گورننس کے تحت تصور کیا گیا ہے، جو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ذریعے تجویز کیا گیا ہے اور اس بات کی تصدیق کرتے ہوئے خوش محسوس کر رہا ہے کہ:

(1) کمپنی کی طرف سے تیار کردہ مالیاتی بیانات، اس کی حالت، اس کے کاموں کے نتائج، کیش فلوا اور ایکویٹی میں ہونے والی تبدیلیوں کو کافی حد تک پیش کرتے ہیں۔  
(2) کمپنی نے کھاتوں کی مناسب کتابیں رکھی ہیں۔

(3) کمپنی نے مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کی مسلسل پیروی کی ہے اور اکاؤنٹنگ کے تخمینے دانشمندانہ اور معقول فیصلے کی بنیاد پر ہیں۔

(4) مالیاتی گوشواروں کی تیاری میں پاکستان میں لاگو بین الاقوامی اکاؤنٹنگ معیارات کی پیروی کی گئی ہے۔ اکاؤنٹنگ کے معیارات اور ایسے بین الاقوامی مالیاتی رپورٹنگ معیارات (آئی آئی آر ایس) جو انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز بورڈ کے ذریعے جاری کیے گئے ہیں جو کمپنیز ایکٹ 2017 کے تحت مطلع کیے گئے ہیں، انشورنس آرڈیننس 2017، کمپنیز ایکٹ 2017، انشورنس آرڈیننس 2017، ایس ای سی (بیمہ) کے تحت جاری کردہ دفعات اور ہدایات (رولز 2017 اور تکافل رولز 2012)۔ وہاں سے کوئی بھی روانگی مناسب طور پر ظاہر کر دی گئی ہے۔

(5) بورڈ نے اندرونی کنٹرول کا ایک نظام قائم کیا ہے، جو کمپنی کے اندر ہر سطح پر لاگو ہوتا ہے۔ کمپنی کوڈ آف کارپوریٹ گورننس برائے بیمہ کنندگان، 2016 (کوڈ) اور لسٹڈ کمپنیز کوڈ آف کارپوریٹ گورننس ریگولیشنز 2019 (ریگولیشنز) میں دیے گئے اندرونی کنٹرول کے تمام ضروری پہلوؤں کو شامل کرنے کی کوششیں اور انتظامات کر رہی ہے۔

(6) کمپنی کے بنیادی اصول مضبوط ہیں اور اس کے جاری رہنے کی قابلیت کے بارے میں کوئی شک نہیں ہے۔

(7) کمپنی نے کارپوریٹ گورننس کے بہترین طریقوں کی پیروی کی ہے جیسا کہ فہرست سازی کے ضوابط میں بیان کیا گیا ہے سوائے ان معاملات کے جن کو آڈیٹرز نے سی سی جی رپورٹ میں نمایاں کیا ہے۔

### آڈیٹرز:

میسرز یوسف عادل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے سال 2022 کے لیے اپنی اسائنمنٹ مکمل کر لی ہے اور آنے والی سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہو جائیں گی۔ اپنی زیادہ سے زیادہ پانچ سال کی مدت پوری کرنے کے بعد، وہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے ضابطے 33(1) کے مطابق دوبارہ تقرری کے اہل نہیں ہیں۔ آڈٹ کمیٹی کی تجویز پر، بورڈ نے بی ڈی او ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی تقرری کی سفارش ان کی رضامندی حاصل کرنے کے بعد سال 2023 کے لیے کمپنی کے آڈیٹرز کے طور پر تجویز کی ہے۔

کمیٹی مندرجہ ذیل ارکان پر مشتمل ہے :-

1. جناب رضوان اختر چیئر مین
2. جناب ثار احمد المانی ممبر
3. جناب عامر غزالی ممبر
4. جناب محمد عمران ممبر اور سیکرٹری

### تعمیل اور رسک مینجمنٹ کمیٹی

کمیٹی کے کاموں میں شامل ہیں :-

- کمیٹی ایک بیمہ کنندہ کے رسک مینجمنٹ فنکشن / ڈیپارٹمنٹ کی سرگرمیوں کی نگرانی کرے گی، اور بورڈ کو مناسب سفارشات پیش کرے گی اور بورڈ کے دائرہ کار میں آنے والے ممکنہ خطرے کو کم کرنے کے لیے بورڈ کی طرف سے لیے گئے فیصلوں پر عمل درآمد کرنے میں بورڈ کی مدد کرے گی۔ رسک مینجمنٹ فنکشن / ڈیپارٹمنٹ۔
- کمیٹی تعمیل کے فنکشن اور اس پر لاگو ہونے والے قوانین کے ساتھ ساتھ داخلی پالیسیوں اور طریقہ کار (بیمہ کنندہ کے ضابطہ اخلاق کو چھوڑ کر) کی تعمیل کے سلسلے میں بیمہ کنندہ کے رسک پر وفاق کی نگرانی کے لیے بھی ذمہ دار ہوگی۔
- کمیٹی کو ان رپورٹوں کی بھی ضرورت ہوگی جس میں بیمہ کنندہ کے رسک پر وفاق اور تعمیل کی سرگرمیاں جو فعال طور پر کی گئی ہیں ان کا مقصد بیمہ کنندہ کی قانونی اور اخلاقی ذمہ داریوں کو پورا کرنے کی صلاحیت کے تعین کے ساتھ ساتھ شناخت شدہ کمزوریوں، کوتاہیوں، خلاف ورزیوں یا خلاف ورزیوں اور کنٹرول اور اس کا پتہ لگانے اور ان سے نمٹنے میں مدد کے لیے دیگر اقدامات۔
- کمیٹی ان معاملات کی نگرانی اور نگرانی کرے گی جو بیمہ کنندہ کی سیٹی اڑانے یا دیگر خفیہ طریقہ کار کا استعمال کرتے ہوئے ملازمین اور دیگر کے لیے تعمیل کے خدشات یا ممکنہ خلاف ورزیوں، خلاف ورزیوں یا دھوکہ دہی کی اطلاع دے گی۔
- کمیٹی، وقتاً فوقتاً، بیمہ کنندہ کے کاروبار کے طرز عمل پر مندرجہ بالا اثرات کے بارے میں بورڈ کو مشورہ دے گی اور مناسب کنٹرول قائم کرنے میں بورڈ کی مدد کرے گی یا ایسے اقدامات کرے گی تاکہ تعمیل سے متعلق کسی بھی خطرے کو کم کیا جاسکے۔ یا ممکنہ خلاف ورزیاں، خلاف ورزیاں یا دھوکہ دہی۔

کمیٹی مندرجہ ذیل ارکان پر مشتمل ہے :-

1. جناب رضوان اختر چیئر مین
2. جناب ثار احمد المانی ممبر
3. محترمہ سنبھل فراز ممبر
4. جناب محمد عمران ممبر
5. جناب دانش خالد سیکرٹری

### ترہیتی پروگرام

عملی ترہیت سال بھر مسلسل بنیادوں پر کی جاتی ہے۔ سال کے دوران عملہ اور سینئر افسران کو مختلف سیمینارز اور تربیتی کورسز میں شرکت کے لیے نامزد کیا گیا۔

### شیمز ہولڈنگ کا پیٹرن

شیمز ہولڈنگ کے پیٹرن کا بیان الگ سے رپورٹ میں دکھایا گیا ہے۔



### انڈر رائٹنگ کمیٹی

انڈر رائٹنگ کمیٹی کے افعال میں شامل ہیں:

- انڈر رائٹنگ کمیٹی کمپنی کی انڈر رائٹنگ پالیسی تیار کرتی ہے۔
- یہ مختلف قسم کے بیمہ کے خطرات کا اندازہ لگانے کے لیے معیارات مرتب کرتا ہے اور مختلف بیمہ کوریج کی پریمیم پالیسی کا تعین کرتا ہے۔
- یہ کاروباری پورٹ فولیو اور مارکیٹ کے منظر نامے جیسے متعلقہ عوامل کے حوالے سے کمپنی کی انڈر رائٹنگ اور پریمیم پالیسیوں کا باقاعدگی سے جائزہ لیتا ہے۔

کمیٹی مندرجہ ذیل اراکین پر مشتمل ہے؛

1. جناب رضوان اختر چیئر مین

2. محترمہ سنبل فراز ممبر

3. جناب ضیاء الرحیم سیکرٹری

### کوانٹرز اور ری انشورنس کمیٹی

ری انشورنس ایس ایس اینڈ کو۔ انشورنس کمیٹی کے افعال میں شامل ہیں؛

- یہ کمیٹی اس بات کو یقینی بناتی ہے کہ کمپنی کے کاروبار کے لیے دوبارہ بیمہ کے مناسب انتظامات کیے جائیں۔
- کمیٹی دوبارہ بیمہ کے مجوزہ انتظامات پر عمل درآمد سے پہلے ان کا تعاقب کرتی ہے، وقتاً فوقتاً انتظامات کا جائزہ لیتی ہے اور حصہ لینے والے دوبارہ بیمہ کنندگان کی رضامندی سے مشروط ہوتی ہے، وقتاً فوقتاً مناسب ایڈجسٹمنٹ تجویز کرتی ہے۔
- کمیٹی مستقبل کے حوالے کے لیے دوبارہ انشورنس پروگرام کی تاثیر کا بھی جائزہ لیتی ہے۔
- کمیٹی مندرجہ ذیل ارکان پر مشتمل ہے:-

1. جناب رضوان اختر چیئر مین

2. جناب محمد آصف رمضان ممبر

3. جناب ظفر حسنین ممبر

4. محترمہ سنبل فراز ممبر اور سیکرٹری

### کلیمز سیٹلمنٹ کمیٹی

کمیٹی کے کاموں میں شامل ہیں:-

- یہ بقایا دعویٰ کی کلاس وار عمر کا جائزہ لیتا ہے۔
- کمیٹی ان حالات کا تعین کرتی ہے جن میں دعووں کے تنازعات ہوں گے۔
- اس کی توجہ دلائی اور فیصلہ کریں کہ اس طرح کے دعووں کے تنازعات سے کیسے نمٹا جائے۔
- کمیٹی دعووں کے انتظام سے متعلق معاملات کا جائزہ لے گی۔ یہ کمپنی کے دعوے کی پوزیشن کی نگرانی کرتا ہے اور اس بات کو یقینی بناتا ہے کہ دعووں کے مناسب ذخائر بنائے گئے ہیں۔
- کمیٹی اہم دعووں کے مقدمات یا واقعات پر توجہ دیتی ہے جو دعووں کی ایک سیریز کو جنم دیتی ہے اور دعووں کا مقابلہ کرنے کے اقدامات کے نفاذ کی نگرانی کرتی ہے۔

xix کمپنی کے اندرونی اور بیرونی آڈیٹرز کے درمیان ہم آہنگی کو یقینی بنانا؛

xx اندرونی آڈٹ، آڈٹ پلان، رپورٹنگ کے فریم ورک اور طریقہ کار کے دائرہ کار اور حد کا جائزہ لیں اور اس بات کو یقینی بنائیں کہ اندرونی آڈٹ فنکشن کے پاس مناسب وسائل ہیں اور کمپنی کے اندر مناسب طریقے سے رکھا گیا ہے۔

xx اس بات کی تصدیق کرنا کہ داخلی کنٹرول کے نظام بشمول مالیاتی اور آپریشنل کنٹرول اکاؤنٹنگ سسٹم اور رپورٹنگ کا ڈھانچہ کافی اور موثر ہے۔

xxii بورڈ آف ڈائریکٹرز اور اندرونی آڈٹ رپورٹس کی توثیق سے قبل اندرونی کنٹرول کے نظام پر کمپنی کے بیان کا جائزہ؛

xxiii بورڈ آف ڈائریکٹرز کے ذریعہ بیان کردہ کسی بھی معاملے پر خصوصی پروجیکٹس، ویلیو فارمنی اسٹڈیز یا دیگر تحقیقات کا قیام، چیف ایگزیکٹو آفیسر کی مشاورت سے اور بیرونی آڈیٹرز یا کسی دوسرے بیرونی ادارے کو کسی بھی معاملے کی تزییل پر غور کرنا؛

انویسٹمنٹ کمیٹی:

سرمایہ کاری کمیٹی چیف ایگزیکٹو آفیسر سمیت پانچ ارکان پر مشتمل ہے۔

1. ایبیر مارشل محمد عارف پرویز (ریٹائرڈ) چیئرمین (نان ایگزیکٹو ڈائریکٹر)
2. ایبیر وائس مارشل سلمان احسن بخاری (ریٹائرڈ) ممبر (نان ایگزیکٹو ڈائریکٹر)
3. جناب عدیل علی ممبر (نان ایگزیکٹو ڈائریکٹر)
4. جناب رضوان اختر چیف ایگزیکٹو آفیسر
5. جناب ثار احمد المانی چیف فنانشل آفیسر
6. جناب محمد ناصر جمال سیکرٹری

سال کے دوران کی گئی تمام سرمایہ کاری/تقرریوں کو اس کمیٹی نے منظوری دے دی ہے۔

اخلاقیات، افرادی قوت و معاوضہ کمیٹی:

یہ کمیٹی چیئرمین سمیت پانچ ارکان پر مشتمل ہے۔

- محترمہ فرح عظیم خان چیئرمین (آزاد ڈائریکٹر)
- جناب عدیل علی ممبر (نان ایگزیکٹو ڈائریکٹر)
- جناب رضوان اختر سی ای او ممبر (ایگزیکٹو ڈائریکٹر)
- جناب ثار احمد المانی سی ایف او سیکرٹری

انتظامی کمیٹیاں:

بورڈ نے چار انتظامی کمیٹیاں بھی تشکیل دی ہیں۔ یعنی انڈر رائٹنگ، ری انشورنس اور کو-انشورنس، کلیئر سٹیٹمنٹ اور کمپلائنس اور رسک مینجمنٹ کمیٹیاں

بورڈ نے آڈٹ، سرمایہ کاری، انسانی وسائل اور معاوضے اور نامزدگی کمیٹیاں تشکیل دی ہیں جن میں درج ذیل غیر ایگزیکٹو ڈائریکٹرز شامل ہیں۔

آڈٹ کمیٹی:

فرح عظیم خان	چیئر پرسن آزاد خاتون ڈائریکٹر
ایگزیکٹو ڈائریکٹر (ر) وسیم احمد خان	ممبر نان ایگزیکٹو ڈائریکٹر
عدیل علی	ممبر نان ایگزیکٹو ڈائریکٹر
صیام مقصود	سیکرٹری

آڈٹ کمیٹی کے ممبر آف ریفرنس میں درج ذیل شامل ہیں:

i بورڈ آف ڈائریکٹرز کو ایکسٹرنل آڈیٹرز کی تقرری کی سفارش کرنا اور آڈٹ فیس کے کسی بھی سوال پر غور کرنا؛ آئی کیپ کو ایٹمی کنٹرول ریویو پروگرام کے تحت تسلی بخش درجہ بندی سمیت متعدد عوامل کو مد نظر رکھنا۔

ii خارجی آڈیٹرز کے استعفیٰ یا ہٹانے سے متعلق سوالات پر غور؛

iii کمپنی کے اثاثوں کی حفاظت کے لیے مناسب اقدامات کا تعین؛

iv بورڈ آف ڈائریکٹرز کی منظوری سے قبل کمپنی کے سہ ماہی، شش ماہی اور سالانہ مالیاتی گوشواروں کا جائزہ؛

v اہم فیصلے کے علاقے؛

vi آڈٹ کے نتیجے میں ایڈجسٹمنٹ کا جائزہ؛

vii تشویش کا مفروضہ جانا؛ viii آڈیٹنگ کی پالیسیوں اور طریقوں میں کوئی تبدیلی؛

ix اشاعت سے پہلے نتائج کے ابتدائی اعلان کا جائزہ؛

x ایکس۔ تمام متعلقہ فریق لین دین کا جائزہ لیں اور تجویز کریں؛

xi قابل اطلاق اکاؤنٹنگ معیارات کے ساتھ تعمیل؛

xii متعلقہ قانونی تقاضوں کی تعمیل کا تعین؛

xiii کارپوریٹ گورننس اور قواعد و ضوابط کے بہترین طریقوں کی تعمیل کی نگرانی اور اس کی کسی بھی اہم خلاف ورزی کی نشاندہی؛

xiv بدعنوانی اور اختیارات کے غلط استعمال اور اس پر انتظامیہ کے رد عمل سے متعلق سرگرمیوں کی اندرونی تحقیقات کے اہم نتائج پر غور؛

xv بورڈ آف ڈائریکٹرز کے ذریعے تفویض کردہ کسی دوسرے مسئلے یا معاملے پر غور کرنا؛

xvi بیرونی آڈٹ کی سہولت فراہم کرنا اور عبوری اور حتمی آڈٹ سے اہم مشاہدات کے بیرونی آڈیٹرز کے ساتھ بات چیت اور کوئی بھی معاملہ جسے آڈیٹرز اجاگر کرنا چاہیں

(انتظامیہ کی غیر موجودگی میں، جہاں ضروری ہو)؛

xvii مالیاتی اور دیگر معاملات میں حقیقی یا ممکنہ نا انصافیوں کے بارے میں اعتماد، خدشات، اگر کوئی ہو تو آڈٹ کمیٹی کو رپورٹ کرنے کے لیے عملے اور انتظامیہ کے انتظامات کا

جائزہ لینا اور تدارک اور تخفیف کے اقدامات شروع کرنے کی سفارش کرنا؛

xviii بیرونی آڈیٹرز کی طرف سے جاری کردہ انتظامی خط کا جائزہ اور وہاں انتظامیہ کے جواب۔

کارپوریٹ بریفنگ:

پاکستان اسٹاک ایکسچینج کے تقاضے کے مطابق 24 نومبر 2022 کو شیئر ہولڈرز اور تجزیہ کاروں کے لیے ویڈیو لنک کے ذریعے کارپوریٹ بریفنگ سیشن کا انعقاد کیا گیا۔ سیشن میں سینئر مینجمنٹ، تجزیہ کار اور شیئر ہولڈرز نے شرکت کی۔

ڈائریکٹر کا معاوضہ:

کمپنیز ایکٹ، 2017، لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 اور کمپنی کی ایسوسی ایشن کے آرٹیکلز، انڈیپنڈنٹ ڈائریکٹرز سمیت غیر ایگزیکٹو ڈائریکٹرز کے معاوضے کی پالیسی کے مطابق، کمپنی کوئی معاوضہ ادا نہیں کرتی ہے۔ اس کے نان ایگزیکٹو ڈائریکٹرز (بشمول آزاد ڈائریکٹرز) کو صرف سہ ماہی بورڈ میٹنگز میں شرکت کے لیے میٹنگ فیس دی جاتی ہے۔

چیئر مین اور چیف ایگزیکٹو آفیسر کا کردار:

چیئر مین بورڈ آف ڈائریکٹرز

شاہن فاؤنڈیشن کے مینجنگ ڈائریکٹر کمپنی کے بورڈ آف ڈائریکٹرز کے چیئر مین ہیں۔ بورڈ کے چیئر مین کی ذمہ داری ہے کہ وہ اس بات کو یقینی بنائے کہ بورڈ صحیح طریقے سے کام کر رہا ہے اور کمپنی کے نظم و نسق سے متعلقہ تمام معاملات بورڈ کے اجلاسوں میں زیر غور ہیں۔ چیئر مین بورڈ کے اجلاسوں کی صدارت اور ان کا انعقاد کرتا ہے، اور بورڈ کی قیادت کرنے اور اس کے موثر کام اور مسلسل ترقی کو یقینی بنانے کا ذمہ دار ہے۔ چیئر مین کمپنی کے روزمرہ کے کاموں میں کوئی دخل نہیں ہے۔

چیف ایگزیکٹو آفیسر - سی ای او

بورڈ آف ڈائریکٹرز کمپنی کے چیف ایگزیکٹو آفیسر (سی ای او) کو تین سال کی مدت کے لیے مقرر کرتا ہے۔ چیف ایگزیکٹو آفیسر تمام قانونی ذمہ داریوں کے مطابق کمپنی کی کارروائیوں اور اس کے کاروبار کے انعقاد کے لیے ذمہ دار ہے اور بورڈ کی ہدایت اور قانون کے ذریعے اس کے اختیار میں ہے۔ اس کی ذمہ داریوں میں بورڈ کی حکمت عملیوں اور پالیسیوں کو نافذ کرنا شامل ہے۔ وہ کمپنی کے کاروبار کے صحیح اور موثر انتظام اور طرز عمل کے لیے مجموعی کنٹرول، سمت، انتظامیہ اور نگرانی کو استعمال کرنے کا ذمہ دار ہے۔ چیئر مین اور سی ای او مسائل، مواقع اور مسائل پر تبادلہ خیال/جائزہ لینے کے لیے باقاعدگی سے ملاقات کرتے ہیں۔

سی ای او کی کارکردگی کا جائزہ:

سی ای او کی کارکردگی کا بورڈ سالانہ بنیادوں پر سال کے دوران کی گئی کاروباری سرگرمیوں کی بنیاد پر جائزہ لیتا ہے۔

بورڈ کی کمیٹیاں:

تمام ڈائریکٹرز کاروبار اور پیشوں کے متنوع شعبوں کی بھرپور نمائندگی کی نمائندگی کرتے ہیں اور مختلف کاروباری اور کارپوریٹ مسائل سے نمٹنے کے لیے مطلوبہ مہارت اور سمجھ رکھتے ہیں اور انتظامی کارکردگی کا جائزہ، تجزیہ اور چیلنج کرنے کی صلاحیت رکھتے ہیں۔ انہوں نے اپنے تجربے اور عملی مشورے کے لحاظ سے بہت زیادہ تعاون کیا ہے۔

روپے (ملین میں)						
2017	2018	2019	2020	2021	2022	
343	417	357	254	243	519	قلمزد کردہ مجموعی پریمیم بشمول مجموعی کٹز بیوشن
29	33	61	57	48	78	سرمایہ کاری کی آمدنی
80	85	100	66	43	80	دعووں کے اخراجات
62	100	61	53	35	58	کمیشن کے صافی اور دیگر حصول کے اخراجات
126	133	139	152	147	198	انتظامی اور دیگر اخراجات
63	69	60	36	25	53	نفع / نقصان (بعد از ٹیکس)
615	684	621	656	689	731	شیرس ہولڈرز کی اکیوٹی
114	116	128	127	86	129	واجب الادا دعویٰ جات
181	272	252	178	145	178	انشورنس / ری انشورنس پریمیم
453	507	564	603	600	612	سرمایہ کاری
32	31	130	135	155	167	سرمایہ کاری کی املاک

### ایٹنی منی لائڈرنگ اور کاؤنٹرنگ فنانشنگ

ریگولیشن ہونے کے ناطے ایس ای سی پی نے ایٹنی منی لائڈرنگ پالیسیوں اور طریقہ کار سے متعلق رہنما خطوط / ضابطے جاری کیے ہیں۔ ایس ای سی پی نے انشورنس کمپنیوں پر لاگو اپنے صارف کو جانیں (کے وائی سی) رہنما خطوط پر عمل درآمد کے لیے مختلف سرکلر بھی جاری کیے ہیں۔ ایس ای سی پی نے 28 ستمبر 2020 کو ایس آر او 1921(1)/2020 کے ذریعے انسداد منی لائڈرنگ اینڈ کاؤنٹرنگ فنانشنگ آف ٹیرازم ریگولیشنز 2020 بھی جاری کیا ہے جو اے ایمل اور کے وائی سی کے لیے انتہائی جامع رہنما خطوط ہیں۔ آپ کی کمپنی نے ان ہدایات کو ایک حد تک لاگو کیا ہے تاکہ متعلقہ خطرے اور نمائش کو پورا کیا جاسکے۔

### تعمیل کا کردار:

تعمیل فنکشن کا کردار اندرونی کنٹرول کی کارکردگی اور تاثیر کا جائزہ لینے کے لیے ضروری ہے جس کے بغیر کمپنی خطرات اور خطرات کے خلاف مزاحمت حاصل نہیں کر سکتی، خاص طور پر ریگولیشنز کی تعمیل کے حوالے سے۔ کمپلائنس آفیسر کنٹرول ماحول کو بہتر بنانے کا ذمہ دار ہے اور مختلف قابل اطلاق قوانین، ریگولیشنز، تقاضوں، داخلی پالیسیوں اور طریقہ کار کی تعمیل کو یقینی بناتا ہے اور ایس ای سی پی کے ضوابط کی تعمیل پر خاص زور دیتا ہے۔

### کارپوریٹ گورننس لیڈرشپ سکل پروگرام:

ایک ڈائریکٹر بطور ڈائریکٹر اہلیت کے معیار پر پورا اترتا ہے جس کے پاس بورڈ آف لسٹڈ کمپنیوں میں 15 سال کا تجربہ اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تحت 14 سال کی تعلیم ہے۔

لیکویڈیٹی مینجمنٹ:

کمپنی اپنے بنیادی کاروبار کے ساتھ ساتھ سرمایہ کاری اور دیگر آمدنی سے پیدا ہونے والے کیش فلو کے ذریعے معاہدے کی ذمہ داریوں کو زیادہ مؤثر طریقے سے پورا کرنے کی اپنی صلاحیت کو یقینی بنانے کے لیے لیکویڈیٹی کا انتظام کرتی ہے۔ آپ کی کمپنی سالوینسی کی ضروریات کو پورا کرتی ہے، کسی بھی غیر متوقع ضروریات کو پورا کرنے کے لیے مضبوط نقد بہاؤ کو برقرار رکھتی ہے۔ 31 دسمبر 2022 کو کمپنی کی سالوینسی 650.79 ملین روپے تھی جو کہ 150 ملین روپے کی مطلوبہ سالوینسی کے مقابلے میں 500.79 ملین روپے سے زیادہ ہے۔

ڈیفروٹیکس:

ڈیفروٹیکس، اگر کوئی ہے تو، تمام عارضی اختلافات پر ذمہ داری کا طریقہ استعمال کرتے ہوئے اثاثوں اور واجبات کے ٹیکس اڈوں اور مالیاتی رپورٹنگ کے مقاصد کے لیے ان کی لے جانے والی رقم کے درمیان مالی پوزیشن کی تاریخ کے بیان پر فراہم کیا جاتا ہے۔ موخر ٹیکس اثاثہ جات اور واجبات، اگر کوئی ہیں، ان ٹیکس کی شرحوں پر ماپا جاتا ہے جن کا اطلاق اثاثہ کی وصولی یا ذمہ داری کے طے ہونے کی مدت پر متوقع ہے، ٹیکس کی شرحوں (اور ٹیکس قوانین) کی بنیاد پر جو نافذ کیے گئے ہیں، یا مالی پوزیشن کی تاریخ کے بیان کو کافی حد تک نافذ کیا گیا ہے۔

ڈیفروٹیکس اثاثے، اگر کوئی ہیں، صرف اس حد تک بچانے جاتے ہیں کہ یہ امکان ہے کہ مستقبل میں قابل ٹیکس منافع دستیاب ہوگا جس کے خلاف اثاثوں کو استعمال کیا جا سکتا ہے۔

تقسیم شدہ منافع اور نفع کا استعمال:

31 دسمبر 2022 کو ختم ہونے والے سال کے دوران 53.88 ملین روپے کا بعد از ٹیکس منافع کمایا گیا۔ مستقبل کے کاروباری چیلنجوں اور غیر یقینی معاشی صورتحال سے نمٹنے کے لیے، ڈائریکٹرز نے سال کے لیے کسی ڈیویڈنڈ/ ادائیگی کی سفارش نہیں کی۔

فی شیئر آمدنی:

31 دسمبر 2022 کو اختتام پزیر ہونے والے سال میں کمپنی کی فی شیئر بنیادی اور خفیف آمدنی 0.89 روپے فی شیئر ہے (جو 2021 میں 0.52 فی شیئر تھی)۔

شرکتی پراویڈینٹ فنڈ:

پراویڈینٹ فنڈ کے 31 دسمبر 2022 کے غیر آڈٹ شدہ اکاؤنٹ کی بنیاد پر سرمایہ کاری کی رقم بشمول کی آمدنی کی تفصیل درج ذیل ہے۔  
سرمایہ کاری کی قدر 20.94 ملین روپے ہے۔

ٹیکس، ڈیویڈنڈ کی مد میں ادائیگی:

ٹیکس، ڈیویڈنڈ، لیویز اور اخراجات کی مد میں کوئی قانونی رقم واجب الادا نہیں ہے ماسوائے ان رقم کے جو عام کاروبار میں واجب الادا ہوتی ہے یا جن کا اظہار معاشی فنانشل اسٹیٹمنٹس میں کیا گیا ہے۔

درج ذیل ٹیبل میں گذشتہ چھ سال کے دوران بیان کردہ مد کے مالیاتی اعداد و شمار بیان کئے گئے ہیں۔

مندرجہ ذیل تمام حضرات کمپنی کے نان ایگزیکٹو ڈائریکٹرز ہیں:

۱۔ ایبڑ مارشل (ر) محمد عارف پرویز	چیئر مین اور نان ایگزیکٹو ڈائریکٹر
۲۔ ایبڑ وائس مارشل (ر) سلمان احسن بخاری	نان ایگزیکٹو ڈائریکٹر
۳۔ ایبڑ کموڈور (ر) توصیف صادق	نان ایگزیکٹو ڈائریکٹر
۴۔ ایبڑ کموڈور (ر) وسیم احمد خان	نان ایگزیکٹو ڈائریکٹر
۵۔ عدیل علی	نان ایگزیکٹو ڈائریکٹر
۶۔ فرح عظیم خان	آزاد خاتون ڈائریکٹر
۷۔ جہانگیر شاہ	آزاد ڈائریکٹر

\* جہانگیر شاہ کی تقرری جون 2022 خالد سعید مرزا کی جگہ بورڈ میں خالی آسامی پُر کرنے کے لیے ہوئی جنہوں نے سال کے دوران بورڈ سے استعفیٰ دے دیا

سہ ماہی بورڈ میٹنگز کے لیے میٹنگ فیس کمپنی کے شرکت کرنے والے ڈائریکٹرز کو ادا کی جاتی ہے۔

بورڈ کی میٹنگز:

2022 میں بورڈ آف ڈائریکٹرز کی 4 میٹنگز منعقد ہوئیں۔ ڈائریکٹرز کی حاضری کی تفصیل درج ذیل ہے۔

ڈائریکٹر کا نام	حاضری
ایبڑ مارشل (ر) محمد عارف پرویز	4
ایبڑ وائس مارشل (ر) سلمان احسن بخاری	4
ایبڑ کموڈور (ر) توصیف صادق	4
ایبڑ کموڈور (ر) وسیم احمد خان	3
عدیل علی	4
فرح عظیم خان	3
جہانگیر شاہ (جون 2022 میں منتخب ہوئے)	2
خالد سعید مرزا (جون 2022 میں رخصت ہوئے)	1

میٹنگ میں حاضری سے قاصر رہنے کی صورت میں ڈائریکٹرز کو رخصت فراہم کی گئی۔

متعلقہ پارٹی لین دین:

تمام متعلقہ فریق کے لین دین کو وقتاً فوقتاً آڈٹ کمیٹی اور بورڈ کے سامنے ان کے جائزے اور منظوری کے لیے پیش کیا جاتا ہے۔ ان ٹرانزیکشنز کا جائزہ / سفارش آڈٹ کمیٹی نے کی ہے اور بورڈ آف ڈائریکٹرز نے اپنے متعلقہ اجلاسوں میں ان کی منظوری دی ہے۔ متعلقہ فریقوں کے ساتھ کئے گئے تمام لین دین بازو کی لمبائی کی بنیاد پر ہوتے ہیں

مندرجہ بالا ماڈیولز کے نفاذ کی وجہ سے، حکمانہ سطح پر آپریشنل افادیت میں بہتری آئی اور ان پیش رفتوں نے اندرونی کنٹرول اور موثر مینجمنٹ انفارمیشن سسٹم کو بہتر بنانے میں مدد کی۔

سیکیورٹی: اینڈ ایکٹیو مینجمنٹ آف پاکستان نے انشورنس سیکٹر کے لیے سائبر سیکیورٹی فریم ورک پرائس ای سی کے رہنما خطوط جاری کیے ہیں، جو سائبر سیکیورٹی فریم ورک کو رسک مینجمنٹ کے مجموعی فریم ورک کے ساتھ ہم آہنگ کرنے اور آئی ایس او 27001 کو حاصل کرنے میں مدد کریں گے، جو اندرونی انسانی غلطی یا غیر قانونی عمل کے خلاف خطرے کو نمایاں طور پر کم کرتا ہے۔

کمپنی کی آئی ٹی حکمت عملی اپنی آپریشنل ضروریات کے ساتھ پوری طرح ہم آہنگ ہے تاکہ ہمارے صارفین کو ان کے اعلیٰ درجے کے اطمینان کے لیے تیز رفتار خدمات فراہم کی جاسکیں۔

کریڈٹ ریٹنگ:

اسپانسرز کی مضبوط حمایت، کیپٹل بیس، محتاط ذمہ داری اور مالیاتی انتظام کے ساتھ، پاکستان کریڈٹ ریٹنگ ایجنسی (پیکرا) نے ہماری کمپنی کی انشورنس کنندہ مالیاتی طاقت

(آئی ایف ایس) کی درجہ بندی AAA+ (سنگل اے پلس) مثبت آؤٹ لک کے ساتھ رکھا ہے۔ مثبت تفویض کردہ درجہ بندی اچھے کریڈٹ کو ایٹمی کی نشاندہی کرتی ہے، تحفظ کے عوامل مضبوط ہیں، خطرہ معمولی ہے لیکن معیشت میں ممکنہ تبدیلیوں، پالیسی ہولڈرز اور معاہدے کی ذمہ داریوں کو پورا کرنے کی اعلیٰ صلاحیت کے ساتھ مختلف ہو سکتے ہیں۔

بورڈ آف ڈائریکٹرز:

کمپنی کا بورڈ آف ڈائریکٹرز آٹھ ڈائریکٹرز پر مشتمل ہے جس میں چیف ایگزیکٹو آفیسر (سی ای او) بھی شامل ہیں جن کے پاس نگرانی اور حکمت عملی کے رہنما خطوط فراہم کرنے کے لیے ضروری علم، تجربہ اور مہارتیں ہیں۔ مندرجہ ذیل تقسیم کے مطابق ڈائریکٹرز کی کل تعداد آٹھ (8) ہے۔

(a) مرد 07

(b) خاتون 01

بورڈ کی تشکیل حسب ذیل ہے:-

□ آزاد ڈائریکٹرز 2

□ غیر ایگزیکٹو ڈائریکٹرز 5

□ سی ای او- ایگزیکٹو ڈائریکٹر سمجھا جاتا ہے 1

سال کے دوران بورڈ اپنے فرائض کی انجام دہی میں سرگرم رہا جس میں کمپنی کے مختلف متعلقہ قوانین اور میٹروڈم اور ایسوسی ایشن کے آرٹیکلز کے تحت انجام دیے گئے، جس کے حتمی مقاصد شیئر ہولڈرز کے مفادات کی خود حفاظت کرنا، کمپنی کے منافع میں اضافہ کرنا اور مارکیٹ کے اعتماد کو فروغ دینا۔



بیلنس شیٹ کی تاریخ پر کیے گئے دعووں کی فراہمی لیکن کافی نہیں بتائی گئی (آئی بی این ای آر) روایتی کے لیے 5.85 ملین روپے (مالی سال 2021: روپے 11.96 ملین) اور 23.2 ملین روپے (مالی سال 2021: 0.83 ملین روپے) ہیں۔ تکافل آپریشنز 2016 کے ایس ای سی پی سرکلر نمبر 9 کی تعمیل میں، کمپنی (آئی بی این ای آر) دعووں کے تعین کے لیے ایچکو ریل مشورہ لیتی ہے۔ (آئی بی این ای آر) کے دعووں کا تخمینہ چین لیڈر طریقہ کار سے لگایا گیا ہے۔ سلسلہ سیڑھی چین لیڈر طریقہ میں ہر مدت کے لیے ترقی کے عوامل یا رابطہ کے تناسب کا تعین شامل ہے۔ اس کے بعد ان کو مجموعی ترقیاتی عنصر (سی ڈی ایف) کا تعین کرنے کے لیے جوڑ دیا جاتا ہے جو دعووں کی مستقبل کی ترقی کی حد تک ان کی حتمی سطح تک پہنچنے کی نمائندگی کرتا ہے۔

### ری انشوررز اور ری تکافل:

آپ کی کمپنی نے سال 2023 کے لیے مکررہ بیمہ کے انتظامات کو کامیابی کے ساتھ مکمل کر لیا ہے۔ ٹرسٹ ری، بیسٹ میریڈیٹن انشورنس (بی ایم آئی) کی جانب سے، دنیا کی معروف ری بیمہ کنندہ کمپنی کے ری بیمہ پروگرام کے رہنما کے طور پر جاری ہے جبکہ ہمارے معاہدے کے شراکت داروں میں لووان ری، سعودی ری، تیونس ری، ایس سی آر، کینیڈا ری اور اوٹن ری شامل ہیں۔ انڈر رائٹنگ سال 2023 کے لیے کاروبار کی مخصوص لائنوں کے لیے انڈر رائٹنگ کی صلاحیت میں مزید بہتری آئی ہے، اس طرح آپ کی کمپنی اعتماد پسند خطرات کو انڈر رائٹنگ کرنے کے قابل ہوگی۔ ہم اپنے تمام مکررہ بیمہ کے ان کے غیر متزلزل اعتماد اور مسلسل تعاون کے لیے شکرگزار ہیں۔

سال 2022-23 کے لیے ری تکافل کے انتظامات ترتیب سے ہیں۔ دنیا کے مشہور ری تکافل آپریٹرز لووان ری بدستور ری تکافل پروگرام کے رہنما ہیں جبکہ ہمارے معاہدے کے شراکت داروں میں سعودی ری اور تیونس ری شامل ہیں۔ انڈر رائٹنگ سال 2022-23 کے لیے کاروبار کی مخصوص لائنوں کے لیے کاروباری صلاحیت میں مزید بہتری آئی ہے۔ ہم اپنے تمام ری تکافل معاہدہ شراکت داروں کے مسلسل تعاون اور اعتماد کے لیے ان کے شکرگزار ہیں۔

### اداشدہ سرمایہ اور ریزرو:

بیلنس شیٹ کی تاریخ پر آپ کی کمپنی کا اداشدہ سرمایہ 600 ملین روپے ہے اور جنرل ریزرو 23.86 ملین روپے ہے، جبکہ کل ایکویٹی بڑھ کر 731.86 ملین روپے ہو گئی ہے۔ آپ کی کمپنی مکمل طور پر کیپیٹل سزڈ ہے اور نان لائف انشورنس کمپنیوں کے لیے ایس ای سی پی کی طرف سے تجویز کردہ 500 ملین روپے کی مطلوبہ کم از کم کیپیٹل کی ضرورت سے زیادہ ہے۔ ایکویٹی میں اضافہ مستقبل کے کاروباری چیلنجوں اور ترقی کے امکانات کا مقابلہ کرنے میں کمپنی کی بہت مدد کرے گا۔

### انفارمیشن ٹیکنالوجی:

موجودہ حالات میں آئی ٹی کے کردار کو نظر انداز نہیں کیا جاسکتا۔ یہ بہت ضروری ہو گیا ہے کیونکہ بلا تعلق آئی ٹی خدمات کی دستیابی نے بنیادی کاروباری کارروائیوں میں ایک متحرک کردار حاصل کر لیا ہے۔

آپ کی کمپنی اپنے تکنیکی پلیٹ فارم کو بڑھانے اور اپ گریڈ کرنے کے لیے مسلسل سرمایہ کاری کر رہی ہے۔ جنرل انشورنس سافٹ ویئر آئی جی آئی ایس؛ برانچ صارف کی سطح پر کامیابی سے چل رہا ہے۔ آئی جی آئی ایس کو کمپنی کے تکافل آپریشنز کے لیے برانچ صارف کی سطح پر بھی لاگو کیا گیا ہے تاکہ روزمرہ کی مختصر اور طویل مدتی ضروریات کو پورا کیا جاسکے۔ آئی جی آئی ایس کی خوبی یہ ہے کہ یہ ایک مربوط سافٹ ویئر ہے جس میں مختلف ماڈیولز یعنی انڈر رائٹنگ، کلیم، اکاؤنٹس اور ری انشورنس شامل ہیں۔ یہ جاوا اسکریپٹ آن لائن ویب پر مبنی سافٹ ویئر ہے جس میں اوریکل ڈیٹا بیس ہے، اور اس کا ڈیٹا مینجمنٹ پریشانی سے پاک ہے اور اس کی شناسائی اور حفاظت میں انتہائی محفوظ ہے۔

## ونڈو تکافل آپریشنز - (سنگ میل)

شاہین تکافل شریعہ بورڈ کی رہنمائی میں کام کر رہا ہے جس میں اہل اور سند یافتہ شریعہ اسکالرز شامل ہیں۔

سال 2022 کے دوران، ہمارے تکافل کے آپریشنز نے بھی 33.6 ملین روپے کی مجموعی شراکت کے ذریعے مضبوطی سے ترقی کی جب کہ 2021 کے دوران 11.8 ملین روپے کے مقابلے میں 185 فیصد سے زیادہ کا اضافہ ہوا۔ سال 2022 کے دوران تکافل کے کاروبار سے خالص شراکت بڑھ کر 18.76 ملین روپے ہو گئی جو کہ پچھلے سال کے دوران 4.17 ملین روپے تھی۔

ہمیں یہ بتاتے ہوئے بے حد خوشی ہو رہی ہے کہ ہمارے ونڈو تکافل آپریشنز نے جب سے کام شروع کیا ہے پہلی بار 3.74 ملین روپے کا ٹیکس قبل منافع (مالی سال 2021: نقصان 0.655 ملین روپے) درج کیا ہے۔ آپ اس بات کی بھی تعریف کریں گے کہ ہماری کمپنی کے ڈبلیو ٹی او نے 2022 کے دوران پی ٹی ایف اکاؤنٹ کے ذریعے 2.83 ملین روپے کی قرضہ کو او پی ایف اکاؤنٹ میں واپس کرنا شروع کر دیا ہے، اور آنے والے سالوں کے دوران اس کے قرض کو کم کرنے کا مقصد ہے۔

ہمیں یقین ہے کہ آنے والے سالوں میں تکافل آپریشنز میں خاطر خواہ اضافہ ہوگا کیونکہ ہم اپنے مارکیٹ شیئر کو بڑھانے کے لیے تمام ضروری اقدامات کر رہے ہیں۔

## بینک کی لمیٹس اور نان لسٹنگ:

چونکہ بیمہ کے کاروبار کی اکثریت بیمہ کنندگان کے ذریعے بینکوں / مالیاتی اداروں / ڈیولپمنٹ مالیاتی اداروں کی مالی اعانت سے حاصل کی جاتی ہے۔ تاہم کچھ بینکوں / مالیاتی اداروں / ڈیولپمنٹ مالیاتی اداروں کی جانب سے بینک کی حدود کی کلسنگ اور ڈی لسٹنگ / نان لسٹنگ مارکیٹ کے تمام کھلاڑیوں، خاص طور پر درمیانے درجے کے بیمہ کنندگان کو برابری کا میدان فراہم نہیں کر رہی ہے۔ بینکوں اور مالیاتی اداروں کی یہ غیر مساوی پالیسی صرف بڑی انشورنس کمپنیوں کے حق میں ہے، جبکہ باقی کھلاڑی محروم رہ گئے ہیں۔ انشورنس انڈسٹری کے وسیع تر اور بہترین مفاد کے لیے متعلقہ حلقوں کو اس امتیازی منظر نامے پر توجہ دینے کی ضرورت ہے۔ اس پالیسی کی پوشیدہ نگرانی یہ ہے کہ بینکوں اور مالیاتی اداروں کی نمائش مختلف بیمہ کار کے درمیان پھیلنے کے بجائے چند بیمہ کنندگان کے ساتھ جمع ہو رہی ہے جو کہ انشورنس اور تکافل کی اصل روح نہیں ہے۔

## سرمایہ کاری:

آپ کی کمپنی کی مجموعی سرمایہ کاری کی پالیسی خطرے سے پاک، سب سے زیادہ منافع پر توجہ مرکوز کرتے ہوئے غیر تبدیل شدہ ہے۔ آپ کی کمپنی مارک اپ سے اپنی سرمایہ کاری کی آمدنی کا ایک اہم حصہ بھی پیدا کرتی ہے۔ سرمایہ کاری کے پورٹ فولیو میں 31 دسمبر 2022 تک 364.78 ملین روپے کے ٹرم ڈپازٹس شامل ہیں (مالی سال 2021: 324 ملین روپے)۔ کیش اینڈ بینک بیننس 31 دسمبر 2022 تک 105.70 ملین روپے (مالی سال 2021: 72.59 ملین روپے) تھے۔

## صافی دعوے:

کمپنی ایڈیٹمنٹ آف فنانشل پوزیشن کی تاریخ یعنی 31 دسمبر 2022 تک ہونے والے تمام دعووں کے سلسلے میں ذمہ داری کو تسلیم کرتی ہے جس کی پیمائش مستقبل کی متوقع ادائیگیوں کی غیر رعایتی قیمت پر کی جاتی ہے۔

31 دسمبر 2022 کو ختم ہونے والے سال کے لیے آپ کی کمپنی کے انشورنس کے نتائج کا خلاصہ درج ذیل ہے۔

مجموعی اضافہ/کمی	2021	2022	منافع اور نقصان کا حساب
114%	243.02	519.23	قلعہ مجموعی پریمیم
67%	179.99	300.87	پریمیم کی صافی آمدنی
88%	42.71	80.08	صافی دعوے (بشمول آئی بی این آر)
41%	140.50	198.01	انتظامی اخراجات
636%	(0.66)	3.51	ونڈ وٹکافل آپریشنز سے نفع
65%	47.56	78.38	سرمایہ کاری کی آمدنی
200%	25.97	77.79	نفع قبل از ٹیکس
72%	31.08	53.38	نفع بعد از ٹیکس
72%	0.52	0.89	آمدنی فی شیئر (روپے)

سال 2022 کے دوران، آپ کی کمپنی نے 33.6 ملین روپے کے ٹکافل کنٹریبیوشن سمیت 519 ملین روپے کا مجموعی پریمیم لکھا جبکہ 2021 کے 243 ملین روپے کے پریمیم میں 11.8 ملین روپے کا ٹکافل کنٹریبیوشن شامل ہے جس میں مجموعی طور پر 114 فیصد اضافہ ہوتا ہے۔ روایتی کاروبار سے خالص پریمیم گزشتہ اسی سال کے دوران 180 ملین کے مقابلے میں زیر جائزہ سال کے لیے بڑھ کر 301 ملین روپے ہو گیا۔ گزشتہ سال کے 43 ملین روپے کے مقابلے میں سال کے دوران 80 ملین روپے کے صافی دعوے شامل ہیں، جس کی بنیادی وجہ کاروبار میں اضافہ ہے۔

آپ کی کمپنی نے اپنے کاروبار کی بنیادی لائنوں سے منافع کمایا جہاں کاروبار کی کلاسیں منافع میں شراکت کرتی ہیں لیکن دیگر شریک بیمہ کنندگان اور ری انشورنر کنندگان کی جانب سے 22.61 ملین روپے (مالی سال 4.00: 2021 ملین) کی واجب الادا رقم کے خلاف پروویژن ریکارڈ کرنے کی وجہ سے اور 33.47 ملین (مالی سال 2021: 21 ملین روپے) رائٹ آف کے نتیجے میں سال 2021 کے دوران 38.18 ملین روپے کے انڈر رائٹنگ نقصان کے مقابلے میں سال 2022 کے لیے 35.52 ملین روپے کا انڈر رائٹنگ نقصان ہوا۔

کمپنی کی سرمایہ کاری کی آمدنی میں 65 فیصد اضافہ ہوا جس کی بنیادی وجہ اسٹیٹ بینک آف پاکستان کی جانب سے شرح سود میں تیزی سے اضافہ ہے۔ جبکہ 2021 کے مقابلے میں 2022 کے لیے انتظامی اور دیگر اخراجات میں 41 فیصد اضافہ ہوا ہے تو بنیادی طور پر افراط زر اور رائٹ آف کی ریکارڈنگ اور کو انشورنر/ری انشورنر کی جانب سے واجب الادا رقم کے خلاف فراہمی کی وجہ سے ہے۔

ان تمام چیلنجوں کے باوجود ہماری کمپنی نے ٹیکس سے پہلے خالص منافع میں زبردست اضافہ درج کیا جو بڑھ کر 77.79 ملین (مالی سال 2021: 26.62 ملین روپے) اور ٹیکس کے بعد خالص منافع 53.38 ملین رہا جو پچھلے سال کے مقابلے میں 68 فیصد سے زیادہ کا اضافہ ظاہر کرتا ہے۔ (مالی سال 2021: 31.73 ملین روپے)۔

## ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز مسرت کے ساتھ 31 دسمبر 2022 کو اختتام پذیر ہونے والے سال کی سالانہ رپورٹ بعد آڈٹ شدہ معاشی اسٹیٹمنٹس پیش کر رہے ہیں۔  
عام معاشی جائزہ:

پاکستان کئی سالوں سے معاشی بحران کا شدید شکار ہے۔ کم شرح نمو، قرضوں کی بلند سطح، افراط زر، کم پیداواری صلاحیت اور متعصب سیاسی طور پر چلنے والی معاشی پالیسیوں کے علاوہ دیگر عوامل نے وسیع پیمانے پر غربت اور سست ترقی میں اہم کردار ادا کیا ہے۔

پاکستان، اپنے تمام وسائل اور مواقع کے ساتھ، معاشی طور پر مزید الجھنے کا متحمل نہیں ہو سکتا، لیکن اسے بغیر کسی تاخیر کے ایک بہتر، فعال اور خوشحال معیشت کی ضرورت ہے۔ معاشی تغیرات صرف ماہرین اقتصادیات کے لیے نہیں بلکہ تمام پاکستانیوں کے لیے ہیں۔ ملک کے مستقبل کا دار و مدار معاشی بحران پر قابو پانے پر ہوگا جو طویل عرصے سے جاری سیاسی عدم استحکام کی وجہ سے گھمبیر ہو چکا ہے۔ ایک فعال اقتصادی حکمت عملی کی اشد ضرورت ہے، اور اس کے نفاذ میں تسلسل کی ضرورت ہے۔ حل میں سے ایک 15 سالہ اقتصادی روڈ میپ یعنی "چارٹرف آف اکانومی" پر اتفاق اور تمام سیاسی اور دیگر فیصلہ ساز قوتوں پر مشتمل ایک اعلیٰ اختیاراتی کمیٹی کی تشکیل ہو سکتی ہے۔

سال 2022 اقتصادی اور سماجی دونوں محاذوں پر چیلنجنگ رہا جس میں اہم منفی خطرات مندرجہ ذیل شامل تھے۔

(a) سیلاب سے غیر متوقع نقصانات جبکہ زبانی نقصانات کا تخمینہ جاری ہے۔

(b) سیاسی عدم استحکام جس نے ایک مربوط اور بروقت پالیسی رد عمل کو نقصان پہنچایا۔

(c) بیرونی حالات کا خراب ہونا، بشمول عالمی اجناس کی قیمتوں اور شرح سود میں غیر متوقع اضافہ؛

(d) بڑی ملکی اور بیرونی مالیاتی ضروریات سے وابستہ خطرات، خاص طور پر سیاق و سباق میں بینکنگ سیکٹر کی لیکویڈیٹی رکاوٹیں۔

ان خطرات کو سنبھالنے کے لیے، اقتصادی، بحالی کے لیے واضح حکمت عملی کو بیان کرنے اور مؤثر طریقے سے لاگو کرنے سمیت، مجموعی اقتصادی انتظام اور مارکیٹ کے جذبات کو برائیں کرنا اہم ہوگا۔ مالی اخراجات کو کم کرنے اور کسی بھی نئے اخراجات کو احتیاط سے کرنا؛ ایک سخت مالیاتی موقف اور چیکڈ ارشر مبادلہ کو برقرار رکھنا؛ اور توانائی کے شعبے سمیت اہم ڈھانچہ جاتی اصلاحات کے ساتھ آن ٹریک رہنا ہوگا۔

گوکہ عالمی معیشت خاص طور پر حالیہ سیلاب کے بعد بہت معاون ہے اور مقامی معیشت بھی جواب دے رہی ہے لیکن اب ملک کے معاشی استحکام کا دار و مدار آئندہ عام انتخابات کے بعد بنی حکومت کی جانب سے بننے والی اقتصادی پالیسیوں پر ہوگا۔

مالی سال 2022 میں متوقع جی ڈی پی نمو، سیلاب اور دیگر شدید معاشی عدم توازن کی وجہ سے انشورنس انڈسٹری کے حالات بدستور چیلنجنگ بنے ہوئے ہیں۔

ہم انشورنس انڈسٹری میں پیش آنے والے چیلنجوں سے پوری طرح واقف ہیں اور اس طرح کی تمام مداخلتوں سے فائدہ اٹھانے کے لیے پوری طرح تیار ہیں۔ اس بات کو مد نظر رکھتے ہوئے کہ صنعتی توسیع نہ ہونے کے برابر ہے، کمپنی کی ترقی اور مجموعی کارکردگی کو تسلی بخش قرار دیا جاسکتا ہے۔ آپ کی کمپنی کاروباری توسیع کے لیے مختلف اقدامات کر رہی ہے جس میں کنسورشیم کی بنیاد پر ہماری صلاحیتیں فراہم کر کے دوسرے کھلاڑیوں کے ساتھ ہاتھ ملانا بھی شامل ہے۔

ہم آنے والے سالوں میں چیلنجوں اور مواقع کا مقابلہ کرنے کے لیے اعتماد کے ساتھ منتظر ہیں۔

کمپنی کی کارکردگی - آپریشنل نتائج برائے سال 2022

سال 2022 سخت چیلنجوں کے باوجود کمپنی کے لیے تبدیلی کا سال ثابت ہوا۔ آپ کی کمپنی کی شرح نمو گزشتہ سال کے مقابلے میں نمایاں تھی جیسا کہ ذیل میں ہے:

کاروبار	مالی سال 2022	مالی سال 2021	مجموعی اضافہ
کنونشن کاروبار	485.60	231.25	110%
ونڈوٹاکافل کاروبار	33.63	11.77	186%
کل کاروبار	519.23	243.02	114%

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 28th Annual General Meeting (AGM) of Shaheen Insurance Company Limited (SICL) will be held on Tuesday, April 25, 2023 at 11:30 a.m. at the head office of Shaheen Airport Services (SAPS) situated at SAPS Complex, Malir Avenue, Jinnah International Airport, Karachi, to transact the following business;

### Ordinary Business

1. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended December 31, 2022 together with the Directors' and Auditor's Reports thereon.
2. To appoint Auditors of the Company for the year ending December 31, 2023 and fix their remuneration. The present auditors Ms. Yousuf Adil, Chartered Accountants, having completed their maximum term of five years are not eligible for reappointment pursuant to Regulation 33 (1) of the Listed Companies (Code of Corporate Governance) Regulations 2019. Notice is hereby given under section 246(2) of the Companies Act 2017 that on the proposal of the Audit Committee, Board has recommended the appointment of BDO Ebrahim & Co. Chartered Accountants as auditors of the Company for the year 2023 after obtaining their consent.

Karachi: April 03, 2023

By Order of the Board

**Nisar Ahmed Almani**  
Company Secretary

### Notes:

1. In line with the clarification issued vide Circular no. 4 of 2021 by the Securities & Exchange Commission of Pakistan (SECP) for ensuring participation of the shareholders in general meeting through electronic means as a regular feature; Company has also provided the facility for attending the meeting through video link. To attend the AGM through video link, members are requested to register their following particulars by sending an e-mail at [it.incharge@shaheeninsurance.com](mailto:it.incharge@shaheeninsurance.com)

Folio / CDC Account No.	No. of shares held	Name	CNIC No.	CNIC No.	Email address

- The video link and login credentials will be shared with shareholders whose e-mails, containing all the requested particulars, are received at the given e-mail address by or before the close of business hours (5:00 p.m.) on April 23, 2023. For any query, the members may please contact at aforesaid email or on WhatsApp Number 03212685861.
2. In accordance with the provisions of section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to the shareholders only through electronic mode i.e. directly into the bank account designated by the entitled shareholders. Please note that if Bank account details (IBAN) as per prescribed format have not been provided by the shareholders to the Share Registrar, their Broker (participant) or CDC, the company would be constrained to act in accordance with the provisions of the law and withhold the cash dividend.
3. The share transfer books of the Company shall remain closed from April 19, 2023 to April 25, 2023 (both days inclusive). Transfers received at M/s. Corplink (Pvt.) Ltd., Wings Arcade, 1-K, Commercial Model Town, Lahore, the Registrar and Share Registrar Office of the Company, by the close of business on April 18, 2023 will be considered in time for the purpose of Annual General Meeting.



4. The Proxy Form duly completed and signed along with attested copies of CNIC/Passport of the member, Proxy Holder and the witnesses must be deposited at the Registered Office of the Company or emailed at cfo@shaheeninsurance.com not later than 48 hours before the time of holding of the meeting. Original CNIC/Passport will be produced by the Proxy holder at the time of the meeting.
5. No persons shall be appointed as a Proxy unless he/she is a member of the company.
6. In case of corporate entity, the Board of Director's Resolution/Power of Attorney with specimen signature of the representative shall be submitted along with Proxy Form to the Company.
7. CDC account holders and their proxies must attach attested photocopy of their CNIC/Passport with the Proxy Form.
8. Members may exercise their right to vote by means of postal ballot i.e. by post or through electronic mode subject to the requirements of section 143-145 of the Companies Act 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.

**Circulation of Annual Audited Financial Statements and Notice of AGM to the Members through email:**

9. Pursuant to section 223 of the Companies Act, 2017 together with the SECP's Notification No SRO. 787(1)/2014, dated September 08, 2014 members desirous of having company's financial statements / Notice of Meeting through email are requested to provide their written consent and e-mail addresses to the Share Registrar at the below mentioned address.

Ms. Corplink (Pvt.) Ltd. Wings Arcade, 1-K, Commercial Model Town, Lahore Phone No. 042-35916714 – 042-35916719 Fax No. 042-35869037

## HORIZONTAL ANALYSIS STATEMENT OF FINANCIAL POSITION & PROFIT & LOSS ACCOUNT

% Increase / (Decrease) over preceeding year

STATEMENT OF FINANCIAL POSITION	2022	2021	2020	2019	2022	2021	2020	2019
Property and equipment	55	40	22	82	0.38	0.81	(0.73)	6.44
Investment properties	167	155	135	130	0.08	0.14	0.04	0.19
Investments	-	-	-	-	-	-	-	-
Equity securities	164	67	63	58	1.45	0.07	0.09	0.10
Debt securities	83	169	167	78	(0.51)	0.01	1.14	3.64
Term deposits	365	324	373	428	0.13	(0.13)	(0.13)	(0.02)
Loans and other receivables	18	15	33	17	0.20	(0.56)	1.00	0.12
Insurance / re-insurance receivables	123	142	178	253	(0.14)	(0.20)	(0.29)	(0.07)
Re-insurance recoveries against outstanding claims	46	14	15	13	2.32	(0.04)	0.14	1.29
Salvage recoveries accrued	-	2	2	4	(1.00)	(0.27)	(0.51)	3.59
Deferred commission expense	26	16	15	26	0.68	0.00	(0.41)	(0.11)
Taxation-payment less provision	4	15	3	1	(0.73)	3.96	1.83	-
Prepayments	15	6	14	5	1.30	(0.54)	1.74	(0.76)
Cash and bank	106	73	15	23	0.46	3.94	(0.37)	0.10
Total assets of window takaful operations - Operator's Fund	66	57	56	55	0.17	0.01	0.02	0.07
<b>Total Assets</b>	<b>1,237</b>	<b>1,094</b>	<b>1,092</b>	<b>1,174</b>	<b>0.13</b>	<b>0.00</b>	<b>(0.07)</b>	<b>0.13</b>
Share capital	600	600	600	600	-	-	-	-
Reserves	24	33	32	33	(0.27)	0.01	(0.03)	0.06
Unappropriated profit	108	55	24	(12)	0.98	1.31	(2.97)	(0.79)
Total Equity	732	687	656	621	0.07	0.05	0.06	0.08
Outstanding claims including IBNR	129	86	127	128	0.50	(0.33)	(0.01)	0.10
Unearned premium reserves	157	98	93	133	0.60	0.06	(0.30)	(0.09)
Premium deficiency reserves	0	0	1	0	-	(0.37)	1.32	29.13
Unearned reinsurance commission	2	1	2	1	0.70	(0.43)	1.26	(0.07)
Lease liabilities	19	26	17	78	(0.27)	0.54	(0.78)	-
Premium received in advance	1	-	2	-	-	(1.00)	-	-
Insurance / re-insurance payables	55	65	76	62	(0.16)	(0.15)	0.24	(0.10)
Other creditors and accruals	128	122	112	146	0.05	0.09	(0.23)	0.11
Unclaimed dividend	2	2	2	2	-	-	(0.04)	3.79
Taxation - provision less payments	-	-	-	-	-	-	-	(1.00)
Total liabilities of window takaful operations - Operator's Fund	12	5	4	3	1.35	0.31	0.57	0.08
<b>Total Equity and Liabilities</b>	<b>1,237</b>	<b>1,094</b>	<b>1,092</b>	<b>1,174</b>	<b>0.13</b>	<b>0.00</b>	<b>(0.07)</b>	<b>0.13</b>
<b>PROFIT AND LOSS ACCOUNT</b>								
Net insurance premium	301	180	229	295	0.67	(0.21)	(0.22)	(0.20)
Net insurance claims	(80)	(43)	(66)	(100)	0.88	(0.35)	(0.34)	0.17
Premium deficiency - net	-	0	(0)	(0)	(1.00)	(1.65)	0.36	(7.33)
Net commission expense / acquisition cost	(58)	(35)	(53)	(61)	0.66	(0.34)	(0.13)	(0.39)
Management expenses	(198)	(140)	(147)	(134)	0.41	(0.05)	0.10	0.09
Underwriting results	(36)	(38)	(38)	67	(0.07)	0.01	(1.56)	(0.39)
Investment income	78	48	57	61	0.65	(0.16)	(0.07)	0.85
Unrealised gain on investment properties	12	20	5	21	(0.38)	2.94	(0.76)	1.44
Rental income	2	4	3	4	(0.42)	0.19	(0.03)	0.04
Other income	26	1	29	6	17.92	(0.95)	3.54	1.39
Other expenses	(6)	(6)	(7)	(5)	0.15	(0.15)	0.48	(0.52)
Finance charges against lease liabilities	(2)	(2)	(3)	(10)	0.13	(0.31)	(0.70)	-
Loss after tax from window takaful operations - OPF	4	(1)	(1)	3	(5.88)	0.39	(1.16)	(15.20)
Profit / (Loss) before tax	78	26	46	80	2.00	(0.44)	(0.43)	(0.19)
Provision for taxation - net	(24)	5	(10)	(20)	(5.78)	(1.49)	(0.49)	0.01
Profit / (Loss) after tax	53	31	36	60	0.72	(0.13)	(0.41)	(0.24)

## VERTICAL ANALYSIS STATEMENT OF FINANCIAL POSITION & PROFIT & LOSS ACCOUNT

STATEMENT OF FINANCIAL POSITION	2022		2021		2020		2019	
	Rupees	%	Rupees	%	Rupees	%	Rupees	%
Property and equipment	55	4.45	40	3.65	22	2.02	82	7.01
Investment properties	167	13.50	155	14.17	135	12.40	130	11.11
Investments	-	-	-	-	-	-	-	-
Equity securities	164	13.27	67	6.13	63	5.77	58	4.93
Debt securities	83	6.71	169	15.42	167	15.32	78	6.66
Term deposits	365	29.48	324	29.63	373	34.12	428	36.41
Loans and other receivables	18	1.42	15	1.34	33	3.06	17	1.43
Insurance / re-insurance receivables	123	9.91	142	13.00	178	16.31	253	21.51
Re-insurance recoveries against outstanding claims	46	3.74	14	1.27	15	1.33	13	1.09
Salvage recoveries accrued	-	-	2	0.15	2	0.20	4	0.38
Deferred commission expense	26	2.11	16	1.42	15	1.42	26	2.25
Taxation-payment less provision	4	0.33	15	1.41	3	0.28	1	0.09
Prepayments	15	1.18	6	0.58	14	1.25	5	0.42
Cash and bank	106	8.54	73	6.64	15	1.34	23	1.99
Total assets of window takaful operations - Operator's Fund	66	5.36	57	5.20	56	5.17	55	4.73
<b>Total Assets</b>	<b>1,237</b>	<b>100</b>	<b>1,094</b>	<b>100</b>	<b>1,092</b>	<b>100</b>	<b>1,174</b>	<b>100</b>
Share capital	600	48.49	600	54.86	600	54.95	600	51.10
Reserves	24	1.93	33	2.98	32	2.95	33	2.82
Unappropriated profit	108	8.73	55	4.99	24	2.16	(12)	(1.02)
Total Equity	732	59.15	687	62.83	656	60.06	621	52.90
Outstanding claims including IBNR	129	10.42	86	7.85	127	11.66	128	10.92
Unearned premium reserves	157	12.67	98	8.97	93	8.48	133	11.34
Premium deficiency reserves	0	0.03	0	0.03	1	0.05	0	0.02
Unearned reinsurance commission	2	0.19	1	0.12	2	0.22	1	0.09
Lease liabilities	19	1.56	26	2.42	17	1.57	78	6.64
Premium received in advance	1	0.09	-	-	2	0.15	-	-
Insurance / re-insurance payables	55	4.43	65	5.94	76	7.00	62	5.27
Other creditors and accruals	128	10.35	122	11.19	112	10.28	146	12.45
Unclaimed dividend	2	0.15	2	0.17	2	0.17	2	0.16
Taxation - provision less payments	-	-	-	-	-	-	-	-
Total liabilities of window takaful operations - Operator's Fund	12	0.97	5	0.47	4	0.36	3	0.21
<b>Total Equity and Liabilities</b>	<b>1,237</b>	<b>100</b>	<b>1,094</b>	<b>100</b>	<b>1,092</b>	<b>100</b>	<b>1,174</b>	<b>100</b>
<b>PROFIT AND LOSS ACCOUNT</b>								
Net insurance premium	301	100	180	100	229	100	295	100
Net insurance claims	(80)	(27)	(43)	(24)	(66)	(29)	(100)	(34)
Premium deficiency - net	-	-	0	0	(0)	(0)	(0)	(0)
Net commission expense / acquisition cost	(58)	(19)	(35)	(20)	(53)	(23)	(61)	(21)
Management expenses	(198)	(66)	(140)	(78)	(147)	(64)	134	46
Underwriting results	(36)	(12)	(38)	(21)	(38)	(17)	67	23
Investment income	78	26	48	26	57	25	61	21
Unrealised gain on investment properties	12	4	20	11	5	2	21	7
Rental income	2	1	4	2	3	2	4	1
Other income	26	9	1	1	29	13	6	2
Other expenses	(6)	(2)	(6)	(3)	(7)	(3)	5	2
Finance charges against lease liabilities	(2)	(1)	(2)	(1)	(3)	(1)	(10)	(4)
Loss after tax from window takaful operations - OPF	4	1	(1)	(0)	(1)	(0)	3	1
Profit /(Loss) before tax	78	26	26	14	46	20	80	27
Provision for taxation - net	(24)	(8)	5	3	(10)	(5)	(20)	(7)
Profit /(Loss) after tax	53	18	31	17	36	16	60	20



## OPERATIONAL RESULT AND FINANCIAL STRENGTHS FROM 2012 TO 2022

----- Rupees in '000 -----

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
1 Gross Direct Premium	485,602	231,254	244,386	350,295	416,938	342,923	339,503	308,988	284,182	343,566	562,845
Increase %	110	(5)	(30.23)	(15.98)	21.58	1.01	9.88	8.73	(17.28)	(38.96)	(15.28)
2 Net Premium	562,985	179,988	229,055	295,190	366,913	299,586	264,558	225,225	229,620	331,124	508,120
Increase %	212.79	(21)	(22.40)	(19.55)	22.47	13.24	17.46	(1.91)	(30.65)	(34.83)	5.21
% to 11	93.83	30	38.18	49.20	61.15	49.93	58.79	50.05	51.03	110.37	169.37
3 Claim Insured	80,080	42,706	66,080	99,575	84,888	80,411	74,311	100,355	73,395	235,003	303,949
% to 2	14.22	24	28.85	33.73	23.14	26.84	28.09	44.56	31.96	70.97	59.82
4 Commision	58,350	35,161	53,193	60,903	99,568	61,530	48,202	38,979	39,783	56,515	70,163
% to 2	10.36	20	23.22	20.63	27.14	20.54	18.22	17.31	17.33	17.07	13.81
5 Management Expenses	198,012	140,496	147,301	138,893	132,804	126,552	136,767	104,607	148,596	155,732	170,886
% to 1	40.78	61	60.27	19.19	17.37	18.98	15.56	14.67	17.04	24.40	16.05
% to 2	35.17	78	64.31	22.77	19.74	21.72	19.97	20.13	21.08	25.31	17.78
6 Investment Income/(Loss)	78,381	47,558	56,538	61,065	33,037	28,710	17,157	16,305	15,897	9,310	8,629
% to 22	10.92	8	9.16	10.40	6.27	5.32	3.43	3.58	3.39	3.09	2.53
7 Other Income	28,286	5,468	32,561	9,977	6,123	7,692	21,017	6,795	37,882	5,473	3,715
8 Provision for Taxation	24,414	5,108	10,324	20,256	19,980	10,458	2,645	20,461	2,320	3,466	2,846
9 Profit/(Loss) before Tax	77,791	25,904	45,933	80,256	98,638	73,948	42,781	5,723	11,817	(102,786)	29,245
10 Profit/(Loss) after Tax	53,376	31,013	35,609	60,000	78,658	63,116	40,135	26,184	12,962	(106,252)	(32,092)
% to 2	9	17	15.55	20.33	21.44	21.07	15.17	11.63	5.64	(32.09)	(6.32)
11 Paid-up Capital	600,000	600,000	600,000	600,000	600,000	600,000	450,000	450,000	450,000	300,000	300,000
12 General Reserves	23,863	32,605	32,200	33,102	31,367	31,042	20,000	20,000	20,000	20,000	20,000
13 Reserves for Unexpired Risks	156,749	98,158	92,606	133,134	147,009	144,520	149,407	145,921	89,867	103,507	174,492
14 Unappropriate Profit/(Loss)	108,064	54,687	23,618	(11,991)	56,991	(135,649)	(63,596)	(103,731)	(129,916)	(142,879)	(36,627)
15 Capital Available for Shares	731,927	687,292	655,809	621,112	547,376	495,394	406,403	366,268	340,132	177,120	283,373
16 Total Net Outstanding Claims	128,963	85,850	127,306	128,203	116,033	114,520	104,234	121,436	198,615	253,250	187,789
% to 2	23	48	55.58	43.43	31.62	38.23	39.40	53.92	86.50	76.48	36.96
17 Other Laibilities	128,053	122,392	112,272	146,205	132,177	113,076	59,479	101,872	87,733	188,111	133,560
18 Total Equity & Laibilities	1,237,439	1,093,810	1,091,971	1,174,208	1,042,963	916,359	770,634	780,904	786,756	864,392	879,077
19 Land & Properties	167,051	154,950	135,385	130,423	109,653	101,133	55,275	57,115	58,955	60,373	62,213
% to 2	30	86	59.11	44.18	29.89	33.76	20.89	25.36	25.68	18.23	12.24
20 Cash & Bank Balances	105,705	72,588	14,686	23,319	21,238	86,080	218,256	174,423	230,399	71,531	48,490
% to 2	19	40	6.41	7.90	5.79	28.73	82.50	77.44	100.34	21.60	9.54
21 Investment	612,096	559,765	602,874	563,708	506,011	453,722	281,301	280,449	238,653	229,970	240,948
22 Total Cash & Investment	717,800	632,353	617,560	587,027	527,249	539,802	499,557	454,872	469,053	301,502	289,439
23 O/S Premium	21,892	83,682	107,410	166,262	188,414	147,256	77,253	87,575	127,690	219,085	262,200
% to 2	4	46	46.89	56.32	51.35	49.15	29.20	38.88	55.61	66.16	46.58
24 Fixed Assets	55,079	39,929	22,017	82,318	11,064	12,215	11,564	13,907	11,206	25,295	38,050
% to 2	10	22	9.61	27.89	3.02	4.08	4.37	6.17	4.88	7.64	7.49
25 Total Assets	1,237,439	1,093,810	1,091,971	1,174,208	1,042,963	916,359	770,634	780,904	786,756	864,392	879,077
26 Break-up Value Per Share	12.19	11.45	10.93	9.66	10.45	5.40	5.21	6.90	7.56	5.91	9.45
27 Earning Per Share	0.89	0.52	0.59	1.00	1.31	1.14	0.89	0.58	0.31	(3.54)	(1.15)



## ◆ YOUSUF ADIL

### **Yousuf Adil**

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## INDEPENDENT AUDITOR'S REVIEW REPORT

### **To the members of Shaheen Insurance Company Limited Review Report on the Statement of Compliance contained in Code of Corporate Governance for Insurers, 2016 and Listed Companies (Code of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (together called the 'the Code') prepared by the Board of Directors of Shaheen Insurance Company Limited (the company) for the year ended December 31, 2022 in accordance with the respective requirements of the Code.

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

As part of our audit of 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 Director's 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 Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

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

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the note/paragraph reference where these are stated in the Statement of Compliance:

Independent Corespondent Firm to  
Deloitte Touche Tohmatsu Limited

# ◆ YOUSUF ADIL

**Yousuf Adil**  
Chartered Accountants

S.No	Paragraph Reference	Description
1	19	As per the amended in Code of Cooperate Governance for Insurers 2016, S.R.O.1013(l)/2022 the clause (xixa) of the Code which is non mandatory requirement, the insurer shall ensure that by December 31, 2022 at least 25% of director on their board prescribed certification under any director training program offered by institution, local or foreign that meet the criteria specified by the commission and approved by it. One of director of company has exempt for training under section clause (xixb) whereby a person having a minimum of 14 years of education and 15 years of experience on the Board(s) of insurer shall be exempt from the director training program but we observed that company is not comply with the requirement for the second director.
2	23	As stated in regulation 24, which is a non-mandatory requirement, same person shall not simultaneously hold office of the chief financial officer and company secretary of a listed company. However, we have noticed that chief financial officer is also performing functions of company secretary.
3	33	As per regulation 10(3)(v) which is a non-mandatory requirement, the board of directors shall ensure that formal and effective mechanism is put in place for an annual evaluation of the board's own performance, members of the board and its sub-committees. However, we did not find any such formal and effective mechanism regarding evaluation of the performance of the board, its members and sub-committees.



**Chartered Accountants**

**Engagement Partner:**

Hena Sadiq

**Place:** Karachi

**Date:** April 03, 2023

**UDIN:** CR202210057ZGzkgOqWw

Independent Correspondent Firm to  
Deloitte Touche Tohmatsu Limited

## Statement of Compliance with the Code of Corporate Governance for Insurers 2016 and with Listed Companies (Code of Corporate Governance) Regulations, 2019

for the year ended December 31, 2022

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

The Company has complied with the requirements of the Code and Regulations in the following manner:

1. The total number of directors are eight as per the following;

- a) Male: 7
- b) Female: 1

2. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of directors ("the Board"). At present all the non-executive directors on the Board except Independent Directors are from Shaheen Foundation. The Board includes:

Category	Names
Independent female director	Ms. Farrah Azeem Khan *
Independent director	Mr. Jehangir Shah*
Executive director	Mr. Syed Rizwan Akhter
Non-executive directors	Air Marshal Muhammad Arif Pervaiz (Retd.)
	Air Vice Marshal Salman Ahsan Bokhari (Retd.)
	Air Commodore Tausif Sadiq (Retd.)
	Air Commodore Wasim Ahmed Khan (Retd.)
	Mr. Adeel Ali Bokhari

\* The independent director meets the criteria in independence as laid down under the Code of Corporate Governance for Insurers, 2016.

Regulation 6: The Board of the Company comprises of seven elected Directors and one-third works out to be 2.33. Presently, two (2) independent Directors were elected by the shareholders in terms of Section 166 of the Companies Act, 2017, which have requisite competencies, skills, knowledge, and experience to discharge and execute their duties competently as per laws and regulations under which, hereby, fulfill the requirements; not warrant the appointment of a third independent Director.

- 3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies excluding of listed subsidiaries, including this Company.
- 4. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution or, being a member of a stock exchange, has been declared as a defaulter by a stock exchange.
- 5. One casual vacancy occurring on the Board, in June 2022, was filled up by the directors within 90 days thereof.
- 6. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

7. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. However, these policies and procedures are being further refined and strengthened gradually. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
8. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Companies Act 2017, the Code and the Regulations.
9. The meetings of the Board were presided over the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven (7) days before the meeting. The minutes of the meeting were appropriately recorded and circulated.
10. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code and the Regulations.
11. All the Directors have either attended the orientation course or have been provided appropriate guidelines in this regard and as such they are fully aware of their duties and responsibilities. Company has not arranged director training program during the year. Mr. Jehangir Shah –Independent director appointed during the year was exempt from this requirement due to his professional education and experience.
12. The internal audit function may be performed by the internal audit staff of holding company. During the year the board has approved and appointed Shaheen Foundation (Parent Undertaking) of its internal audit function. No changes in appointment of Chief Financial Officer and Company Secretary were made during the year.
13. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations. The Company only pay meeting fee for attending the Board of Directors Meeting along reimbursement of actual traveling and lodging expenses.
14. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and the Regulations and fully describes the salient matters required to be disclosed.
15. The Financial Statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
16. The directors, CEO and other executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
17. The Company has complied with all the corporate and financial reporting requirements of the Code.

**Underwriting Committee:**

Name of the Member	Designation	Category
Mr. Rizwan Akhtar	Chief Executive Officer	Chairman
Ms. Sumbul Faraz	Head of Underwriting	Member
Mr. Zia Ur Rahim	Deputy Manager Underwriting	Member and Secretary

#### Claim Settlement Committee:

Name of the Member	Designation	Category
Mr. Rizwan Akhtar	Chief Executive Officer	Chairman
Mr. Nisar Ahmed Almani	Chief Financial Officer	Member
Mr. Aamir Ghazali	Senior Manager	Member
Mr. Muhammad Imran	Head of Claims	Member and Secretary

#### Reinsurance & Co-Insurance Committee:

Name of the Member	Designation	Category
Mr. Rizwan Akhtar	Chief Executive Officer	Chairman
-Mr. Sumbul Faraz	Head of Under Writing	Member and Secretary
Mr. Muhammad Asif Ramzan	Deputy Manager	Member

#### Risk Management & Compliance Committee:

Name of the Member	Designation	Category
Mr. Rizwan Akhtar	Chief Executive Officer	Chairman
Mr. Nisar Ahmed Almani	Chief Financial Officer	Member
Mr. Muhammad Imran	Head of Claims	Member
Ms. Sumbul Faraz	Head of Under Writing	Member
Mr. Danish Khalid	Compliance Officer	Member and Secretary

19. The Board has formed the following Board Committees

#### Ethics, Human Resource and Remuneration Committee:

Name of the Member	Category
Ms. Farrah Azeem Khan	Chairperson - Non Executive Director and Independent Director
Mr Adeel Ali	Member – Non Executive Director
Mr. Rizwan Akhtar	Member –Executive Director
Mr. Nisar Ahmed Almani	Secretary

#### Investment Committee

Name of the Member	Category
Air Marshal Muhammad Arif Pervaiz (Retd.)	Chairman – Non Executive Director
Air Vice Marshal Salman Ahsan Bokhari (Retd.)	Member – Non Executive Director
Mr. Adeel Ali	Member – Non Executive Director
Mr. Rizwan Akhtar	Chief Executive Officer and Executive Director
Mr. Nisar Ahmed Almani	Chief Financial Officer
Mr. Muhammad Nasir Jamal	Secretary

The Functions of the Nominations Committee are being performed by the Board

20. The Board has formed an Audit Committee. It comprises of three members and all are non-executive and Chairman of Audit Committee is an independent director. The Composition of the audit committee is as follows:

Name of the Member	Category
Ms. Farrah Azeem Khan	Chairperson – Non Executive and Independent Director
Air Commodore Wasim Ahmed Khan (Retd.)	Member
Mr. Adeel Ali	Member
Mr. Sayyam Maqsood	Secretary

The Functions of the Nominations Committee are being performed by the Board.

21. The Quarterly meetings of audit committee were held prior to the approval of interim and final results of the company. The terms of references of the Committees have been formed and advised to the Committees for compliance. The frequency of meetings of the Committee were as follows:

Name of Meeting	Frequency
Ethics Human Resource and Remuneration Committee	Half Yearly
Investment Committee	Quarterly
Audit Committee	Quarterly
Underwriting Committee	Quarterly
Claim Settlement Committee	Quarterly
Reinsurance & Co-insurance Committee	Quarterly
Risk Management & Compliance Committee	Quarterly

22. The board has outsourced its internal Audit to Shaheen Foundation (Parent Undertaking), who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company and is involved in the internal audit function on a regular basis.
23. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code. The Appointed Actuary of the Company also meets the conditions as laid down in the Code. Moreover, the persons heading the underwriting, claim, reinsurance, risk management and grievance functions possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

Name of the Member	Category
Mr. Rizwan Akhter	Chief Executive Officer (CEO)
Mr. Nisar Ahmed Almani	Chief Financial Officer and Company Secretary
Mr. Sayyam Maqsood	Head of Internal Audit (Coordinator)
Mr. Sumbul Faraz	Head of Underwriting and Reinsurance
Mr. Muhammad Imran	Head of Claims and Grievance Function
Mr. Danish Khalid	Compliance Officer and Risk Officer

Due to size of operations of the Company, multiple functions are being performed by single staff. Accordingly, functions of the Company Secretary are being performed by the Chief Financial Officer.

24. The statutory auditors of the insurer have been appointed from the panel of auditors approved by the commission in terms of section 48 of the insurance ordinance, 2000. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of

Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they or any of the partners of the firm and their spouses and minor children do not hold shares of the Company and no partners of the firm involved in the audit is a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

25. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
26. The actuary appointed by the Company has confirmed that neither he nor his spouse and minor children hold shares of the Company.
27. The Board ensures that the Appointed actuary complies with the requirements set out for him in the Code.
28. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code.
29. The Board ensures that the risk management system of the insurer is in place as per the requirement of Code of Corporate Governance for Insurers, 2016.
30. The Company has set up a Risk Management function which carries out its tasks as covered under the code.
31. The Board ensures that as part of the risk management system, the Company gets itself rated from Pakistan Credit Rating Agency (PACRA) 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 on August 25, 2022 is A+ (Single A plus) with positive outlook.
32. The Board has set up a grievance function which fully complies with the requirement of the Code.
33. The Board is in process to develop and approve the criteria for annual evaluation of its own performance as per the requirement of the Code.
34. The Company during the year, obtained an exemption of three months i.e till August 15, 2022 from Securities and Exchange Commission of Pakistan in respect of appointment of independent Director, who was appointed before the deadline.
35. We confirm that all requirements of the 3, 6, 7, 8, 27, 32 and 36 of the Regulations have been complied with.
36. We confirm that all material principles contained in the Code have been complied with except for certain matters disclosed above along with reasons and explanations in clause 23 and 33 toward which reasonable progress is being made by the Company to seek compliance by the next accounting year.
37. Explanation of non-compliance of regulations other than clause 3, 6, 7, 8, 27, 32 and 36 are mentioned in clause 23 and 33.



**Rizwan Akhtar**  
Chief Executive Officer



**Air Marshal Muhammad Arif Pervaiz (Retd.)**  
Chairman

March 30, 2023





# ◆ YOUSUF ADIL

**Yousuf Adil**  
Chartered Accountants  
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## INDEPENDENT AUDITOR'S REPORT

To the members of Shaheen Insurance Company Limited

Report on the Audit of the Financial Statements

### Opinion

We have audited the annexed financial statements of Shaheen Insurance Company Limited (the Company), which comprise the statement of financial position as at December 31, 2022, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flows statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at December 31, 2022 and of the total comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for opinion

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

### Key Audit Matters

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

Following are the Key audit matters:

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## ◆ YOUSUF ADIL

S. No.	Key Audit Matters	How the matters were addressed in our audit
1.	<p><b>Rights and Obligation and Valuation of Investments</b></p> <p>Refer note 3.6 and 8, 9 and 10 of the annexed financial statements. The investment of Rs. 612.095 million as at December 31, 2022 of the company constitutes a significant component of total assets of the company.</p> <p>We identified the valuation and rights and obligation as key audit matter because investments constitute 49% of total assets.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of controls around recognition and measurement of investments to ensure that it is appropriately designed to ensure appropriate valuation of the investment;</li> <li>• Checked that gain / loss on disposal of investments have been recorded in accordance with the accounting and reporting standard as applicable in Pakistan;</li> <li>• Checked that net unrealised gain / loss arising on subsequent measurement of investments are appropriately accounted for in the financial statements;</li> <li>• Verified rights and obligation of investments by obtaining external statements as at December 31, 2022 and traced securities in such statements with the books and records of the company;</li> <li>• Evaluated the valuation of securities by comparing the quoted prices of Exchange; and</li> <li>• Assessing the relevant presentation and disclosures made in the financial statements to ascertain whether these are complied with accounting and reporting standards as applicable in Pakistan.</li> </ul>
2.	<p><b>Valuation of Claim liabilities</b></p> <p>Refer note 3.1.3 and 22 of the annexed financial statements.</p> <p>The claim liabilities represent 26% of the Company's total liabilities. Valuation of these claim liabilities involves significant management judgment due to uncertainty in the estimation of claims payments and assessment of frequency and severity of claims. Claim liabilities are recognized on intimation of the insured event based on management judgment and</p>	<p><b>Our audit procedures included the following:</b></p> <ul style="list-style-type: none"> <li>• Assessed the appropriateness of the Company's accounting policy for recording of claims in line with requirements of applicable accounting and reporting standards;</li> <li>• Evaluated the completeness, accuracy and reliability of the underlying data utilized by the management to support the actuarial valuation;</li> <li>• Tested claims transactions on sample basis with underlying documentations to evaluate that</li> </ul>

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S. No.	Key Audit Matters	How the matters were addressed in our audit
	<p>estimation. The Company also maintains provision for claims incurred but not reported (IBNR) based on the advice of an independent actuary.</p> <p>Since, the actuarial valuation process involves significant judgement and the use of actuarial assumptions therefore we have identified valuation of claim liabilities as key audit matter.</p>	<p>whether the claims reported and paid during the year are recorded in accordance with the requirements of the Company's policy and insurance regulations;</p> <ul style="list-style-type: none"> <li>• Tested specific claims transactions on sample basis recorded close to year end and subsequent to year end with underlying documentation to assess whether claims had been recognized in the appropriate accounting period;</li> <li>• Assessed on sample basis the reinsurers share of claims against the term of the reinsurance contract and the related recorded liabilities;</li> <li>• Assessed the sufficiency of reserving of claim liabilities, by testing calculations on the relevant data including recoveries from reinsurers based on their respective arrangements.</li> <li>• Involved an independent actuarial expert to test the assumptions and assess the reasonableness of assumptions used therein; and</li> <li>• Assessed the adequacy of Company's disclosures as per the relevant accounting and reporting standards.</li> </ul>
3.	<p><b>Revenue recognition</b></p> <p>Refer note 3.11 and 21 of the annexed financial statements relating to revenue recognition.</p> <p>The Company generates its income primarily from two main sources namely; premiums and investments income. Premiums from insurance policies comprise of 79% of the total income.</p> <p>We identified revenue recognition from premium income as a key audit matter because being the key performance indicator of the Company and because of the significant risk that revenue transactions may not be recognised in the appropriate accounting period.</p>	<p><b>Our audit procedures included the following</b></p> <ul style="list-style-type: none"> <li>• Obtain understanding and evaluated the design over the process of capturing, processing and recording of premiums;</li> <li>• Assessed the appropriateness of the Company's accounting policy for recording of premiums and ensured that it is in line with the requirements of applicable law, accounting and reporting standards;</li> <li>• On sampling basis tested accuracy of premium earned from the underlying policies issued to insurance contract holders;</li> <li>• Tested the policies on sample basis, and evaluated that these were recorded in the appropriate accounting period;</li> <li>• Recalculated unearned portion of premium income to ensure that appropriate amount has been recorded as provision for unearned premium written liabilities; and</li> <li>• Assessed the adequacy of Company's disclosures as per the relevant accounting and reporting standards.</li> </ul>



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**Yousuf Adil**  
Chartered Accountants

### **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.

### **Responsibility of the 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:

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**Yousuf Adil**  
Chartered Accountants

- 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 the management.
- Conclude on the appropriateness of the 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 controls 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

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**Yousuf Adil**  
Chartered Accountants

## ◆ YOUSUF ADIL

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flows statement together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, 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).

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

**Chartered Accountants**

**Date:** April 03, 2023

**Place:** Karachi

**UDIN:** AR202210057VjqyAFd0k

Independent Corespondent Firm to  
Deloitte Touche Tohmatsu Limited

# STATEMENT OF FINANCIAL POSITION

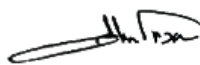
## FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	December 31, 2022	December 31, 2021
————— Rupees —————			
<b>ASSETS</b>			
Property and equipment	5	55,078,741	39,929,171
Intangible assets	6	-	-
Investment properties	7	167,050,569	154,950,569
Investments			
Equity securities	8	164,245,041	67,083,272
Debt securities	9	83,071,470	168,642,696
Term deposits	10	364,779,290	324,039,478
Loans and other receivables	11	17,596,161	14,676,314
Insurance / re-insurance receivables	12	122,577,054	142,195,994
Re-insurance recoveries against outstanding claims		46,299,007	13,936,448
Salvage recoveries accrued		-	1,600,000
Deferred commission expense	23	26,062,948	15,505,767
Taxation-payment less provision		4,089,774	15,448,554
Prepaid re-insurance premium ceded		14,560,355	6,316,945
Cash and bank	13	105,704,583	72,588,456
Total assets of window takaful operations - Operator's fund		66,323,667	56,895,930
<b>Total Assets</b>		<b>1,237,438,660</b>	<b>1,093,809,594</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves attributable to Company's equity holders</b>			
Share capital	14	600,000,000	600,000,000
Reserves	15	23,863,126	32,604,759
Unappropriated profit		108,063,726	54,687,356
<b>Total Equity</b>		<b>731,926,852</b>	<b>687,292,115</b>
<b>Liabilities</b>			
<b>Underwriting provisions</b>			
Outstanding claims including IBNR	22	128,962,567	85,850,667
Unearned premium reserves	21	156,749,372	98,158,900
Premium deficiency reserves	24	337,245	337,245
Unearned re-insurance commission	23	2,323,817	1,365,356
Lease liabilities	16	19,315,492	26,459,898
Premium received in advance		1,095,173	-
Insurance / re-insurance payables	17	54,770,246	64,974,861
Other creditors and accruals	18	128,053,459	122,391,892
Unclaimed dividend		1,840,186	1,840,186
Total liabilities of window takaful operations - Operator's fund		12,064,251	5,138,474
<b>Total liabilities</b>		<b>505,511,808</b>	<b>406,517,479</b>
<b>Total Equity and Liabilities</b>		<b>1,237,438,660</b>	<b>1,093,809,594</b>
<b>Contingencies and commitments</b>	19		

The annexed notes from 1 to 44 form an integral part of these financial statements



Air Marshal Muhammad Arif  
Pervaiz (Retd.) - Chairman



Air Vice Marshal Salman  
Ahsan Bokhari (Retd.) - Director



Adeel Ali  
Director



Rizwan Akhtar  
Chief Executive Officer



Nisar Ahmed Almani  
Chief Financial Officer

## STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	December 31, 2022	December 31, 2021
Rupees			
Net insurance premium	21	300,867,607	179,988,148
Net insurance claims	22	(80,079,620)	(42,706,140)
Premium deficiency - net	24	-	199,206
Net commission expense / acquisition cost	23	(58,350,351)	(35,161,805)
Insurance claims and acquisition expenses		(138,429,971)	(77,668,739)
Management expenses	25	(198,011,754)	(140,496,760)
Underwriting results		(35,574,118)	(38,177,351)
Investment income	26	78,381,316	47,558,863
Unrealised gain on investment properties	7	12,100,000	19,565,465
Rental income		2,359,700	4,098,243
Other income	27	25,926,682	1,370,062
Other expenses	28	(6,467,840)	(5,627,673)
<b>Results of operating activities</b>		<b>76,725,740</b>	<b>28,787,609</b>
Interest expense on lease liabilities	16.1	(2,446,996)	(2,162,609)
Profit / (loss) before tax from window takaful operations - OPF	29	3,512,085	(655,244)
<b>Profit before tax</b>		<b>77,790,829</b>	<b>25,969,756</b>
Provision for taxation - net	30	(24,414,459)	5,108,509
<b>Profit after tax</b>		<b>53,376,370</b>	<b>31,078,265</b>
Earnings per share - basic and diluted	31	0.89	0.52

The annexed notes from 1 to 44 form an integral part of these financial statements



Air Marshal Muhammad Arif  
Pervaiz (Retd.) - Chairman



Air Vice Marshal Salman  
Ahsan Bokhari (Retd.) - Director



Adeel Ali  
Director



Rizwan Akhtar  
Chief Executive Officer



Nisar Ahmed Almani  
Chief Financial Officer





## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

	December 31, 2022	December 31, 2021
	————— Rupees —————	
Profit after tax	53,376,370	31,078,265
<b>Other comprehensive income:</b>		
<b>Items that may be subsequently classified to profit and loss account</b>		
Unrealised (loss) / gain on available for sale investments	(8,741,633)	404,655
<b>Total comprehensive income for the year</b>	<u>44,634,737</u>	<u>31,482,920</u>

The annexed notes from 1 to 44 form an integral part of these financial statements

Air Marshal Muhammad Arif  
Pervaiz (Retd.) - Chairman

Air Vice Marshal Salman  
Ahsan Bokhari (Retd.) - Director

Adeel Ali  
Director

Rizwan Akhtar  
Chief Executive Officer

Nisar Ahmed Almani  
Chief Financial Officer



# STATEMENT OF CASH FLOW

## FOR THE YEAR ENDED DECEMBER 31, 2022

December 31, 2022      December 31, 2021

————— Rupees —————

### OPERATING CASHFLOW

#### a) Underwriting activities

Insurance premium received	515,021,089	232,310,576
Re-insurance premium paid	(209,376,774)	(41,652,750)
Claims paid	(78,333,095)	(114,506,033)
Re-insurance and other recoveries received	10,602,816	31,556,014
Commission paid	(95,741,088)	(37,634,152)
Commission received	8,590,201	2,860,762
Management expenses paid	(90,603,593)	(75,263,113)
Net cash flows generated from underwriting activities	60,159,556	(2,328,696)

#### b) Other operating activities

Income tax paid	(9,017,754)	(8,391,285)
Net cash flow from other operating activities	(9,017,754)	(8,391,285)
<b>Total cash generated from / (used in) operating activities</b>	<b>A 51,141,802</b>	<b>(10,719,981)</b>

### INVESTMENT ACTIVITIES

Investment income received	67,733,843	42,773,581
Rentals received	2,453,730	4,190,673
Payments for investments - net	(10,393,985)	(714,909)
Fixed capital expenditure	(27,473,738)	(8,189,833)
Proceeds from disposal of property and equipment	3,127,301	550,000
Total cash generated from investing activities	B 35,447,151	38,609,512

### FINANCING ACTIVITIES

Principal repayment of lease liabilities against right-of-use-assets	(12,733,014)	(18,567,305)
<b>Total cash used in financing activities</b>	<b>C (12,733,014)</b>	<b>(18,567,305)</b>

<b>Net cash generated from all activities</b>	<b>A+B+C 73,855,939</b>	<b>9,322,226</b>
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Cash and cash equivalents at the beginning of year	396,627,934	387,305,708
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<b>Cash and cash equivalents at end of the year</b>	<b>470,483,873</b>	<b>396,627,934</b>
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Air Marshal Muhammad Arif  
Pervaiz (Retd.) - Chairman

Air Vice Marshal Salman  
Ahsan Bokhari (Retd.) - Director

Adeel Ali  
Director

Rizwan Akhtar  
Chief Executive Officer

Nisar Ahmed Almani  
Chief Financial Officer

## STATEMENT OF CASH FLOW

FOR THE YEAR ENDED DECEMBER 31, 2022

December 31, 2022      December 31, 2021

————— Rupees —————

### Reconciliation to profit and loss account

Operating cash flows	51,141,802	(10,719,981)
Depreciation	(15,446,705)	(15,978,100)
Finance charges against lease liabilities	(2,446,996)	(2,162,609)
Gain on disposal of operating fixed assets	2,972,310	550,000
Unrealised gain on investment properties	12,100,000	19,565,465
Rental income	2,359,700	4,098,243
Decrease in assets other than cash	35,180,576	(50,985,435)
(Increase) / decrease in liabilities	(114,377,718)	39,221,722
Investment income	78,381,316	48,144,204
Profit / (loss) from window takaful operations - OPF	3,512,085	(655,244)
<b>Profit after tax</b>	<b>53,376,370</b>	<b>31,078,265</b>

### Definition of cash

Cash comprises of cash in hand, policy stamps, cheques in hand, bank balances and other deposits which are readily convertible to cash and which are used in the cash management function on a day-to-day basis.

Cash for the purpose of the cash flow statement consists of:

December 31, 2022      December 31, 2021

Note      ————— Rupees —————

### Cash and other equivalents

- Cash in hand	23,508	31,670
- Policy stamps in hand	86,455	93,768
	13      109,963	125,438

### Current and saving accounts

- Current accounts	78,659,401	15,676,307
- Savings accounts	26,935,219	56,786,711
	13      105,594,620	72,463,018

### Deposits having original maturing within 3 months

Term deposits - local currency	10      364,779,290	324,039,478
	470,483,873	396,627,934

The annexed notes from 1 to 44 form an integral part of these financial statements

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2022

Attributable to equity holders of the Company

	Share capital	Revenue reserves	Unrealised (loss) / gain on available-for-sale investments	Unappropriated Profit	Total Equity
	Rupees				
Balance as at January 1, 2021	600,000,000	20,000,000	12,200,104	23,609,091	655,809,195
Profit for the year ended December 31, 2021	-	-	-	31,078,265	31,078,265
Other comprehensive income	-	-	404,655	-	404,655
Total comprehensive income for the year	-	-	404,655	31,078,265	31,482,920
<b>Balance as at December 31, 2021</b>	<b>600,000,000</b>	<b>20,000,000</b>	<b>12,604,759</b>	<b>54,687,356</b>	<b>687,292,115</b>
<b>Balance as at January 1, 2022</b>	<b>600,000,000</b>	<b>20,000,000</b>	<b>12,604,759</b>	<b>54,687,356</b>	<b>687,292,115</b>
Profit for the year ended December 31, 2022	-	-	-	53,376,370	53,376,370
Other comprehensive income	-	-	(8,741,633)	-	(8,741,633)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(8,741,633)</b>	<b>53,376,370</b>	<b>44,634,737</b>
<b>Balance as at December 31, 2022</b>	<b>600,000,000</b>	<b>20,000,000</b>	<b>3,863,126</b>	<b>108,063,726</b>	<b>731,926,852</b>

The annexed notes from 1 to 44 form an integral part of these financial statements



Air Marshal Muhammad Arif  
Pervaiz (Retd.) - Chairman



Air Vice Marshal Salman  
Ahsan Bokhari (Retd.) - Director



Adeel Ali  
Director



Rizwan Akhtar  
Chief Executive Officer



Nisar Ahmed Almani  
Chief Financial Officer



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 1. STATUS AND NATURE OF BUSINESS

Shaheen Insurance Company Limited (the Company) was incorporated in March 1995 in Pakistan. The Company is a public company listed on the Pakistan Stock Exchange and obtained the certificate for commencement of business in July 1995. It was registered with the Controller of Insurance in November 1995 to carry out non-life insurance business comprising fire, marine, motor, aviation, engineering, transportation, health, etc. On March 14, 2018 the Company was awarded license to commence Window Takaful Operations. The Company is listed on Pakistan Stock Exchange Limited. Its registered office is located at 10th Floor, Shaheen Commercial Complex, Karachi. The company operates only in Pakistan through its 12 Branches. Shaheen Foundation (the parent company) holds approximately 69.28% (2021: 69.28%) shares in the Company.

Following are the geographical location and address of all the business units of the Company:

#### Head office - Registered Office

10th Floor, Shaheen Complex, M.R. Kiyani Road, Karachi, Province of Sindh, Pakistan.

#### Branches

- Office 1001 & 1014, Block B, 10th Floor Saima Tower, I.I Chundrigar Road, Karachi;
- Upper 2nd floor, House # 75, Soldier Bazar, Hyderabad, Sindh, Pakistan;
- Office 4, 6th Floor, Shaheen Complex, Opp. PTV Station 38, Abbott Road, Lahore, Punjab, Pakistan;
- Office 6, 6th Floor, Shaheen Complex, Opp. PTV Station 38, Abbott Road, Lahore, Punjab, Pakistan;
- Office 4, 1st Floor, Zaki Center, I-8 Markaz, Islamabad Capital Territory, Pakistan;
- Office 1, 2nd floor, Lyallpur Regency Plaza, Mall Road, Faisalabad, Punjab, Pakistan;
- Office 21, 1st Floor Anali Archade Near Chowk Kachary LMQ Road, Multan, Pakistan;
- Office C3, Jasmine Arcade Fakhr-e-Alam Road Peshawar Cantt, Khyber Pakhtunkhwa, Pakistan;
- Office 210, Karim Plaza, Defence Road, Near Allama Iqbal Town, Sialkot, Punjab, Pakistan;
- Office 63, 1st Floor, Advance Book Shop, Rehman Complex, Ibne Seena Hospital Market, Kanchi More, Sarghoda Punjab, Pakistan;
- Office 9, 1st Floor, Silk Plaza Supply Manshara Road, Abbottabad, Khyber Pakhtunkhwa, Pakistan; and
- Ghousia Sultania Town, Sakhi Sarwar Colony, Rahim Yar Khan, Punjab, Pakistan.

### 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

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

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

Total assets, total liabilities and profit / (loss) of the Window Takaful Operations of the Company (referred to as the Operator's Fund) have been presented in these financial statements in accordance with the requirements of the General Takaful Accounting Regulations, 2019.

The Securities and Exchange Commission of Pakistan (SECP) wide the Insurance Rules, 2017 dated February 9, 2017 has prescribed the format of presentation of annual financial statements for general insurance companies. These financial statements have been prepared in accordance with the format prescribed by the SECP.

A separate set of financial statements of the Window Takaful Operations has been annexed to these financial statements as per the requirements of the Takaful Rules, 2012.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 2.1 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that 'held to maturity' investments are stated at amortised cost, investment classified at 'fair value through profit or loss- held for trading' and 'available for sale' and investment properties are stated at fair value.

### 2.2 Functional and presentation currency

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

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

'The following amendments and improvements are effective for the year ended December 31, 2022. These amendments and improvements 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 from Accounting period beginning on or after

Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
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
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 01, 2022

### 2.4 New accounting standards, amendments and IFRS interpretations 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, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

#### Effective from accounting period beginning on or after:

- Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
- Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
- Amendments to IFRS 16 'Leases' - Lessee subsequently measure sale and leaseback transaction lease liability in a sale and leaseback	January 01, 2023

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### Effective from accounting period beginning on or after:

- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current January 01, 2024
- Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Deferred indefinitely

Other than the aforesaid standards and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

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

**2.4.1** IFRS 9 'Financial Instruments' and amendment 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 has also carried forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Further, IFRS 4 provides two alternative options in relation to application of IFRS 9 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 the effective date to remove from the statement of comprehensive income the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The Company has adopted the temporary exemption which allows the Operator to defer the application of IFRS 9 until December 31, 2023.

For the companies adopting the temporary exemption, the IFRS 4 requires certain disclosures which have been disclosed as follows:

### 2.4.2 Temporary exemption from application of IFRS 9

As an insurance company, the management has opted for temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. This deferment is in line with the transition of IFRS 17.

Additional disclosures, as required by the IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 given below:

	December 31, 2022				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealised gain	Carrying value	Fair value	Change in unrealised gain
	----- (Rupees) -----				
Cash and bank balance	78,769,364	-	-	26,935,219	-
Equity Securities	206,355	(93,466)	-	-	-
Debt Securities	-	-	-	83,071,470	-
Term Deposit	-	-	-	364,779,290	-
Mutual Funds	164,038,686	(8,741,633)	-	-	-
Loans and other receivables	-	-	17,596,161	-	-
	<b>243,014,405</b>	<b>(8,835,099)</b>	<b>17,596,161</b>	<b>474,785,979</b>	-



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 3. SIGNIFICANT ACCOUNTING POLICIES AND COMPUTATION METHODS

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

#### 3.1 Insurance contracts

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

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

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

These contracts are normally one year insurance contracts except marine and some contracts of fire and property and miscellaneous class, where the coverage period varies. Normally all marine insurance contracts and some fire and property contracts are of three months period. In miscellaneous class, some engineering insurance contracts are of more than one year period, whereas, normally travel insurance contracts is of one month time.

These contracts are provided to all types of customers based on assessment of insurance risk by the Company. Normally personal insurance contracts e.g. vehicle, travel, personal accident, etc. are provided to individual customers, whereas, insurance contracts of fire and property, marine, aviation and transport, accident and health and other commercial line products are provided to commercial organisations.

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

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

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

Accident and health insurance covers unforeseen cash flows and financial hardships arising due to ailments, accidents and other natural causes necessitating hospitalisation.

Other various types of insurance are classified in miscellaneous category which includes mainly engineering, terrorism, worker compensation, and travel insurances, etc.

#### 3.1.1 Premium income and provision for unearned premiums

Premium under a policy is recognised at the time of the issuance of insurance policy. The unearned premium represents the portion of premium written relating to the unexpired period of insurance coverage at the reporting date. It is recognized as a liability. Such liability is calculated as a the ratio of the unexpired period of the policy and the total policy period, both measured to the nearest day except premium revenue relating to marine which is calculated using the 1/6th method and Afghan transit policies on the basis of pattern of risk coverage.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 3.1.2 Re-insurance contracts held

These are contracts entered into by the Company with re-insurers for compensation of losses suffered on insurance contracts issued. These re-insurance contracts include both facultative and treaty arrangement contracts and are classified in same categories of insurance contracts for the purpose of these financial statements. The Company recognises the entitled benefits under the contracts as various re-insurance assets and liabilities. re-insurance assets and liabilities are derecognised when contractual rights are extinguished or expired.

The deferred portion of re-insurance premium is recognised as a prepayment. The deferred portion of re-insurance premium ceded is calculated by using 1/365th method.

### 3.1.3 Provision for outstanding claims including incurred but not reported (IBNR)

A liability for outstanding claims is recognised in respect of all claims incurred as at the reporting date which represents the estimates of the claims intimated or assessed before the end of the accounting year and are measured at the undiscounted value of expected future payments.

The actuary uses statistical methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The method used is the chain-ladder method which involves the analysis of historic claims development factors and the selection of estimated development factors based on the historic pattern. The selected development factors are then applied to cumulative claims data for each accident year. Study of claim lag pattern is conducted annually to account for any changes in experience. The development factors are based on these studies and are updated accordingly. Adequate margins are also built in to compensate for any adverse deviations in claims experience.

The actuary recommends that month wise factor based on an analysis of the past claims reporting pattern be applied to estimation of provision for IBNR. The historic chain-ladder method is used for determination of month wise factor for each class of business. Accordingly, provision has been made based on IBNR factors applied on incurred claims recommended by the actuary.

### 3.1.4 Re-insurance recoveries against outstanding claims

Re-insurance recoveries against outstanding claims are recognised as an asset and measured at the amount expected to be received.

### 3.1.5 Commission expense and deferred commission expense

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

### 3.1.6 Claims expense

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

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

Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates. Provision for IBNR is based on the actuarial valuation which takes in to account the past trends, expected future patterns of reporting of claims and the claims actually reported subsequent to the reporting date.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 3.1.7 Administrative surcharge

Administrative surcharge is included in the profit and loss account (as premium revenue) at the time the policies are issued.

### 3.1.8 Management expense

All expenses of management have been allocated between conventional business of Company and window takaful operations - Operators' Fund to the various revenue accounts on equitable basis.

### 3.1.9 Receivables and payables related to insurance contracts

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

If there is an objective evidence that any premiums due but unpaid are impaired, the Company reduces the carrying amount of the insurance receivable and recognises the loss in the profit and loss account.

### 3.1.10 Re-insurance expense and prepaid re-insurance premium ceded

Re-insurance premium is recognised as expense after taking into account the proportion of deferred premium expense which is calculated using 1/365th method. The deferred portion of premium expense is recognised as a prepayment.

### 3.1.11 Commission income and unearned commission income

Commission from re-insurers is recognised as income after taking into account the unearned portion of commission which is calculated over the period of policy. The unearned portion of commission is recognised as liability.

### 3.1.12 Premium deficiency reserve

The Company is required under the Insurance Rules, 2017 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 re-insurance, 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 (PDR) is recognised in the profit and loss account for the year.

The requirement for additional provision for unexpired risks is determined on the basis of an actuarial valuation. The actuary determines adequacy of liability of premium deficiency after working out 'Loss Ratio', 'Expense Ratio' and 'Combined Ratio'.

### 3.1.13 Claim and salvage recoveries

Claims recoveries receivable from the reinsurers are recognised as an asset at the same time as the claims which give rise to the right of recovery are recognised and are measured at the amount expected to be received. Claims expenses are reported net-off re-insurance in the profit and loss account.

Salvage value recoverable is recognised only if a firm and irrevocable contract and price thereon have been agreed with the buyer.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 3.2 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 services received, whether or not billed to the Company.

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

### 3.3 Property and equipment

#### 3.3.1 Operating fixed assets

Owned

Operating fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to workable condition.

Depreciation is charged using reducing balance method at the rates specified in note 6.1 to these financial statements.

Depreciation on additions is charged from the month the asset is available for use till the date the asset is disposed off.

Gains and losses on disposal of fixed assets are taken to profit and loss account.

Expenditure incurred subsequent to the initial recognition of asset is capitalised only when it increases the future economic benefits embodied in the items of operating fixed assets. All other expenditure is recognised in the profit and loss account as an expense.

Depreciation methods and useful lives are reviewed and changes, if any, are treated as change in accounting estimates, at each reporting date.

#### 3.3.2 Right-of-use assets and related lease liability

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Leases are recognised as a right-of-use asset and a corresponding liability at the date on which the leased asset is available for use by the Company.

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

Lease payments include fixed payments, variable lease payments that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the profit and loss account if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right of use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 3.3.3 Capital work in progress

Capital work in progress is stated at cost less any impairment in value. Advances given to supplier / vendor are classified within capital work in progress.

### 3.4 Intangible assets

Computer software licenses acquired are capitalised on the basis of cost incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three years using the straight-line method. Impairment losses, if any, are deducted from the carrying amount of the intangible assets.

Amortisation on additions to intangibles is charged from the month in which an asset is available for use, while no amortisation is charged for the month in which the asset is disposed off.

Cost associated with maintaining computer software is recognised as an expense when incurred.

The assets' residual values, useful lives and method for amortisation are reviewed at each financial year end and adjusted if impact on amortisation is significant.

### 3.5 Investment properties

Investment properties are properties held to earn rentals.

The investment properties are initially recognised at cost and subsequently at fair value model as per IAS 40 "Investment Property", with any changes therein to be recognised in profit and loss account.

### 3.6 Investments

#### 3.6.1 Classification and recognition

All investments are initially recognised at cost, being the fair value of the consideration given and include transaction costs except for 'investments at fair value through profit or loss' - held for trading investments in which case the transaction costs are charged to the profit and loss account.

These are recognised and classified as follows:

- At fair value through profit or loss
- Held to maturity
- Available-for-sale

The classification depends on the purpose for which the financial assets were acquired.

#### 3.6.2 Measurement

##### 3.6.2.1 Investment at fair value through profit or loss

Investments which are acquired principally for the purpose of generating profit from short-term fluctuations in price or are part of the portfolio in which there is a recent actual pattern of short-term profit taking.

Subsequent to initial recognition these are re-measured at fair value by reference to quoted market prices with the resulting gain or loss being included in profit and loss account of the period in which it arises.

##### 3.6.2.2 Held to maturity

Investments with fixed maturity, where the management has both the intent and the ability to hold to maturity, are classified as held to maturity.

Subsequently, these are measured at amortised cost using the effective yield less provision for impairment losses if any. Premium paid or discount availed on the acquisition of held to maturity investment is deferred and amortised over the term of investment using the effective yield method.

Profit on held to maturity instruments is recognised on a time proportion basis taking into account the effective yield on the investments.

These are reviewed for impairment at each reporting period and losses arising, if any, are charged to the profit and loss account of the period in which they arise.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 3.6.2.3 Available for sale

Investments which are not eligible to be classified as at fair value through profit or loss or held to maturity are classified as available for sale for an undefined period of time but may be sold in response to the need for liquidity, changes in interest rates or equity prices are classified as available for sale. These are valued as follows:

#### Quoted

Subsequent to initial recognition at cost, these investments are measured at fair value. Gains or losses on remeasure of these investments are recognised in statement of comprehensive income.

#### Unquoted

Unquoted investments are recognised at fair value of the consideration paid less accumulated impairment losses, if any.

### 3.6.2.4 Fair value measurements

The fair value of investments in listed equity securities is determined by reference to the stock exchange's quoted market prices at the close of period end.

The fair value of investments in Government securities is determined by reference to the quotations obtained from the PKRV rate sheet on the Mutual Funds Association of Pakistan's website.

### 3.6.2.5 Date of recognition

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

### 3.6.2.6 Recognition / de-recognition of investments

Investments are recognised / de-recognised by the Company on the date it commits to purchase / sell the investments.

### 3.7 Other receivables

These are stated at cost less impairment losses, if any. Full provision is made against the impaired amounts.

### 3.8 Retirement benefits

#### Defined Contribution Plan (Provident Fund)

The Company contributes to a provident fund scheme for its permanent employees. Contribution to the fund is made by the employees and the Company at the rate of 10% of their basic salaries.

### 3.9 Taxation

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

#### Current

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

#### Deferred

Deferred tax is recognised using the liability method on all temporary differences between the amounts used for financial reporting purpose and amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

### 3.10 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprises 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 de-recognition of financial assets and financial liabilities are taken to the profit and loss account in the period in which financial instrument is derecognised.

### 3.11 Revenue recognition

#### i) Premium

Premium including administrative surcharge under all types of insurance contracts is recognised as written from the date of issuance of policy / cover note (i.e. the date of attachment of risk).

Revenue from premium is determined after taking into account the unearned portion of premium. The unearned portion of premium income is recognised as a liability.

Re-insurance premium is recognised as an expense after taking into account the proportion of deferred premium expense which is calculated using twenty fourths' method. The deferred portion of premium expense is recognised as a prepayment.

#### ii) Commission income

Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognised as liability and recognised in the profit and loss account as revenue in accordance with the pattern of recognition of the re-insurance premiums.

#### iii) Rental income

Rental income from investment properties is recognised as a revenue on a straight line basis over the period of the lease agreement.

#### iv) Investment income

Profit on held-to-maturity instruments is recognised on a time proportion basis taking into account the effective yield on the instruments. The difference between the redemption value and the purchase price of the held-to-maturity investments is amortised and taken to the profit and loss account over the term of the investment.

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

Interest / mark-up on bank balances, term deposits and government securities is recognised on an accrual basis using the effective interest method.

Gains / losses on sale of investments are recognised in the profit and loss account at the time of sale.

#### v) Return on bank accounts, term deposits

Return on bank accounts, term finance certificates and certificates of investments are accounted for on accrual basis.

#### vi) Other income

Gain or loss on sale of operating fixed assets, intangible assets and investment properties is recognised when the asset is derecognised.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 3.12 Off setting of financial assets and liabilities

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

### 3.13 Impairment

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 recognised whenever the carrying amount of an asset exceeds its recoverable amount and taken to profit and loss account. In addition impairment on available for sale investments and re-insurance assets are recognised as follows:

The Company determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financial cash flows.

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

### 3.14 Foreign currency translations

Foreign currency transactions during the year are recorded at the exchange rate approximating those ruling on the date of transaction. Monetary assets and liabilities in foreign currencies are translated at the rate of exchange which approximates those prevailing on the reporting date. Gains and losses on translations are treated as income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

### 3.15 Segment reporting

An operating segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other segments. All operating segments results are reviewed regularly by the Company to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Company accounts for segments reporting of operating results using the classes of business as specified under the Insurance Rules 2017. The performance of segment is evaluated on the basis of underwriting results of each segment. All the company's business segments operate in Pakistan only.

The Company has five primary business segments for reporting purposes namely fire, marine, motor aviation and transport, accident and health and miscellaneous.

Fire insurance segment provides insurance covers against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and impact.

Marine insurance segment provides coverage against cargo risk, war risk and damages occurring in inland transit.

Motor aviation and transport insurance provides comprehensive vehicle coverage and indemnity against third party loss.

Accident and health insurance provides cover against loss due to accidental injury or sickness.

Miscellaneous insurance provides cover against loss of cash in safe and cash in transit, money, engineering losses and others coverage.

Assets and liabilities that are directly attributable to segments have been assigned to them while the assets and liabilities pertaining to two or more segments have been allocated to segments on a premium written. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities. Depreciation and amortisation are allocated to a particular segment on the basis of premium written.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 3.16 Cash and cash equivalents

Cash and cash equivalents include cash, cheques and policy stamps in hand and balance with banks in current, saving and deposit accounts.

### 3.17 Amount due to other insurers / re-insurers

Liabilities for other insurers / re-insurers are carried at cost which is the fair value of consideration to be paid in the future for services.

### 3.18 Premiums due but unpaid

These are recognised at cost, which is the fair value of the consideration to be received less provision for impairment, if any.

### 3.19 Amount due from other insurers / re-insurers

Amount due from other insurers / re-insurers are carried at cost less provision for impairment, if any. Cost represents the fair value of consideration to be received in future under re-insurance contracts.

### 3.20 Dividend distributions and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

### 3.21 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

### 3.22 Related parties transactions

All transactions with related parties are carried out by the Company at mutually agreed terms.

### 3.23 Window Takaful Operations

The accounting policies followed by Window Takaful Operations are stated in the annexed financial statements of Window Takaful Operations for the year ended December 31, 2022.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

During preparation of financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual financial statements of the Company for the year ended December 31, 2022 except for the following:

### 4.1 Operating fixed assets

During the year, the company changed its accounting estimate from straight line method to reducing balance method. Depreciation is charged using reducing balance method from the date the asset is available for use till the date the asset is disposed off. The effect of change in accounting estimate is applied prospectively as required under the International Accounting standard - 8 "Accounting Policies, Changes In Accounting Estimates and Errors".

Had there been no change in depreciation method the effect of depreciation in future years in relation to these assets will be increased/(decreased) by the following amounts:



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

Year ending 31 December	In Rupees
2022	(1,326,901)
2023	(2,157,726)
2024	(2,811,300)
2025	(3,327,825)

### 4.2 Revenue recognition estimate

During the year, the Company changed its computation of calculating unearned portion of the premium to number of the days from the date of issuance of insurance policy i.e. 365 days as against the previous method of 1/24th.

The said change is accounted for as change in estimate and is prospectively applied as per the requirements of IAS 8 "Accounting Policies, Changes In Accounting Estimates and Errors". The said change has impact on unearned premium reserves, unearned re-insurance commission, prepaid re-insurance premium and deferred commission."

	Note
- Provision for unearned premium	3.1.1
- Provision for outstanding claims (including IBNR)	3.1.3
- Re-insurance recoveries against outstanding claims	3.1.4
- Provision for premium deficiency reserves	3.1.12
- Operating fixed assets and depreciation	3.3.1
- Residual life of property and equipment	3.3
- Right of use assets and lease liability	3.3.2
- Classification of investments	3.6.1
- Investment properties	3.5
- Taxation	3.9
- Provision against premium due but unpaid	3.18
- Impairment	3.13

### 5. PROPERTY AND EQUIPMENT

	Note	December 31, 2022	December 31, 2021
----- (Rupees) -----			
Operating fixed assets	5.1	<b>31,929,032</b>	13,076,112
Right-of-use assets	5.4	<b>16,621,709</b>	24,653,059
Capital work-in-progress	5.5	<b>6,528,000</b>	2,200,000
		<b>55,078,741</b>	<b>39,929,171</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 5.1 Operating fixed assets

Particulars	December 31, 2022							Written down value as at December 31	Depreciation rate	
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Depreciation for the year	Disposals			Closing balance
	(Rupees)							(%)		
Furniture and fixtures	16,917,224	715,206	-	17,632,430	13,510,626	350,402	-	13,861,028	3,771,402	10
Office and electrical equipment	12,318,472	526,450	(151,350)	12,693,572	11,542,813	175,740	(130,782)	11,587,771	1,105,801	15 - 20
Computer equipment	17,296,556	921,204	(13,500)	18,204,260	16,633,415	358,090	(13,500)	16,978,005	1,226,255	33.3
Motor vehicles	39,833,073	20,982,878	(3,393,912)	57,422,039	31,602,360	3,253,594	(3,259,489)	31,596,465	25,825,574	20
	86,365,325	23,145,738	(3,558,762)	105,952,301	73,289,214	4,137,826	(3,403,771)	74,023,269	31,929,032	
	(Rupees)							(%)		
Particulars	December 31, 2021							Written down value as at December 31	Depreciation rate	
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Depreciation for the year	Disposals			Closing balance
Furniture and fixtures	14,373,745	2,543,479	-	16,917,224	12,992,259	518,367	-	13,510,625	3,406,599	10
Office and electrical equipment	12,058,457	260,015	-	12,318,472	11,181,283	361,530	-	11,542,813	775,659	15 - 20
Computer equipment	16,763,806	532,750	-	17,296,556	16,321,536	311,879	-	16,633,415	663,141	33.3
Motor vehicles	37,773,484	2,653,589	(594,000)	39,833,073	29,579,520	2,616,840	(594,000)	31,602,360	8,824,713	20
	80,969,492	5,989,833	(594,000)	86,365,325	70,074,598	3,808,616	(594,000)	73,289,212	13,076,112	

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 5.2 Disposal of operating fixed assets

Particulars	Cost	Accumulated depreciation	Net book value	Sales Value	Mode of disposal	Particulars of buyers along with relationship
Computer Equipment	13,500	13,500	-	1,300	Negotiated	Gulam Shabbir-Third party
Electrical Equipment	64,000	64,000	-	11,000	Negotiated	Mirza Umer Baig-Third party
Electrical Equipment	63,350	63,350	-	9,000	Negotiated	Mirza Umer Baig-Third party
Electrical Equipment	24,000	3,432	20,568	1,250	Negotiated	Gulam Shabbir-Third party
Motor Vehicle	1,761,050	1,761,050	-	1,494,000	Negotiated	Muhammad Saleem-Third party
Motor Vehicle	745,180	745,180	-	600,000	Negotiated	Muhammad Ejaz- Third party
Motor Vehicle	842,682	708,259	134,423	1,000,000	Negotiated	Manzoor Khan-Third party
Motor Vehicle	45,000	45,000	-	10,000	Negotiated	Ahtsham haider-Third party
	<u>3,558,762</u>	<u>3,403,771</u>	<u>154,991</u>	<u>3,126,550</u>		

### Disposal of operating fixed assets (Prior year)

Particulars	Cost	Accumulated depreciation	Net book value	Sales Value	Mode of disposal	Particulars of buyers along with relationship
Motor vehicles	549,000	549,000	-	550,000	Negotiated	Muhammad Ali Mehboob - Third party
Motor vehicles	45,000	45,000	-	-	-	Theft
	<u>594,000</u>	<u>594,000</u>	<u>-</u>	<u>550,000</u>		

5.3 Operating fixed assets include fully depreciated items having cost of Rs. 63.17 million ((December 31, 2021: Rs. 64.79 million).

	Note	December 31,	December 31,
		2022	2021
		(Rupees)	
<b>5.4 Right-of-use assets</b>			
Buildings			
Opening balance		24,653,059	11,122,090
Addition		885,673	25,700,453
Lease modification		2,391,856	-
Depreciation expense		(11,308,879)	(12,169,484)
Closing balance		<u>16,621,709</u>	<u>24,653,059</u>
5.4.1	Lease assets comprises of branches with a lease term of 3 to 5 years.		
<b>5.5 Capital work-in-progress</b>			
Advances to suppliers		<u>6,528,000</u>	<u>2,200,000</u>

5.5.1 This represents advance paid to supplier for purchase of vehicle.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 6. INTANGIBLE ASSETS

Particulars	December 31, 2022						Written down value as at December 31	Depreciation rate (%)	
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Amortisation for the year			Amortisation on disposals
	----- Cost -----								
	----- Accumulated Depreciation -----								
	(Rupees)								
Computer software	10,178,944	-	-	10,178,944	10,178,944	-	-	10,178,944	33.3
	10,178,944	-	-	10,178,944	10,178,944	-	-	10,178,944	
	-----								
	-----								
	(Rupees)								
	----- Accumulated Depreciation -----								
	-----								
	-----								
	(Rupees)								

Particulars	December 31, 2021						Written down value as at December 31	Depreciation rate (%)	
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Amortisation for the year			Amortisation on disposals
	----- Cost -----								
	----- Accumulated Depreciation -----								
	(Rupees)								
Prior Year									
Computer software	10,178,944	-	-	10,178,944	10,178,944	-	-	10,178,944	33.3
	10,178,944	-	-	10,178,944	10,178,944	-	-	10,178,944	
	-----								
	-----								
	(Rupees)								
	----- Accumulated Depreciation -----								
	-----								
	-----								
	(Rupees)								

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	December 31, 2022	December 31, 2021
----- (Rupees) -----			
<b>7. INVESTMENT PROPERTIES</b>			
<b>Net book value:</b>			
Opening balance		154,950,569	135,385,104
Unrealised fair value gain	7.1	12,100,000	19,565,465
Closing balance		<u>167,050,569</u>	<u>154,950,569</u>

7.1 Investment properties consists of the following:

Particulars	Location	Fair Value as at December 31, 2021	Unrealised Gain for December 31, 2021	Fair value as at December 31, 2022	Forced Sale value as at December 31, 2021	Unrealised gain for December 31, 2021
----- (Rupees) -----						
Freehold Land	Islamabad	19,150,000	4,150,000	19,775,000	15,820,000	625,000
Shop Premises	Lahore	86,519,150	7,596,150	90,894,150	72,715,320	4,375,000
Office Premises	Karachi	49,281,419	7,819,315	56,381,419	45,105,135	7,100,000
		<u>154,950,569</u>	<u>19,565,465</u>	<u>167,050,569</u>	<u>133,640,455</u>	<u>12,100,000</u>

7.2 The fair value of the land, shop premises and office premises was determined by Anderson Consulting (Private) Limited, which is external independent property valuer having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

### 7.3 Valuation technique

The fair value measurement for all of the investment properties has been categorised as a level 3 fair value based on the inputs to the valuation techniques used. The inputs used to the valuation techniques are average rental growth rate, yield on property, current market rates, occupancy rate and rent free period of the properties.

The valuer has arranged enquiries and verifications from various estate agents, brokers and dealers, the location and condition of the property, size, utilisation, and current trends in prices of real estate including assumptions that ready buyers are available in the current scenario and analysed through detailed market surveys, the properties that have recently been sold or purchased or offered / quoted for sale into given vicinity to determine the best estimates of the fair value.

7.4 The Company earned rental income from the above mentioned properties amounting to Rs. 2.35 million (2021: Rs. 4.09 million).

7.5 The covered area of the freehold land, shops and office premises is 5400 sq. ft., 2,187 sq. ft. and 1,676 sq. ft. respectively.

7.6 The cost of freehold land, shop premises and office premises amount to Rs. 14.02 million (December 31, 2021: Rs. 14.02 million), Rs. 33.95 million (December 31, 2021: Rs. 33.95 million) and Rs. 2.85 million (December 31, 2021: Rs. 2.85 million) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 8. INVESTMENT IN EQUITY SECURITIES

	Note	December 31, 2022			December 31, 2021		
		Cost	Impairment	Carrying value	Cost	Impairment	Carrying value
		----- (Rupees) -----			----- (Rupees) -----		
<b>Available for sale</b>							
<i>Listed shares</i>							
- First Capital Equities Limited	8.1	188,000,000	188,000,000	-	188,000,000	-	-
Mutual funds	8.2	160,175,558	-	164,038,686	53,841,556	-	66,783,451
		<u>348,175,558</u>	<u>188,000,000</u>	<u>164,038,686</u>	<u>241,841,556</u>	<u>-</u>	<u>66,783,451</u>
<b>Investment at fair value through profit or loss</b>							
<i>Listed shares</i>							
- Summit Bank Limited		299,821	-	206,355	226,990	-	299,821
		<u>348,475,379</u>	<u>188,000,000</u>	<u>164,245,041</u>	<u>242,068,546</u>	<u>-</u>	<u>67,083,272</u>

**8.1** On November 29, 2012, the Company through an agreement settled balance of 'reverse repo' and 'premium due but unpaid' amounting to Rs. 99.89 million (reverse repo and associated mark-up) and Rs. 88.859 million of FCSC Group and Pace (Pakistan) Limited respectively, against 4.7 million shares of First Capital Equities Limited (FCEL) calculated at Rs. 40 per share against the market value of Rs. 69 per share as at that date. The agreement was subsequently amended on March 07, 2013 to make the clause of restriction on holding period and swap against property null and void.

The Company has filed a civil suit in Civil Court Lahore in April 2015 against First Capital Equities Limited and five others for recovery of Rs.188 million and cancellation of documents. Company is aggressively following up the case, and regular hearings are taking place. Further, management strongly believe that the company has irrefutable evidences / arguments to win this litigation, and is deploying every possible resource for expeditious disposal of the case. However, being prudent an impairment provision equal to the carrying value is included in these financial statements.

The shares of First Capital Equities Limited (FCEL) have not been traded actively since last three years, and company (FCEL) is also placed in the defaulter segment of Pakistan Stock Exchange. It does not have any source of revenue as shown in financial statements of FECL. In these circumstances it is difficult to ascertain whether an active market exist for investment which leads to the full impairment of First Capital Equities Limited (FCEL) shares held by the company.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 8.2 Name of Fund

	Units		December 31, 2022		December 31, 2021	
	December 31, 2022	December 31, 2021	Cost	Carrying Value	Cost	Carrying Value
	----- (Number) -----		----- (Rupees) -----			
Pakistan Cash Management fund	2,857,470	8,913	144,142,119	144,210,222	379,156	449,818
Faysal Saving Growth fund	10,235	9,533	860,248	1,124,764	788,125	1,019,174
ABL Income fund	183,435	166,520	1,545,115	1,845,206	1,344,236	1,691,607
HBL Cash fund	30,783	27,611	2,691,389	3,153,277	2,370,084	1,137,022
Lakson Money Market fund	7,380	6,673	651,750	757,945	569,616	674,844
HBL Money Market fund	11,519	10,614	962,723	1,269,901	869,801	2,816,097
Al Hamra Islamic Stock fund	-	168,213	-	-	835,524	1,772,960
Pakistan Income fund	188,650	1,002,338	8,812,672	11,020,144	46,219,918	56,630,583
Atlas Islamic Income fund	1,212	1,124	509,541	657,223	465,096	591,346
			<b>160,175,558</b>	<b>164,038,682</b>	53,841,556	66,783,451

### 9. INVESTMENTS IN DEBT SECURITIES

	Note	December 31, 2022			December 31, 2021		
		Cost	Provision	Carrying Value	Cost	Provision	Carrying Value
		----- (Rupees) -----					
<b>Held to maturity</b>							
Government securities							
Pakistan Investment Bonds							
- Pledged	9.1	60,587,150	-	63,440,329	60,587,150	-	62,532,386
		16,868,540	-	19,631,141	16,868,540	-	18,929,924
- Non Pledged		-	-	-	87,865,302	-	87,180,386
		<b>77,455,690</b>	-	<b>83,071,470</b>	165,320,992	-	168,642,696

#### Pakistan Investment Bond

Name of investment	Face value	Number of certificates	Profit rate	Profit payment	Maturity date	December 31, 2021		December 31, 2020	
						Cost	Carrying Value	Cost	Carrying Value
(Rupees)	(Rupees)		(%)			----- (Rupees) -----			
5 Years Pakistan Investment Bonds	65,000,000	650,000	9.5	Semi annually	September 19, 2024	60,587,150	63,440,329	60,587,150	62,532,386
5 Years Pakistan Investment Bonds	20,000,000	200,000	8	Semi annually	July 12, 2023	16,868,540	19,631,141	16,868,540	18,929,924
3 Years Pakistan Investment Bonds	-	-	9	Semi annually	September 19, 2022	-	-	87,865,302	87,180,386
	<u>85,000,000</u>	<u>850,000</u>				<b>77,455,690</b>	<b>83,071,470</b>	165,320,992	168,642,696

9.1 The rate of return of PIBs is between 8% to 9.5% (2021: 8% to 9.5%) per annum. They are pledged with the State Bank of Pakistan under the provisions of Insurance Rules 2017.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	December 31, 2022	December 31, 2021
----- (Rupees) -----			
<b>10. INVESTMENTS IN TERM DEPOSITS</b>			
<b>Held to maturity</b>			
Deposits maturing within one months	10.1	<u><b>364,779,290</b></u>	<u>324,039,478</u>
<b>10.1</b>	The balance includes term deposits with various commercial banks having maturities within 1 month (i.e. upto January 30, 2023). The rate of return on these term deposits range between 10% to 16% (2021: 5.55% to 11%) per annum.		
	Note	December 31, 2022	December 31, 2021
----- (Rupees) -----			
<b>11. LOANS AND OTHER RECEIVABLES</b>			
<b>unsecured, considered good</b>			
Accrued investment income		<b>5,608,885</b>	4,899,603
Other receivables	11.1 & 11.2	<b>3,530,941</b>	1,029,387
Security deposits	11.3 & 11.4	<b>7,579,357</b>	8,512,141
Advances		<b>876,978</b>	235,183
		<u><b>17,596,161</b></u>	<u>14,676,314</u>
<b>11.1</b>	This balance included receivable from Pace Pakistan Limited amounting to Rs. Nil (2021: Rs. 0.54 million) in respect of sale of property located at 1-D, first floor of Pace Tower, 27-H, College Road, Gulberg II, Lahore.		
<b>11.2</b>	This includes balance receivable from Window takaful operations against common expenses amounting to Rs. 0.73 million (December 31, 2021: Rs. 0.73 million).		
<b>11.3</b>	This includes Rs. 3.33 million (2021: Rs. 3.33 million) in respect of security deposits paid against rental arrangements to the Parent company.		
<b>11.4</b>	This includes a sum of Rs 2.53 million deposited with the District and Session Judge, Multan as security deposit, in respect of an Insurance Appeal filed by the Company in the Lahore High Court Multan Bench.		
	Note	December 31, 2022	December 31, 2021
----- (Rupees) -----			
<b>12. INSURANCE / RE-INSURANCE RECEIVABLES</b>			
<b>unsecured, considered good</b>			
Due from insurance contract holders	12.1 & 12.5	<b>27,392,481</b>	89,182,637
Less: Provision for impairment of receivable from insurance contract holders	12.3	<b>5,500,000</b>	5,500,000
		<u><b>21,892,481</b></u>	<u>83,682,637</u>
Due from other insurers / reinsurers	12.2	<b>127,298,447</b>	62,513,357
Less: Provision / written off during the year from other insurers / re-insurers	12.4	<b>26,613,874</b>	4,000,000
		<u><b>100,684,573</b></u>	<u>58,513,357</u>
		<u><b>122,577,054</b></u>	<u>142,195,994</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

**12.1** This includes premium due but unpaid from the Parent Company of Rs. 10.80 million (2021: Rs. 6.86 million).

**12.2** The Company has entered into coinsurance and reinsurance arrangements with various insurance companies as at December 31, 2022, the aggregate balances due from and due to other insurers and reinsurers arising from such arrangements amounts to Rs.127.3 million (2021: Rs. 62.51 million) & Rs. 54.77 million (2021: Rs. 64.97 million) respectively.

In respect of these balances, during the year the Company has exchanged balance information with them based on the significance of the respective balances. This information corroborates the balance position of the Company in all material respects taking into account the underlying contracts and transactions supported by appropriate evidence.

The reconciliation process of these balances with the respective insurance companies is carried out on ongoing basis. However, as advised by the SECP, this process will be formalised as per the guidelines suggested by Insurance Association of the Pakistan (IAP) for the insurance industry.

	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
<b>12.3</b> Reconciliation of provision against doubtful receivables from insurance contract holders		
Opening balance	5,500,000	5,500,000
Charge for the year	33,465,978	21,000,000
Balance written off during the year	(33,465,978)	(21,000,000)
Closing balance	<u>5,500,000</u>	<u>5,500,000</u>

	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
<b>12.4</b> Reconciliation from others insurers / re-insurers of provision against doubtful receivables:		
Opening balance	4,000,000	-
Charge for the year	22,613,874	4,000,000
Closing balance	<u>26,613,874</u>	<u>4,000,000</u>

**12.5** The maximum amount outstanding at the end of any month during the year from Parent Undertaking aggregated to Rs. 25.14 million (December 31, 2021: Rs. 27.01 million).

	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
<b>13. CASH AND BANK</b>		
<b>Cash and cash equivalents</b>		
- Cash in hand	23,508	31,670
- Policy stamps and bond papers in hand	86,455	93,768
	<u>109,963</u>	<u>125,438</u>
<b>Cash at bank</b>		
- Current accounts	78,659,401	15,676,307
- Savings accounts	26,935,219	56,786,711
	<u>105,594,620</u>	<u>72,463,018</u>
	<u>105,704,583</u>	<u>72,588,456</u>

Note

13.1

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

13.1 These carry mark-up at rates ranging between 5% to 15% (2021: 3% to 5.5%) per annum.

### 14. SHARE CAPITAL

#### 14.1 Authorised Share Capital

December 31, 2022	December 31, 2021		December 31, 2022	December 31, 2021
----- (Numbers) -----			----- (Rupees) -----	
<u>100,000,000</u>	<u>100,000,000</u>	Ordinary shares of Rs. 10 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>

#### 14.2 Issued, subscribed and paid - up share capital

December 31, 2022	December 31, 2021		December 31, 2022	December 31, 2021
----- (Numbers) -----			----- (Rupees) -----	
8,000,000	8,000,000	Ordinary shares of Rs. 10 each, fully paid in cash	80,000,000	80,000,000
12,000,000	12,000,000	Ordinary shares of Rs. 10 each, issued as bonus shares	120,000,000	120,000,000
25,000,000	25,000,000	Ordinary shares of Rs. 10 each, issued as right shares fully paid in cash	250,000,000	250,000,000
15,000,000	15,000,000	Ordinary shares of Rs. 10 each, issued otherwise than right issue	150,000,000	150,000,000
<u>60,000,000</u>	<u>60,000,000</u>		<u>600,000,000</u>	<u>600,000,000</u>

14.3 As at December 31, 2022, details of shares held by the related parties undertaking are as follows:

Related party name	Basis of relationship	Percentage (%)	December 31, 2022	December 31, 2021
			----- (Numbers) -----	
Shaheen Foundation	Parent company	69.28%	41,565,473	41,565,473
Central non public fund	Associate	4.17%	2,500,000	2,500,000
			<u>44,065,473</u>	<u>44,065,473</u>
Percentage of shareholding held by related parties.			<u>73.44%</u>	<u>73.44%</u>

14.4 The Company has only one class of ordinary shares which carry no right to fixed income. The holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to the Company's residual assets.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

		December 31, 2021	December 31, 2020
	Note	----- (Rupees) -----	
<b>15. RESERVES</b>			
Revenue reserve		<b>20,000,000</b>	20,000,000
Unrealised gain on available-for-sale investments		<b>3,863,126</b>	12,604,759
		<b>23,863,126</b>	32,604,759
<b>16. LEASE LIABILITIES</b>			
Lease Liability - Buildings	16.1	<b>19,315,492</b>	26,459,898
<b>16.1</b> Opening balance		<b>26,459,898</b>	17,164,141
Increase in lease liability	16.1.1	<b>885,673</b>	25,700,453
Impact of modification of leases	16.1.2	<b>2,255,939</b>	-
Repayments		<b>(12,733,014)</b>	(18,567,305)
Interest expense		<b>2,446,996</b>	2,162,609
Closing balance		<b>19,315,492</b>	26,459,898

**16.1.1** The amount represents the office space that company has acquired in Faisalabad on lease for a period of three years.

**16.1.2** It contains two effects, the head office lease term has increased but its rentals has decreased due to decrease the area and the Faisalabad lease has terminated.

		December 31, 2022	December 31, 2021
	Note	----- (Rupees) -----	
<b>16.2 Tenure analysis</b>			
Current period		<b>6,831,274</b>	6,814,184
Non-current period		<b>12,484,218</b>	19,645,714
		<b>19,315,492</b>	26,459,898

The effective interest rate used as the discounting factor (i.e. implicit in the lease) ranges from 7.45% to 14.03%. The amount of future payments and the period during which they will become due are:

**16.3** The future minimum lease payments to which the Company is committed under the lease agreements and the periods in which they will become due are as follows:



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	December 31, 2022		December 31, 2021	
	Lease payments of right of use assets	Present value of lease payments of right of use assets	Lease payments of right of use assets	Present value of lease payments of right of use assets
	----- (Rupees) -----			
Upto one year	8,063,918	6,831,274	9,051,920	6,814,184
After one year	14,166,171	12,484,218	22,538,754	19,645,714
Total lease liability	22,230,089	19,315,492	31,590,674	26,459,898
Financial charges allocable to future periods	(2,914,597)	-	(5,130,776)	-
Total lease liability	19,315,492	19,315,492	26,459,898	26,459,898
Current portion	(6,831,274)	(6,831,274)	(6,814,184)	(6,814,184)
Non - current portion	12,484,218	12,484,218	19,645,714	19,645,714

	Note	December 31, 2022	December 31, 2021
<b>17. INSURANCE / RE-INSURANCE PAYABLES</b>		----- (Rupees) -----	
Due to other insurers / re-insurers		54,770,246	64,974,861
		<u>54,770,246</u>	<u>64,974,861</u>
<b>18. OTHER CREDITORS AND ACCRUALS</b>			
Provincial service taxes		66,819,133	46,606,749
Security deposit against bond issuance	18.1	15,504,200	15,807,111
Accrued expenses		13,204,100	13,645,788
Agent commission payable		8,482,409	27,684,225
Workers' welfare fund payable		8,515,858	6,653,646
Federal insurance fee payable		7,279,640	4,950,671
Withholding tax payable		5,062,072	4,363,242
Unearned rental income		1,034,365	940,335
Payable to provident fund		523,397	401,553
Others		1,628,285	1,338,572
		<u>128,053,459</u>	<u>122,391,892</u>

**18.1** As required by the Companies Act, 2017 these are held by the Company in a separately maintained bank account.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 19. CONTINGENCIES AND COMMITMENTS

#### 19.1 Contingencies

- 19.1.1** M/s. New Lal Enterprise (Private) Limited and M/s. Zahid Enterprises (Private) Limited have filed four suits against the Company in the Insurance Tribunal, Karachi in March 10, 2016. Three suits pertain to claim of damages on delayed claims settlement, while one suit relates to recovery of marine claim. Total amount involved is approximately Rs. 28 million. Another suit bearing No.11 of 2013 for recovery of Rs. 1.086 million has been filed against the Company. The management based on its legal advisor opinion, is confident of a favourable outcome.
- 19.1.2** The income tax assessments of the Company have been finalised up to and including the assessment year 2021-22 financial year ended December 31, 2021, unless amended. However, assessments for tax years 2004, 2006 and 2007 had been amended by the taxation officer, against which the Company had preferred an appeal before the Commissioner Inland Revenue (Appeal) (CIR(A)). Subsequently, CIR(A) maintained the order of taxation officer, against which the Company preferred to file an appeal before the Appellate Tribunal Inland Revenue (ATIR). ATIR decided the case in favor of the Company. Case was decided in favor of the Company in High Court as well, through the order dated September 05, 2013. However in January 02, 2014, taxation officer filed civil petition against the order with the Supreme Court of Pakistan; the decision of which is pending. The demand raised was of Rs. 2.045 million for the tax year 2004, Rs. 8.220 million for the tax year 2006, and Rs. 9.689 million for tax year 2007 against apportionment of expenditure. Based on expert advice the matter will be decided in favor of the Company, therefore no provision has been made in these financial statements. Further, the Company has received notice to amend assessments for the tax years 2015 and 2016 under section 122 (9) read with 122(5A) of the Income Tax Ordinance 2001 creating a demand of Rs. 1.490 million and Rs. 2.700 million respectively. The Company filed appeals against these orders with CIR (A), who vacated the order of taxation officer. Taxation Officer filed appeal with the ATIR against decision of CIR(A). Proceedings in this regard have not started yet.
- 19.1.3** The Company received notice to amend assessments for the tax years 2012, 2013 and 2014 under section 122(5A) of the Income Tax Ordinance 2001.
- 19.1.4** The Company also received a notice for further amending the assessment for the tax year 2011 under Section 122 (9) read with section 122(5A) of the Income Tax Ordinance 2011 against which a Constitutional Petition was filed in the High Court of Sindh. High Court through its order dated January 27, 2020 disposed off the same with directions to the respondent to examine the contention of the company in accordance with the law.
- 19.1.5** During the year, proceedings were initiated by the taxation officer for the rectification of mistakes under section (u/s) 221 of the Income Tax Ordinance 2001 (Ordinance) in respect of tax years 2017, 2018 and 2019 by determining tax liabilities of Rs. 0.31 million, Rs. 6.12 million and Rs 13.59 million respectively, through disallowing refund adjustment from prior years in the deemed assessment order. Aggrieved with the orders of the taxation officer, the company filed an appeal before Commissioner Inland Revenue, Appeals(CIR-A). CIR(A) however, remanded back the orders with strict direction to the taxation officer for processing the application(s) under section 170(1) of the Ordinance.
- 19.1.6** During the year, taxation officer also issued notice for amending the assessment u/s 122(9) read with section 122(5A) of Ordinance with regard to tax year 2018. The matter is in hearing / compliance stage.

#### 20. Commitments

There are no commitments as at December 31, 2022.

#### 21. NET INSURANCE PREMIUM

	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
Written gross premium	485,601,738	231,254,384
Add: Unearned premium reserve opening	98,158,900	92,605,542
Less: Unearned premium reserve closing	156,749,372	98,158,900
<b>Premium earned</b>	<b>427,011,266</b>	<b>225,701,026</b>
Re-insurance premium ceded	134,387,069	38,386,991
Add: Prepaid re-insurance premium opening	6,316,945	13,642,832
Less: Prepaid re-insurance premium closing	14,560,355	6,316,945
<b>Re-insurance expense</b>	<b>126,143,659</b>	<b>45,712,878</b>
	<b>300,867,607</b>	<b>179,988,148</b>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

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

### 22. NET INSURANCE CLAIMS

Claims paid Add: Outstanding claims including IBNR closing Less: Outstanding claims including IBNR opening <b>Claims expense</b>	23.1 & 23.3   22.2	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: right;"><b>78,333,095</b></td></tr> <tr><td style="text-align: right;"><b>85,850,667</b></td></tr> <tr><td style="text-align: right;"><b>128,962,567</b></td></tr> <tr><td style="text-align: right;"><b>121,444,995</b></td></tr> </table>	<b>78,333,095</b>	<b>85,850,667</b>	<b>128,962,567</b>	<b>121,444,995</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: right;">98,201,533</td></tr> <tr><td style="text-align: right;">127,305,856</td></tr> <tr><td style="text-align: right;">85,850,667</td></tr> <tr><td style="text-align: right;">56,746,344</td></tr> </table>	98,201,533	127,305,856	85,850,667	56,746,344		
<b>78,333,095</b>													
<b>85,850,667</b>													
<b>128,962,567</b>													
<b>121,444,995</b>													
98,201,533													
127,305,856													
85,850,667													
56,746,344													
Re-insurance and other recoveries received Less: Reinsurance and other recoveries receivable in respect of outstanding claims opening Add: Reinsurance and other recoveries receivable in respect of outstanding claims closing <b>Re-insurance and other recoveries revenue</b> <b>Net claims expense</b>	22.3	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: right;"><b>10,602,816</b></td></tr> <tr><td style="text-align: right;"><b>15,536,448</b></td></tr> <tr><td style="text-align: right;"><b>46,299,007</b></td></tr> <tr><td style="text-align: right;"><b>41,365,375</b></td></tr> <tr><td style="text-align: right;"><b>80,079,620</b></td></tr> </table>	<b>10,602,816</b>	<b>15,536,448</b>	<b>46,299,007</b>	<b>41,365,375</b>	<b>80,079,620</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: right;">15,251,514</td></tr> <tr><td style="text-align: right;">16,747,758</td></tr> <tr><td style="text-align: right;">15,536,448</td></tr> <tr><td style="text-align: right;">14,040,204</td></tr> <tr><td style="text-align: right;">42,706,140</td></tr> </table>	15,251,514	16,747,758	15,536,448	14,040,204	42,706,140
<b>10,602,816</b>													
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<b>46,299,007</b>													
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<b>80,079,620</b>													
15,251,514													
16,747,758													
15,536,448													
14,040,204													
42,706,140													

**22.1** Outstanding claims include amounts in relation to unpaid reported claims, provision for claims incurred but not reported (IBNR) and expected claims settlement costs. Provision for IBNR to account for the cost of settling claims incurred but not reported as at reporting date on the basis of actuarial valuation amounts to Rs.5.85 million (2021: Rs. 11.96 million). The latest valuation was carried out as of December 31, 2022.

**22.2** This includes salvage recoveries amounting to Rs. 13.5 million (December 31, 2021: Rs. 16.3 million).

**22.3** This includes reinsurance recoveries from outstanding claims amounting to Rs. 46.29 million (2021: Rs. 13.94 million) and accrued salvage recoveries amounting to Rs. Nil (2021: Rs. 1.6 million).

### 22.4 Claim development

The following table shows the development of claims over a period of time. The disclosure goes back to the period when the earliest material claim arise for which there is still uncertainty about the amount and timing of the claims payments.

Accident year	2018 & Prior	2019	2020	2021	2022
	----- (Rupees) -----				
Outstanding	23,138,977	42,669,623	106,853,217	78,832,482	178,879,045
At end of accident year					-
One year later	291,191,449	69,846,098	6,851,902	19,636,804	-
Two years later	598,009,505	5,732,185	1,812,216	-	-
Three years later	35,889,288	137,554	-	-	-
Four years later	26,427,358	-	-	-	-
Current estimate of cumulative claims	26,427,358	137,554	1,812,216	19,636,804	178,879,045
Cumulative payments to date	-	137,554	229,554	16,765,534	80,797,768
Liability recognised in financials statements	26,427,358	-	1,582,662	2,871,270	98,081,277

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	December 31, 2022	December 31, 2021
		----- (Rupees) -----	
<b>23. NET COMMISSION EXPENSE / ACQUISITION COST</b>			
Commission paid or payable		76,539,272	39,042,743
Add: Deferred commission expense opening		15,505,767	15,494,786
Less: Deferred commission expense closing		26,062,948	15,505,767
Net Commission		65,982,091	39,031,762
Less: Commission received or recoverable		8,590,201	2,860,762
Add: Unearned re-insurance commission opening		1,365,356	2,374,551
Less: Unearned re-insurance commission closing		2,323,817	1,365,356
Commission from reinsurers		7,631,740	3,869,957
		<u>58,350,351</u>	<u>35,161,805</u>
<b>24. PREMIUM DEFICIENCY - NET</b>			
Premium deficiency reserve - opening		337,245	536,451
Premium deficiency reserve - closing		337,245	337,245
Premium deficiency reserve	24.1	-	199,206
<b>24.1</b>			
The independent actuary has determined the closing premium deficiency reserve of Rs. 0.34 million as at December 31, 2022 (2021: Rs. 0.34 million).			
	Note	December 31, 2022	December 31, 2021
		----- (Rupees) -----	
<b>25. MANAGEMENT EXPENSES</b>			
Employee benefit cost	25.1	86,560,478	75,207,610
Travelling and entertainment		4,040,041	4,045,097
Advertisement and sales promotion		12,482,683	1,331,840
Printing and stationery		5,109,292	4,861,680
Depreciation	25.2	15,446,705	15,978,100
Legal and professional charges		1,573,550	2,583,535
Utilities		6,293,368	5,227,480
Repair and maintenance		4,112,985	2,950,726
Bank charges		214,297	6,677
Annual supervision fees SECP		616,900	500,000
Newspaper and periodicals		-	1,860
Insurance		2,390,833	1,041,172
Provision for doubtful debts against insurers / re-insurers	12.4	22,613,874	4,000,000
Due from insurance contract holders written off	12.3	33,465,978	21,000,000
Software maintenance		983,609	802,013
Co Insurance Surcharge		830,044	57,842
Directors Meeting Fee		150,000	-
Miscellaneous		1,127,117	901,128
		<u>198,011,754</u>	<u>140,496,760</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

25.1 This amount includes Rs. 2.204 million (2021: Rs. 1.775 million) of provident fund contribution.

25.2 This includes depreciation on operating fixed assets and right of use assets amounting to Rs. 4.137 million and Rs. 11.308 million (2021: Rs. 3.809 million and Rs. 12.169 million) respectively.

	Note	December 31, 2022	December 31, 2021
----- (Rupees) -----			
<b>26. INVESTMENT INCOME</b>			
<b>Income from equity securities</b>			
<b>- Held for trading</b>			
Dividend income on securities		10,031,657	4,279,893
Realised gain on sale of equity investments		10,530,728	-
<b>Income from debt securities securities</b>			
<b>- Held to maturity</b>			
Income from term deposits		42,703,190	26,267,113
Return on Pakistan Investment Bonds and T-bills		15,209,207	16,939,026
		57,912,397	43,206,139
Unrealised (loss) / gain on revaluation of Fair value through profit or loss (held for trading)		(93,466)	72,831
		78,381,316	47,558,863
<b>27. OTHER INCOME</b>			
Return on bank balances		5,700,360	585,341
Gain on sale of operating fixed assets		2,972,310	550,000
Exchange gain		125,242	21,371
Liabilities written back		15,834,885	-
Miscellaneous		1,293,885	213,350
		25,926,682	1,370,062
<b>28. OTHER EXPENSES</b>			
Fee and subscription		3,135,722	3,639,246
Auditors' remuneration	28.1	1,469,906	1,469,906
Workers' welfare fund		1,862,212	518,521
		6,467,840	5,627,673
<b>28.1 AUDITORS' REMUNERATION</b>			
Annual audit fee		719,906	719,906
Interim review fee		175,000	175,000
Certification fees and review of statement of compliance with the Code of Corporate Governance		225,000	225,000
Other professional services		100,000	100,000
Out of pocket expenses		250,000	250,000
		1,469,906	1,469,906



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	December 31, 2022	December 31, 2021
		----- (Rupees) -----	
<b>29. PROFIT / (LOSS) BEFORE TAX FROM WINDOW TAKAFUL OPERATIONS - OPF</b>			
Wakala fee		9,441,925	3,527,807
Investment Income		3,041,860	1,973,750
Other income		374,802	115,810
Management expenses		(3,758,924)	(2,996,024)
Commission expenses		(5,022,473)	(1,764,034)
Direct expenses		(742,233)	(2,088,878)
Modarib's fee		177,128	576,325
Profit / (loss) for the year		<u>3,512,085</u>	<u>(655,244)</u>
<b>30. PROVISION FOR TAXATION - NET</b>			
For the current year			
Current tax		(24,414,459)	(3,477,066)
Deferred	30.1	-	-
Prior years		-	8,585,575
		<u>(24,414,459)</u>	<u>5,108,509</u>
<b>30.1</b>	Deferred tax asset of Rs. 63.10 million on deductible temporary differences (2021: Rs. 73.16 million) mainly pertains to impairment on investments has not been recognised in view of the uncertainty about its realisation.		
		December 31, 2022	December 31, 2021
		----- (Rupees) -----	
<b>30.2</b>	Relationship between tax expense and accounting profit:		
Profit before taxation		77,790,829	25,969,756
Tax at the applicable rate		22,559,340	7,531,229
Prior years tax		-	(8,585,575)
Tax effect of others		1,855,119	(4,054,164)
		<u>24,414,459</u>	<u>(5,108,509)</u>
<b>31. EARNINGS PER SHARE - BASIC AND DILUTED</b>			
		December 31, 2022	December 31, 2021
		----- (Rupees) -----	
Profit after tax (Rupees)		53,376,370	31,013,373
Weighted average number of ordinary shares (Numbers)		60,000,000	60,000,000
Basic earnings per share (Rupees)		<u>0.89</u>	<u>0.52</u>
<b>31.1</b>	No figure for diluted earnings per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.		

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 32. REMUNERATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2022	2021	2022	2021	2022	2021
	----- (Rupees) -----					
Fees	-	-	150,000	-	-	-
Managerial remuneration	3,360,000	2,100,000	-	-	3,388,304	4,935,756
Rent and house maintenance	1,008,000	630,000	-	-	2,424,496	3,377,064
Medical	336,000	210,000	-	-	338,828	493,572
Conveyance	986,400	357,492	-	-	-	1,143,444
Special allowance	3,696,000	1,755,600	-	-	2,319,132	3,533,004
Defined contribution plan	56,000	210,000	-	-	71,138	493,572
Others	-	-	-	-	-	960,000
	<b>9,442,400</b>	<b>5,263,092</b>	<b>150,000</b>	<b>-</b>	<b>8,541,898</b>	<b>14,936,412</b>
	----- (Numbers) -----					
Persons	<b>1</b>	<b>1</b>	<b>7</b>	<b>7</b>	<b>5</b>	<b>5</b>

The Chief Executive Officer (CEO) and executives have been provided with the Company maintained vehicles.

### 33. RELATED PARTY TRANSACTIONS

Related parties comprise major shareholders, key management personnel, employees' provident funds and companies with common directors. The transactions and balances with related parties, other than those disclosed elsewhere, are summarised as follows:

Name	Relationship	Nature of transactions	December 31,	December 31,
			2022	2021
			----- (Rupees) -----	
Shaheen Foundation	Parent Undertaking	Premium written	49,673,610	28,702,098
Shaheen Foundation	Parent Undertaking	Claim expense	1,507,248	11,446,801
Shaheen Foundation	Parent Undertaking	Premium due but unpaid	10,797,116	6,859,740
Shaheen Foundation	Parent Undertaking	Premium receivable written off	-	-
Shaheen Foundation	Parent Undertaking	Outstanding claims	507,452	1,543,685
Shaheen Foundation	Parent Undertaking	Commission no more payable	-	-
Shaheen Foundation	Parent Undertaking	Security deposits	3,317,246	3,317,246
Shaheen Foundation	Parent Undertaking	Rent of premises	9,547,356	8,959,055
Shaheen Foundation	Parent Undertaking	Advertisement expenses	269,800	1,411,250
Air Eagle (Private) Limited	Associated company	Premium written	1,059,409	1,059,409
Contribution to provident fund	Others	Contribution	2,204,323	1,775,015

33.1 Insurance and claim related transactions with related parties have been carried in normal course of business.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 34. SEGMENT INFORMATION

#### 34.1 Segment profit and loss account

Current year

December 31, 2022

	Fire and property damages	Marine, aviation & transport	Motor	Accident and health	Miscellaneous	Total
	(Rupees)					
<b>Premium receivable / received ( inclusive of Federal excise duty, Federal insurance fee and administrative surcharge)</b>	<b>155,617,239</b>	<b>176,244,630</b>	<b>190,155,474</b>	<b>16,972,289</b>	<b>23,995,710</b>	<b>562,985,342</b>
Less: Federal excise duty	(10,235,024)	(36,722,025)	(20,045,533)	-	(3,654,097)	(70,656,679)
Less: Federal insurance fee	(764,313)	(3,932,577)	(1,461,963)	(168,342)	(399,730)	(6,726,925)
<b>Gross written premium ( inclusive of administrative Surcharge)</b>	<b>144,617,902</b>	<b>135,590,028</b>	<b>168,647,978</b>	<b>16,803,947</b>	<b>19,941,883</b>	<b>485,601,738</b>
Gross direct premium	143,652,213	133,916,693	164,733,687	16,793,947	19,818,393	478,914,933
Administrative surcharge	965,689	1,673,335	3,914,291	10,000	123,490	6,686,805
Insurance premium earned	105,389,759	127,626,731	154,182,507	18,021,518	21,790,751	427,011,266
Less: Insurance premium ceded to reinsurers	26,480,508	75,751,868	17,832,843	-	6,078,440	126,143,659
<b>Net insurance premium</b>	<b>78,909,251</b>	<b>51,874,863</b>	<b>136,349,664</b>	<b>18,021,518</b>	<b>15,712,311</b>	<b>300,867,607</b>
Add: Commission income	723,766	4,447,989	2,510,114	-	(50,129)	7,631,740
<b>Net underwriting income (A)</b>	<b>79,633,017</b>	<b>56,322,852</b>	<b>138,859,778</b>	<b>18,021,518</b>	<b>15,662,182</b>	<b>308,499,347</b>
Insurance claims	47,276,103	7,137,423	60,253,438	2,996,729	3,781,302	121,444,995
Less: Insurance claims recovered from re-insurance	30,629,452	913,275	9,907,046	-	(84,398)	41,365,375
<b>Net claim</b>	<b>16,646,651</b>	<b>6,224,148</b>	<b>50,346,392</b>	<b>2,996,729</b>	<b>3,865,700</b>	<b>80,079,620</b>
Add: Commission expense	24,864,456	15,916,309	20,499,204	467,825	4,234,297	65,982,091
Add: Management expenses	49,644,846	59,182,497	71,496,823	8,880,148	8,807,440	198,011,754
Add: Premium deficiency expense						
<b>Net insurance claims and expenses (B)</b>	<b>91,155,953</b>	<b>81,322,954</b>	<b>142,342,419</b>	<b>12,344,702</b>	<b>16,907,437</b>	<b>344,073,465</b>
<b>Underwriting result C=A-B</b>	<b>(11,522,936)</b>	<b>(25,000,102)</b>	<b>(3,482,641)</b>	<b>5,676,816</b>	<b>(1,245,255)</b>	<b>(35,574,118)</b>

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

Net investment income	78,381,316
Rental income	2,359,700
Other income	25,926,682
Other expenses	(6,467,840)
Unrealised gain on investment properties	12,100,000
Interest expense on lease liabilities	(2,446,996)
Profit after tax from window takaful operations - OPF	3,512,085
Profit before tax	<u>77,790,829</u>

34.2 Net insurance premium comprise from underwriting business activities in Pakistan.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

Prior year

December 31, 2021

	Fire and property damages	Marine, aviation & transport	Motor	Accident and health	Miscellaneous	Total (Restated)
	----- (Rupees) -----					
Premium receivable / received ( inclusive of Federal excise duty, Federal insurance fee and administrative surcharge)	51,682,024	19,434,859	146,800,084	8,073,805	65,766,761	291,757,533
Less: Federal excise duty	(6,581,800)	(2,064,634)	(18,816,832)	-	(25,832,039)	(53,295,305)
Less: Federal insurance fee	(461,680)	(478,351)	(1,421,200)	(80,027)	(4,766,586)	(7,207,844)
Gross written premium ( inclusive of administrative Surcharge)	44,638,544	16,891,874	126,562,052	7,993,778	35,168,136	231,254,384
Gross direct premium	44,087,339	16,399,608	122,451,249	7,973,778	33,897,814	224,809,788
Administrative surcharge	551,205	492,266	4,110,803	20,000	1,270,004	6,444,278
Insurance premium earned	34,952,851	39,877,672	123,235,393	10,181,936	17,453,174	225,701,026
Less: Insurance premium ceded to reinsurers	18,574,301	2,578,111	14,982,816	-	9,577,650	45,712,878
Net insurance premium	16,378,550	37,299,561	108,252,577	10,181,936	7,875,524	179,988,148
Add: Commission income	1,065,142	-	2,497,171	-	307,644	3,869,957
Net underwriting income (A)	17,443,692	37,299,561	110,749,748	10,181,936	8,183,168	183,858,105
Insurance claims	(393,813)	7,707,923	61,157,591	5,249,504	(670,361)	73,050,844
Less: Insurance claims recovered from re-insurance	4,548,564	211,090	25,740,931	-	(155,881)	30,344,704
Net claim	(4,942,377)	7,496,833	35,416,660	5,249,504	(514,480)	42,706,140
Add: Commission expense	9,483,511	8,047,583	17,186,708	1,278,704	3,035,256	39,031,762
Add: Management expenses	21,757,823	24,823,474	76,712,868	6,338,159	10,864,436	140,496,760
Add: Premium deficiency expense	-	-	-	(199,206)	-	(199,206)
Net insurance claims and expenses (B)	26,298,957	40,367,890	129,316,236	12,866,367	13,385,212	222,035,456
Underwriting result C=A-B	(8,855,265)	(3,068,329)	(18,566,488)	(2,684,431)	(5,202,044)	(38,177,351)

	December 31, 2021 --- (Rupees) ---
Net investment income	4 47,558,863
Rental income	4,098,243
Other income	1,370,062
Other expenses	(5,627,673)
Unrealised gain on investment properties	19,565,465
Interest expense on lease liabilities	(2,162,609)
Loss before tax from window takaful operations - OPF	(655,244)
Profit before tax	<u>25,969,756</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

## 34.2 Segment Assets & Liabilities

	December 31, 2021					
	Fire & Property Damage	Marine, Aviation & Transport	Motor	Accident and Health	Miscellaneous	Total
<b>SEGMENT ASSETS</b>						
Segment assets	79,728,803	74,751,677	92,976,743	9,264,125	10,994,092	267,715,440
Segment assets - Takaful OPF	2,694,775	711,214	5,530,550	-	537,025	9,473,564
Unallocated assets - Takaful OPF						56,850,103
Unallocated corporate assets						903,399,553
Total assets						<u>1,237,438,660</u>
<b>SEGMENT LIABILITIES</b>						
Segment liabilities	103,864,691	97,380,865	121,123,111	12,068,607	14,322,276	348,759,550
Segment liabilities - Takaful OPF	1,719,285	453,760	3,528,530	-	342,625	6,044,200
Unallocated liabilities - Takaful OPF						6,020,051
Unallocated corporate liabilities						144,688,007
Total liabilities						<u>505,511,808</u>
	December 31, 2021					
	Fire & Property Damage	Marine, Aviation & Transport	Motor	Accident and Health	Miscellaneous	Total
<b>SEGMENT ASSETS</b>						
Segment assets	32,252,458	32,050,435	98,267,840	6,206,689	10,777,732	179,555,154
Segment assets - Takaful OPF	336,233	192,107	2,076,809	-	13,412	2,618,561
Unallocated assets - Takaful OPF						54,277,369
Unallocated corporate assets						857,358,510
Total assets						<u>1,093,809,594</u>
<b>SEGMENT LIABILITIES</b>						
Segment liabilities	44,968,889	44,687,214	137,012,678	8,653,849	15,027,154	250,349,784
Segment liabilities - Takaful OPF	294,223	168,105	1,817,332	-	11,738	2,291,398
Unallocated liabilities - Takaful OPF						2,847,076
Unallocated corporate liabilities						151,029,221
Total liabilities						<u>406,517,479</u>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 35. PROVIDENT FUND RELATED DISCLOSURE

The Company operates contributory provident fund scheme for its permanent employees. All investment are made in accordance with section 218 of Companies Act 2017. Breakup value of the fund is as follows:

	(Un-audited) December 31, 2022	(Audited) December 31, 2021
Size of the fund - Net assets (Rupee)	20,941,375	18,442,140
Cost of the investment made (Rupee)	20,941,375	18,442,140
Percentage of the investment made (Percentage)	100.00%	100.00%
Fair value of the investment made (Rupee)	20,941,375	18,442,140

The breakup of fair value of the investment is:

	December 31, 2022		December 31, 2021	
	(Rupees)	(%)	(Rupees)	(%)
Bank balances	20,941,375	100	18,442,140	100

### 36. MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Fair value through P&L	Total
	(Rupees)			
<b>At beginning of previous year</b>	539,905,668	62,740,888	226,990	602,873,546
Additions / re-investment - net	-	3,637,908	-	3,637,908
Disposals (sale and redemptions)	(48,580,388)	-	-	(48,580,388)
Amortisation of premium / discount	1,356,894	-	-	1,356,894
Fair value gains - net of loss	-	404,655	72,831	477,486
At beginning of current year	<u>492,682,174</u>	<u>66,783,451</u>	<u>299,821</u>	<u>559,765,446</u>
<b>Opening</b>				
Additions / re-investment - net	40,739,812	159,327,792	-	200,067,604
Disposals (sale and redemptions)	(87,000,000)	(53,330,924)	-	(140,330,924)
Amortisation of premium / discount	1,428,774	-	-	1,428,774
Fair value gains - net of loss	-	1,789,095	(93,466)	1,695,629
Realised Gain on sale of investment	-	(10,530,728)	-	(10,530,728)
At end of current year	<u>447,850,760</u>	<u>164,038,686</u>	<u>206,355</u>	<u>612,095,801</u>

### 37. MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

#### 37.1 INSURANCE 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.

The Company accepts insurance through issuance of general insurance contracts. For these general insurance contracts the most significant risks arise from fire, atmospheric disturbance, earthquake, terrorist activities and other catastrophes. For health insurance contracts, significant risks arise from epidemics.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

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 re-insurance 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) Geographical concentration of insurance risk**

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

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

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

The ability to manage catastrophic risk is tied to managing the density of risk within a particular area. A risk management solution is implemented to help assess and plan for risk in catastrophic scenarios. It provides a way to better visualise the risk exposures so the Company determines the appropriate amount of re-insurance coverage to protect the business portfolio.

For marine risks, complete underwriting details, besides sums insured and premiums, like vessel identification, voyage input (sea / air / inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc. are entered into the IT system. The re-insurance module of the IT system is designed to satisfy the requirements as laid down in the non-proportional treaty agreement.

Shipment declarations are also endorsed on the policies. Respective re-insurance cessions are automatically made upon the posting of policy documents.

The voyage cards so maintained for the particular set of policies for a single vessel voyage are automatically logged into the system showing actual gross, treaty and net exposure, both in terms of sums insured and premiums.

### **b) 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, re-insurance arrangements and proactive claim handling procedures.

The re-insurance arrangements against major risk exposure include excess of loss, surplus arrangements, and quota arrangement. The objective of having such arrangements is to mitigate adverse impacts of severe losses on the Company's net retentions. As all the re-insurance arrangements are on excess of loss basis, therefore the re-insurance coverage against the Company's risk exposures is not quantifiable.

### **c) Uncertainty in the estimation of future claims payment**

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.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

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. For the estimation of provision of claims incurred but not reported (IBNR), the Company follows the recommendation of actuary to apply month wise factor based on analysis of the past claim reporting pattern. For this purpose, the claim chain-ladder method is used for each class of business. The month wise factor is applied on claims incurred to determine the amount of IBNR.

There are several variable factors which affect the amount and timing of recognised 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 recognised amount. Similarly, the provision for IBNR is based on historic reporting pattern of the claims, hence actual amount of IBNR may differ from the amount estimated.

### Key assumptions

The principal assumption underlying the liability estimation of IBNR and PDR 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 procedure are further used in this regard.

The assumed net off re-insurance loss ratios taken on the basis of current year analysis for each class of business are as follows:

Class	December 31, 2022		December 31, 2021	
	Assumed net loss ratio			
	(%)			
Fire and property	20.66	20.66	-	(38.59)
Marine, aviation and transport	12.00	12.00	31.56	31.56
Motor	36.92	36.92	32.72	32.72
Accident and health	15.65	15.65	51.56	51.56
Miscellaneous	29.93	29.93	13.00	13.00

### Change in assumption:

The company did not change its assumptions for the insurance contracts.

### Sensitivity analysis

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, if the claims had (decreased) / increased by 10% with all other variables held constant, as at December 31, 2022 it would have increased / (decreased) the equity and profit or loss by Rs. 8.008 million (2021: Rs. 4.271 million).

## 37.2 RE-INSURANCE RISK

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

To minimise its exposure to significant losses from reinsurer insolvencies, the Company obtains re-insurance rating from a number of re-insurers, who are dispersed over several geographical regions.

An analysis of all re-insurance assets recognised by the rating of the entity from which it is due are as follows:



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

Rating	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Salvage recoveries accrued	Prepaid reinsurance premium ceded	December 31, 2022	December 31, 2021
A- or above including Pakistan Reinsurance Company Limited	123,696,643	-	-	14,560,355	138,256,998	63,799,433
BBB	3,601,804	46,299,007	-	-	49,900,811	19,138,252
Others	-	-	-	-	-	2,907,419
	<u>127,298,447</u>	<u>46,299,007</u>	<u>-</u>	<u>14,560,355</u>	<u>188,157,809</u>	<u>85,845,104</u>

### 37.3 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. The responsibility includes developing and monitoring the Company's risk management policies. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The Company's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarised as follows:

- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk

#### 37.3.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company does not have any significant exposure to any single customer.

Credit risk of the Company arises principally from deposits, insurance/re-insurance receivables, loans and other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
Loans and other receivables	16,719,183	14,441,131
Insurance/ re-insurance receivables	122,577,054	142,195,994
Term deposits	364,779,290	324,039,478
Re-insurance recoveries against outstanding claims	46,299,007	13,936,448
Salvage recoveries accrued	-	1,600,000
Bank balances	105,594,620	72,463,018
	<u>655,969,154</u>	<u>568,676,069</u>

The Company did not hold any collateral against the above during the year.

The credit quality of loans, advances and other receivables can be assessed with reference to the historical performance and there are no defaults in recent history. General provision is made for receivables according to the Company's policies. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers / re-insurers for whom there is no history of default.

The age analysis of insurance receivables (Gross) from other than related parties is as follows:



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
Upto 1 year	4,430,810	37,156,991
1 - 2 years	560,510	6,558,255
2 - 3 years	6,279,890	14,773,614
Over 3 years	5,324,155	23,268,213
	<u>16,595,365</u>	<u>81,757,073</u>

The age analysis of receivables / Payable (Gross) from related parties is as follows:

	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
Upto 1 year	10,797,116	7,091,670
2 - 3 years	-	333,894
	<u>10,797,116</u>	<u>7,425,564</u>

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

Bank	December 31, 2022			December 31, 2022	December 31, 2021
	Rating agency	Short term	Long term	----- (Rupees) -----	
JS Bank Limited	PACRA	A-1+	AA-	13,540,272	5,911,411
Bank Alfalah Limited	PACRA	A-1+	AA+	14,732,217	14,926,796
Bank Al Habib Limited	PACRA	A-1+	AAA	377,878	47,662
MCB Bank Limited	PACRA	A-1+	AAA	922,905	559,284
Allied Bank Limited	PACRA	A-1+	AAA	212,465	196,462
Soneri Bank Limited	PACRA	A-1+	AA-	4,211,295	610,415
Bank of Punjab	PACRA	A-1+	AA+	2,963	2,964
Faysal Bank Limited	PACRA	A-1+	AA	127,512	125,798
Askari Bank Limited	PACRA	A-1+	AA+	6,072,375	50,001,397
Summit Bank Limited	VIS	A-3	BBB-	86,128	80,829
Dubai Islamic Bank	VIS	A1+	AA	60,435,598	-
National Bank of Pakistan	PACRA	A1+	AAA	4,873,012	-

The management monitors exposure to credit risk in premium receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables as disclosed in note 12.

The credit quality of amount due from insurers / reinsurers and re-insurance recoveries against outstanding claims can be assessed from external rating disclosed in note 37.2.

### 37.3.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The following are the contractual maturities of financial liabilities, including interest payments, excluding the impact of netting agreements:

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

	December 31, 2022			Total
	Within one year	One year to five years	Over five years	
----- (Rupees) -----				
<b>Financial liabilities</b>				
Outstanding claims including IBNR	128,962,567	-	-	128,962,567
Insurance / re-insurance payables	54,770,246	-	-	54,770,246
Lease liabilities	6,831,274	12,484,218	-	19,315,492
Other creditors and accruals	38,818,994	-	-	38,818,994
Unclaimed dividend	1,840,186	-	-	1,840,186
	<u>231,223,267</u>	<u>12,484,218</u>	<u>-</u>	<u>243,707,485</u>

	December 31, 2021			Total
	Within one year	One year to five years	Over five years	
----- (Rupees) -----				
<b>Financial liabilities</b>				
Outstanding claims including IBNR	85,850,667	-	-	85,850,667
Insurance / re-insurance payables	64,974,861	-	-	64,974,861
Lease liabilities	6,814,184	19,645,714	-	26,459,898
Other creditors and accruals	58,877,249	-	-	58,877,249
Unclaimed dividend	1,840,186	-	-	1,840,186
	<u>218,357,147</u>	<u>19,645,714</u>	<u>-</u>	<u>238,002,861</u>

The Company'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 stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by maintaining sufficient cash and bank balances and term deposit receipts.

### 37.3.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising returns. The company manages the market risk exposures by following internal risk policies.

#### 37.3.3.1 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 Company's exposure to interest rate risk based on contractual reprising or maturity dates whichever is earlier is as follows:

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

	Interest / Markup bearing			Non- interest / Non - markup bearing			
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	Total
----- (Rupees) -----							
<b>FINANCIAL ASSETS</b>							
Investments	447,850,760	-	447,850,760	164,245,041	-	164,245,041	612,095,801
Loans and other receivables	-	-	-	16,719,183	-	16,719,183	16,719,183
Insurance/ re-insurance receivables	-	-	-	122,577,054	-	122,577,054	122,577,054
re-insurance recoveries against outstanding claims	-	-	-	46,299,007	-	46,299,007	46,299,007
Cash and bank balances	26,935,219	-	26,935,219	78,769,364	-	78,769,364	105,704,583
<b>December 31, 2022</b>	<b>474,785,979</b>	<b>-</b>	<b>474,785,979</b>	<b>428,609,649</b>	<b>-</b>	<b>428,609,649</b>	<b>903,395,628</b>
<b>FINANCIAL LIABILITIES</b>							
Outstanding claims including IBNR	-	-	-	128,962,567	-	128,962,567	128,962,567
Lease liabilities	6,831,274	12,484,218	19,315,492	-	-	-	19,315,492
Insurance/ re-insurance payables	-	-	-	54,770,246	-	54,770,246	54,770,246
Other creditors and accruals	-	-	-	38,818,994	-	38,818,994	38,818,994
Unclaimed dividend	-	-	-	1,840,186	-	1,840,186	1,840,186
<b>December 31, 2022</b>	<b>6,831,274</b>	<b>12,484,218</b>	<b>19,315,492</b>	<b>224,391,993</b>	<b>-</b>	<b>224,391,993</b>	<b>243,707,485</b>
<b>Interest risk sensitivity gap</b>	<b>467,954,705</b>	<b>(12,484,218)</b>	<b>455,470,487</b>	<b>204,217,656</b>	<b>-</b>	<b>204,217,656</b>	<b>659,688,143</b>

### Fair value sensitivity analysis for fixed rate instruments

-

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 at the reporting date would not affect profit and loss account.

### Cash flow sensitivity analysis for variable rate instruments

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Change in basis points	Effect on profit and loss before tax	Effect on shareholders' equity
		----- (Rupees) -----	
	100	3,917,145	2,781,173
December 31, 2022	(100)	(3,917,145)	(2,781,173)



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 37.3.3.2 Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into are denominated in foreign currencies. The Company, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

### 37.3.3.3 Other price risk

Other price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's listed securities and mutual funds are susceptible to market price risk arising from uncertainties about the future value of investment securities and units. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity and mutual funds. In addition, the Company actively monitors the key factors that affect stock market.

The following table summarises the Company's other price risk as of December 31, 2022 and 2021. It shows the effects of an estimated increase of 5% in the market prices as on those dates. A decrease of 5% in the fair values of the quoted securities would affect profit and equity of the Company in a similar but opposite manner.

	Price change	Fair value	Effect on fair value
	%	----- (Rupees) -----	
<b>December 31, 2022</b>	5%	<b>164,245,041</b>	<b>8,212,252.05</b>
December 31, 2021	5%	<u>67,083,272</u>	<u>3,354,164</u>

## 38. CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company's manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions.

In accordance with the requirements of the Insurance Rules, 2017 issued by the SECP, minimum paid up capital requirement to be complied with insurance/ takaful companies as at December 31, 2017 and for subsequent years is Rs. 500 million. As at December 31, 2022 the company's paid up capital is in excess of the prescribed limit.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 39. FAIR VALUE OF FINANCIAL AND NON-FINANCIAL ASSETS

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

#### Fair value hierarchy

The following table provides an analysis of financial and non-financial assets or liabilities that are carried at fair value. The different levels are defined as below:

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

Following are the assets where fair value is only disclosed and is different from their carrying value:

	Carrying value					Fair value measurement			
	Available for-sale	Held-to maturity	Loan and other receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3
----- (Rupees) -----									
<b>Financial assets measured at fair value</b>									
Investments	-	-	-	206,355	-	164,245,041	164,245,041	-	-
Equity securities	164,038,686	83,071,470	-	-	-	83,071,470	-	77,493,110	-
Debt securities	-	-	-	-	-	-	-	-	-
<b>Financial assets not measured at fair value</b>									
Term deposits*	-	364,779,290	-	-	-	364,779,290	-	-	-
Loans and other receivables*	-	-	16,719,183	-	-	16,719,183	-	-	-
Insurance / re-insurance receivables*	-	-	122,577,054	-	-	122,577,054	-	-	-
"Re-insurance recoveries against outstanding claims**"	-	-	46,299,007	-	-	46,299,007	-	-	-
Cash and bank*	-	-	-	105,704,583	-	105,704,583	-	-	-
	<b>164,038,686</b>	<b>447,850,760</b>	<b>185,595,244</b>	<b>105,910,938</b>	<b>-</b>	<b>903,395,628</b>	<b>164,245,041</b>	<b>77,493,110</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>									
Outstanding claims including IBNR*	-	-	-	-	(128,962,567)	(128,962,567)	-	-	-
Insurance / re-insurance payables*	-	-	-	-	(54,770,246)	(54,770,246)	-	-	-
Other creditors and accruals*	-	-	-	-	(128,053,459)	(128,053,459)	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(311,786,272)</b>	<b>(311,786,272)</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### Valuation techniques used in determination of fair values within Level 1

Items	Valuation technique
Units of mutual funds	The fair values of investments in units of mutual funds are determined based on their net asset values as published at the close of each business day

### Valuation techniques used in determination of fair values within Level 2

Items	Valuation technique
Pakistan Investment Bonds	Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV rates on the Mutual Funds Association of Pakistan's website.

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements:

Description	Fair value	Unobserved-able inputs	Range of inputs	Relationship of unobservable inputs to fair value
Investment properties	167,050,569	yield	5% to 6%	The higher the terminal yield, the higher the fair value
		Expected rent growth rate	10%	The higher the rental growth rate, the higher the fair value
		Occupancy rate	90% to 95%	The higher the occupancy rate, the higher the fair value
		Rent free period	1 year on new leases	The higher the rent free period, the lower the fair value

The Company engages external, independent and qualified valuers to determine the fair value of the investment properties at the end of every financial year. As at 31 December 2022, the fair values of the investment properties have been determined by Anderson Consulting (Pvt.) Ltd. The latest independent valuation exercise of these land and buildings has been undertaken as at December 31, 2022.

Available for sale investments are stated at market value in accordance with the requirements of the Insurance Rules, 2017 as disclosed in note 3.6.2.3 to these financial statements. Fair value through profit or loss investments are stated at quoted market prices as disclosed in notes 3.6.2.4 Further, investment properties are stated at market value as disclosed in note 3.5 to these financial statements.

December 31, 2021      December 31, 2020  
----- (Rupees) -----

#### 40. STATEMENT OF SOLVENCY

##### Assets

Property and equipment	55,078,741	15,276,112
Investment properties	167,050,569	154,950,569
Investments		
Equity securities	164,245,041	67,083,272
Debt securities	83,071,470	168,642,696
Term deposits	364,779,290	324,039,478
Loans and other receivables	17,596,161	14,676,314
Insurance / re-insurance receivables	122,577,054	142,195,994
Re-insurance Recoveries against Outstanding claims	46,299,007	13,936,448
Salvage recoveries accrued	-	1,600,000
Deferred Commission expense	26,062,948	15,505,767
Taxation-payment less provision	4,089,774	15,383,662
Prepayments	14,560,355	6,316,945
Cash and Bank	105,704,583	72,588,456
Total assets of takaful operations - operator's fund	66,323,667	56,895,930
Total Assets (A)	1,237,438,660	1,069,091,643

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

(h) Insurance / re-insurance receivables	21,667,686	70,369,734
(k) Security deposits and other receivables	4,407,919	8,512,141
(u)-(i) Vehicles	25,825,574	8,230,713
(u)-(ii) Office Equipments	1,105,801	775,659
(u)-(iii) Furniture and fixture which are not immovable property	3,771,402	3,406,598
CWIP	6,528,000	2,200,000
(u)-(iv) Computer equipment	1,226,255	663,141
(v) Right of use asset	16,621,709	-
Window Takaful	-	-
Total of In-admissible assets (B)	81,154,346	94,157,986
Total Admissible Assets (C=A-B)	1,156,284,314	974,933,657

### Total Liabilities

Underwriting provisions	128,962,567	85,850,667
Outstanding claims including IBNR	156,749,372	98,158,900
Unearned premium reserves	337,245	337,245
Premium deficiency reserves	2,323,817	1,365,356
Unearned commission income	19,315,492	-
Lease liabilities	1,095,173	-
Premium received in advance	54,770,246	64,974,861
Insurance / re-insurance payables	128,053,459	122,391,892
Other creditors and accruals	1,840,186	1,840,186
Unclaimed dividend	-	-
Taxation - provision less payments	12,064,251	5,138,474
Total liabilities of takaful operations - operator's fund	505,511,808	380,057,581

### Total Net Admissible Assets (E=C-D)

650,772,506 594,876,076

### Minimum Solvency Requirement (higher of following)

150,000,000 150,000,000

Method A - U/s 36(3)(a)	150,000,000
Method B - U/s 36(3)(b)	60,173,521
Method C - U/s 36(3)(c)	46,191,979

### Excess in net admissible assets over minimum requirements

500,772,506 444,876,076



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
	<u>130</u>	<u>104</u>
	<u>117</u>	<u>107</u>

**41. NUMBER OF EMPLOYEES**

At the year end

Average during the year

**42. ROUNDING OFF**

The figures have been rounded off to the nearest rupee.

**43. CORRESPONDING FIGURES**

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

**44. GENERAL**

- 44.1** These financial statements have been approved and authorised for issue in the Board of Directors meeting held on March 30, 2023 .



# Window Takaful Operations Financial Statements



# WINDOW TAKAFUL OPERATIONS

Shaheen Insurance commenced its Window Takaful Operations which has been widely appreciated by the business fraternity, Islamic banks and financial institutions.

“**Shaheen Takaful**” is operating under the guidance of Shariah Board. Shariah Board consist of Mufti Bilal & Mufti Zahid - renowned, qualified and certified Sharia Scholars. Our Takaful model is WAQF based; the concept of brotherhood and mutual solidarity in Islam and its operations are being managed by a team of well experienced, dedicated & competent professionals.

**Shaheen Takaful** is offering a wide range of Shariah Compliant General Takaful Products such as Fire & Property Takaful, Marine Cargo Takaful, Private / Commercial Vehicles Takaful, Engineering Takaful, Terrorism & Political Violence Takaful and Miscellaneous Accident Takaful. A short brief of major takaful products is as under:-

**Fire Takaful** provides loss or damage to the property caused by Fire &/or duly extended allied perils. The basic Fire takaful extendable to cover allied / special perils such as Riots & Strikes Damage, Malicious Damage, Atmospheric Damage, Earthquake Fire & Shock, Explosions, Aircraft Damages and Impact Damages etc.

**Marine Takaful** covers losses to cargo during transit as per Institute Caro Clauses ‘A’, ‘B’ or ‘C’ by all means of transport like by Sea, by Air or by Road/Rail. Usually marine cargo takaful provides coverage of goods from warehouse (of departure) to warehouse (of arrival) but can also be from port of departure to port of arrival.

**Motor Takaful** provides coverage against any loss / damage to motor vehicles (private & commercial) due to road accidents, Theft & Burglary, Snatching by violent means, Riot & Strike damage, Loss or damage due to natural calamities and Third party liability (Bodily Injury and property damage). This cover can be extended to include accidental injuries and death of Driver and Passenger(s).

**Engineering Takaful** mainly covers plant & machinery and projects and provides coverage for Contractor’s All Risks, Contractor’s Plant & Machinery, Erection All Risks, Machinery Breakdown Insurance and Comprehensive Machinery Insurance etc.

**Miscellaneous & Others:** A wide range of products available under Miscellaneous Takaful which includes, but not limited to, Products Liability, Professional Indemnity, Group / Personal Accident, Employer’s Legal Liability, Workmen Compensation, Public Liability, Third Party Liability, Directors & Officers Liability, Travel, All Risks Takaful, House-breaking & Burglary, Money (Cash in Safe & Cash in transit), Plate Glass takaful and Baggage takaful etc.



## STATEMENT OF COMPLIANCE WITH THE SHAHRIAH PRINCIPLES

For the Year ended December 31, 2022

The financial arrangements, contracts and transactions, entered into by Shaheen Insurance Company Limited Window Takaful Operations of ("the Company") for the year ended December 31, 2022 are in compliance with the Takaful Rules, 2012.

### Further, we confirmed that:

The Company has developed and implemented all the policies and procedures in accordance with the Takaful Rules, 2012 and rulings of the Shariah Advisor along with a comprehensive mechanism to ensure compliance with such rulings and Takaful Rules, 2012 in their overall operations. Further, the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shariah Advisor and the Board of Directors have implemented;

The Company has imparted trainings / orientations and ensured availability of all manuals / agreements approved by Shariah Advisor/ Board of Directors to maintain the adequate level of awareness, capacity and sensitisation of the staff and, the management;

All the products and policies have been approved by Shariah Advisor and the financial arrangements including investments made, policies, contracts and transactions, entered into by Window Takaful Operations are in accordance with the policies approved by Shariah Advisor.

The assets and liabilities of Window Takaful Operations (Participants' Takaful Fund and Operator's fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.

This has been dully confirmed by the Shariah Advisor of the Company

**Rizwan Akhter**  
Chief Executive Officer

Karachi: March 30, 2023



# ◆ YOUSUF ADIL

## **Yousuf Adil**

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## **INDEPENDENT REASONABLE ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF THE COMPANY ON THE STATEMENT OF MANAGEMENT'S ASSESSMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES - FOR THE YEAR ENDED DECEMBER 31, 2022**

We were engaged by the Board of Directors of Shaheen Insurance Company Limited ("the Company") to report on the management's assessment of compliance of the Window Takaful Operations ("Takaful Operations") of the Company, as set out in the annexed statement prepared by management for the year ended December 31, 2022, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of compliance of the Operations with the Takaful Rules, 2012, in all material respects. This engagement was conducted by a multidisciplinary team including assurance practitioners and independent Shariah scholar.

### **Applicable Criteria**

The criteria against which the subject matter information (the Statement) is assessed comprise of the provisions of Takaful Rules 2012, issued by the Securities and Exchange Commission of Pakistan (SECP).

### **Responsibilities of Management and Board of Director for Assessment of Shari'ah Compliance**

The management of the Company is responsible for preparation of the annexed statement that is free from material misstatement

The Board of Directors / management of the Company are responsible for designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. It also includes ensuring the overall compliance of the Takaful Operations with the Takaful Rules, 2012.

The Board of Directors / management of the Company are also responsible for preventing and detecting fraud and for identifying and ensuring that the Takaful Operations comply with laws and regulations applicable to its activities. They are also responsible for ensuring that the management, where appropriate, those charged with governance, and personnel involved with the Takaful Operations compliance with the Takaful Rules, 2012 are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

Independent Corespondent Firm to  
Deloitte Touche Tohmatsu Limited



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### Our Independence and Quality Control

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

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

### Our responsibility and summary of the work performed

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

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with the Takaful Rules, 2012, whether due to fraud or error. In making those risk assessments, we have considered internal controls relevant to the Takaful Operations’ compliance with the Takaful Rules, 2012, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's internal control over the Takaful Operations' compliance with the Takaful Rules, 2012. Reasonable assurance is less than absolute assurance.

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

The procedures performed included:

- Evaluating the systems, procedures and practices in place with respect to the Takaful operations against the Takaful Rules, 2012 and Shariah Advisor's guidelines;

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- Evaluating the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee/ Shariah Advisor and the Board of Directors;
- Test for a sample of transactions relating to Takaful operations to ensure that these are carried out in accordance with the laid down procedures and practices including the regulations relating to Takaful operations as laid down in Takaful Rules, 2012; and
- Review the statement of management's assessment of compliance of the Takaful transactions during the year ended December 31, 2022, with the Takaful Rules, 2012.

### Conclusion

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

In our opinion, the annexed statement, for the year ended December 31, 2022, presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

Chartered Accountants,

**Place:** Karachi

**Dated:** April 04, 2023

Independent Corespondent Firm to  
Deloitte Touche Tohmatsu Limited



## SHARIAH BOARD REPORT TO THE BOARD OF DIRECTORS

For the Year ended December 31, 2022

In the name of Allah, the Beneficent, the Merciful

During the year under review, Shariah Advisory Board reviewed General Takaful products including all ancillary documents. Furthermore, we have reviewed the Participant Takaful Fund, Investment Policy, Re-takaful arrangements and all related transactions of Shaheen Insurance Company Limited - Window Takaful Operations in compliance with the Takaful Rules 2012 and Shariah Guidelines issued by its Shariah Advisory Board (hereafter referred to as “Company/Window Takaful Operator”) for the year ended 31 December 2022.

The main objective of this report is to express the Company’s compliance with the Takaful Rules 2012 along with Shariah Guidelines. Furthermore, it also includes the basis of the appropriate evidence of transactions undertaken by the Company for the year 2022.

As Shariah Advisory Board, our responsibility is to ensure that the financial arrangements, contracts and transactions undertaken by the Window Takaful Operator with its participants and stakeholders should be compliant in accordance with the requirements of the Takaful Rules 2012 and Shariah rules & principles. However, it is the responsibility of the Shariah Advisory Board to express its opinion on its transactions with reference to Shariah Compliance.

It is the responsibility of the Window Takaful Operator to ensure that the rules, principles and guidelines set by the Shariah Advisory Board are complied with, and that all the policies and services being offered by the Window Takaful Operator are duly approved by its Shariah Advisory Board.

During the year, Shariah Advisory Board provided Shariah assistance to the Company on regular basis and to the best of our understanding based on the provided information and explanations, we are of the view that:

- Financial transactions and relevant documentations & procedures, undertaken by the Company for the year ended 31 December 2022 were in accordance with guidelines issued by the Shariah Advisory Board as well as Takaful Rules 2012.
- The Shariah Screening Criteria in the Investment Guidelines were properly followed in all kind of investment & financial transactions of the Window Takaful Operator Fund as well as Participant Takaful Fund (PTF).
- During the year, no amount had been realized as non-Shariah Compliant income to be credited to the charity account being managed for the said purpose.



- It is to note that in-house Takaful training sessions have been conducted for distribution force as well as for back office staff. However, it is advised that regular training sessions should be conducted to ensure that the Takaful learning graph remains upward.
- It is necessary to report that the management has performed their duties by following Takaful Rules 2012 and Shariah Guidelines issued by the Shariah Advisory Board.
- Consequently, we have found the Company is in accordance with the Takaful Rules 2012 and Shariah rules & principles with respect to relevant transactions.

*“And Allah knows best “*



**Mufti Bilal Ahmed Qazi**  
Shariah Advisor & Shariah Board Member  
Shaheen Insurance Company Ltd.  
Window Takaful Operations

“اللهم أرنا الحق حقا وارزقنا اتباعه وأرنا الباطل باطلا وارزقنا اجتنابه“



**Mufti Muhammad Zahid**  
Shariah Board Member  
Shaheen Insurance Company Ltd.  
Window Takaful Operations



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## INDEPENDENT AUDITOR'S REPORT

### To the members of Shaheen Insurance Company Limited – Window Takaful Operations

#### Report on the Audit of Financial Statements

We have audited the annexed financial statements of Shaheen Insurance Company Limited - Window Takaful Operations (the "Operator"), which comprise the statement of financial position as at December 31, 2022, the statement of comprehensive income, the statement of changes in operator's fund and participant's takaful fund and of cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit and loss account, the statement of comprehensive income, the statement of changes in fund and the statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Operator's affairs as at December 31, 2022 and of the profit and total comprehensive income, the changes in operator's fund and participant's fund and its cash flows for the year then ended.

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

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

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

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

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

## Responsibility of Management and Board of Directors for the Financial Statements

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

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

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

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

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

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

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



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

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

### **Report on other legal and regulatory requirements**

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

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

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

### **Chartered Accountants**

**Date:** April 04, 2023

**Place:** Karachi

**UDIN:** AR202210057GBb1KrEtH

## STATEMENT OF FINANCIAL POSITION

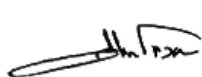
### AS AT DECEMBER 31, 2022

Note	Operator's Fund (OPF)		Participants' Takaful Fund (PTF)	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- (Rupees) -----				
<b>ASSETS</b>				
	5	20,000,000	22,827,311	-
Qard-e-Hasna to Participants' Takaful fund				
Equipment	6	700,395	-	-
Intangible assets	7	-	-	-
Investments in term deposits	8	27,188,360	27,000,000	20,000,000
Other receivables	9	605,520	457,627	704,862
Takaful / re-takaful receivables	10	-	-	14,242,912
Re-takaful recoveries against outstanding benefits	19	-	-	493,159
Receivable from PTF	11	6,389,333	1,587,478	-
Deferred wakala fee		-	-	6,044,200
Deferred commission expense		3,084,232	1,031,083	-
Taxation less provision		1,021,712	1,512,402	675,633
Prepayments	12	-	-	53,471
Bank balance	13	7,334,115	2,360,501	3,682,548
		46,323,667	33,949,091	45,896,785
		66,323,667	56,776,402	45,896,785
				26,351,489
<b>FUNDS AND LIABILITIES</b>				
<b>Operator's fund</b>				
Statutory fund		50,000,000	50,000,000	-
Accumulated profit		4,259,416	1,757,456	-
Total Operator's fund		54,259,416	51,757,456	-
<b>Participants' takaful fund</b>				
Seed money		-	-	500,000
Accumulated deficit		-	-	(14,845,071)
		-	-	(14,345,071)
Qard-e-Hasna from Operator's fund	5	-	-	20,000,000
				22,827,311
<b>LIABILITIES</b>				
Underwriting provisions		-	-	11,587,681
Outstanding benefits including IBNR		-	-	15,120,790
Unearned contribution reserve	17	-	-	10,600
Unearned commission income		-	-	-
Unearned wakala fees		6,044,200	2,291,398	-
Contribution received in advance		-	-	32,006
Takaful / re-takaful payables	14	-	-	5,895,224
Payable to OPF	11	-	-	6,389,333
Other creditors and accruals	15	6,020,051	2,727,548	1,206,222
Total liabilities		12,064,251	5,018,946	40,241,856
		66,323,667	56,776,402	45,896,785
				26,351,489
<b>Contingencies and commitments</b>				
	16			

The annexed notes from 1 to 38 form an integral part of these financial statements.



Air Marshal Muhammad Arif  
Pervaiz (Retd.) - Chairman



Air Vice Marshal Salman  
Ahsan Bokhari (Retd.) - Director



Adeel Ali  
Director



Rizwan Akhtar  
Chief Executive Officer



Nisar Ahmed Almani  
Chief Financial Officer



## STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	December 31, 2022	December 31, 2021
		----- (Rupees) -----	
<b>PTF revenue account</b>			
Contribution earned		15,196,523	6,193,330
Re-takaful contribution ceded	17	(5,880,694)	(5,008,430)
Net contributions revenue		9,315,829	1,184,900
Re-takaful rebate earned	18	49,123	34,700
Net underwriting income		9,364,952	1,219,600
Net claims reported / settled - IBNR	19	(12,316,486)	(3,961,589)
Other expenses	21	(128,912)	(33,488)
Deficit before investment income		(3,080,446)	(2,775,477)
Investment income	22	1,771,276	1,440,811
Other income	23	508,205	116,837
Less: Modarib's share of investment income		(177,128)	(576,325)
Deficit transferred to accumulated deficit		(978,093)	(1,794,154)
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<b>(978,093)</b>	<b>(1,794,154)</b>

The annexed notes from 1 to 38 form an integral part of these financial statements.

Air Marshal Muhammad Arif  
Pervaiz (Retd.) - Chairman

Air Vice Marshal Salman  
Ahsan Bokhari (Retd) - Director

Adeel Ali  
Director

Rizwan Akhtar  
Chief Executive Officer

Nisar Ahmed Almani  
Chief Financial Officer



## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	December 31, 2022	December 31, 2021
		----- (Rupees) -----	
Operator's fund			
Wakala fee	24	9,441,925	3,527,807
Commission expenses	25	(5,022,473)	(1,764,034)
Management expenses	26	(3,758,924)	(2,996,024)
		<u>660,528</u>	<u>(1,232,251)</u>
Modarib's share of PTF's investment income		177,128	576,325
Investment income	22	3,041,860	1,973,750
Other expenses	27	(742,233)	(2,088,878)
Other income	23	374,802	115,810
Profit / (loss) before taxation		<u>3,512,085</u>	<u>(655,244)</u>
Provison for taxation	28	(1,010,125)	(64,892)
Profit / (loss) after taxation		<u>2,501,960</u>	<u>(720,136)</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>2,501,960</u>	<u>(720,136)</u>

The annexed notes from 1 to 38 form an integral part of these financial statements.

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Nisar Ahmed Almani  
Chief Financial Officer

## CASH FLOWS STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

	Operator's Fund (OPF)		Participants' Takaful Fund (PTF)	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- (Rupees) -----				
<b>OPERATING CASHFLOWS</b>				
<b>a) Takaful activities</b>				
Contributions received	-	-	21,506,281	11,193,475
Re-takaful contributions paid	-	-	(5,458,336)	(4,864,288)
Claims / benefits paid	-	-	(6,068,538)	(3,407,927)
Commissions paid	(4,244,599)	(1,779,410)	-	-
Re-takaful rebate / commissions received	-	-	40,011	22,308
Re-takaful and other recoveries received	-	-	2,118,542	-
Wakala fees received	8,570,000	5,100,000	-	-
Modarib share received	-	500,000	-	-
Modarib share paid	-	-	-	(500,000)
Wakala fees paid	-	-	(8,570,000)	(5,100,000)
Net cash generated from / (used in) takaful activities	4,325,401	3,820,590	3,567,960	(2,656,432)
<b>b) Other operating activities</b>				
Taxes paid	(685,517)	(499,136)	(58,902)	(99,341)
Management and other expenses paid	(3,951,392)	(4,974,814)	(429,530)	(82,931)
Net cash used in other operating activities	(4,636,909)	(5,473,950)	(488,432)	(182,272)
<b>Total cash (used in) / generated from all operating activities</b> A	<b>(311,508)</b>	<b>(1,653,360)</b>	<b>3,079,528</b>	<b>(2,838,704)</b>
<b>INVESTMENT ACTIVITIES</b>				
Profit / return received	3,436,171	1,921,375	2,295,097	1,433,067
Addition to equipment	(790,000)	-	-	-
<b>Total cash generated from investing activities</b> B	<b>2,646,171</b>	<b>1,921,375</b>	<b>2,295,097</b>	<b>1,433,067</b>
<b>FINANCING ACTIVITIES</b>				
Qard-e-Hasna (paid) / received	2,827,311	(1,827,311)	(2,827,311)	1,827,311
<b>Total cash generated from / (used in) financing activities</b> C	<b>2,827,311</b>	<b>(1,827,311)</b>	<b>(2,827,311)</b>	<b>1,827,311</b>
<b>Net cash generated from / (used in) all activities</b> A+B+C	<b>5,161,974</b>	<b>(1,559,296)</b>	<b>2,547,314</b>	<b>421,674</b>
Cash and cash equivalents at the beginning of year	29,360,501	30,919,797	21,135,234	20,713,560
<b>Cash and cash equivalents at the end of year</b>	<b>34,522,475</b>	<b>29,360,501</b>	<b>23,682,548</b>	<b>21,135,234</b>
<b>Reconciliation to Statement of comprehensive income</b>				
Operating cash flows	(311,508)	(1,653,360)	3,079,528	(2,838,704)
Depreciation / amortisation expense	(89,605)	(31,269)	-	-
Investment and other income - net	3,416,662	2,089,560	2,279,481	1,557,648
Increase in assets other than cash	6,531,716	88,231	17,013,598	1,244,746
(Increase) / decrease in liabilities	(7,045,305)	(1,213,298)	(23,350,700)	(1,757,844)
<b>Profit / (loss) after tax / deficit for the year</b>	<b>2,501,960</b>	<b>(720,136)</b>	<b>(978,093)</b>	<b>(1,794,154)</b>



Air Marshal Muhammad Arif  
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Ahsan Bokhari (Retd) - Director



Adeel Ali  
Director



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Nisar Ahmed Almani  
Chief Financial Officer



## CASH FLOWS STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

### Definition of cash

Cash comprises of bank balances and other deposits which are readily convertible to cash and which are used in the cash management function on a day-to-day basis.

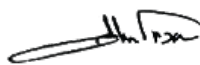
Cash for the purpose of the cash flow statement consists of:

		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Note		(Rupees)			
<b>Current and saving accounts</b>					
- Saving Accounts	13.1	7,334,115	2,360,501	3,682,548	1,135,234
<b>Deposits having original maturing within 3 months</b>					
Term deposits - local currency	8.1	27,188,360	27,000,000	20,000,000	20,000,000
		<u>34,522,475</u>	<u>29,360,501</u>	<u>23,682,548</u>	<u>21,135,234</u>

The annexed notes from 1 to 38 form an integral part of these financial statements.



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Chief Financial Officer



## STATEMENT OF CHANGES IN SHAREHOLDERS' FUND AND PARTICIPANTS' TAKAFUL FUND

FOR THE YEAR ENDED DECEMBER 31, 2022

### Operator's Fund

	Statutory fund	Accumulated profit	Total
	----- (Rupees) -----		
Balance as at December 31, 2020	50,000,000	2,477,592	52,477,592
Loss for the year	-	(720,136)	(720,136)
Balance as at December 31, 2021	50,000,000	1,757,456	51,757,456
Profit for the year	-	2,501,960	2,501,960
<b>Balance as at December 31, 2022</b>	<b>50,000,000</b>	<b>4,259,416</b>	<b>54,259,416</b>

### Participants' Takaful Fund

	Cede Money	Accumulated deficit	Total
	----- (Rupees) -----		
Balance as at December 31, 2020	500,000	(12,072,824)	(11,572,824)
Deficit for the year	-	(1,794,154)	(1,794,154)
Balance as at December 31, 2021	500,000	(13,866,978)	(13,366,978)
Deficit for the year	-	(978,093)	(978,093)
<b>Balance as at December 31, 2022</b>	<b>500,000</b>	<b>(14,845,071)</b>	<b>(14,345,071)</b>

The annexed notes from 1 to 38 form an integral part of these financial statements.

Air Marshal Muhammad Arif  
Pervaiz (Retd.) - Chairman

Air Vice Marshal Salman  
Ahsan Bokhari (Retd.) - Director

Adeel Ali  
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Rizwan Akhtar  
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Chief Financial Officer



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 1. STATUS AND NATURE OF BUSINESS

Shaheen Insurance Company Limited (the Operator) was authorised to undertake Window Takaful Operations (WTO) on March 14, 2018 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan.

For the purpose of carrying on the takaful business, the Operator formed a Waqf (Participants' Takaful Fund (PTF) on March 20, 2018 under the Waqf Deed with a Ceded money of Rs. 500,000. The Waqf Deed and PTF Policies (Waqf Rules) govern the relationship of Operator, Waqf and Participants for management of Takaful 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 PTF 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 PTF and the Operator are shown separately.

### 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

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

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

#### 2.1 Basis of measurement

These financial statements have been prepared on historical cost convention.

#### 2.2 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Operator's functional and presentational currency. All financial information presented in Pakistani Rupees has been rounded off to the nearest rupees, unless otherwise stated.

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### Effective from accounting period beginning on or after:

Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
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
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 01, 2022

### 2.4 New accounting standards, amendments and IFRS interpretations 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, interpretations and the amendments are either not relevant to the WTO operations or are not expected to have significant impact on the Company's / Bank's financial statements other than certain additional disclosures.

### Effective from accounting period beginning on or after:

Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IFRS 16 'Leases' - lessee subsequently measures sale and leaseback transaction Lease Liability in a Sale and Leaseback	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

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

**2.4.1** IFRS 9 'Financial Instruments' and amendment 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 has also carried forward the guidance on recognition and derecognition of financial instruments from IAS 39.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

Further, IFRS 4 provides two alternative options in relation to application of IFRS 9 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 the effective date to remove from the statement of comprehensive income the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The Operator has adopted the temporary exemption which allows the Operator to defer the application of IFRS 9 until December 31, 2023.

For the companies adopting the temporary exemption, IFRS 4 requires certain disclosures which have been disclosed as follows:

### 2.4.2 Temporary exemption from application of IFRS 9

As an insurance Operator, the management has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance.

Additional disclosures, as required by the IASB, for being eligible to apply the temporary exemption from the application of IFRS 9.

The tables below set out the fair values as at the end of reporting period and the amount of change in the fair value during that period for the following two groups of financial assets separately:

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

December 31, 2022				
Operator's Fund (OPF)				
Fail the SPPI test		Pass the SPPI test		
Fair value	Change in unrealised gain or (loss) during the year	Carrying value	Fair value	Change in unrealised gain or (loss) during the year
----- (Rupees) -----				
Investments in term deposits	-	27,188,360	-	-
Other receivables	227,190	-	-	-
Receivable from PTF	6,389,333	-	-	-
Bank balance	-	11,016,663	-	-
	<b>6,616,523</b>	<b>38,205,023</b>	-	-

December 31, 2022				
Participants' Takaful Fund (PTF)				
Fail the SPPI test		Pass the SPPI test		
Fair value	Change in unrealised gain or (loss) during the year	Carrying value	Fair value	Change in unrealised gain or (loss) during the year
----- (Rupees) -----				
Investments in term deposits	-	20,000,000	-	-
Other receivables	167,123	-	-	-
Bank balances	3,682,548	-	-	-
	<b>3,849,671</b>	<b>20,000,000</b>	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

Gross carrying amounts of debt instrument that pass the SPPI test	
---	--

	Rating	(Rupees)
Investments in term deposits - OPF	A+	27,188,360
Investments in term deposits - PTF	A+	20,000,000

### 2.5 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

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

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements or judgments were exercised in application of accounting policies, are as follows:

	Note
- Provision for claims	3.7
- Impairment of assets	3.20
- Equipments - useful lives and salvage value	3.21
- Estimation of technical reserves and underlying actuarial assumption	3.24

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 3.1 Takaful contracts

Takaful model is based on the principles of Wakala and Waqf. Takaful contracts are centered around the concepts of Ta'awun (mutual cooperation) and Tabarru (donation) with the overall objective of compensating losses on mutual cooperation basis. For achieving the above objectives, a separate Waqf is formed which owns Participants Takaful Fund (PTF) whereby Participants' contributions, net of government taxes (if any) received from its members (participants/policyholders) are credited. The Operator donates the cede money for the formation of Waqf in its separate capacity and acts as a Wakeel (Agent) against wakala fees for the services rendered. By virtue of being PTF members, the policyholders are provided membership benefits if a specified uncertain future event related to the covered benefits occurs which adversely affect the policyholders.

The Operator underwrites non-life takaful membership benefits that can be categorised into fire and property damage, marine, aviation and transport, motor, accident and health and miscellaneous contracts as per Waqf Deed and Rules. PTF membership tenure may be agreed for a fixed term of one year, or less than one year. However, most of the membership tenures are for twelve months duration.

Fire takaful provides coverage against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and other related perils.

Marine, aviation and transport takaful provides coverage against cargo risk, terminals, damages occurred in between the points of origin and final destination and other related perils.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

Motor takaful provides comprehensive car coverage, indemnity against third party loss and other related covers.

Health takaful provides basic hospital care and major medical care including maternity care and outpatient care.

Miscellaneous takaful provides cover against burglary, loss of cash in safe and cash in transit, money, engineering losses, travel and other coverage.

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

### 3.2 Membership contribution

Members contribute in the form of donation to PTF. Once donated to PTF, members cannot claim the amount contributed. In order to determine the performance of PTF for a given time period, contribution is recognised on accrual basis (i.e. over the policy period).

Membership contribution net of Wakala fee under a policy is recognised over the period of Takaful coverage from the date of inception of the membership policy to which it relates to its expiry evenly over the period of the policy.

Administrative surcharge is recognised as contribution over the policy / period to which it relates and agreed with the members in schedules. Contribution due but unpaid represents the amount due from participants on account of PTF membership. Contribution are stated on gross basis and exclusive of taxes and duties levied on contributions.

### 3.3 Unearned contribution reserve

The unearned contribution reserve is the unexpired portion of the contribution including administrative surcharge which relates to business in force at the financial statement date. Unearned contribution has been calculated by applying 1/365th method as specified in the Insurance Rules, 2017.

Wakala fee on the portion of membership contribution relating to the unexpired period of takaful coverage is recognised as unearned Wakala fee by the Operator. This liability of the Operator is calculated by applying the aforesaid 1/365th method.

The related deferred portion of re-takaful contribution is recognised as a prepayment calculated by using the aforesaid 1/365th method.

### 3.4 Receivables and payables related to takaful contribution

Receivables and payables relating to takaful contribution are recognised when due. These include contribution due but unpaid and claims payable to PTF members/policyholders. If there is objective evidence that any contribution due but unpaid is impaired, the Operator reduces the carrying amount of that membership contribution receivable in PTF statement and reduces equivalent Wakala fee from the statement of comprehensive income (PTF).

Provision for impairment in contribution receivables is estimated on a systematic basis after analysing the receivables as per their ageing.

### 3.5 Re-takaful contracts

The Operator, on behalf of PTF, enters into re-takaful arrangements in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward re-takaful contribution is accounted for in the same period as the related contribution for the direct or accepted re-takaful business being ceded to re-takaful operator.

Re-takaful coverage is recognised as per respective re-takaful arrangement in the period of coverage. The unexpired portion of re-takaful contribution is shown as prepayment in PTF accounts which is calculated in the same manner as of unearned contribution.

Re-takaful liabilities represent balances due to re-takaful companies. Amounts payable are calculated in a manner consistent with the related re-takaful arrangement. Re-takaful assets represent balances due from re-takaful companies in PTF accounts. Amounts recoverable from re-takaful operators are calculated in a manner consistent with the provision for outstanding claims or settled claims associated with the re-takaful policies and are in accordance with the related re-takaful arrangements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

Amount due from other takaful / re-takaful are carried at cost less provision for impairment, if any. If there is objective evidence that the amount due from re-takaful is impaired, the Operator reduces the carrying amount of the re-takaful receivable to its recoverable amount and recognises that impairment loss in the statement of comprehensive income (PTF).

### 3.6 Provision for outstanding claims including incurred but not reported (IBNR)

A liability for outstanding claims is recognised in respect of all claims incurred as at the reporting date which represents the estimates of the claims intimated or assessed before the end of the accounting year and are measured at the undiscounted value of expected future payments.

The actuary uses statistical methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The method used is the chain-ladder method which involves the analysis of historic claims development factors and the selection of estimated development factors based on the historic pattern. The selected development factors are then applied to cumulative claims data for each accident year. Study of claim lag pattern is conducted annually to account for any changes in experience. The development factors are based on these studies and are updated accordingly. Adequate margins are also built in to compensate for any adverse deviations in claims experience.

The actuary recommends that month wise factor based on an analysis of the past claims reporting pattern be applied to estimation of provision for IBNR. The historic chain-ladder method is used for determination of month wise factor for each class of business. Accordingly, provision has been made based on IBNR factors applied on incurred claims recommended by the actuary.

### 3.7 Claims

Claims are charged to PTF 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.

A liability for outstanding claims is recognised 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.

Re-takaful recoveries against outstanding claims are recognised as an asset and measured at the amount expected to be received.

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

The provision for claims incurred but not reported (IBNR) is made at the financial statement date. In accordance with SECP circular no. 9 of 2016, the Operator has changed its method of estimation of IBNR. The Operator now takes actuarial advice for the determination of IBNR claims. IBNR claim have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

### 3.8 Re-takaful recoveries against outstanding claims

Claims recoveries receivable from re-takaful operators are recognised as an asset in PTF accounts at the same time as the claims which give rise to the right of recovery are recognised as a liability and are measured at the amount expected to be received.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 3.9 Commissions

Commission expense and other acquisition costs are charged to the statement of comprehensive income (OPF) over the policy to which it relates. Commission income from re-takaful operators is recognised over policy period. These are deferred and brought to account as income in accordance with the pattern of recognition of the contribution to which they relate.

### 3.10 Wakala & Mudarib fees

The shareholders of the Operator manage the general takaful operations for the participants and charge 40% for all class of contribution except contribution from health. For health maximum 25% charge on yearly gross contribution written as wakala fee against the services.

The Operator manages the PTF operations for the participants and charges a percentage of gross membership contribution including administrative surcharge as wakala fee against the services. Wakala fee is recognised on the same basis on which the related contribution is recognised. Unexpired portion of wakala fee is recognised as a liability of the Operator and an asset of PTF.

The shareholders of the Operator manage the participants' investments as a Mudarib and charge 10% as Mudarib's share of PTF investment income.

### 3.11 Management expenses

Expenses allocated to the PTF represent directly attributable expenses and these are allocated to various revenue accounts on equitable basis.

### 3.12 Segment information

An operating segment is a component of the Operator that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Operator's other components. All operating segments' results are reviewed regularly by the Operator to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Operator presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, Takaful Rules, 2012 and the Insurance Rules, 2017, General Takaful Accounting Regulations, 2019 as the primary reporting format.

The Operator has four primary business segments for reporting purposes namely, fire and property damage, marine, aviation and transport, motor and miscellaneous. The nature and business activities of these segments are disclosed in note 31.

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

### 3.13 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 goods and services received, whether or not billed to the Operator.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 3.14 Takaful surplus

PTF surplus, if any, is attributable to the participants, after settlement of all claims and liabilities, is calculated after charging all direct cost and setting aside various reserves.

### 3.15 Qard-e-Hasna

Qard-e-Hasna is provided by Operator to the PTF in case of deficit to keep it solvent. Operator would recover this Qard amount without any additional profit from the PTF once PTF recovers and is in surplus.

### 3.16 Revenue recognition

#### i) Underwriting result - PTF

The earned contribution less reinsurance, claims, commission and other acquisition cost and allocable expenses of management are reflected in the statement of comprehensive income (PTF) as the underwriting result for each class of takaful business undertaken.

#### ii) Rebate from re-takaful

Rebate from re-takaful operators is deferred and recognised as revenue in accordance with the pattern of recognition of the re-takaful contribution to which it relates.

#### iii) Investment income

Profit on investments, profit on profit and loss sharing accounts and bank deposits are recognised on accrual basis.

### 3.17 Cash and cash equivalents

Cash and cash equivalents consist of balances with bank and term deposits maturing within twelve months of the year end that are convertible to known amount of cash and are subject to insignificant risk of change in value.

### 3.18 Financial instruments

Financial instruments include cash and bank balances, investments, contributions due but unpaid, amount due from other takaful operators / re-takaful operators, accrued profit on bank deposits, re-takaful recoveries against outstanding claims, outstanding claim liabilities, amount due to other takaful operators / re-takaful operators, accrued expenses, agents balances and other creditors.

All the financial assets and liabilities are recognised at the time when the Operator or PTF becomes a party to the contractual provisions of the instrument and de-recognised when the Operator or PTF losses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of financial assets and financial liabilities is taken to income directly.

### 3.19 Investments

#### 3.19.1 Recognition

All investments are initially recognised at cost, being the fair value of the consideration given and include transaction costs, except for investment at fair value through profit or loss in which case transaction costs are charged to the statement of comprehensive income. All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Operator commits to purchase or sell the investment.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 3.19.2 Measurement

#### 3.19.2.1 At fair value through profit or loss - held for trading

These are classified as 'at fair value through profit or loss' if (a) acquired or incurred principally for the purpose of selling or re-purchasing in the near term; (b) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking; or (c) a derivative (except for a derivative that is a designated and effective hedging instrument).

Upon initial recognition these are designated by the Operator as 'at fair value through profit or loss' except for equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. At subsequent reporting dates, these investments are measured at fair value and any gains, and losses arising from the changes in fair value are included in the statement of comprehensive income for the period in which they arise.

#### 3.19.2.2 Held to maturity

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Operator has the positive intent and ability to hold to maturity other than at fair value through profit or loss, available for sale and loans and receivables.

Held to maturity investments are subsequently measured at amortised cost less provision for impairment in value if any using the effective interest method.

These are reviewed for impairment at year end and any losses arising from impairment in values are charged to the statement of comprehensive income.

#### 3.19.2.3 Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not (a) loans and receivables, (b) held to maturity investments, or (c) financial assets at fair value through profit or loss.

Quoted investments are initially recognised at cost inclusive of transaction costs. Unquoted investments are recorded at cost less impairment, if any.

Changes in the fair value of financial instruments classified as available-for-sale are recognised in other comprehensive income until derecognised or impaired, when the accumulated adjustments recognised in profit or loss are included in the statement of comprehensive income.

Unquoted investments are carried at cost less impairment in value, if any. Investments other than shares are stated at their principal amounts less provision for amounts considered doubtful.

These are reviewed for impairment at each reporting date and any losses arising from impairment in values are charged to the statement of comprehensive income.

#### 3.19.2.4 De-recognition

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 3.20 Impairment

A financial asset is assessed at each financial statement date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if there is objective evidence that one or more events have had a negative effect on the estimated future cash flows of that asset.

The carrying amount of non financial assets is reviewed at each financial statement date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such asset is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

All impairment losses are recognised in the statement of comprehensive income. Provisions for impairment are reviewed at each financial statement and are adjusted to reflect the current best estimates. Changes in the provisions are recognised as income or expense in the statement of comprehensive income.

### 3.21 Equipment

**3.21.1** These are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged over the estimated useful life of the asset on a systematic basis to income applying reducing balance method. Depreciation is charged using reducing balance method from the date the asset is available for use till the date the asset is disposed off.

Depreciation is charged using reducing balance method at the rates specified in note 6 to these financial statements. Depreciation on additions is charged from the month the asset is available for use till the date the asset is disposed off.

Normal repairs and maintenance are charged to the statement of comprehensive income (OPF) as and when incurred; major renewals and replacements are capitalised.

Gain or loss on disposal of equipment is taken to the statement of comprehensive income (OPF).

### 3.22 Intangibles

These are stated at cost less accumulated amortisation and impairment loss, if any. Amortisation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 7 to the financial statements.

The carrying amounts are reviewed at each reporting date to assess whether these are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amounts.

### 3.23 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements only when there is legally enforceable right to set off the recognised amount and the Operator intends either to settle on a net basis or realise the assets and settle the liabilities simultaneously.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 3.24 Contribution deficiency reserve

According to the requirements of the Insurance Rules, 2017, a contribution deficiency reserve needs to be created where the unearned contribution for any class of business is not sufficient to cover the liability after re-takaful from claims, and other supplementary expenses expected to be incurred after the reporting date in respect of the policies in that class of business. Any movement in the reserve is to be charged to the statement of comprehensive income (PTF).

For this purpose, loss ratios for each class, excluding health are estimated based on historical claim development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, contribution deficiency is determined. The liability of contribution deficiency in relation to Health and Personal accident takaful is calculated in accordance with the advice of actuary.

As at year end, a provision is created in respect of contribution deficiency reserve for those classes of business where it is estimated that the unearned contribution for that class will not be sufficient to provide for the expected losses and expenses attributable to the unexpired periods of policies in force at the reporting date.

No provision has been made as the unearned premium reserve for each class of business as at the year end is adequate to meet the expected future liability after re-insurance from claims and other expenses, expected to be incurred after the reporting date in respect of policies in force at reporting date.

### 3.25 Unearned contribution reserves

Reserve for unearned contribution is calculated by applying 1/365th method, except marine takaful for which unearned contribution is calculated by applying 1/6th method as specified in the Insurance Rules, 2017.

### 3.26 Taxation

#### Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The current tax also includes adjustment where considered necessary relating to prior years which arise from assessments framed / finalised during the year or required by any other reason.

#### Deferred

Deferred tax is recognised using the liability method on all temporary differences between the amounts used for financial reporting purpose and amounts used for taxation purposes.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

### 3.27 Deferred commission expense

Commission expense incurred in obtaining and recording takaful policies are deferred and recognised as an asset. These costs are charged to the statement of comprehensive income on the pattern of recognition of contribution revenue.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 4. CRITICAL ACCOUNTING ESTIMATES

In preparing these financial statements, the management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Fund's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the financial statements for the year ended December 31, 2021 except for the following:

#### 4.1 PROPERTY AND EQUIPMENT

##### 4.1.1 Operating fixed assets and right-of-use assets

During the year, the company changed its accounting estimate from straight line method to reducing balance method. Depreciation is charged using reducing balance method from the date the asset is available for use till the date the asset is disposed off. The effect of change in accounting estimate is applied prospectively as required under the International Accounting Standard - 8 "Accounting Policies, Changes In Accounting Estimates and Errors".

##### 4.1.2 Revenue recognition estimate

During the year, the Company changed its computation of calculating unearned portion of the premium to number of the days from the date of issuance of insurance policy i.e. 365 days as against the previous method of 1/24th.

The said change is accounted for as change in estimate and is prospectively applied as per the requirements of IAS 8 "Accounting Policies, Changes In Accounting Estimates and Errors". The said change has impact on unearned contribution reserve, prepaid retakaful contribution, unearned retakaful rebate and deferred commission.

### 5. QARD-E-HASNA TO PARTICIPANTS' TAKAFUL FUND

	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
Opening balance of Qard-e-Hasna	22,827,311	21,000,000
Qard-e-Hasna transferred from OPF during the year	(2,827,311)	1,827,311
Closing balance of Qard-e-Hasna	<u>20,000,000</u>	<u>22,827,311</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 6. EQUIPMENT - OPF

Particulars	December 31, 2022				December 31, 2021				Depreciation rate %
	Opening balance	Addition	Closing balance	Depreciation for the year	Opening balance	Closing balance	Depreciation for the year	Written down value	
	(Rupees)								
Vehicle	-	790,000	790,000	89,605	-	89,605	89,605	700,395	20
Computer hardware	25,000	-	25,000	-	25,000	25,000	-	-	33.33
	<u>25,000</u>	<u>790,000</u>	<u>815,000</u>	<u>89,605</u>	<u>25,000</u>	<u>114,605</u>	<u>89,605</u>	<u>700,395</u>	
Particulars	December 31, 2022				December 31, 2021				Depreciation rate %
	Opening balance	Addition	Closing balance	Depreciation for the year	Opening balance	Closing balance	Depreciation for the year	Written down value	
	(Rupees)								
Computer hardware	25,000	-	25,000	3,474	21,526	25,000	3,474	25,000	33.33
	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>3,474</u>	<u>21,526</u>	<u>25,000</u>	<u>3,474</u>	<u>-</u>	

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 7. INTANGIBLE ASSETS - OPF

Particulars	December 31, 2022				December 31, 2021			
	Cost		Depreciation		Cost		Depreciation	
	Opening balance	Addition	Closing balance	Opening balance	Amortisation for the year	Closing balance	Written down value	Amortisation rate
	(Rupees)							
Computer software	200,000	-	200,000	200,000	-	200,000	-	33.33
								%

Particulars	December 31, 2021				December 31, 2021			
	Cost		Depreciation		Cost		Depreciation	
	Opening balance	Addition	Closing balance	Opening balance	Amortisation for the year	Closing balance	Written down value	Amortisation rate
	(Rupees)							
Computer software	200,000	-	200,000	172,205	27,795	200,000	-	33.33
								%



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

		OPF		PTF	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Note ----- (Rupees) -----					
<b>8. INVESTMENTS IN TERM DEPOSITS</b>					
<b>Held to maturity</b>					
Deposits maturing within 3 months	8.1	<u>27,188,360</u>	<u>27,000,000</u>	<u>20,000,000</u>	<u>20,000,000</u>

8.1 This includes term deposits with an Islamic Bank having maturities within 1 months (i.e. upto January 31, 2022). The rate of return on these term deposits is 15.25% (December 31, 2021: 7.25%) per annum.

		OPF		PTF	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- (Rupees) -----					
<b>9. OTHER RECEIVABLES</b>					
Sindh sales tax receivable		377,010	210,928	-	-
Accrued profit on bank deposits		227,190	246,699	167,123	182,739
Federal sales tax receivable		-	-	90,698	17,024
Others		1,320	-	447,041	40,553
		<u>605,520</u>	<u>457,627</u>	<u>704,862</u>	<u>240,316</u>

### 10. TAKAFUL / RE-TAKAFUL RECEIVABLES - Unsecured and considered good

Due from takaful participants holders	-	-	148,989	789,237
Due from other takaful / re-takaful operators 10.1	-	-	14,093,923	1,334,980
	-	-	<u>14,242,912</u>	<u>2,124,217</u>

10.1 The Company has entered into cotakaful and re-takaful arrangements with various takaful companies as at December 31, 2022, the aggregate balances arising from takaful / re-takaful receivables and takaful / re-takaful payables from such arrangements amounts to Rs. 14,093,923 (2021: Rs. 1,334,980 million) & Rs. 5,895,224 million (2021: Rs. 5,600,678 million) respectively.

In respect of these balances, during the year the Company has exchanged balance information with them based on the significance of the respective balances. This information corroborates the balance position of the Company in all material respects taking into account the underlying contracts and transactions supported by appropriate evidence.

The reconciliation process of these balances with the respective takaful companies is carried out on ongoing basis. However, as advised by the SECP, this process will be formalised as per the guidelines suggested by Insurance Association of the Pakistan (IAP) for the insurance industry.

		OPF		PTF	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- (Rupees) -----					
<b>11. Receivable / Payable from / to PTF / OPF</b>					
Wakala fee		5,773,704	1,148,977	5,773,704	1,148,977
Mudarib fee		615,629	438,501	615,629	438,501
		<u>6,389,333</u>	<u>1,587,478</u>	<u>6,389,333</u>	<u>1,587,478</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	OPF		PTF	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- (Rupees) -----					
<b>12. PREPAYMENTS</b>					
Prepaid re-takaful contribution ceded		-	-	53,471	181,283
<b>13. BANK BALANCE</b>					
Cash at bank - saving account	13.1	7,334,115	2,360,501	3,682,548	1,135,234
<b>13.1</b>	These carry mark-up at rates ranging between 3% to 5% (December 31, 2021: 3% to 5%) per annum.				
	Cash and cash equivalents include the following for the purposes of the cash flow statement:				
Cash and bank balances		7,334,115	2,360,501	3,682,548	1,135,234
Short term investments with 3 months or less maturity		27,188,360	27,000,000	20,000,000	20,000,000
		<u>34,522,475</u>	<u>29,360,501</u>	<u>23,682,548</u>	<u>21,135,234</u>
----- (Rupees) -----					
<b>PTF</b>					
December 31, 2022      December 31, 2021					
----- (Rupees) -----					
<b>14. TAKAFUL / RE-TAKAFUL PAYABLES</b>					
Due to re-takaful operators				5,895,224	5,600,678
----- (Rupees) -----					
<b>OPF</b>					
December 31, 2022      December 31, 2021					
----- (Rupees) -----					
<b>15. OTHER CREDITORS AND ACCRUALS</b>					
Federal Insurance fee payable		-	-	67,360	31,850
Federal excise duty payable		-	-	709,725	425,777
Sales tax on services		285,778	59,791	-	-
Agent commission payable		3,841,992	1,010,969	-	-
Auditors' fee		414,856	741,368	-	-
Other creditors		749,638	187,633	429,137	323,267
Payable against common expenses - conventional		727,787	727,787	-	-
		<u>6,020,051</u>	<u>2,727,548</u>	<u>1,206,222</u>	<u>780,894</u>
<b>16. CONTINGENCIES AND COMMITMENTS</b>					
There were no contingencies and commitments as on December 31, 2022 and as at December 31, 2021.					

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	PTF	
		December 31, 2022	December 31, 2021
		(Rupees)	
<b>17. CONTRIBUTION EARNED</b>			
<b>Written gross contribution</b>		<b>33,625,989</b>	11,765,862
Wakala fee	24	(9,441,925)	(3,527,807)
<b>Contribution net of wakala fee</b>		<b>24,184,064</b>	8,238,055
Unearned contribution reserve opening balance		6,133,249	4,088,524
Unearned contribution reserve closing balance		(15,120,790)	(6,133,249)
<b>Contribution earned</b>		<b>15,196,523</b>	6,193,330
<b>Re-takaful contribution ceded</b>		<b>5,752,882</b>	4,736,264
Prepaid re-takaful contribution opening balance		181,283	453,449
Prepaid re-takaful contribution closing balance		53,471	181,283
<b>Re-takaful expense</b>		<b>5,880,694</b>	5,008,430
<b>Net contribution</b>		<b>9,315,829</b>	1,184,900
<b>18. RE-TAKAFUL REBATE EARNED</b>			
Re-takaful rebate		40,011	22,308
Unearned re-takaful rebate opening balance		19,712	32,104
Unearned re-takaful rebate closing balance		(10,600)	(19,712)
		49,123	34,700
<b>19. NET CLAIMS REPORTED / SETTLED - IBNR</b>			
Claims paid		6,068,538	3,407,927
Outstanding benefits including IBNR opening balance		(2,736,126)	(2,174,370)
Outstanding benefits including IBNR closing balance		11,587,681	2,736,126
<b>Claims expense</b>	19.1	<b>14,920,093</b>	3,969,683
Re-takaful and other recoveries received		2,118,542	-
Re-takaful and other recoveries in respect of outstanding claims - opening balance		8,094	-
Re-takaful and other recoveries in respect of outstanding claims - closing balance		493,159	8,094
Re-takaful and other recoveries revenue		(2,603,607)	(8,094)
<b>Net claims expense</b>		<b>12,316,486</b>	3,961,589

19.1 This includes salvage recoveries amounting to Rs. 0.6 million (December 31, 2021: Rs 1.69 million)

### 20. BENEFIT / CLAIM DEVELOPMENT

The Operator maintains adequate reserves in respect of its takaful 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 re-takaful.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

	December 2018	December 2019	December 2020	December 2021	December 2022	Total
----- (Rupees) -----						
Accident year						
Estimate of ultimate claims cost:						
- At end of accident Year	-	1,201,878	2,897,383	5,649,683	<b>12,070,791</b>	
- One year later	1,540,161	3,501,639	1,390,939	5,629,380	-	
- Two years later	1,620,681	334,910	76,277	-	-	
- Three Year later	448,521	81,250	-	-	-	
- Four year later	398,521	-	-	-	-	
Current estimate of cumulative claims	398,521	81,250	76,277	5,629,380	<b>12,070,791</b>	<b>18,256,219</b>
Cumulative payments to date	(41,519)	(63,000)	-	(5,329,422)	<b>(1,234,597)</b>	<b>(6,668,538)</b>
Liability recognised in the statement of financial position	357,002	18,250	76,277	299,958	<b>10,836,194</b>	<b>11,587,681</b>

**20.1** The provision for IBNR on the basis of actuarial valuation carried out as at December 31, 2022 amounted to Rs. 2.23 million (December 31, 2021: Rs. 0.83 million).

	Note	PTF	
		December 31, 2022	December 31, 2021
----- (Rupees) -----			
<b>21. OTHER EXPENSES</b>			
Co-insurance surcharge	21.1	<b>67,217</b>	16,660
Others		<b>61,695</b>	16,828
		<b>128,912</b>	<b>33,488</b>

**21.1** This is the service charges deducted by co-insurers at 2.5% of gross premium revenue on policies in which the Operator is a co-insurer.

	Note	OPF		PTF	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- (Rupees) -----					
<b>22. INVESTMENT INCOME</b>					
<b>Debt Instrument</b>					
Return on term deposits		<b>3,041,860</b>	1,973,750	<b>1,771,276</b>	1,440,811
<b>23. OTHER INCOME</b>					
Return on saving account	13	<b>374,802</b>	115,810	<b>495,040</b>	112,984
Others		-	-	<b>13,165</b>	3,853
		<b>374,802</b>	115,810	<b>508,205</b>	116,837



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

		OPF	
		December 31, 2022	December 31, 2021
		----- (Rupees) -----	
<b>28.2</b>	<b>Relationship between tax expense and accounting profit</b>		
	Profit / (loss) before taxation	3,512,085	(655,244)
	Tax at the applicable rate	1,018,505	-
	Tax effect of others	(8,380)	64,892
		<u>1,010,125</u>	<u>64,892</u>
<b>29.</b>	<b>COMPENSATION OF HEAD OF WINDOW TAKAFUL</b>		
		<b>Head of Window takaful operations</b>	
		December 31, 2022	December 31, 2021
		----- (Rupees) -----	
	Managerial remuneration	375,200	369,400
	Rent and house maintenance	525,280	517,440
	Medical	37,520	36,960
	Conveyance	126,000	18,000
	Defined benefit plan and others	51,520	85,734
		<u>1,115,520</u>	<u>1,027,534</u>
<b>30.</b>	<b>TRANSACTIONS WITH RELATED PARTIES</b>		
	Related parties comprise of associated companies entities under common control, entities with common directors, major shareholders, directors, key management personnel and funded employee retirement benefit scheme.		
	The Operator has not incurred any transactions with related parties during the year.		

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 31. SEGMENT INFORMATION

	December 31, 2022				Total
	Fire and property damages	Marine, aviation & transport	Motor	Miscellaneous	
	----- (Rupees) -----				
<b>Participants' Takaful Fund</b>					
Written gross contribution (inclusive of federal excise duty, federal insurance fee, and administrative surcharge)	10,257,496	2,901,054	21,942,099	2,187,680	37,288,329
Federal excise duty	(648,594)	(275,570)	(2,161,180)	(255,547)	(3,340,891)
Federal insurance fee	(43,921)	(101,059)	(150,480)	(25,989)	(321,449)
Gross written contribution (inclusive of administrative surcharge)	9,564,981	2,524,425	19,630,439	1,906,144	33,625,989
Gross contribution direct	9,486,782	2,447,726	19,219,983	1,832,327	32,986,818
Admin surcharge	78,199	76,699	410,456	73,817	639,171
Written gross contribution	9,564,981	2,524,425	19,630,439	1,906,144	33,625,989
Takaful contribution earned	5,829,597	2,102,866	15,603,195	1,102,790	24,638,448
Wakala fees	(2,213,124)	(799,002)	(5,985,701)	(444,098)	(9,441,925)
	3,616,473	1,303,864	9,617,494	658,692	15,196,523
Re-takaful contribution ceded	(2,567,211)	(1,378,699)	(1,488,307)	(446,477)	(5,880,694)
Net takaful contribution	1,049,262	(74,835)	8,129,187	212,215	9,315,829
Re-takaful rebate earned	24,984	-	24,139	-	49,123
Net underwriting income / (loss)	1,074,246	(74,835)	8,153,326	212,215	9,364,952
Net claims reported / settled - IBNR	(4,953,567)	(308,335)	(6,816,219)	(238,365)	(12,316,486)
Other expenses	(128,912)	-	-	-	(128,912)
Surplus / (Deficit) before investment income	(4,008,233)	(383,170)	1,337,107	(26,150)	(3,080,446)
Investment income					1,771,276
Other income					508,205
Modarib's share of investment income					(177,128)
Surplus for the year					(978,093)
The following presents segments assets and liabilities of PTF as at December 31, 2022:					
<b>Segment assets</b>	5,770,710	1,523,028	11,843,367	1,150,008	20,287,113
<b>Unallocated liabilities</b>					25,609,672
					45,896,785
<b>Segment liabilities</b>	8,037,136	1,471,336	16,397,150	1,499,724	27,405,346
<b>Unallocated liabilities</b>					12,836,510
					40,241,856
<b>Operator's fund</b>					
Wakala fee	2,213,124	799,002	5,985,701	444,098	9,441,925
Commission expenses	(2,015,128)	(555,611)	(2,169,386)	(282,348)	(5,022,473)
Management expenses	(889,383)	(320,820)	(2,380,476)	(168,245)	(3,758,924)
					660,528
Modarib's share of PTF's investment income					177,128
Investment income					3,041,860
Other expenses					(742,233)
Other income					374,802
Profit before taxation					3,512,085
Provision for taxation					(1,010,125)
Profit after taxation					2,501,960
The following presents segments assets and liabilities of OPF as at December 31, 2022:					
<b>Segment assets</b>	2,694,775	711,214	5,530,550	537,025	9,473,564
<b>Unallocated assets</b>					56,850,103
					66,323,667
<b>Segment liabilities</b>	1,719,285	453,760	3,528,530	342,625	6,044,200
<b>Unallocated liabilities</b>					6,020,051
					12,064,251

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

	December 31, 2021				
	Fire and property damages	Marine, aviation & transport	Motor	Miscellaneous	Total
	----- (Rupees) -----				
Participants' Takaful fund					
Written gross contribution (inclusive of federal excise duty, federal insurance fee, and administrative surcharge)	1,767,557	1,009,739	10,865,996	70,618	13,713,910
Federal excise duty	(241,259)	(118,406)	(1,437,077)	(9,643)	-
Federal insurance fee	(15,521)	(28,148)	(97,290)	(704)	(1,806,385)
Gross written contribution (inclusive of administrative surcharge)	1,510,777	863,185	9,331,629	60,271	11,765,862
Gross contribution direct	1,481,742	822,293	9,036,985	57,401	11,398,421
Admin surcharge	29,035	40,892	294,644	2,870	367,441
Written gross contribution	1,510,777	863,185	9,331,629	60,271	11,765,862
Takaful contribution earned	1,283,312	1,063,879	7,295,443	78,503	9,721,137
Wakala fees	(376,202)	(304,041)	(2,821,306)	(26,258)	(3,527,807)
Net takaful contribution	907,110	759,838	4,474,137	52,245	6,193,330
Re-takaful contribution ceded	(1,900,700)	(1,239,857)	(1,271,500)	(596,373)	(5,008,430)
Net takaful contribution	(993,590)	(480,019)	3,202,637	(544,128)	1,184,900
Re-takaful rebate earned	2,083	-	32,617	-	34,700
Net underwriting income / (loss)	(991,507)	(480,019)	3,235,254	(544,128)	1,219,600
Net claims reported / settled - IBNR	(176,445)	10,008	(3,802,466)	7,314	(3,961,589)
Other direct expense	(33,488)	-	-	-	(33,488)
Deficit before investment income	(1,201,440)	(470,011)	(567,212)	(536,814)	(2,775,477)
Investment Income					1,440,811
Other income					116,837
Modarib's share of investment income					(576,325)
Deficit for the year					(1,794,154)
The following presents segments assets and liabilities of OPF as at December 31, 2021:					
Segment assets					4,415,616
Unallocated assets	566,980	323,946	3,502,071	22,619	21,935,873
					26,351,489
Segment liabilities					13,321,405
Unallocated liabilities	1,672,608	654,879	10,899,337	94,581	3,569,751
					16,891,156
Operator's fund					
Wakala fee	376,202	304,041	2,821,306	26,258	3,527,807
Commission expenses	(419,861)	(285,768)	(1,043,403)	(15,002)	(1,764,034)
Management expenses	(395,513)	(327,884)	(2,248,433)	(24,194)	(2,996,024)
					(1,232,251)
Modarib's share of PTF's investment income					576,325
Investment income					1,973,750
Other expenses					(2,088,878)
Other Income					115,810
Profit before taxation					(655,244)
Provision for taxation					(64,892)
Loss after taxation					(720,136)
The following presents segments assets and liabilities of OPF as at December 31, 2021:					
Segment assets	336,233	192,107	2,076,809	13,412	2,618,561
Unallocated assets					54,157,841
					56,776,402
Segment liabilities	294,223	168,105	1,817,332	11,738	2,291,398
Unallocated liabilities					2,727,548
					5,018,946



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

	Operator's Fund (OPF)	Participants' Takaful Fund (PTF)
	----- (Rupees) -----	
<b>32. MOVEMENT IN INVESTMENTS</b>		
Held to Maturity		
<b>At beginning of previous year</b>	27,000,000	20,000,000
Transfer from OPF to PTF	-	-
Additions	-	-
Disposals	-	-
<b>At beginning of current year</b>	27,000,000	20,000,000
Transfer from OPF to PTF	-	-
Additions	189,376,720	180,000,000
Disposals	(189,188,360)	(180,000,000)
<b>Closing balance</b>	27,188,360	20,000,000

### 33. MANAGEMENT OF TAKAFUL AND FINANCIAL RISK

#### 33.1 Takaful risk

The principal risk that is faced under takaful contracts is the possibility that the covered event occurs, the uncertainty of the amount of the resulting claims i.e. the frequency and severity of claims and that the actual claims and benefit payments exceed the carrying amount of the takaful liabilities. By the very nature of the takaful contract, this risk is random and therefore unpredictable. The objective of the Operator is to ensure that sufficient reserves are available to cover these liabilities.

The Operator manages these risks through its underwriting strategy, adequate re-takaful arrangements and proactive claims handling. The underwriting strategy aims to minimise takaful risks with a balanced mix and spread of business classes and by observing underwriting guidelines and limits. The Operator underwrites mainly fire and property, motor, marine cargo and transportation, health and other miscellaneous business. These classes of takaful are generally regarded as short term takaful contracts where claims are normally intimated and settled within a short time span, usually one year. This helps to mitigate takaful risk.

Underwriting limit are in place to enforce appropriate risk selection criteria. For example, the Operator has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. For large risks, particularly in property segment of business, risk inspections are carried out before accepting the risks. Similarly, in case of large risks, annual renewals are also preceded by on-site surveys. Where needed, risk mitigation measures are identified and communicated to the clients to improve the risk to an acceptable level.

Re-takaful arrangements in place include treaty and facultative arrangements, on non-proportional basis and also include catastrophe cover. The effect of such re-takaful arrangements is that the PTF may not suffer ultimate net takaful losses beyond the PTF's risk appetite in any one year.

The Operator's arrangement of re-takaful is diversified such that it is neither dependent on a single re-takaful operator nor the operations of the Operator are substantially dependent upon any single re-takaful contract. The Operator obtains re-takaful cover only from companies with sound financial health.

#### 33.1.1 Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical, atmospheric disturbances, natural disasters, concentration of risks, civil riots etc. The Operator manages these risk through the measures described above. The Operator has limited its exposure to catastrophic and riot events by use of re-takaful arrangements.

The Operator monitors concentration of takaful risks primarily by class of business. The table below sets out the concentration of claims and contribution liabilities (in percentage terms) by class of business at the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

Class	December 31, 2022							
	Gross claim liabilities		Net claim liabilities		Gross contribution liabilities		Net contribution liabilities	
	----- (Percentage) -----							
	2022	2021	2022	2021	2022	2021	2022	2021
Fire and property damage	45%	5%	59%	12%	30%	12%	30%	12%
Marine, aviation and transport	1%	4%	1%	11%	4%	2%	4%	2%
Motor	53%	77%	39%	41%	61%	85%	61%	85%
Miscellaneous	1%	14%	1%	36%	5%	1%	5%	1%

The Operator also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighboring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk.

The Operator evaluates the concentration of exposures to individual and cumulative takaful risks and establishes its re-takaful policy to reduce such exposures to levels acceptable to the Operator.

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

Class	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
Fire and property damage	460,000,000	460,000,000
Marine, aviation and transport	299,000,249	326,821,000
Motor	31,500,000	31,500,000
Miscellaneous	36,000,000	1,000,000

Since the Operator operates in Pakistan only, hence, all the takaful risks relate to policies written in Pakistan.

### 33.1.2 Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the reporting date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. Considerable judgment by the management is required in the estimation of amounts due to contract holders arising from claims made under takaful contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming and economic conditions. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the reporting date. The details of estimation of outstanding claims (including IBNR) are given under note 3.6.

### 33.1.3 Process used to decide on assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Operator, in which case information about the claim event is available. The Operator has taken actuarial advice for the determination of IBNR claims which has been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

The contribution liabilities have been determined such that the total contribution liability provisions (unearned contribution reserve and contribution deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of reporting date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

### 34.1.4 Sensitivity analysis

The Operator believes that the claim liabilities under takaful contracts outstanding at the period end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The impact on the PTF surplus of the changes in the claim liabilities net of re-takaful is analysed below. The sensitivity to changes in claim liabilities net of re-takaful is determined separately for each class of business while keeping all other assumptions constant.

	December 31, 2022 Revenue	December 31, 2021 Revenue	December 31, 2022 Equity	December 31, 2021 Equity
----- (Rupees) -----				
<b>Impact of change in net claim liabilities by + 10%</b>				
Fire and property damage	(522,964)	(12,833)	(522,964)	(12,833)
Marine, aviation and transport	(7,737)	(11,891)	(7,737)	(11,891)
Motor	(668,242)	(211,902)	(668,242)	(211,902)
Miscellaneous	(9,141)	(37,795)	(9,141)	(37,795)
	<u>(1,208,084)</u>	<u>(274,421)</u>	<u>(1,208,084)</u>	<u>(274,421)</u>
<b>Impact of change in net claim liabilities by - 10%</b>				
Fire and property damage	522,964	12,833	522,964	12,833
Marine, aviation and transport	7,737	11,891	7,737	11,891
Motor	668,242	211,902	668,242	211,902
Miscellaneous	9,141	37,795	9,141	37,795
	<u>1,208,084</u>	<u>274,421</u>	<u>1,208,084</u>	<u>274,421</u>

### 33.2 Financial risk

The Operator's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (comprising of currency risk, profit rate risk and other price risk). The Operator's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Operator's financial performance.

The Board of Directors has overall responsibility for establishment and over sight of the Operator's risk management framework. There are Board Committees and Management Committees for developing and monitoring the risk management policies.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 33.2.1 Credit risk

Credit risk is the risk, which 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 management monitors exposure to credit risk through regular review of credit exposure, undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

The carrying amounts of the following financial assets represent the Operator's maximum exposure to credit risk:

	OPF		PTF	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- (Rupees) -----				
<b>Financial assets:</b>				
Investments in TDRs	27,188,360	27,000,000	20,000,000	20,000,000
Other receivables	227,190	457,627	704,862	240,316
Takaful / re-takaful receivables	-	-	14,242,912	2,124,217
Bank balances	7,334,115	2,360,501	3,682,548	1,135,234
	<b>34,749,665</b>	<b>29,818,128</b>	<b>38,630,322</b>	<b>23,499,767</b>

The credit quality of Operator's bank balances and deposits can be assessed with reference to external credit ratings.

Bank	Rating	December 31, 2022	
		Short term	Long term
Meezan Bank Limited	PACRA	A-1+	AAA
Bank Islami Pakistan Limited	PACRA	A1	A+
Dubai Islamic bank	VIS	A-1+	AA

The credit quality of claim recoveries from takaful / re-takaful operators can be assessed with reference to external credit ratings as follows:

	OPF		PTF	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- (Rupees) -----				
<b>Takaful / re-takaful receivables</b>				
A or above	-	-	14,093,923	1,334,980

As at December 31, 2022, the amount due from takaful / re-takaful operator includes amount receivable within one year amounting to Rs. 13.885 million and above one year amounting to Rs. 0.209 million (December 31, 2021: Rs.1.33 million)

### 33.2.2 Capital Mangement

The operator's objectives when managing capital or to safeguard operator's ability to continue as going concern in order to provide returns for operator or participants and to offer benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the amount of return paid to operators or to participants may be adjusted.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 33.2.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market profit rates. The Operator has securities and deposits that are subject to profit rate risk. The Operator limits profit rate risk by monitoring changes in profit rates in the currencies in which its financial assets are denominated.

The table below provides the maturity analysis of the Operator's liabilities as at reporting date. All liabilities are presented on a contractual cash flow basis except for the provision of outstanding claims (including IBNR), which are presented with their expected cash flows.

December 31, 2022 - OPF	Mark-up bearing			Non mark-up bearing			Total
	Effective yield / mark-up rate %	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	
----- (Rupees) -----							
<b>Financial assets</b>							
Qard-e-Hasna to Participants' Takaful Fund		-	-	-	20,000,000	-	20,000,000
Investments in TDRs	11.9	27,188,360	-	27,188,360	-	-	27,188,360
Other receivables		-	-	-	227,190	-	227,190
Receivable from PTF		-	-	-	6,389,333	-	6,389,333
Bank balances	3 - 5	7,334,115	-	7,334,115	-	-	7,334,115
		34,522,475	-	34,522,475	26,616,523	-	26,616,523
							61,138,998
<b>Financial liabilities</b>							
Other creditors and accruals		-	-	-	5,734,273	-	5,734,273
		-	-	-	5,734,273	-	5,734,273
<b>Total yield / mark-up rate risk sensitivity gap</b>		34,522,475	-	34,522,475	20,882,250	-	20,882,250
							55,404,725
----- (Rupees) -----							
<b>December 31, 2022 - PTF</b>							
<b>Financial assets</b>							
Investments in TDRs		20,000,000	-	20,000,000	-	-	20,000,000
Takaful / re-takaful receivables	11.9	-	-	-	14,242,912	-	14,242,912
Other receivables		-	-	-	167,123	-	167,123
Bank balances		3,682,548	-	3,682,548	-	-	3,682,548
		23,682,548	-	23,682,548	14,410,035	-	14,410,035
							38,092,583
<b>Financial liabilities</b>							
Qard-e-hasna from Operator's fund		-	-	-	20,000,000	-	20,000,000
Provision for outstanding claims (including IBNR)		-	-	-	11,587,681	-	11,587,681
Takaful / re-takaful payables		-	-	-	5,895,224	-	5,895,224
Payable to OPF		-	-	-	6,389,333	-	6,389,333
Other creditors and accruals		-	-	-	429,137	-	429,137
		-	-	-	44,301,375	-	44,301,375
<b>Total yield / mark-up rate risk sensitivity gap</b>		23,682,548	-	23,682,548	(29,891,340)	-	(29,891,340)
							(6,208,792)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2022

#### 34.2.3 Profit rate risk (Prior Year)

The table below provides the maturity analysis of the Operator's liabilities as at reporting date. All liabilities are presented on a contractual cash flow basis except for the provision of outstanding claims (including IBNR), which are presented with their expected cash flows.

December 31, 2021 - OPF	Mark-up bearing			Non mark-up bearing			Total
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
Financial assets							
Card-e-Hasna to Participants' Takaful Fund	-	-	-	22,827,311	-	22,827,311	22,827,311
Investments in TDRs	27,000,000	-	27,000,000	-	-	-	27,000,000
Other receivables	-	-	-	246,699	-	246,699	246,699
Receivable from PTF	-	-	-	1,587,478	-	1,587,478	1,587,478
Bank balances	2,360,501	-	2,360,501	-	-	-	2,360,501
	29,360,501	-	29,360,501	24,661,488	-	24,661,488	54,021,989
Financial liabilities							
Other creditors and accruals	-	-	-	2,667,757	-	2,667,757	2,667,757
	-	-	-	2,667,757	-	2,667,757	2,667,757
Total yield / mark-up rate risk sensitivity gap	29,360,501	-	29,360,501	21,993,731	-	21,993,731	51,354,232
December 31, 2021 -PTF							
Financial assets							
Investments in TDRs	20,000,000	-	20,000,000	-	-	-	20,000,000
Takaful / re-takaful receivables	-	-	-	2,124,217	-	2,124,217	2,124,217
Other receivables	-	-	-	182,739	-	-	-
Bank balances	1,135,234	-	1,135,234	-	-	-	1,135,234
	21,135,234	-	21,135,234	2,306,956	-	2,124,217	23,259,451
Financial liabilities							
Card-e-Hasna to Participants' Takaful fund	-	-	-	22,827,311	-	22,827,311	22,827,311
Provision for outstanding claims (including IBNR)	-	-	-	2,736,126	-	2,736,126	2,736,126
Takaful / re-takaful payables	-	-	-	5,600,678	-	5,600,678	5,600,678
Payable to OPF	-	-	-	1,587,478	-	1,587,478	1,587,478
Other creditors and accruals	-	-	-	323,267	-	323,267	323,267
	-	-	-	33,074,860	-	33,074,860	33,074,860
Total yield / mark-up rate risk sensitivity gap	21,135,234	-	21,135,234	(30,767,904)	-	(30,950,643)	(9,815,409)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### Sensitivity analysis

As on December 31, 2022, the Company had no financial instruments valued at fair value through profit or loss. For cash flow sensitivity analysis of variable rate instruments, a hypothetical change of 100 basis points in interest rates during the year 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. Actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	OPF			PTF		
	Change in basis points	Effect on profit and loss before tax	Effect on shareholders' equity	Change in basis points	Effect on profit and loss before tax	Effect on shareholders' equity
	--- (Rate) ---	----- (Rupees) -----	-----	--- (Rate) ---	----- (Rupees) -----	-----
December 31, 2022	100 (100)	345,225 (345,225)	345,225 (345,225)	100 (100)	236,825 (236,825)	168,146 (168,146)

### Sensitivity analysis

As on December 31, 2022, the Window Takaful Operations had no financial instruments valued at fair value through profit or loss nor any variable rate instrument. Therefore the Window Takaful Operations is not exposed to profit rate risk.

	OPF			PTF		
	Change in basis points	Effect on profit and loss before tax	Effect on shareholders' equity	Change in basis points	Effect on profit and loss before tax	Effect on shareholders' equity
	--- (Rate) ---	----- (Rupees) -----	-----	--- (Rate) ---	----- (Rupees) -----	-----
December 31, 2021	100 (100)	293,605 (293,605)	293,605 (293,605)	100 (100)	211,352 (211,352)	150,060 (150,060)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 34.2.4 Liquidity risk

Liquidity risk is the risk that the Operator will encounter difficulty in meeting its obligations associated with financial liabilities. In respect of major loss event, there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected re-takaful recoveries.

The objective of the Operator's liquidity management process is to ensure, as far as possible, that it will always have sufficient liquidity to meet its claim and other liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Operator's reputation. It includes measuring and monitoring the future cash flows on daily, monthly and quarterly basis, maintaining sufficient cash reserves in bank accounts and a portfolio of highly marketable financial assets that can be easily liquidated in the event of an unforeseen interruption to cash flows.

The table below provides the maturity analysis of the Operator's liabilities as at the reporting date. All liabilities are presented on a contractual cash flow basis except for the provision of outstanding claims (including IBNR), which are presented with their expected cash flows.

	December 31, 2022					
	OPF			PTF		
	Carrying amount	Upto one year	Greater than one year	Carrying amount	Upto one year	Greater than one year
----- (Rupees) -----						
<b>Financial liabilities</b>						
Outstanding benefits including IBNR	-	-	-	11,587,681	11,587,681	-
Takaful / re-takaful payables	-	-	-	5,895,224	5,895,224	-
Payable to OPF	-	-	-	6,389,333	6,389,333	-
Other creditors and accruals	5,734,273	5,734,273	-	429,137	429,137	-
	<b>5,734,273</b>	<b>5,734,273</b>	-	<b>24,301,375</b>	<b>24,301,375</b>	-

	December 31, 2021					
	OPF			PTF		
	Carrying amount	Upto one year	Greater than one year	Carrying amount	Upto one year	Greater than one year
----- (Rupees) -----						
<b>Financial liabilities</b>						
Outstanding benefits including IBNR	-	-	-	2,736,126	2,736,126	-
Takaful / re-takaful payables	-	-	-	5,600,678	5,600,678	-
Payable to OPF	-	-	-	1,587,478	1,587,478	-
Other creditors and accruals	2,667,757	2,667,757	-	323,267	323,267	-
	<b>2,667,757</b>	<b>2,667,757</b>	-	<b>10,247,549</b>	<b>10,247,549</b>	-

### 33.2.5 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices such as profit rates, foreign exchange rates and equity prices. The Operator limits market risk by investing only in term deposit receipts.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 33.2.6 Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of financial instrument will fluctuate because of changes in foreign exchange rates. The Operator, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pakistani Rupees.

### 33.3 Fair value of financial instruments

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as 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 (i.e. an exit price).

The fair values of all the financial instruments are estimated to be not significantly different from their carrying values.

The Operator's accounting policy on fair value measurements of its investment is discussed in note 3.19 to these financial statements.

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

- Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2:** Fair value measurements using 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:** Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2022 and 2021 there were no financial assets or liabilities which can be classified under the above levels. The carrying value of financial instruments approximate their fair values.

### 33.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Operator's operations either internally within the Operator or externally at the Operator's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Operator's activities.

The Operator's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for stakeholders.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Senior management ensures that the Operator's staff have adequate training and experience and fosters effective communication related to operational risk management.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

December 31,  
2022  
(Rupees)

### 34. STATEMENT OF SOLVENCY

#### Assets

Equipment - OPF	-
Intangible assets - OPF	-
Investments in term deposits	20,000,000
Other receivables	704,862
Takaful / re-takaful receivables	14,242,912
Re-takaful recoveries against outstanding benefits	493,159
Receivable from PTF	-
Deferred wakala fee	6,044,200
Deferred commission expense	-
Taxation less provision	675,633
Prepayments	53,471
Bank balances	3,682,548
<b>Total Assets (A)</b>	<b>45,896,785</b>

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

Contribution due for more than 3 months	398,218
GST receivable claims	18,678
Advance Tax	675,633
<b>Total of In-admissible assets (B)</b>	<b>1,092,529</b>

Total Admissible Assets (C=A-B)

**44,804,256**

#### Total Liabilities

Outstanding benefits including IBNR	11,587,681
Unearned contribution reserve	15,120,790
Unearned commission income	10,600
Unearned wakala fees	-
Contribution received in advance	32,006
Takaful / re-takaful payables	5,895,224
Payable to OPF	6,389,333
Other creditors and accruals	1,206,222
<b>Total Liabilities (D)</b>	<b>40,241,856</b>

**Total Net Admissible Assets (E=C-D)**

**4,562,400**

**Excess of Net Admissible Assets over Liabilities**

**4,562,400**

December 31,  
2022

December 31,  
2021

(Number)

### 35. NUMBER OF EMPLOYEES

Total employees of Operator at year end	2	2
Average employees of Operator during the year	2	2



**36. DATE OF AUTHORISATION OF ISSUE**

These financial statements have been authorised for issue on March 30, 2023 by the Board of Directors of the Operator.

**37. CORRESPONDING FIGURES**

**37.1** Corresponding figures and balances have been reclassified, wherever considered necessary, for the purpose of comparison.

**38. GENERAL**

**38.1** All amount have been rounded off to the nearest rupees.

Air Marshal Muhammad Arif  
Pervaiz (Retd.) - Chairman

Air Vice Marshal Salman  
Ahsan Bokhari (Retd.) - Director

Adeel Ali  
Director

Rizwan Akhtar  
Chief Executive Officer

Nisar Ahmed Almani  
Chief Financial Officer



# HEAD OFFICE & BRANCH NETWORK

## Head Office

10th Floor, Shaheen Complex M. R. Kayani Raod, Karachi-74200  
Tel # 32630370-75, 322139850-51 Fax # 32626674  
E-mail: info@shaheeninsurance.com  
URL: www.shaheeninsurance.com  
UAN: (021) 111-765-111

## Karachi Corporate Branch

Branch Head - Mr. Sohel N. Kidwai, Chief Marketing Officer  
Office No. 1001, 1014, Block B, 10th Floor,  
Saima Trade Tower, I.I Chundrigar Road, Karachi  
Tel: 021 32650031-3  
Email: sohel.kidwai@shaheeninsurance.com

## Lahore Branch

Branch Head - Mr. Ahsan ul Haq  
Office # 4-B, 6th Floor, Shaheen Complex  
38, Abbott Road,  
Lahore.  
Tel # 042-36376270, 36376274, 36376278, 36376279  
Fax # 042-36376276  
E-mail: lhr\_zone@shaheeninsurance.com

## Multan

General Manager Marketing - Mr. Muhammad Naeem Baig  
Office no 21, 1st Floor Nadra office Ali Arcade,  
Court Kachery Road, Multan  
Phone: 061-4580190.91,92  
E-mail: naeem.baig@shaheeninsurance.com

## Sialkot

Branch Manager - Mr. Faisal Jamil  
Office # 210 Karim Plaza Defence Road,  
Near Allama Iqbal Town, Sialkot  
Tel # (052) 3250982, 3550131  
Fax # (052) 3257412  
E-mail: sil@shaheeninsurance.com

## Faisalabad

Branch Manager - Mr. Mohsin Khan  
Office # 1, 2nd Floor, Layllpur  
Regency Plaza, Mall Road.  
Ph. 041-2614112- 0341-2613514  
Faisalabad.

## Rahim Yar Khan

Branch Manager - Mr. Muhammad Naveed  
Al Baraka Plaza, 1st Floor, Abu Dhabi Road,  
Rahim Yar Khan.  
Email: naveed.hussain@shaheeninsurance.com

## Hyderabad

Branch Manager - Mr. Shakir Ali  
Upper 2nd Floor  
House # 75, Soldier Bazar, Hyderabad  
Tel # (022) 2720487  
Fax # (022) 2720489  
E-mail: hyd@shaheeninsurance.com

## Lahore Corporate Branch

EVP & Country Business Head - Mr. Sohaib Ansar Khan  
Office # 6, 6th Floor, Shaheen Complex, Opp. PTV Station  
Opp. PTV Station 38, Abbott Road,  
Lahore.  
Tel # 042-36370384, 36370741, 36370742  
Fax # 042-36370385  
E-mail: lhr\_corporate@shaheeninsurance.com

## Peshawar

Branch Manager - Gauhar Aziz  
Office # C3, Jasmine Arcade  
Fakhr-e-Alam Road, Peshawar, Cantt.  
Email: psw@shaheeninsurance.com  
Tel: 091 5273122, Mobile # 0333 9201088

## Islamabad

Branch Manager - Mr. Abdul Hameed  
Office # 4, Mezzanine Floor  
Black Horse Plaza, Fazal-e-Haq  
Road Blue Area, Islamabad.  
Ph. 051-2000057

## Sargodha

Branch Manager - Mr. Nadeem Awan  
Office # 63 1st Floor Advance Book shop  
Rehman Complex Ibne Seena Hospital Market  
Kanchi More Sargodha Mobile# 0300-8602723  
Email: nadeemawan1975@gmail.com

## Lahore Takaful

Office # 4-B, 6th Floor, Shaheen Complex  
38, Abbott Road, Lahore.

## PATTERN OF SHARE HOLDING HELD BY THE SHARE HOLDERS AS AT DECEMBER 31, 2022

4. No. of Shareholders	From	To	Total Shares Held
173	1	100	2,576
114	101	500	40,411
87	501	1,000	68,341
172	1,001	5,000	397,742
33	5,001	10,000	259,061
26	10,001	15,000	335,164
13	15,001	20,000	233,525
8	20,001	25,000	192,500
4	25,001	30,000	114,500
2	30,001	35,000	64,000
2	35,001	40,000	74,000
3	40,001	45,000	125,583
4	45,001	50,000	196,000
3	50,001	55,000	160,000
1	55,001	60,000	58,865
2	60,001	65,000	125,000
1	65,001	70,000	66,500
2	70,001	75,000	146,500
1	75,001	80,000	77,000
1	80,001	85,000	85,000
3	95,001	100,000	300,000
2	100,001	105,000	209,500
1	110,001	115,000	110,500
1	125,001	130,000	126,000
1	170,001	175,000	172,000
1	210,001	215,000	212,500
1	220,001	225,000	225,000
1	230,001	235,000	232,500
1	305,001	310,000	307,500
1	395,001	400,000	400,000
1	495,001	500,000	500,000
1	830,001	835,000	834,000
1	2,495,001	2,500,000	2,500,000
1	3,135,001	3,140,000	3,136,963
1	6,345,001	6,350,000	6,345,296
1	41,565,001	41,570,000	41,565,973
671			60,000,000



## CATEGORIES OF SHARE HOLDERS AS REQUIRED UNDER (CCG) AS ON DECEMBER 31, 2022

Name	Holding	% AGE
Directors, Chief Executive Officer, and their spouse and minor children	3,500	0.0058%
Associated Companies, undertakings and related parties. (Parent Company)	44,065,973	73.4433%
NIT and ICP	0	0.0000%
Banks Development Financial Institutions, Non Banking Financial Institutions.	0	0.0000%
Insurance Companies	0	0.0000%
Modarabas and Mutual Funds	0	0.0000%
Shareholders holding 10% or more	47,911,269	79.8521%
General Public		
a. Local	5,171,459	8.6191%
b. Foreign	0	0.0000%
Others (to be specified)		
<b>Foreign Companies</b>	6,345,296	10.5755%
<b>Joint Stock Companies</b>	4,413,772	7.3563%



## NAME OF SHAREHOLDERS 10% OR MORE OF TOTAL CAPITAL AS ON DECEMBER 31, 2022

Name	Holding	% AGE
SHAHEEN FOUNDATION PAF	41,565,973	69.2766%
THE HOLLARD COMPANY LIMITED (CDC)	6,345,296	10.5755%
	<u>47,911,269</u>	<u>79.8513</u>

## INFORMATION AS REQUIRED UNDER CODE OF CORPORATE GOVERNANCE CATEGORIES OF SHAREHOLDER AS AT DECEMBER 31, 2022

Name	Holding	% AGE
<b><u>DIRECTORS, CEO THEIR SPOUSES &amp; MINOR CHILDREN</u></b>		
AIR MARSHAL MUHAMMAD ARIF PERVAIZ (RETD.)	500	0.0008%
AIR VICE MARSHAL SALMAN AHSAN BOKHARI (RETD.)	500	0.0008%
AIR COMMODORE TAUSIF SADIQ (RETD.)	500	0.0008%
AIR CDRE. WASEEM AHMED KHAN (RETD.)	500	0.0008%
MR. ADEEL ALI	500	0.0008%
MS. FARRAH AZEEM KHAN	500	0.0008%
MR. JEHANGIR SHAH	500	0.0008%
	<u>3,500</u>	<u>0.0058%</u>

### **ASSOCIATED COMPANIES, UNDERTAKING & RELATED PARTIES:**

SHAHEEN FOUNDATION PAF	41,565,973	69.2766%
CENTRAL NON PUBLIC FUND PAF	2,500,000	4.1667%
	<u>44,065,973</u>	<u>73.4433%</u>



## PROXY FORM

I/We \_\_\_\_\_ of \_\_\_\_\_  
being member of Shaheen Insurance Company Limited and holder of \_\_\_\_\_  
ordinary shares as per Share Register Folio No \_\_\_\_\_ and/or CDC Participant ID  
No. \_\_\_\_\_ - \_\_\_\_\_ and Account/Sub-Account No. \_\_\_\_\_ - \_\_\_\_\_  
hereby appoint \_\_\_\_\_ of \_\_\_\_\_ as  
my /our proxy to attend and vote for me / us and on my / our behalf at the Annual General Meeting of the  
Company to be held on Tuesday , April 25, 2023 at 11:30 a.m. at the Head Office of Shaheen Airport  
Services (SAPS) situated at SAPS Complex, Malir Avenue, JIAP, Karachi and at any adjournment thereof.

Signed this \_\_\_\_\_ day of, \_\_\_\_\_ 2023.

Witness: 1

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
CNIC No. \_\_\_\_\_  
Address \_\_\_\_\_

Signature on  
Revenue  
Stamp of Rs. 5/-

Witness: 2

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
CNIC No. \_\_\_\_\_  
Address \_\_\_\_\_

Notes:

1. The Proxy Form duly completed and signed along with attested copies of CNIC/Passport of the member, Proxy holder and the witnesses must be deposited at the Registered Office of the Company not later than 48 hours before the time of holding of the meeting. Original CNIC/Passport will be produced by the Proxy holder at the time of the meeting.
2. No persons shall be appointed as a Proxy unless he/she is a member of the company.
3. In case of corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signature of the representative shall be submitted along with Proxy Form to the Company.
4. CDC account holders and their proxies must attach attested photocopy of their CNIC/Passport with the Proxy Form.



## مختار نامہ

میں / ہم \_\_\_\_\_ کا / کے \_\_\_\_\_  
 بحیثیت رکن شاہین انشورنس کمپنی لمیٹڈ اور حاصل حصص، \_\_\_\_\_ بمطابق شیئرز رجسٹرڈ فولیو نمبر \_\_\_\_\_ اور / یا سی  
 ڈی سی پارٹیسپنٹ (شرکت) آئی ڈی نمبر \_\_\_\_\_ اور اکاؤنٹ (کھاتہ) سب اکاؤنٹ (ذیلی کھاتہ) نمبر \_\_\_\_\_  
 محترم / محترمہ \_\_\_\_\_ کا / کے \_\_\_\_\_  
 کو اپنے / ہمارے ایما پر بروز منگل مورخہ 25 اپریل، 2023، بوقت صبح 11:30 بجے کو بمقام ہیڈ آفس شاہین ایئر پورٹ سروسز (سپس) واقع سپس کمپلیکس ملیر  
 ایونیو، جناح انٹرنیشنل ایئر پورٹ، کراچی پر منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے یا کسی بھی التوا کی صورت میں اپنا / ہمارا مختار  
 (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔  
 آج بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_ 2023 و دستخط کیے گئے۔

گواہان

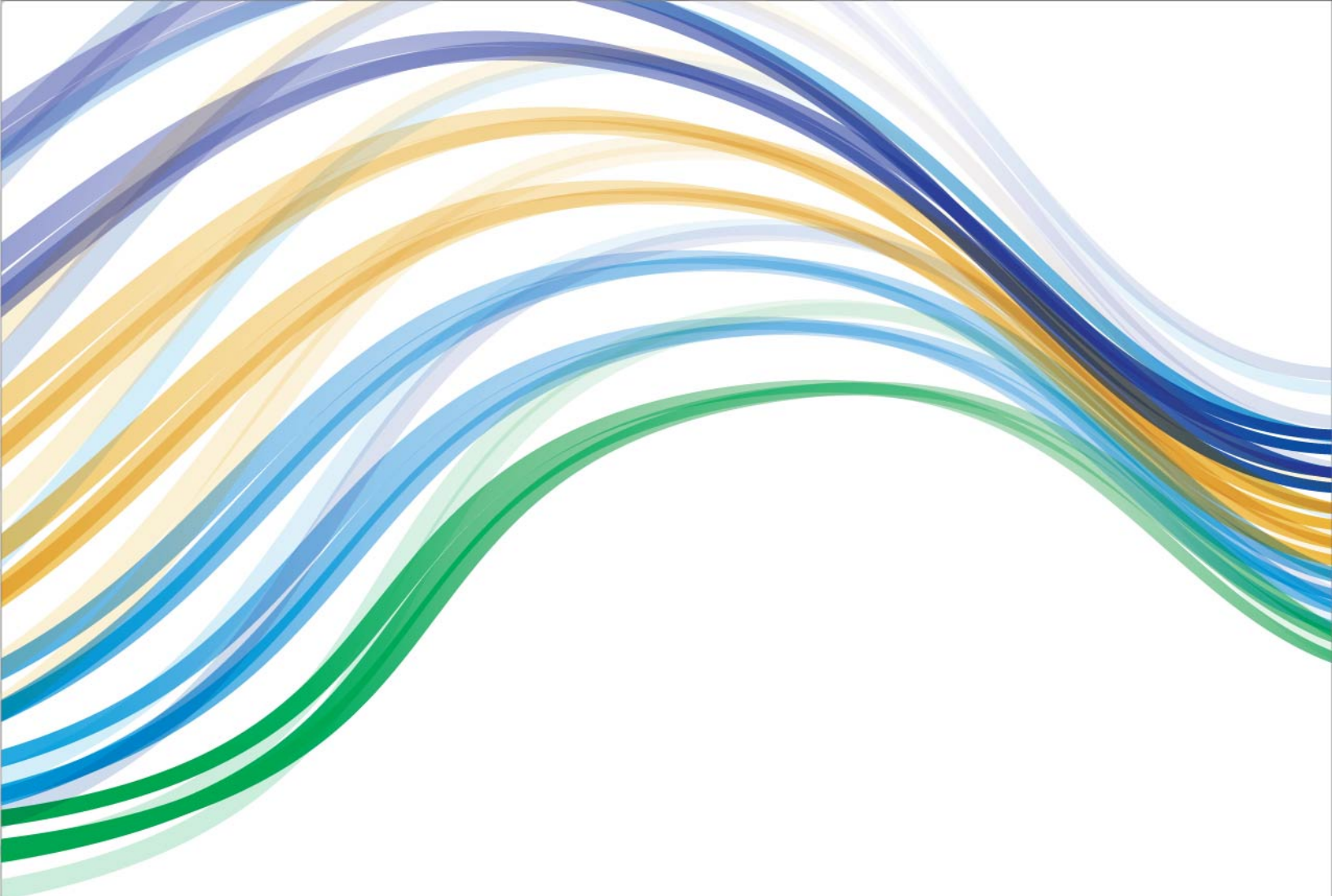
پانچ روپے مالیت کے رسیدی ٹکٹ پر دستخط

دستخط کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں

۱- دستخط: \_\_\_\_\_  
 نام: \_\_\_\_\_  
 پتہ: \_\_\_\_\_  
 کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر: \_\_\_\_\_  
 ۲- دستخط: \_\_\_\_\_  
 نام: \_\_\_\_\_  
 پتہ: \_\_\_\_\_  
 کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر: \_\_\_\_\_

نوٹ

- ۱- اس فارم کو پُر اور دستخط کر کے ممبر، پراکسی (مختار) اور گواہان کے کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ کی مصدقہ نقول کے ہمراہ اجلاس شروع ہونے سے کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرڈ پتے پر جمع کرایا جائے۔ مختار (پراکسی فارم) کو اصل شناختی کارڈ / پاسپورٹ اجلاس کے وقت پیش کرنا ہوگا۔
- ۲- کسی بھی شخص کو مختار (پراکسی) مقرر نہیں کیا جاسکتا الا یہ کہ وہ کمپنی کارکن ہو۔
- ۳- کارپوریٹ ادارہ ہونے کی صورت میں مختار نامہ (پراکسی فارم) کے ہمراہ بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ اور نمائندے کے دستخط کے نمونہ بھی جمع کرائے جائیں گے۔
- ۴- سی ڈی سی اکاؤنٹ ہولڈر اور ان کے مختار کیلئے ضروری ہے کہ مختار نامہ (پراکسی فارم) کے ہمراہ اپنے کمپیوٹرائزڈ شناختی کارڈ / پاسپورٹ کی مصدقہ نقول بھی جمع کرائیں۔



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