

April 6, 2023

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

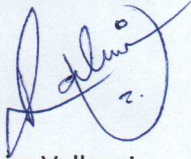
Subject: Transmission of Annual Report for the Year Ended December 31, 2022

Dear Sir,

We have to inform you that the Annual Report of the Company for the year ended December 31, 2022 have been transmitted through PUCARS and is also available on Company's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours Sincerely,



Rahim Vallyani

Company Secretary



Encl: As above.

CC: Director/HOD
Surveillance, Supervision and Enforcement Department
Securities Exchange Commission of Pakistan
NIC Building
63 Jinnah Avenue
Blue Area Islamabad

YOUR TRUSTED PARTNER

Annual Report
2022



ADAMJEE LIFE AS YOUR TRUSTED INSURANCE PARTNER

At Adamjee Life, we understand the importance of building strong and lasting relationships; those built on the foundation of trust, respect and integrity. With our ethos towards continuous improvement, we intend to provide our customers with the best solutions to secure their tomorrow, today.

The company's financial backing by the Nishat Group and its commitment to place customers first, has enabled it to become a trusted partner in protecting customer's financial well-being for the future.





What's Inside

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01

**STRATEGIC
REPORT**





Organizational Overview

Company Overview

Adamjee Life has earned the trust of its customers by providing reliable and innovative insurance solutions, exceptional customer service and strong financial stability.

Adamjee Life Assurance was formed as a result of a collaboration in between Adamjee Insurance and Hollard Insurance, two leading giants in the insurance market. Since inception Adamjee Life has attained 12 years of in-depth experience in the market, but it has a combined 68 years' experience through the expertise of the Nishat Group. The company has a diverse portfolio of products which not only cater to saving and investment initiatives but also on providing our clients with the protection they deserve.

Our Purpose

We are driven to be a security net for our customers giving them the confidence to live their lives to the fullest with the knowledge that their future has been protected against unplanned life events.

Our philosophy is derived from in-depth strategy, research and customer insight; that has helped us in defining a clearer vision, mission and unique proposition in the market which embodies our mandate as a company, to help the public make the right and smart choice when it comes to securing their futures.

Group Overview

Nishat Group is one of the premier business houses of Pakistan, with presence in all major economic sectors of the country including Textiles, Cement, Banking, Insurance, Power Generation, Hospitality Business, Agriculture, Dairy and Paper Products.

Along with a diversified presence in almost all economic sectors, Nishat Group also brings over 70 years of business legacy. The Group was founded by Pakistani business magnate Mian Muhammad Yahya in 1951. Mian Muhammad Mansha is the current chairman of the group

Its Market Capitalization as on June 30, 2022 was about PKR 228 billion (about USD 1.1 billion). The Group's employees strength is around 43,000+. As on June 30, 2022, 63.7% of group market capitalization was occupied by banking sector, cement 12.0%, textile 11.4%, power 8.1%, and insurance 4.8%.

The Group has notable presence in following business sectors:



Our Vision

To be the most **trusted insurance partner**

Our Mission

Adhere to exemplary sales practices, best in class product packaging and customer engagement

Core Values



Value Creation

Create value in everything we do



Customer Focus

Always keep customer's interest in mind



Openness

Foster a culture of trust and transparency



Respect

Promote mutual respect and inclusiveness



Key Financial Highlights



Gross Premium
PKR 20.95 BN



Investment Income
PKR 3.73 BN



Earning Per Share
PKR 1.99



Investments
PKR 60.77 BN



Equity and Reserves
PKR 3.75 BN



Benefits Paid
PKR 13.06 BN

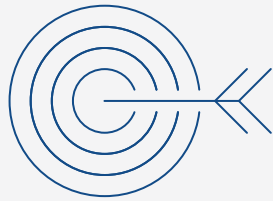


Assets
PKR 69.17 BN

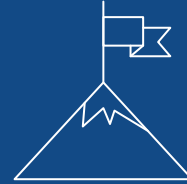


Profit After Tax
PKR 0.498 BN

Strategic Objectives



Attain sustainable Agency operations



Capitalize strategic partnerships to capture digital space



Create product awareness and its value proposition through trainings



Excellence in quality of sales and after sale services



Product innovation to strengthen long term value for our customers



Reduce complains to less than 1% of the portfolio



Rating of the Company

Insurer Financial Strength (IFS) Rating: **A++ (A Double Plus)**

Outlook: **Stable**

Rating Agency: **PACRA**



A+++

Key Products and Customer Services

Individual Life Products

With our aim to become the trusted partner for future financial security of our customers, we pride ourselves to provide the public with products that focus on an individual level. With this deep rooted ideology of customer first, the company has created products which can be tailored further as per our clients needs.

Individual products are broadly bifurcated into two different distribution channels, the first is Bancassurance – a mutually beneficial stratagem, in terms of a partnership with Pakistan’s leading banks. This allows the public easy access and a wide range of information that includes awareness and information about how our products help the customers Saving, Protection and Investment needs can be accessed.

The second channel is our direct approach which tends to be much more personalized called the Agency. Through this channel we establish personalized connections with our clients, granting them time to get familiar with our offerings at their own pace. Through this channel too, we offer our clients products which they can tailor to their own needs for Saving, Protection and Investment.



Saving & Protection plans
Unit Linked Investment – Optional Riders
Conventional & Takaful options
Loyalty Bonuses

Group Life Products

At Adamjee Life, it is our aim to offer beneficial plan based solutions to help corporations seamlessly operate in today's challenging business environment. Our offered solutions via extensive options are not only beneficial for the employees' but for the employer as well.



Digital Products

Pure Insurance

The future is always unpredictable, no matter how well you are set in life. Given today's ever-changing environment, you can never truly predict the future but you can definitely prepare for it better with a life insurance policy that provides a life insurance coverage.

Family Sehat

You try to be cautious about your health, you eat healthy, make healthy decisions for yourself but what if you get any unexpected ailment and most importantly at the time when your pocket was not ready for it. A good hospital cash plan is a much needed step in this direction. Not only does it ensure access to the best medical care in times of need, but it also safeguards your financial savings.

Corona Cover

The ongoing outbreak of the Coronavirus Disease (COVID-19) is one of the biggest health concerns of people this year. It causes a mild to moderate respiratory (lung) infection which may lead to severe pneumonia or death, especially for people who are immunocompromised or have other chronic diseases.

Due to its highly contagious nature, health authorities have advised social distancing and maintaining good hygiene to prevent the spread of the virus. Despite taking precautionary measures, every individual is at risk of contracting the virus. At a crucial time like this, it is important to be prepared against the financial burden of Coronavirus Disease (COVID-19).



EASY & CONVENIENT, ONLINE

Protection Plans – Health Plans
Family Health – Conventional &
Takaful Options



OPTIONAL RIDERS

Level Term Rider
Spouse Rider
Accidental Death & Disability Rider
Monthly Income Rider
Waiver of Premium-Disability Rider
Waiver of Premium-Death Rider
Critical Illness Rider
Hospital Cashback Rider

CALL CENTER SERVICES

Interactive Voice Response (IVR)
Call Center representatives
SMS Services (8487)

WEBSITE & ONLINE SERVICES

Need Based Plan Finder
Online Claim Filing
Online Appointment
Coverage Calculator
Knowledge Center

COMPANY PROFILE



Board of Directors

Mr. S. M. Jawed

Chairman/Director

Mr. Umer Mansha

Director

Mrs. Naz Mansha

Director

Mr. Muhammad Ali Zeb

Director

Mr. Imran Maqbool

Director

Mr. Shahmeer Khalid Butt

Director

Mr. Ahmad Alman Aslam

Director

Management

Mr. Manzar Mushtaq

Chief Executive Officer

Mr. Jalal Meghani

Chief Financial Officer
& Deputy Managing Director

Dr. Bakht Jamal

Director Operations and
Legal Affairs

Mr. Ali Haider

Director Bancassurance, Corporate
Sales and Marketing

Mr. Amin Nizar Ali

Director Actuarial Services
and Risk Management

Mr. Muhammad Imran Hussain Siddiqui

Director Information Technology

Mr. Absar Azim Burney

Head of Direct Distribution

Ms. Zehra Faiz

Head of Human Resources

Statutory Positions

Head of Compliance

Asif Mirza

Head of Internal Audit

Samad Ali Naqvi

Company Secretary

Rahim Vallyani

Management & Board Committees

Underwriting, Reinsurance & Co-insurance Committee

Member	Category
Mr. Umer Mansha	Chairman/Non-Executive Director
Mr. Manzar Mushtaq	Member/Chief Executive Officer
Mr. Jalal Meghani	Member/Chief Financial Officer
Mr. Amin Nizar Ali	Member/Director Actuarial Services & Risk Management
Dr. Bakht Jamal	Member/Director Operations & Legal Affairs
Mr. Danish Ali Khan Rajput	Secretary/Head of Underwriting & Reinsurance

Claim Settlement Committee

Member	Category
Mr. S.M. Jawed	Chairman/Non-Executive Director
Mr. Manzar Mushtaq	Member/Chief Executive Officer
Mr. Jalal Meghani	Member/Chief Financial Officer
Mr. Ali Haider	Member/Director Banca, Corporate Sales & Marketing
Dr. Saquib Saeed Khan	Secretary/Head of Policy Holder Services

Risk Management & Compliance Committee

Member	Category
Mr. Muhammad Ali Zeb	Chairman/Non-Executive Director
Mr. Manzar Mushtaq	Member/Chief Executive Officer
Mr. Jalal Meghani	Member/Chief Financial Officer
Mr. Amin Nizar Ali	Member/Director Actuarial Services & Risk Management
Mr. Asif Mirza	Secretary/Head of Compliance

Ethics, Human Resource, Remuneration and Nominations Committee

Member	Category
Mr. Shahmeer Khalid Butt	Chairman/Independent Director
Mr. S.M. Jawed	Member/Non-Executive Director
Mr. Muhammad Ali Zeb	Member/Non-Executive Director
Mr. Umer Mansha	Member/Non-Executive Director
Mr. Manzar Mushtaq	Member/Chief Executive Officer
Ms. Zehra Faiz	Secretary/Head of Human Resources

Investment Committee

Member	Category
Mr. S.M. Jawed	Chairman/Non-Executive Director
Mr. Muhammad Ali Zeb	Member/Non-Executive Director
Mr. Imran Maqbool	Member/Non-Executive Director
Mr. Manzar Mushtaq	Member/Chief Executive Officer
Mr. Jalal Meghani	Member/Chief Financial Officer
Mr. Amin Nizar Ali	Member/Director Actuarial Services & Risk Management
Ms. Sidrah Kanwer	Secretary/Assistant General Manager Finance

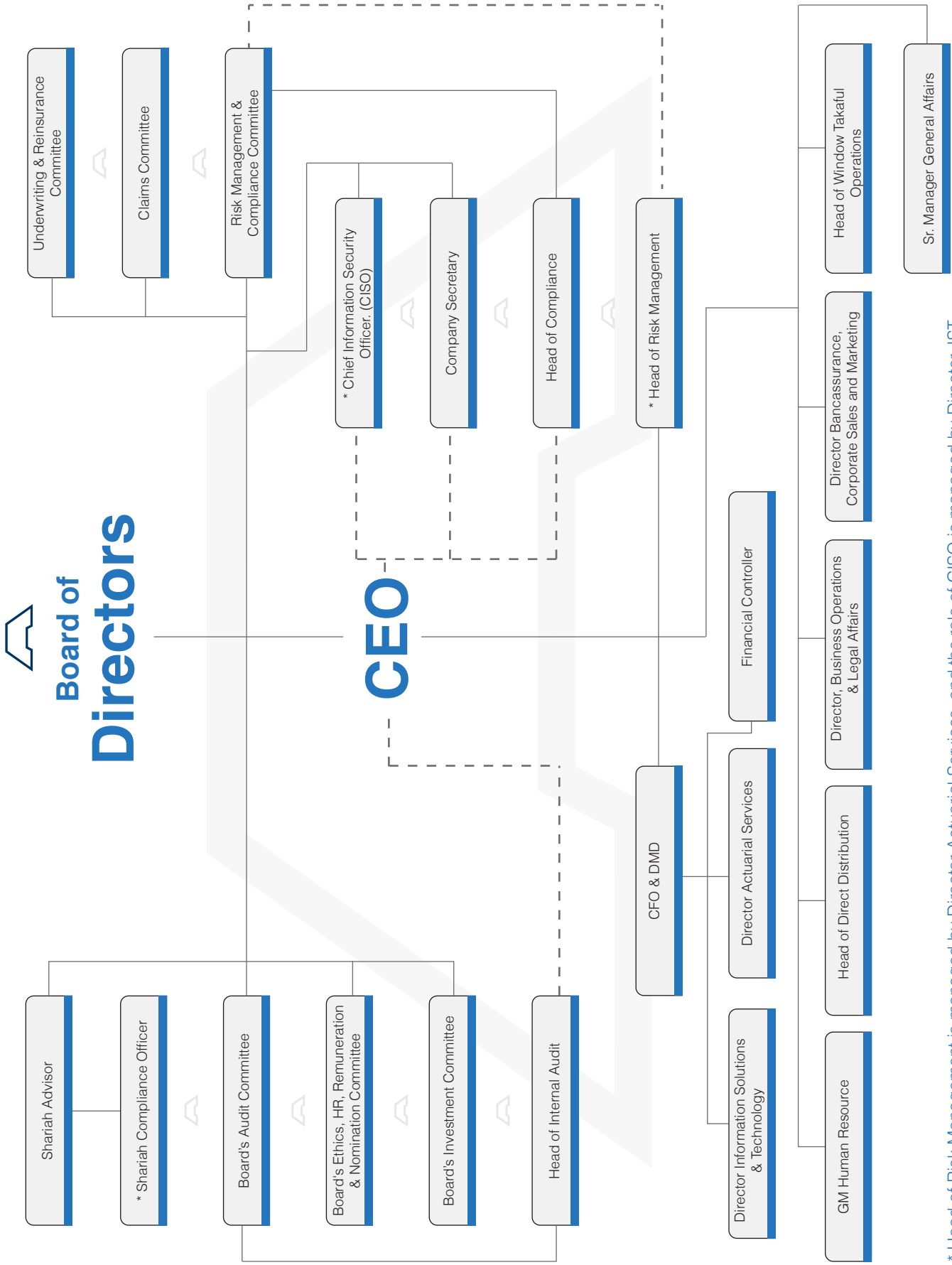
Audit Committee

Member	Category
Mr. Shahmeer Khalid Butt	Chairman/Independent Director
Mr. S.M. Jawed	Member/Non-Executive Director
Mr. Muhammad Ali Zeb	Member/Non-Executive Director
Mr. Samad Ali Naqvi	Secretary/Head of Internal Audit

Our Geographical Presence



Cities				
KARACHI	BAHAWALNAGAR	BHAKKAR	SARGODHA	FATEHPUR
ABBOTTABAD	SAHIWAL	OKARA	SANGLA HILLS	MIRPURKHAS
SKARDU	VEHARI	KOT ADDU	SHEIKHPURA	HALA
KOTLI	BUREWALA	KAROR LAL ESAN	JHANG	NAWABSHAH
MULTAN	DUNYA PUR	KHANEWAL	JHELUM	SUKKUR
BAHAWALPUR	MUZAFARGARH	PAK PATTAN	GUJRANWALA	SHAHDADPUR
LAYYAH	D.G. KHAN	FAISALABAD	JAMPUR	SAKRAND



* Head of Risk Management is managed by Director Actuarial Services, and the role of CISO is managed by Director, IST.



Share Registrar

CDC Share Registrar Services Ltd. CDC House,
99-B, Block B, SMCHS Main Shahrah-e- Faisal, Karachi 74400
Phone No. (92-21) 111-111- 500
Fax No. (92-21) 34326031
Email: info@cdcpak.com

Statutory Auditors of the Company

Yousuf Adil Chartered Accountants
Address: Cavish Court, A-35, Block 7 & 8 KCHSU,
Shahra-e-Faisal, Karachi-75350, Pakistan

Appointed Actuary

Alchemy Associates (Private) Ltd.
Address: 4th Floor, Central Hotel Building, Civil Lines,
Mereweather Road, Karachi, Pakistan.

Shariah Advisor

Mufti Muhammad Zubair Usmani

Legal Advisor

Bawaney & Partners

Address: 3rd & 4th floor 68-C, Bukhari Commercial Area,
DHA, Karachi

Asad Iftikhar

Address: Office no. 505, Commercial Trade Center,
Block 8 Clifton, Karachi.

Bankers

Al Baraka Bank (Pakistan) Limited	MCB Islamic Bank Limited
Askari Bank Limited	Mobilink Microfinance Bank Limited
Bank Alfalah Limited	National Bank Of Pakistan
Bankislami Pakistan Limited	NRSP Microfinance Bank Limited
Dubai Islamic Bank Limited	MCB Bank Limited
Faysal Bank Limited	Standard Chartered Bank (Pakistan) Limited
Finca Microfinance Bank Limited	Silk Bank Limited
Habib Bank Limited	Telenor Microfinance Bank Limited
Habib Metropolitan Bank Limited	U Microfinance Bank Limited
Khushhali Bank Limited	United Bank Limited

Registered Office

Adamjee Life Assurance Company Limited,
Office # 505, 5th Floor, Islamabad Stock Exchange Building,
Blue Area, Islamabad, Pakistan.

Head Office

Adamjee Life Assurance Company Limited,
3rd & 4th Floor, Adamjee House,
I.I. Chundrigar Road, Karachi, Pakistan.



The Management



Mr. Manzar Mushtaq is an alumnus of Clark University, USA. He is an experienced business leader, especially within the financial industry. Mr. Mushtaq has held many leadership roles over the span of 19 years of his career. From 2011 to 2013, he served as the Managing Director/CEO of Adamjee Insurance Company. He then moved onto hold the position of Chief Executive Officer at Habib Metropolitan Financial Services Ltd in 2013 and served 8 years in the same company. Previously, he was also associated with Security General Insurance Company.

Manzar Mushtaq
Chief Executive Officer



Mr. Jalal Meghani is a Fellow member of the Institute of Chartered Accountants of Pakistan (FCA) and is also a Fellow member of the Institute of Chartered Secretaries and Managers (FICS). Mr. Meghani has an overall experience of more than twenty-eight years in financial management, organizational development, and planning in diverse business sectors, including 13 years in Adamjee Life. He also spent 2 years in a senior management position overseas in Sri Lanka and East Africa.



Jalal Meghani
Chief Financial Officer and
Deputy Managing Director

The Management



Dr. Bakht Jamal

Director Business Operations
and Legal Affairs

Dr. Bakht is an accomplished management professional who brings with him twenty-seven years of national and international working experience in the Life Insurance, Family Takaful, and Medical Profession. He was previously affiliated with the largest/oldest public sector life insurer and youngest family Takaful operator in the capacity of Head of Operations, Chief Operating Officer, and Head of Window Takaful Operations with State Life including its Dubai office, Dawood Family Takaful, and IGI Life respectively. He has completed his MBBS, Medicine, and Surgery from Sindh Medical College, Karachi. He is a Master Fellow of the Life Management Institute (FLMI/M) from Life Office Management Institute, USA.

Mr. Ali Haider is an accomplished management professional with more than twenty years of experience in various leadership roles within the insurance industry in Pakistan and the UAE. Known for turning around organizations, Mr. Haider has extensive experience and expertise in areas of business & operations, developing multi-faceted and building teams to reach targeted goals pertaining to Health & Life Insurance.



Ali Haider

Director Bancassurance, Corporate Sales
and Marketing

The Management



Amin Nizar Ali
Director Actuarial Services &
Risk Management

Mr. Amin Nizar is an accomplished management professional who brings with him over twenty-four years of extensive experience in the insurance industry. He is a fellow of the Society of Actuaries, USA, and has pursued his Bachelor of Commerce from the University of Karachi. He was previously employed with Allianz EFU Health Insurance Ltd. as the Head of the Actuarial and Strategic Planning Department, EFU General Insurance Ltd. as Executive Vice President, and State Life Insurance Corporation of Pakistan as Assistant General Manager Actuarial.



Mr. Muhammad Imran Hussain has pursued dual Masters in Computer Sciences and Physics from Preston University and the University of Karachi, respectively. He was previously affiliated with Centegy Technologies as Executive Senior Manager, Sidat Hyder Morshed Associates as Senior Manager, and Zellweger Uster AG (Switzerland) as Field Engineer. Mr. Imran brings with him eighteen years of relevant working experience.



M. Imran Hussain
Director Information Technology

The Management



Absar Azim Burney
Head of Direct Distribution

Mr. Absar Azim Burney holds an undergraduate degree in International Relations from Karachi University. He has over 34 years of experience in operational and sales management. He had started his career with Shell Pakistan the then Pakistan Burmah Shell Ltd. After that he moved to insurance industry, worked with leading players in insurance market in Pakistan and United Arab Emirates where he served as Country Head for Adamjee Insurance Company Limited. Before joining Adamjee Life he was working as Chief Executive Officer of Linchpin Cluster (Private) Limited, Pakistan a management consultancy firm.



Zehra Faiz has 20 years of local and international experience in HR, business operations, sales and marketing. Her qualifications includes a Masters degree in English Literature from Punjab University, post graduate study in Information Systems Management and Human Resource Management from University of Canberra, Australia. Zehra started her career in 2002 in Australia with telecommunication sector. Prior to this she was employed as Director HR in Alsons Group. She was also employed with Adamjee Insurance Company Limited as Head of Human Resources.



Zehra Faiz
Head of Human Resources

Events Highlights

Pakistan Stock Exchange Listing



Launch of New Website



Enhancing Loyalty Program



NBP Product Launch Ceremony



Annual Agency Sales Conference



Women's Day Celebrations Partnering with MMBL Bank



Career Fairs



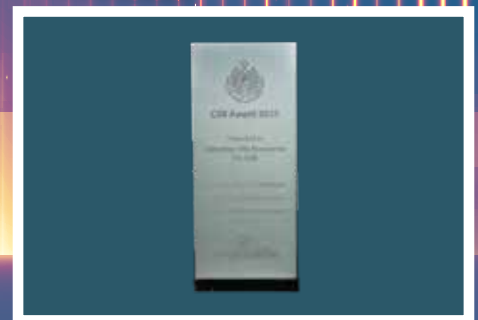
Annual Banca Sales Conference - Turkey



Agency Antaliya Convention

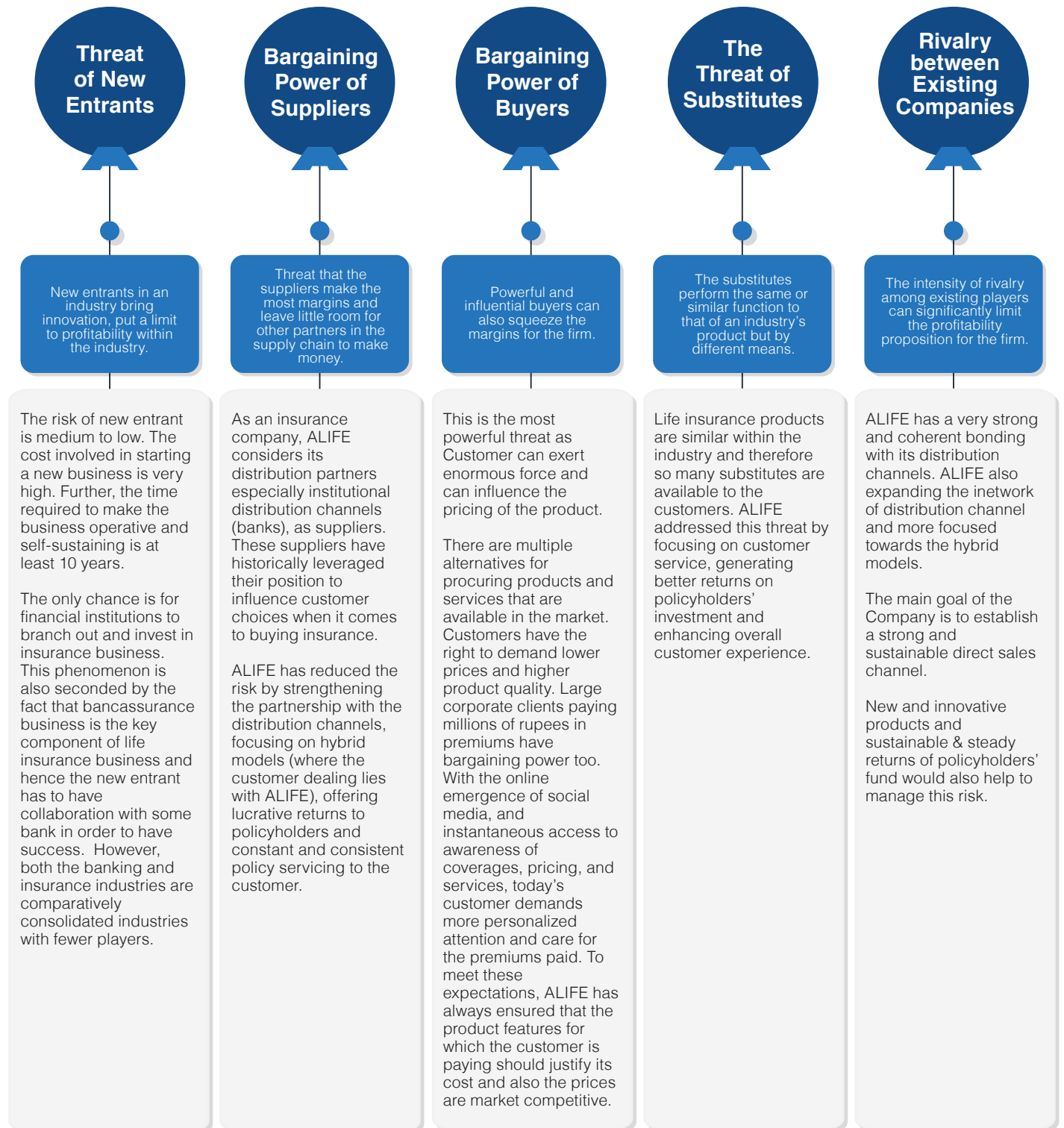


Awards and Accolades



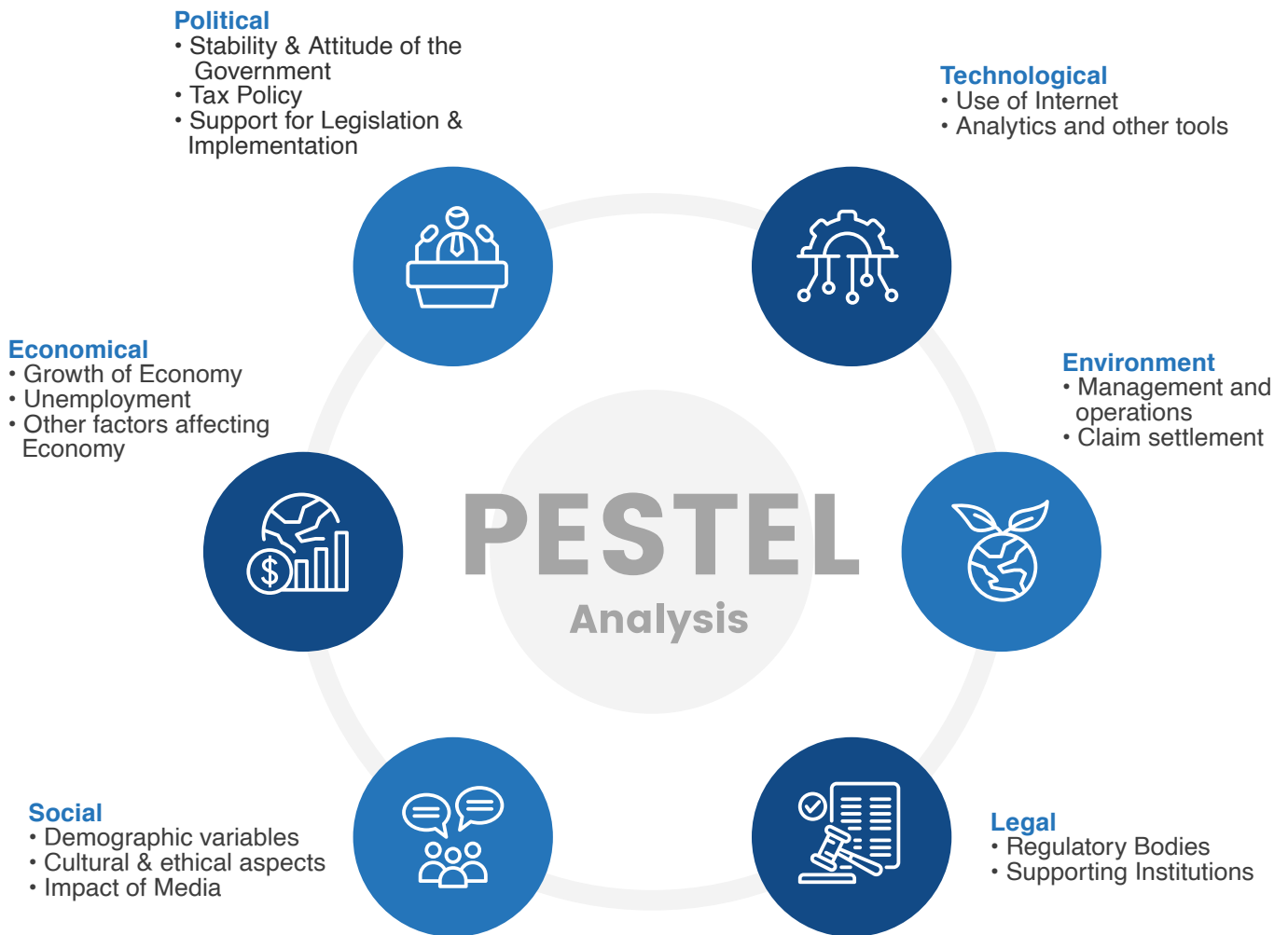
Internal and External Environment

Competitive landscape and market positioning



Macro Environmental Analysis

PESTEL is one of the strategic tools used by the management for business analysis on a broader aspect. This is applied when the organization intends to expand the business.



PESTEL Analysis

	<p>Political Factors</p>	<p>Political stability is vital for general well-being of economy and growth of the industry. The law and order situation and political unrest dictates the direction of equity and fixed income markets and hence the worth of policyholders' investments. Similarly, the economy of Pakistan played an enormous role in the growth and survival of insurance industry.</p>
	<p>Economic Factors</p>	<p>During the year 2022, the economy went through a perilous phase with decades high inflation, large twin deficits and historic high interest rates. The IMF program also hanged in limbo as the government was looking to protect its political capital and reluctant to take harsh steps, with the general elections scheduled ahead. The external position remained fragile as foreign exchange reserves of the SBP stood at 5.8bn which is the lowest level since April 2014. The Rupee depreciated to PKR 226.4/USD. Moreover, the PSX bleeds over 4000 points amid the political crisis and uncertainty on continuation of IMF program. Unemployment followed by lower purchasing power of households making it very difficult for insurance companies to pitch their product to masses.</p>
	<p>Social Factors</p>	<p>Society's culture and way of doing things impact the culture of an organization in an environment. Shared beliefs and attitudes of the population play a great role in how marketers at ALIFE will understand the customers of a given market and how they design the marketing message for Insurance industry consumers for instance, in Pakistan, the awareness and demand of takaful products has significantly increased during the last few years.</p>
	<p>Technological Factors</p>	<p>Technological developments change the mind set of society and the ways of doing business drastically. The customer wants access to information quick and real time and preferably on his mobile. The Company has developed a mobile app for customers to have a real time experience. ALIFE is very focus on digitalization of its processes and sales.</p>
	<p>Environmental Factors</p>	<p>According to the Global Climate Risk Index (2021), Pakistan is ranked as the eighth country in the world most vulnerable to long-term climate risk. The country has experienced extreme weather events in the past and continues to do so. Moreover, a large customer base of the Company is associated with agriculture. The recent floods in the Country has put certain impact on the business volumes during the year.</p>
	<p>Legal Factors</p>	<p>The balanced and vigilant legal environment is vital for industry to grow and to ensure 'ease of doing businesses. During the year, insurance industry has modified the products, brochures, systems processes in order to comply with requirements of Amendments in Unit Linked Product and Fund Rules, 2015. These Rules are applicable from January 1, 2023. The phase 2 of implementation of IFRS 17 was also completed and submitted to SECP.</p>

Critical Challenges and The Company's Response

Critical Challenges	ALIFE RESPONSE
<p>Increasing Regulatory Changes</p>	<ul style="list-style-type: none"> - Designated teams to implement changes that are required by law. For instance, the new Amendments in Unit Linked Product and Fund Rules, 2015 required many changes to be made from product structure to commission etc. however, ALIFE has implemented the modification well on time with minimum disruption to its operations - Where the proposed regulatory changes may hinder the growth of the industry, ALIFE also taken up the matter with IAP and SECP
<p>IFRS 17</p>	<ul style="list-style-type: none"> - ALIFE has engaged a professional consultant for the first two phases announced by SECP to ensure its timely submission.
<p>Economy and investment returns</p>	<ul style="list-style-type: none"> - The low returns on equity market due to poor economic factors is bigger challenge. ALIFE has addressed this challenge by taking following steps: <ol style="list-style-type: none"> 1. Shifting major portfolio towards low risk securities and government bonds to take advantage of high interest rate environment. 2. Where applicable, taking position in privately placed bonds to improve the returns. 3. Investing in blue chip companies and constant monitoring of investments and thereby taking benefits from market strength and weakness.

SWOT Analysis

STRENGTHS



One of the fastest growing insurance company in the private sector

Strong and reliable business partners

Diversified business and product portfolio

Part of the strong group

Nation wide geographical presence

Dedicated team to ensure better customer experience



WEAKNESS



Religious beliefs cause the adherence to takaful products only

Lack of importance and awareness for the life insurance products



OPPORTUNITIES



Huge untapped market - low insurance penetration due to lack of awareness

Use of technology to sell and service customers

Expansion of distribution channels



THREATS



Imposition of Sales Tax on Life and Health insurance premium

Frequent changes in laws and regulations

Economic and political environment

Unrealistic pricing by competitor to poach the business



Internal Value Chain Analysis



Strategy and Resource Allocation

Short, medium and long term strategic objectives

TERM	STRATEGY	KPI
Short term	<ul style="list-style-type: none"> - Increase market share in group term life/credit life through building strategic partnership with group companies - Improve quality of agents training - Improve pre and post sales customer services 	<ul style="list-style-type: none"> - Gross premium growth - Group business/ Total Premium (%) - No. of sales training held during the year - No of complaints / total number of policyholders (%)
Medium term	<ul style="list-style-type: none"> - Expansion in direct sales force (Agency) - More reliance on technology to reduce cost and increase efficiency - Use digital platform to distribute products by embedding digital mobile wallet & bring constant innovation in products and services - Strong and self – sustained direct and corporate distribution channels - Continuous Drive for creating more awareness and value proposition of insurance products - Adding value to stakeholders 	<ul style="list-style-type: none"> - Increase size of quality sales force - Cost / premium - No. of products launched during the year to be sold from digital platform - Insurance awareness or CSR programs per annum - Earnings Per Share (EPS) - Dividend payout ratio - Market value per share (increase in net worth of the shareholders) - Dividend yield
Long term	<ul style="list-style-type: none"> - Become a most trusted partner - Create a strong market position - Become a leading market player in the sector 	<ul style="list-style-type: none"> - Strong persistency ratio - Loyalty bonus payouts - Market share

Resource Allocation

Resource Allocation to Achieve Strategies

Resources are a significant investment for most businesses. Therefore, organizations strive to utilize them optimally for profitability and sustainability. Resource allocation is a process of planning, managing, and assigning resources in a form that helps to reach the Company's strategic goals. A well thought out placement of resources will generate better results and will add to the bottom line of the Company.

Companies that actively and routinely assess the use of their resources and where they create the most value usually find themselves in a better position to improve operations and deliver higher ROI.

Type of Resources	Description of Utilization
<p>Financial Resources</p>	<p>Financial resources are used to finance the activities and operations of the Company and Company has adequate protocols to utilize them efficiently.</p> <p>Cash and liquidity management: ALIFE has very strong controls over fund management. The fund position is prepared on daily basis and reviewed by financial controller and CFO.</p> <p>Company ensures that there are adequate funds to pay-off all the policyholders' payments (like surrenders, maturities, claims, refunds etc.) and other payments (including salaries, commission, vendor related payment, etc.).</p> <p>The admissible assets to total liabilities ratio of the Company 1.06 times</p> <p>Fund and Investment Management: ALIFE ensures that no idle funds are available at the day end. For policyholders' fund, the Company has entered into an outsourcing arrangement with MCB Arif Habib which manages its funds while ensure the returns are not less than the agreed benchmarks.</p> <p>Management Investment Committee is responsible for monitoring the performance of investments and a review report on fund's performance is also present to Board's Investment Committee on quarterly basis.</p>

Type of Resources	Description of Utilization
<p>Human capital</p>	<p>Human Capital Management is defined as the process of acquiring, training, managing, retaining employees for them to contribute effectively in the processes of the organization. In simpler words, upgrading the existing skills of an employee and extracting the best out of him/her refers to human capital management. The Company has employed over 2000 employees and it is very focused on their growth and constant training and development. ALIFE believes that the more skillful the employees are, the more refined the results would be. ALIFE is also strictly following the policy of succession planning.</p>
<p>Physical capital</p>	<p>Physical or manufactured capital refers to fixed assets of the Company like:</p> <ul style="list-style-type: none"> - Land and building - Furniture and fixtures - Motor vehicle - Computer and equipment <p>All of the physical assets of the Company are efficiently utilized for the purpose of business and adequately covered against potential threats through insurance coverage.</p> <p>Physical assets are managed through Fixed Assets Register with each asset assigned an identification tag. Further, these assets are subject to both planned and surprise physical verification as well which is conducted from time to time basis.</p>
<p>Intellectual capital</p>	<p>Intellectual Capital is defined as all knowledge within an organization, which has the potential to create value when applied in line with the mission, vision and goals of the organization. It refers to the intangible capital.</p> <p>ALIFE has managed this capital in following ways:</p> <ul style="list-style-type: none"> - Ensuring and analyzing all critical processes and create a standard operating procedure to handle it. A well-defined set of processes that are applied consistently helps improving the cost and efficiency of the operations; - Creating the climate in which knowledge workers can best perform; - Optimizing the value creation, extraction and release cycles for new and existing initiatives

Type of Resources	Description of Utilization
Social and relationship capital	<p>Social capital is important because it represents the productive benefits of sociability. The importance of social capital cannot be understated since it relates to every benefit of living in a society rather than as a hermit. Social capital has been described as both a glue and lubricant – a glue that holds societies together without which collaboration and cooperation would not be possible; and a lubricant that facilitates getting things done.</p> <p>Social capital involves the shared values, norms, trust, and belonging that make social exchange possible. Our society, economy, institutions, and political system could not exist without social capital.</p> <p>ALIFE has for its vision to become a most trusted brand over the years to come. In order to achieve that, ALIFE has a very clear policy to maintain its reputation, attitude to dealing with customers and other stakeholders. ALIFE believes in value creation and bonding with its customers. Relationships with other stakeholders like reinsurers, distributors, banks, vendors etc. are also based on this long-term vision.</p> <p>ALIFE has involved in various CSR activities ranging from education to environment (the details can be found in CSR section of this report)</p>
Natural capital	<p>Natural capital is the world's stock of natural resources, which includes geology, soils, air, water and all living organisms. Some natural capital assets provide people with free goods and services, often called ecosystem services. All of these underpin our economy and society, and thus make human life possible.</p> <p>ALIFE commits to preserve natural resources. It had taken the following step to contribute towards its preservation:</p> <ul style="list-style-type: none">- Moving towards more paperless processes and archiving;- Installing and utilizing more energy efficient equipment.

Strategies to Achieve Strategic Objectives

Strategies in place or intended to be implemented to achieve those strategic objectives

ALIFE is very focused toward achieving the long and short-term objectives that will feed into its strategies. The expansion of direct and other distribution channels will eventually translate into enhanced market share. The product development team is working in tandem with sales team to ensure that products are not only customer centric but there must be some innovative element to it that will make it ever more lucrative to customers. ALIFE is employing well-versed, energetic and competent teams in both front and back end to ensure the quality of outcome. Technology is always a win in the current environment where use of technology is common and accessible to masses. ALIFE promotes use of technology for reduction of cost of operations and for bringing in more efficiency to the operations.



Risk Management

Overview

Insurance business is exposed to various risks and therefore, ALIFE believes that a strong, effective and embedded Risk Management Framework is crucial to maintaining successful business operations and delivering sustainable, long-term profitability.

Risk Management Policy

ALIFE has implemented a policy for Risk Management which clearly defines the objective, roles and responsibilities for risk management, core insurance risks, financial risks, operational risks and strategic risks. A related objective of risk management policy is to implement the requirements stipulated in the Code of Corporate Governance for Insurers, 2016. The Code defines several categories of risk that the insurer must manage, both strategically and operationally. This Policy forms the basis of embedding Risk Management within the culture of the Company. The key objectives of this Policy are:

- Establish clear objectives, identify and evaluate the key risks, define risk appetite and tolerance limits, and apply suitable risk responses including risk mitigation where needed;
- To ensure that the risk management system within the Company is suitable and proportionate to risks the Company is exposed to;
- Enable the Company to meet its obligations and objectives and to have increased knowledge and understanding of exposure of risk;
- Assign responsibilities for effective risk management and monitor the effectiveness of the system of risk and internal control management;
- Reduce the consequence and/or likelihood of potentially damaging risks by regular reviews of strategies for risk prevention and/or by transferring the impact of potentially damaging risks to third parties e.g. by re-insurance and other financial arrangements;
- Raise awareness of the need for risk management by all those connected with the organization's delivery of service; and develop a strong risk culture articulated by effective Enterprise Risk Management (ERM) with involvement of senior leadership and embodied by management at all levels through governance structure and risk management processes.

Risk Management Framework

The Enterprise Risk Management (“ERM”) framework forms the overarching framework for management to deal with the various risks ALIFE may encounter, as well as their tracking and monitoring. This also ensures that the Company has processes in place by which we assess the risks that we are exposed to, both on a current and forward-looking basis.

ALIFE has adopted a framework for the risk management, which involves a continuous process to identify, analyze, evaluate, and treat loss exposures and monitor risk which are documented within the risk register, which captures the material risks that the Company faces. Identified risks are then managed through the application of a set of policies.

The methodology and process of handling risk is as follows:

Risk Identification

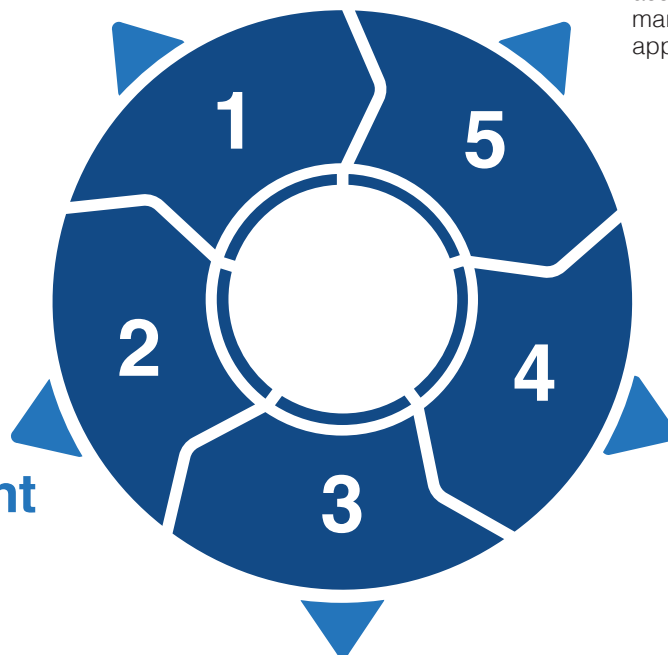
Risks faced by the Company are identified and documented and further actions are formulated. Risk management function maintains a risk register that consolidates all risks identified during the risk identification activity

Reporting

Results of the Risk Management Process are reported to the Board and senior management in their capacity of oversight to provide assurance that risks are being managed within approved risk appetite of the company.

Assessment & Measurement

Risk assessment includes consideration of the likelihood of a risk occurrence and the impact of a risk on the achievement of the Company’s objectives.



Risk Response and Action

For each identified risk the Company should establish an appropriate “response” option in order to optimize risk management.

Monitoring

Risks are monitored continuously to ensure that deviations are logged, reviewed, owned and effectively mitigated. Monitoring of risks is carried out on regular basis. Any breach of Risk Appetite and Tolerance Limit is escalated to the appropriate level of management and committees.

Risk Management Governance Structure

The governance structure of the Company is defined in the following diagram:



Risk and Opportunity Report

Risk	Mitigation
<p>Underwriting and Insurance Risk</p> <p>Insurance companies face risks through the contracts they underwrite. This risk refers to the loss and potential damage due to Underwriting Risk and Insurance activities. Underwriting and Insurance risks may affect the solvency and profitability of the insurer in an adverse manner. Underwriting and Insurance Risk is further classified in three broad categories namely:</p> <ul style="list-style-type: none"> - Biometric Risk (mortality, lapse, anti-selection, etc.) - Catastrophe Risk and - Pricing Risks 	<p>A detailed policy is in place that encapsulates the risk mitigating strategies including:</p> <ul style="list-style-type: none"> - Pricing reviews and repricing - Product design and structure - Stringent underwriting - Customer retention - Reinsurance cover

Risk	Mitigation
<p>Reserving (Provisioning) Risk</p> <p>Reserve risk is the risk that the reserves booked in the financial statements of the company for policyholder liabilities would not be sufficient to pay off policyholder obligations.</p>	<ul style="list-style-type: none"> - Annual Review of effectiveness of Product Development and Pricing - Review valuation Models - Appropriate assumptions - Liability Adequacy Testing
<p>Credit Risk</p> <p>Credit Risk is the risk that a Company will experience loss because another party is unable to fulfill its financial obligations towards the Company. Credit risk can also arise due to:</p> <ul style="list-style-type: none"> - fluctuations in the credit standing of issuers of Securities, Counterparties and any debtors - delays in the completion of financial obligations by the obligor <p>ALIFE faces credit risk from various counterparties such as its:</p> <ul style="list-style-type: none"> - Reinsurers - Group Life clients - Investment portfolio 	<ul style="list-style-type: none"> - The following mitigating controls are defined: - Reinsurer - Minimum credit rating - Highly capitalized and adequately experience reinsurer - More reinsurers on panel to diversify the risk <p>Group Life</p> <ul style="list-style-type: none"> - Model premium is discouraged especially where credit history is not satisfactory or premium amount is small - Policy issuance is subject to receipt of premium (within specified time) - Aging of premium receivable balances - Investment Portfolio - Diversification of investment - Pre-assigned credit limits - Frequent monitoring
<p>Financial & Capital Adequacy Risk</p> <ul style="list-style-type: none"> - Financial and Capital Adequacy Risk refers to the risk that the financial health and the capital adequacy of the company might be adversely affected due to various factors leading to insolvency. There are a number of financial risk that can adversely affect the capital and lead to insolvency including: - Asset Default Risk - Investments and Interest Rate Risk - Insurance Risk - Operational Risks - Other Risks 	<ul style="list-style-type: none"> - Compliance with minimum capital and solvency requirements as specified by SECP - Frequent review of solvency position by internal management, auditors and appointed actuary

Risk	Mitigation
<p>Liquidity Risk</p> <p>Liquidity Risk is the risk that an institution will be unable to meet its (expected and unexpected) financial obligations as they fall due, without incurring losses in disposing off its illiquid assets. Liquidity risk for ALife can arise due to the following factors:</p> <ul style="list-style-type: none"> - Mismatch risk: This refers to the emergence of illiquidity when policyholder liabilities are due - Liquidity risk arising from market forces and stress scenarios such as changes in interest rate, economic conditions, magnitude of the bid/ask spread etc - Asset Composition: This refers to the risk specific to the liquidity of the various investments made by ALife 	<ul style="list-style-type: none"> - The Insurance rules 2017 and ALife's Investment Policy both have set limits for various asset classes to ensure enough liquidity at all times - Effective fund management to ensure timely availability of funds - Alternate source of liquidity
<p>Investment, Market and Interest Rate Risk</p> <p>Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of the securities.</p>	<ul style="list-style-type: none"> - All investments are in compliance with investment policy - Monitoring of equity and fixed based funds against their respective benchmarks as set out in the policy - A reporting structure is in place to review decisions taken by Investment manager - Monitoring and performance evaluation of funds at Management Investment Committee level.
<p>Compliance and Legal Risk</p> <ul style="list-style-type: none"> - Any omission or failure to meet regulatory compliance may expose the Company to penalties, fines and reputational risks - Legal Risk can arise due to various reasons including issues in contracts with third parties and policyholders leading to litigation and disputes 	<ul style="list-style-type: none"> - To avoid the consequences of Legal, Regulatory and Compliance Risks which mainly results in reputational damage and financial losses, the following practices are adhered to: - Separate and independent legal, compliance function - Dedicated Risk management team - Tracking of regulatory compliance through checklists - Designated teams to implement new regulations - Review and monitoring of website - The legal department analyze and provide the resolution of the case in collaboration with other relevant stakeholders

Risk	Mitigation
<p>Operational Risk Operational risk can be described as the risk of loss due to inadequate or failed internal processes, people, systems or from external events</p>	<ul style="list-style-type: none">- Implementation of up-to-date SOPs- Integrated IT System- Claims handling policy & procedures, Policy Claim Checklist and MIS- Trainings of customer support staff- Clearly defined authority matrices- Implementation of sound internal control environment with thorough understanding of risks (including fraud risks) and proper designation of powers and accountability
<p>Strategic Risk Strategic Risk is the risk to earnings and capital due to incorrect and improper business decisions. It also refers to the unintentional risks that arise as a result of strategy development or execution. This risk encompasses the range from increased competition and innovation by competitors to losing market share due to new entrants</p>	<ul style="list-style-type: none">- The Company is managing this risk through quality customer service, offering product range for various categories of customers and focusing on brand equity- The company also keeps on exploring new avenues for business opportunities and growth- Open to adopt innovations introduced in life insurance industry

Stakeholders Relationship and Engagement

How ALIFE identifies its stakeholders

ALIFE categorizes different types of stakeholders as;

Stakeholders



Primary

Secondary

Influential

(Often someone with a direct interest in the business. They are the individuals that will benefit directly from the actions of the business)

(Parties with an interest in a company, but they do not necessarily benefit from it directly)

(Party that has the influence on the actions of the business)

Employees (internal)
Customers / policyholders (external)
Shareholders (external)

Suppliers (external)
Financial investors (external)
Local communities (external)
Media (external)
Competitors (external)
Regulators (SECP, FBR, SRB, PRA) (external)

Shareholders (external)
Board of directors (internal)
Chief Executive Officer (CEO) (internal)

Key Stakeholders



Stakeholders	Why they are important to ALIFE	Medium use for engagement process	Frequency
Customers/ Policyholders	We believe that loyalty and satisfaction of our customers is the foundation of our success. Individual life insurance products are by their very nature long-term, so we place a strong emphasis on the customer experience from the point of pre-acquisition through claim. Our vision is to become the most trusted partner for customers.	<ul style="list-style-type: none"> - Personal visits of sales representatives - Emails - SMS - Calls - Letters - Social Media - Website 	<ul style="list-style-type: none"> - Annually - Quarterly - As and when needed
Employees	We foster a culture of employee engagement as our staff is our most important internal stakeholder. We are committed to maintaining a skilled and engaged workforce driving a culture of alignment, accountability and action. Our employees have a key role and have a significant influence in operational decisions. We believe in constant employee development and succession planning.	<ul style="list-style-type: none"> - Town hall meetings - Mentoring and coaching sessions - Trainings - Celebrations, get-togethers, picnics - Newsletters (VOAL) - Appraisals 	<ul style="list-style-type: none"> - Annually - Binnually - As and when needed
Financial Institutions	We always strived to make long term strategic partnerships with banks (Corporate agents) to increase opportunities for bancassurance business. We also employee and utilize various services/ products offered by the banks to bring in efficiency in the transactions (collection, payments, investments etc.).	<ul style="list-style-type: none"> - Frequent meetings at senior and middle management level. - Direct coordination with sales teams - Various trainings sessions 	<ul style="list-style-type: none"> - Daily for operational matters - As and when needed

Stakeholders	Why they are important to ALIFE	Medium use for engagement process	Frequency
Agents	<p>We engage actively and regularly with our agents and consultants. Sales agents are the front-line forces who interact with the customers and introduce and define them the product, the underlying policy terms and conditions and the allied benefits hence they do help us build more valued relationships with our policyholders.</p> <p>To give our customers the best service possible, agents and consultants work in synergy.</p>	<ul style="list-style-type: none"> - Direct coordination with sales and back-office teams - Various trainings sessions 	<ul style="list-style-type: none"> - Daily for operational matters - As and when needed
Regulator	<p>As a matter of our principles, we want to stay compliant with all laws and regulations.</p> <p>We believe in having an active dialogue with regulatory authorities to resolve matters that affects insurance operations including tax matters.</p>	<ul style="list-style-type: none"> - Regulatory returns - Written correspondences including emails 	<ul style="list-style-type: none"> - Annually - Quarterly - As and when needed
Shareholders and investors	<p>Our retail and institutional shareholders are the owners of the Company. Our prime objective is to safeguard their assets and maximize the returns on their investment.</p> <p>We believe that their engagement in decision making process increases their trust over the management of the Company.</p>	<ul style="list-style-type: none"> - Annual general meeting - Extraordinary general meeting - Financial results - Website (Investors' relation section) 	<ul style="list-style-type: none"> - Annually - Quarterly - As and when needed

Stakeholders	Why they are important to ALIFE	Medium use for engagement process	Frequency
Community	We are committed to making a difference in the communities where we work, live and serve our customers. ALIFE was involved in various CSR programs during the year.	- Community support Programs / events (CSR activities)	- Periodically
Environment	We recognize our duty of care with respect to the environment and consequently will maintain as far as is reasonably practicable, to undertake its activities in such a way as to minimize any impact to the environment, whilst conducting its business. ALIFE was involved in plantation drive, promoting paper less environment, water conservation awareness etc.	- Awareness drives	- Periodically

Investors' Relation

Adamjee Life is dedicated to giving its clients and stockholders the greatest experience possible while generating long-term value for them. We make sure that reporting is reliable and open. The company works hard to give investors and shareholders reliable financial information including annual and quarterly reports, news announcements, which is then disseminated through a number of channels, and the company website. The website's information is always kept current. The website has a section specifically dedicated to investors that covers all potential areas of interest.

Investors Grievance

According to Adamjee Life, a company's relationships with investors are essential to its financial health and rapid expansion. The organization's reputation is also reflected in its interactions with investors. Thus, it is essential to establish a system inside the company for serving investors and resolving their complaints in a way that complies with the law.

In accordance with this, the Company has made available on its website all pertinent information regarding the Company, its directors, auditors, share registrars, financial data for the current and previous six-year periods, and daily stock updates of the Company's shares quoted at the Karachi Stock Exchange.

The principal point of contact for investors seeking to address their complaints and find solutions on behalf of the Company is the Company Secretary. The management makes an effort to look into and satisfactorily address any investor concerns and inquiries on priority basis.

Using an interactive connection on our website, an investor who is unsatisfied may also contact the Securities & Exchange Commission of Pakistan (SECP) complaint cell.

Following contact details are available of Company's website:

Name: Rahim Vallyani
Designation: Company Secretary
Contact: +92 21 38677100
Email ID:
investors@adamjeelife.com
rahim.vallyani@adamjeelife.com

Sustainability and Corporate Social Responsibility (CSR)

SUSTAINABILITY

We are committed to creating a secure tomorrow for all - driving social initiatives that bring positive change to our country. A strong and prospering society based on concept of inclusion, is essential for corporate development.

For Adamjee Life, creating shared value is more than a responsibility. It is ingrained in the organization's corporate goals. Our enthusiasm and objectives are channeled to positively influence Pakistan, with an emphasis on education, health care, and community services.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Adamjee Life aspire to exceed the expectations of the business and endeavor to serve sustainable social goals for the betterment of the whole nation. Adamjee Life has always been a strong advocate of advancing Pakistan's Sustainable Development Goals (SDG's) and has pledged to provide assistance to the state and the community in other such initiatives as well.

AL CSR wing – Nigehbaan, which strives to improve the lives in low income communities with impactful investments. Nigehbaan CSR platform is thought of as an enduring responsibility demanding organization to act ethically. Simultaneously, it supports the emotional and humanitarian strength of the organization, which would ultimately improve the quality of life of employees, their families, and the community.

ENHANCING ACCESS TO EDUCATION

Adamjee Life partners with Govt. of Sindh to Improve a local school's Infrastructure

The company launched its Nigehbaan Education platform as a CSR initiative, which aims at creating awareness and taking a small step towards the eradication of illiteracy in our society. As part of this, Adamjee Life collaborated with Ministry of Education and revamped the Taimooria Government Boys Primary School in North Nazimabad, Karachi.



SUPPORTING HEALTHCARE INFRASTRUCTURE

Adamjee Life partners with Govt. of Sindh to Improve Healthcare Infrastructure.

Adamjee Life and the Government of Sindh have collaborated to improve the infrastructure of state led health dispensaries in the province.

This initiative is part of the Nigehbaan CSR platform of Adamjee Life that has led various education, environmental and health programs in the past.



COVID-19 AWARENESS SESSION

AL believes it is important to create awareness on the topic of Covid-19. Therefore, training sessions were arranged and conducted by Dr. Rozina Farhad Mistry who has a career of over 30 years in the field of public health and health promotion.

The aim of the sessions was to enhance the staff's knowledge about the emerging variants of the virus along with its mode of spread and its symptoms, myths about Covid-19 that are prevalent in the community and to respond to the various queries about the vaccines and its possible side-effects.



Each of the six sessions, was attended by 15 to 26 participants who actively participated during Q&A. The Covid-19 awareness sessions provided the staff avenue to openly express their concerns about the virus.

COVID-19 VACCINATION DRIVE FOR EMPLOYEES & THEIR FAMILIES

Adamjee Life partners with Edhi foundation to arrange a vaccination drive for all employees of Adamjee House.

Adamjee Life, with the help of Edhi Foundation conducted a building wide vaccination drive to fight against the dreadful pandemic of COVID-19.



ADAMJEE LIFE & THE INDUS HOSPITAL SIGN MOU

As a gesture of continued support towards the Health Care sector of the country and towards the Indus Hospital as part of its CSR initiative, Adamjee Life Assurance enters into a mutually beneficial partnership with the Indus Hospital through a MOU signing. The company earlier collaborated with Indus Hospital through an employee blood drive and this is in effort of up the support Adamjee Life had already extended towards the hospital.

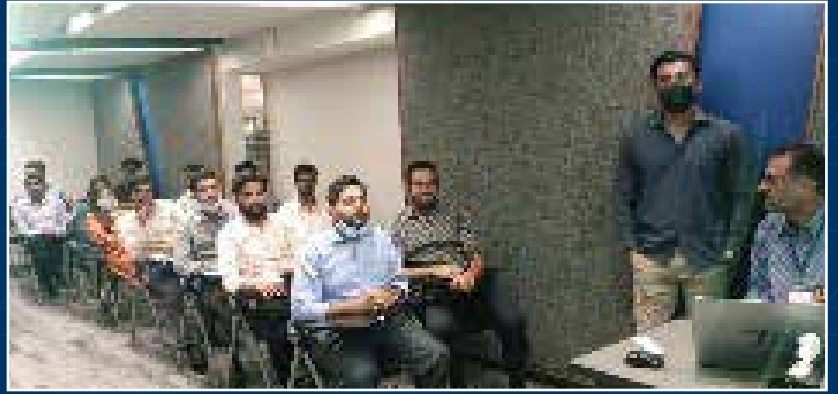


BLOOD DONATION DRIVE WITH THE INDUS HOSPITAL

As part of the company's CSR Initiative, Adamjee Life sponsored another blood drive at its headquarters in conjunction with Indus Hospital Networks.

Employees at Adamjee Life stepped in to assist the blood drive to help others, survive and thrive, and the company's management, who were a splendid source of inspiration, illustrated the importance of taking socially responsible acts.

An awareness session was also held beforehand for the employees who wished to participate. Adamjee Life received an appreciation award from Indus Hospital Networks for its contribution to improving healthcare in Pakistan



HEATWAVE RELIEF CAMPS

Following the Pakistan Meteorological Department's (PMD) heatwave warning, Adamjee Life, in collaboration with the Sindh Govt., established a heat stroke prevention camp as a first response initiative in order to provide relief to affectees as part of their CSR platform, Adamjee Life Nigehbaan.

Adamjee Life also donated a Heat Wave ward to the Sindh Government's Nazimabad Mother & Child Hospital, as a gesture of continued support towards the country's healthcare sector in addition to our previous efforts to continue supporting institutions at the state Government level.

Also Adamjee Life Nigehbaan partnered up with First Response Initiative of Pakistan (FRIP) for safety & response, airway & breathing, circulation & heatwave awareness session at Adamjee Life head office for its employees and associates. The attendees were later certified by the FRIP.



HONORING FRONT LINE WORKERS IN RAMADAN

Adamjee Life recognizes the hard work of first responders, who relentlessly serve the community throughout, at all hours, including during the Holy Month of Ramadan.

This Ramadan, Adamjee Life sought to honor these front line workers, whether police, traffic police, ambulance drivers, charity organization representatives, or emergency workers, and offered them meals for their Iftar/Sehri. For this, we choose the three metropolitan cities in Pakistan of Karachi, Lahore, and Islamabad. We drove around the cities distributing meal boxes to these hardworking men and women as a way to show our support.



ADAMJEE LIFE SPONSORS SMART HOSPITAL SUMMIT

Adamjee Life is honored to be a part of the Smart Hospital Summit in Karachi, where ideas for the betterment of services today and the journey towards the future of healthcare was discussed with stakeholders from all walks of life.

It was truly a constructive day which will help drive ideas forward in field.

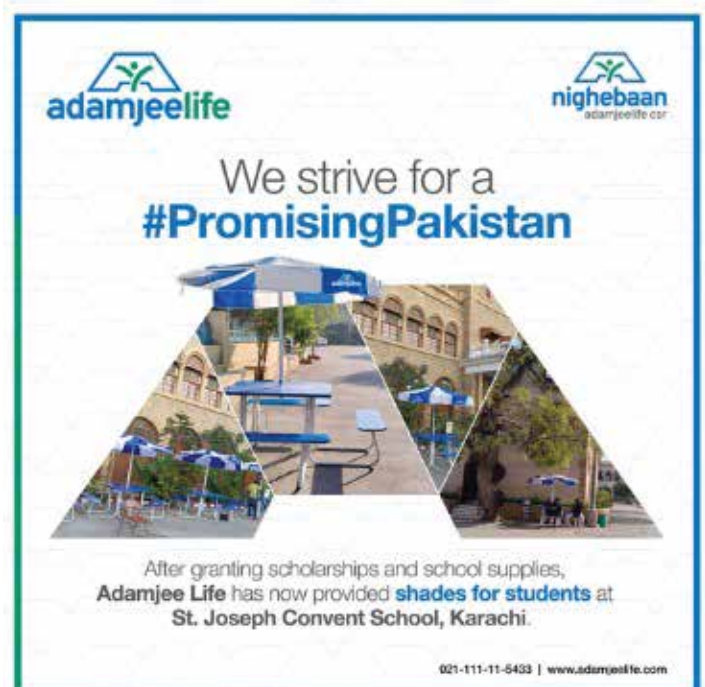
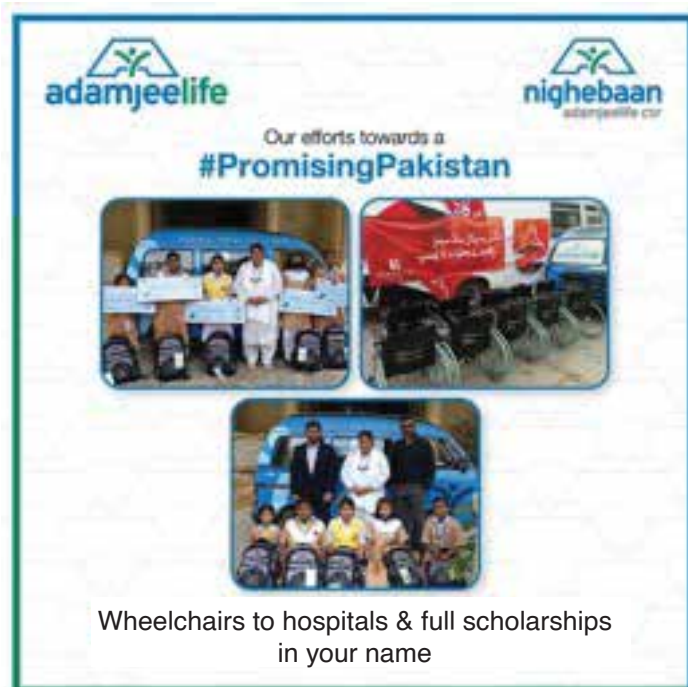


ADAMJEE LIFE WORKING TOWARDS A PROMISING PAKISTAN

Adamjee Life strives to work towards a #PromisingPakistan, where we lead by example as a part of our continuous efforts for improvement in education and the health sectors.

The company donated wheelchairs to the Indus Hospital and Health Network, and also offered full scholarships for students at St. Joseph Convent School Karachi. These were initiated by engaging the social media audience through User Generate Contest.

Further, to make sure the future of our upcoming generation rests under the shade of our efforts. Multiple benches with shades were also installed at St. Joseph Convent School Karachi, for the students to relax and revive under during their free time.





02

**CORPORATE
GOVERNANCE**





Directors Profile



S.M. Jawed
Chairman/Director

Shaikh Muhammad Jawed was previously a Director of Din Leather (Pvt) Limited and has vast experience of running a modern tannery. Due to his technical expertise, Din Leather has received several export performances awards, merits as well as best export performance trophies for the export of Finished Leather from Pakistan and the company's contribution is earning valuable foreign exchange for the country. Due to excellence in quality and supply, the company has also received a Gold Medallion Award from the International Export Association, UK. He has received technical education in Leather Technology from Leather Sellers College, UK.



Mrs. Naz Mansha has over 34 years' experience as a Director on the Board of different companies. She has been associated with D. G. Khan Cement Company Limited (DGKC) since 1994, She is also a Chief Executive of Nishat Linen (Private) Limited, a subsidiary of Nishat Mills Limited and Director/Chief Executive of Emporium Properties (Pvt) Limited and Director on the Board of Golf View Land (Pvt) Limited.



Naz Mansha
Director

Directors Profile



M. Ali Zeb
Director

Muhammad Ali Zeb is a fellow member of the Institute of Chartered Accountants of Pakistan and completed post graduate diploma in Organizational Leadership from Saïd Business School, University of Oxford. He has over 24 years of diverse experience in the Manufacturing, Financial and Insurance sectors. He started his professional career from Nishat Mills in 1995 and joined Adamjee Insurance as the Chief Financial Officer in 2005 where he was promoted as Executive Director Finance. He was appointed as the Chief Executive Officer in 2008 and remained in this position until March 2011. Before rejoining Adamjee Insurance as the Chief Executive Officer in June 2013. Ali also served as the Chief Financial Officer at City School (Pvt) Limited. He has served as the Chairman, Insurance Association of Pakistan in 2014.



Imran Maqbool served as President & Chief Executive Officer of MCB Bank Limited (MCB) for nine years. Before taking on CEO position, he served MCB for ten years in senior management positions covering Retail, Islamic, Corporate, Special Assets and Sri Lanka Operations of the Bank. Prior to joining MCB in 2002, Mr. Maqbool worked in local banking operations of Bank of America and Citi Bank for more than 17 years. He is a seasoned professional with over 36 years of diverse banking experience. Mr. Maqbool has served as Board member of multinational and local companies, including Vice Chairman of Pakistan Banks' Association. He holds MBA degree from Institute of Business Administration (IBA) Karachi and MS in Management from MIT Sloan School of Management, Massachusetts USA.



Imran Maqbool
Director

Directors Profile



Umer Mansha
Director

Mr. Umer Mansha completed his bachelor's degree in business administration from Babson College, Boston, USA. He has been Chief Executive of Nishat Mills Ltd. since September 08, 2007. He is also the Chairman of the BoD of Adamjee Insurance Company Limited. He has been serving on the Board of Directors of various listed companies for more than 23 years. He also serves on the Board of MCB Bank Limited, Nishat Dairy (Private) Limited, Nishat Hotels and Properties Limited, Nishat (Aziz Avenue) Hotels and Properties Limited, Nishat (Raiwind) Hotels and Properties Limited, Nishat (Gulberg) Hotels and Properties Limited, Nishat Developers (Private) Limited and Nishat Agriculture Farming (Private) Limited.



Mr. Shahmeer Khalid Butt is a corporate finance and investment professional and has worked in different organizations in Pakistan and United Arab Emirates. Currently, he also serves as an Executive Director in Next Pharmaceuticals, being responsible for strategy, financial planning, marketing, and other operational areas. Prior to this, he served as Corporate Finance Analyst for Al Futtam Private Company during which he led the planning, design, execution and closing of a major SGD 2 billion internal recapitalization which resulted in significant tax and interest savings. He holds a BSc (Hons) degree in Investment and Financial Risk Management from Cass Business School at University of London. He also holds membership of Lahore's chapter of Entrepreneurs Organization (EO) which is a global peer-to-peer network of more than 14,000 influential business owners in 61 countries.



Shahmeer Khalid
Director

Directors Profile



Ahmad Alman
Director

Mr. Ahmad Alman Aslam has four decades of professional experience in investment banking, corporate finance, and advisory services. He started his career with Citibank in 1975 and served there in various capacities over a period of 28 years. He also served as the Managing Director, based in New York, responsible for all debt issued by borrowers in the emerging markets. Mr. Aslam has also served as an advisor to EMP Washington, a US\$ 6 billion private equity fund.

In Pakistan, he has served on the boards of the State Bank of Pakistan, OGDC, Adamjee Insurance, IGI Asset Management, Punjab Coal Mining Company, The Bank of Punjab, Punjab Small Industries Corporation and the Private Power and Infrastructure Board. Mr. Aslam has a Masters' degree in Business Administration from Punjab University and has attended the program for Management Development at Harvard University, Cambridge.

Chairman's Review

Dear Shareholders,

On behalf of the Board of Directors, I would like to present the Annual Report of Adamjee Life Assurance Company Limited (the Company) for the year ended December 31, 2022 and to share with you the overall performance and effectiveness of the role played by the Board.

Pakistan continues to offer tremendous potential for life insurance opportunities. With a life insurance penetration rate of 0.7% (gross premium as a % of GDP), the country globally ranks as a significantly underinsured market, thus highlighting the sizable potential for current and future growth. During the year 2022, the Company has faced the challenge of rising inflation which in turn has reduced the disposable income of the masses, resulting in lower saving and insurance expenditure.

Despite an uncertain economic and political situation, the Company was still able to post a significantly higher Profit before tax (PBT) of Rs. 810 million depicting an increase of 250% compared to same period last year. However, the improvement in PBT was partially offset as a result of imposition of additional 4% Super tax with a retrospective effect containing the increase to 184% in Company's profit after tax.

The alignment between the Board and the management team has made this result possible and I am pleased to have such an engaged Board that provides guidance to the management teams which have been a pivotal part of such financial results.

The Board is knowledgeable about the Company's current business activities and has an effective process for tracking activity with performance. The Board has completed its self-evaluation and also assessed the performance of the Chief Executive Officer for the year 2022 and I would like to inform you that the overall evaluation and performance measured on the basis of approved criteria for the year was satisfactory.

The Board has performed its duties and responsibilities diligently and contributed effectively in guiding the Company in strategic and governance matters. All Board members, including directors, fully participated in and contributed to the decision making process of the Board. The Board has established policies that covers all major areas of Board responsibilities and operations of the Company. I am also delighted to report that the Corporate Social Responsibility efforts by the company were acknowledged by the society.

The Audit Committee and the Human Resource, Remuneration and Nomination Committee were chaired by the independent directors, indicating our commitment to the highest levels of governance and transparency. The Audit Committee has continued to monitor the financial reporting processes and ensuring timely and accurate communication of information to all stakeholders.

The Board has a fiduciary responsibility for the proper direction and control of the activities of the Company. This responsibility includes such areas of stewardship as the identification and control of the Company's business risks, the integrity of management information systems and transparent reporting to shareholders. I have strong confidence that the Company will continue to grow and Board will play its strategic role in assuring sustainable growth of the business and to maximize return for its shareholders.

I would like to place on record, my sincere appreciation for devotion of duty, loyalty and hard work of the executives, officers and staff members for smooth running of the Company's affairs and hope that they will continue for enhancement of productivity with great zeal and spirit. And thanks to all the Government functionaries, banking and non-banking financial institutions and shareholders for their continued support and cooperation for the betterment and prosperity of the Company.



Sheikh Muhammad Jawed
Chairman

Karachi: February 10, 2023



چیز مین کا جائزہ

معزز شیئر ہولڈرز،

میں بورڈ آف ڈائریکٹرز کی جانب سے آدم جی لائف انشورنس کمپنی لمیٹڈ (کمپنی) کی مورخہ 31 دسمبر 2022 کو ختم ہونے والے سال کی سالانہ رپورٹ پیش کرنا چاہتا ہوں اور آپ کو مجموعی کارکردگی اور بورڈ کے کردار کی افادیت کے بارے میں آگاہ کرنا چاہتا ہوں۔

پاکستان میں لائف انشورنس کے کاروبار کے حوالے سے بے پناہ مواقع موجود ہیں۔ لائف انشورنس کی 0.7 فیصد شرح (جی ڈی پی کا گراس پریمیم فیصد میں) کے ساتھ پاکستان عالمی سطح پر بیہ کیلئے نمایاں مارکیٹ ہے جس میں موجودہ دور اور مستقبل میں ترقی کے قابل قدر مواقع موجود ہیں۔ سال 2022 کے دوران کمپنی نے بڑھتی ہوئی مہنگائی کے چیلنج کا سامنا کیا ہے جس کے نتیجے میں عوام کی ڈسپوزیبل آمدنی میں کمی واقع ہوئی ہے، جس کے نتیجے میں بچت اور بیہ کے اخراجات بھی کم ہوئے ہیں۔

غیر یقینی اقتصادی اور سیاسی صورتحال کے باوجود کمپنی کا ٹیکس سے پہلے منافع (PBT) 810 ملین روپے ہے جس میں پچھلے سال کے مقابلے نمایاں طور پر 250 فیصد کا اضافہ ہوا ہے۔ تاہم، PAT میں اضافہ جزوی طور پر 4 فیصد اضافی سپرنٹیکس کے نفاذ کے نتیجے میں کم ہو گیا اس طرح سابقہ اثر کے ساتھ کمپنی کے ٹیکس کے بعد کے منافع میں 184 فیصد کا اضافہ ہوا۔

بورڈ کو کمپنی کی موجودہ کاروباری سرگرمیوں کے بارے میں علم ہے اور اس کے پاس کارکردگی کے ساتھ سرگرمیوں کو ٹریک کرنے کا ایک موثر پراسس موجود ہے۔ بورڈ نے اپنی تشخیص مکمل کر لی ہے اور سال 2022 کے لیے چیف ایگزیکٹو آفیسر کی کارکردگی کا بھی جائزہ لیا ہے۔ میں آپ کو بتانا چاہتا ہوں کہ اس سال کے لیے منظور شدہ معیار کی بنیاد پر کی گئی مجموعی تشخیص اور کارکردگی تسلی بخش تھی۔

بورڈ نے اپنے فرائض اور ذمہ داریوں کو بخوبی نبھایا ہے اور اسٹریٹیجک اور گورننس کے معاملات میں کمپنی کی رہنمائی میں موثر کردار ادا کیا ہے۔ بورڈ کے تمام ممبران بشمول ڈائریکٹرز نے بورڈ کے فیصلہ سازی کے عمل میں بھرپور حصہ لیا اور اپنا بھرپور کردار ادا کیا۔ بورڈ نے مختلف پالیسیاں قائم کی ہیں جو بورڈ کی ذمہ داریوں اور کمپنی کے آپریشنز کے تمام بڑے شعبوں کا احاطہ کرتی ہیں۔

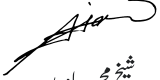
مجھے یہ اطلاع دیتے ہوئے بھی خوشی ہو رہی ہے کہ کمپنی کی جانب سے سی ایس آر کی کوششوں کو سوسائٹی نے سراہا ہے۔ آڈٹ کمیٹی ہیومن ریسورس، ریویژن اور نویمینیشن کمیٹی کی صدارت آزاد ڈائریکٹرز نے کی جو گورننس اور شفافیت کی اعلیٰ اصولوں کے ساتھ ہماری وابستگی کی نشاندہی کرتی ہے۔ آڈٹ کمیٹی نے مالیاتی رپورٹنگ کے عمل کی نگرانی کی ہے اور تمام اسٹیک ہولڈرز تک معلومات کی بروقت اور درست ترسیل کو یقینی بنایا ہے۔

کمپنی کی سرگرمیوں کو کنٹرول کرنا اور درست سمت میں جانے والے فیصلے لینا بورڈ کی حقیقی ذمہ داری ہے۔ اس ذمہ داری میں کمپنی کے کاروباری خطرات کی شناخت، کنٹرول، مینجمنٹ انفارمیشن سسٹم کی سالمیت اور شیئر ہولڈرز کو شفاف رپورٹنگ جیسے شعبے شامل ہیں۔

مجھے پختہ یقین ہے کہ کمپنی ترقی کرتی رہے گی اور بورڈ کاروبار کی پائیدار ترقی کو یقینی بنانے، اپنے شیئر ہولڈرز کے لیے زیادہ سے زیادہ منافع کو یقینی بنانے میں اپنا اسٹریٹیجک کردار ادا کرے گا۔

میں کمپنی کے معاملات کو احسن طریقے سے چلانے کے لیے ایگزیکٹوز، افسران، اسٹاف ممبرز کی فرض شناسی، وفاداری اور محنت کے لیے ان کی مخلصانہ کوششوں کی تعریف کرتا ہوں اور امید کرتا ہوں کہ وہ اپنی صلاحیتوں میں اضافے کے لیے بڑے جوش و خروش کے ساتھ اپنا کام جاری رکھیں گے۔ کمپنی کی بہتری اور خوشحالی کے لیے تمام متعلقہ سرکاری ملازمین، بینکنگ اور غیر بینکاری مالیاتی اداروں اور شیئر ہولڈرز کا ان کی مسلسل حمایت اور تعاون کے لیے میں تہہ دل سے شکر گزار ہوں۔

کراچی: ۱۰ فروری ۲۰۲۳



شیخ حمید جاوید

چیز مین

Directors Report to the Shareholders on Company's Affairs and Future outlook

The Directors of Adamjee Life Assurance Company Limited take pleasure in presenting their Annual Report together with the Audited Financial Statements of the Company for the year ended December 31, 2022.

Financial Highlights

The highlights for the period under review are as follows:

	31 December 2022	30 December 2021
	Audited	Audited
	----- Rupees in '000 -----	
Gross Premium	20,948,801	20,658,169
Net Premium	20,315,452	20,128,118
Investment income	3,734,153	3,128,020
Net Benefits paid to and reserved for policyholders	19,171,741	18,595,929
Acquisition & other operating expenses	4,067,554	4,429,004
Profit before tax	810,310	231,205
Profit after tax	497,702	173,804
Size of Statutory Fund	61,810,326	56,677,955
Shareholders' Equity	3,748,290	3,249,728
	----- Rupees -----	
Earnings Per Share	1.99	1.03

Performance Review

The year 2022 has been particularly challenging for our Country in the wake of significant macroeconomic imbalances, daunting CPI inflation, political uncertainty and unprecedented losses inflicted by the monsoon flood in Sindh and Baluchistan. These factors have resulted in tremendous pressure on the disposal income of the masses.

Despite the fact that insurance penetration is also correlated with economic growth and disposable income, both of which have been negatively impacted by political turmoil and inflationary pressure, our business partners and effective direct sales force have continued to maintain their reach to the prospects, underpinning the need to hedge uncertainties of life.

Under these tough economic conditions, the Company's new business from regular premium policies declined by 17.94%, whereas the Company's renewal premium & corporate group life business grew by 10.21% and 36.97% respectively; thus the total gross premium of the Company was 1.4% higher than the last year. It is pertinent to note that the industry's business from Bancassurance distribution declined by 2.5%, whereas industry's business from direct distribution, in private sector, has also registered negative growth.

The Company's underwriting surplus (profit before management expenditure and income from Shareholders' fund) has increased to Rs 1,783 million as compared to Rs. 1,441 million in the last year, registering an increase of 19.18%. The increase in underwriting surplus is mainly attributable to higher income on interest based securities invested against solvency & other reserves in statutory fund, higher fund management fee due to increase in the size of renewal book & hence the fund size and better mortality experience than last year.

The Company's net income from shareholders' fund has risen significantly to Rs. 208 million as against Rs. 73 million in the last year. The rise is attributable to return on increased paid up capital of the Company through issue of right shares in late 2021 which is mainly invested in Government Securities and Mutual Funds.

The Company has been able to exercise prudence and control over its expenditure duly warranted due to economic situation. The total expenditure was 4.65% lower as compared to last year, this is commendable considering high inflation which prevailed during the current year.

The resultant profit before tax of the Company has thus increased to Rs. 810 million as compared to Rs. 231 million in the last year, generating an earnings per share of Rs. 1.99 for the year.

The fall in the equity market in the reporting period has also impacted returns on the policyholders' fund which are majorly invested in equity market. The absolute return on such fund was -6.36% whereas the return on KSE 100 index was -11.27% in the same period.

Nonetheless, the returns and cash value has significantly improved in the funds which are majorly invested in comparatively low risk, debt and money market instruments due to historically high interest rates. The average net return on such funds is approx. 14% p.a. The return on these funds is likely to improve in future after averaging for further rise in interest rates.

The Company's Claims Settlement Ratio within 90 days of intimation was (83%) and the Company's Complaint Closure Ratio within 30 days was 92%.

The Company's size of Statutory Fund was Rs. 61.8 billion as of December 31, 2022, registering an increase of 9% over the period of one year.

There was no major development in the matter of petitions filed by the Company and other life insurance industry players in the Hon'ble High Courts of Sindh and Lahore, against the levy of Sindh Sales Tax on Services (SST) and Punjab Sales Tax on Services (PST) by the Sindh Revenue Board and Punjab Revenue Authority (PRA) respectively. The Company has not provided any liability against this levy as it believes that such sales tax on services cannot be levied on Life Insurance Premium.

Window Takaful Operations

The gross contribution generated from Window Takaful Operations was Rs. 4.166 Billion (Dec 31, 2021: Rs. 4.238 Billion). The profit before tax that has been reported for December 31, 2022 amounts to Rs. 184 million, which is an increase of 18.5% from the corresponding period i.e. Rs. 155.5 million. The new business mix of takaful was 38% as against 49% in the last year.

Future Outlook

The management of the company is fully cognizant of the economic situation of the country and is taking all necessary measures to manage these challenges. The year 2023 is likely to be a very challenging year on economic front. Further tightening of fiscal and monetary policy due to unprecedented balance of payment crisis will put significant pressure on people disposable income. The revised GDP growth projection for the country is 2% for the FY 2022-23 with inflation projected to the level of 21%.

The Company's growth of new business is likely to remain subdued with some increase in lapse ratio of current portfolio. However the fast-developing digital arena and the Fintech continuously excites us of its potential to increase insurance penetration in the country thru small ticket large scale sales. We are proud to report that our direct sales force has been able to sale it first long term investment linked policy from proposal to policy issuance completely from our digital platform.

The Company will continue to analyze situation carefully to explore new opportunities, new market and to incentivize policy holder to keep their policies active.

Having said that, Company is more than sufficiently capitalized, all its statutory funds are adequately solvent with total reserves of 1.25 Billion over its paid up capital. The Company does not see any downside impact on its equity while the country will grapple to manage economy in 2023.

Earnings per Share

The basic and diluted earnings per share for the year 2022 was Rs. 1.99 as compared to Rs. 1.03 in 2021.

Insurer Financial Strength Rating (IFS rating)

The Pakistan Credit Rating Agency Limited reviews the Company's IFS rating on an annual basis. On June 29, 2022, the most recent annual assessment was completed, and the company's IFS rating was confirmed at A++, with a "Stable" Outlook. The grade takes into account the Company's strong capacity to fulfil its contractual and policyholder commitments. The Company's operations under both the Conventional and Window Takaful Operations showed growth patterns and a premium base that contrasted favorably to rivals, according to the PACRA rating assessment.

Awards and Accolades

The Company continued to add more feathers to its cap during the year 2022:

- Emerging brand of the year Award
- NFEH CSR Award (National Forum for Environment & Health Award)

Code of Conduct & Business Ethics

Adamjee Life has established a Code of Conduct, which outlines the duties and responsibilities of all stakeholders, including board members, employees, and the company itself. This Code is based on the company's Corporate Strategy, Vision, Mission, and Core Values, and is a crucial aspect of the company culture. The Code of Conduct can be found on the company's website, and has been effectively communicated throughout the organization.

Corporate Social Responsibility

Adamjee Life aspires to be "Nigehbaan" and is a good corporate citizen. By establishing a clear focus and allocating resources in a way that has a positive influence on the Company's CSR endeavors and contributions, the Corporate Social Responsibility (CSR) and Donations Policy, which was adopted by the Board, offers a guiding framework for realizing our goal.

CSR initiatives during the year

- MOU signing with Indus Hospital Network, as gesture of continued support towards the health care sector of the country
- Blood donation drive in collaboration with Indus Hospital
- Heat Wave Campaign in collaboration with Sindh Government
- Heat Wave Campaign in collaboration with First Response Initiative of Pakistan
- Ramzan Campaign for Frontline Workers and Traffic Police
- Life Promising Pakistan Campaign - brings into the limelight all the good that the people of Pakistan have accomplished.

Board Evaluation Mechanism

As required by the Code of Corporate Governance Regulations, the Board of Directors of the Company has a framework in place for evaluating both the performance of the Board and that of its committees on an annual basis. These review processes are conducted yearly by the Board of Directors and the Board Committees.

Directors' Compensation

The Board of Directors is empowered under the Company's Articles to periodically determine the compensation for Non-Executive and Independent Directors. A "Board Remuneration Policy" has been authorized by the board of directors. Except for the meeting fee for attending the Board meetings strictly in accordance with the policy, the Company does not provide any other compensation to its non-executive directors. The compensation given to the directors including the cost of attending board or board committee meetings, has been properly stated in note 41 of the financial statements.

Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019, Code of Corporate Governance for Insurers, 2016, and with PSX Rule Book

As a listed life insurance company, the Company abides by the rules of the PSX Rule Book, the Listed Companies (Code of Corporate Governance) 2019, and the particular Code of Corporate Governance for Insurers, 2016. The Statement of Compliance, which relates to these standards, is appended to the Annual Report.

Board of Directors

A total of four non-executive directors, one female director, and two independent non-executive directors make up the board of directors for the company.

According to the mandated gender diversity, the Board of Directors is made up of the following:

Member	Category
Mr. Ahmad Alman Aslam	Independent Director
Mr. Shahmeer Khalid Butt	Independent Director
Mr. Umer Mansha	Non-Executive Director
Mrs. Naz Mansha	Female Director
Mr. Shaikh Muhammad Jawed	Non-Executive Director
Mr. Imran Maqbool	Non-Executive Director
Mr. Muhammad Ali Zeb	Non-Executive Director

	Board Meeting	BAC	EHRRNC	BIC	AGM
No. of Meetings held during 2022	6	4	2	4	1

Directors	Mr. Shaikh Muhammad Jawed	6	4	2	4	1
	Mr. Umer Mansha	5	2	2	1	1
	Mrs. Naz Mansha	3				
	Mr. Muhammad Ali Zeb	6	4	1	4	
	Mr. Imran Maqbool	6			3	
	Mr. Ahmad Alman Aslam	2				
	Mr. Shahmeer Khalid Butt	6	4	2		1

Management	Mr. Samad Ali Naqvi		4			1
	Ms. Sidrah Kanwar				4	
	Mr. Ahson Nasim			1		
	Ms. Zehra Faiz			1		
	Mr. Jalal Meghani	5	4	2	4	1
	Mr. Amin Nizar Ali				4	
	Mr. Manzar Mushtaq	4	2	1	3	

Management Committee

The Company's Management Committee, which meets on a regular basis and is presided over by the Head of Policy Holder Services of the Company, oversees day-to-day operations in all functional areas.

Other committees include the Investment Management Committee (IMC), the IT Steering Committee, Project Management Group (PMG), all of which are chaired by the Key executives of the Company.

Management Committees under the Code of Corporate Governance for Insurers, 2016
In addition to the aforementioned, the following three committees are also chaired by the directors of the company and operate in accordance with the terms of reference laid forth in the Code of Corporate Governance for Insurers, 2016:

1. Claims Committee
2. Underwriting, Reinsurance & Co-insurance Committee
3. Risk Management & Compliance Committee

Internal Audit Function

The Internal Audit Department of the company operates under a defined scope and authority, outlined in the approved Internal Audit Charter. This department follows a risk-based methodology for conducting internal audits, evaluating the effectiveness and sufficiency of internal controls, consistency in policy and procedure application, and adherence to laws and regulations. Based on the reports generated by the internal audit function, process owners take corrective actions to enhance controls. To preserve its impartiality and independence, the Internal Audit Department reports to the Board Audit Committee (BAC) in a functional capacity and to the CEO in an administrative capacity.

Risk and Opportunity

The company has a strong risk management system in place. The Board of Directors closely monitors risks, both internal and external, and performs comprehensive assessments to ensure smooth business operations and to take advantage of opportunities that align with the company's long-term strategies and vision. They are diligent in identifying and mitigating risks.

Material Changes

Following are the material changes happened during the year:

- Company got listed on the stock exchange (PSX) through an offer for sale by parent Company
- Mr. Manzar Mushtaq was appointed as Chief Executive Officer of the Company

Holding Company

The Company is a subsidiary of the Adamjee Insurance Company Limited.

Corporate and Financial Reporting Frame Work

- The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- System of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
- The key operating and financial data for the last six years is annexed.
- The value of assets of gratuity fund as on December 31, 2022 is Rs. 184 Million.

Acknowledgement

The Company's talented and distinguished executives, personnel, and field force made a significant contribution to its development and progress, and the Directors want to publicly express their gratitude for this. Their persistent dedication to upholding the highest ethical standards, providing excellent customer service, and working hard have enabled your company to establish and hold its position as one of the top players among private sector life insurers.

We must also express our thanks to Adamjee General for their ongoing support and direction, which have helped the company build a solid reputation in the marketplace.

Finally, we would like to express our gratitude to the Securities and Exchange Commission of Pakistan for their support and cooperation throughout the year as well as to our clients for their faith in us.



Sheikh Muhammad Jawed
Chairman Board of Directors



Manzar Mushtaq
Chief Executive Officer

February 10, 2023

اعتراف

کمپنی کے باصلاحیت اور ممتاز ایگزیکٹوز، اہلکاروں اور فیلڈ فورس نے اس کی ترقی اور پیشرفت میں اہم کردار ادا کیا اور ڈائریکٹرز اس کے لیے خاص طور پر اس کا شکریہ ادا کرنا چاہتے ہیں۔ اعلیٰ ترین اخلاقی معیارات کو برقرار رکھنے، بہترین کسٹمر سروس فراہم کرنے اور سخت محنت کرنے کے لیے ان کی مسلسل لگن نے آپ کی کمپنی کو نجی شعبے کی زندگی کی بیمہ کنندگان میں سرفہرست اداروں میں سے ایک کے طور پر اپنا مقام قائم کرنے اور برقرار رکھنے کے قابل بنایا ہے۔

ہمیں آدم جی جنرل کو ان کے تعاون اور رہنمائی کے لیے بھی شکریہ ادا کرنا چاہتے ہیں جس نے کمپنی کو مارکیٹ میں ایک ٹھوس ساکھ بنانے میں مدد کی ہے۔

آخر میں، ہم سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کا سال بھر تعاون کرنے کے ساتھ ساتھ اپنے کلائنٹس کا ہم پر اعتماد دکھانے کے لیے بھی شکریہ ادا کرنا چاہیں گے۔

Mansoor Murataq

منظر مشتاق

چیف ایگزیکٹو آفیسر

ایس ایم جاوید

چیئر مین

۱۰ فروری ۲۰۲۳

مادی تبدیلیاں

سال کے دوران ہونے والی مادی تبدیلیاں درج ذیل ہیں:

- کمپنی کو پیرنٹ کمپنی کی طرف سے فروخت کے لیے پیش کش کے ذریعے اسٹاک ایکسچینج (PSX) میں لسٹ کیا گیا
- جناب منظر مشتاق کو کمپنی کا چیف ایگزیکٹو آفیسر مقرر کیا گیا

ہولڈنگ کمپنی

یہ کمپنی آدم جی انشورنس کمپنی لمیٹڈ کا ذیلی ادارہ ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

ہم کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات اس کی حالت، اس کے کاموں کے نتائج، نقد بہاؤ (کیش فلو) اور ایکویٹی میں ہونے والی تبدیلیوں کو پیش کرتے ہیں۔

- اکاؤنٹس کی مناسب بکس کو کمپنی نے برقرار رکھا ہے۔
- مالیاتی رپورٹ کی تیاری میں بہترین اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
- مالیاتی گوشواروں کی تیاری میں بین الاقوامی اکاؤنٹنگ معیارات جیسا کہ پاکستان میں لاگو ہوتا ہے کی پیروی کی گئی ہے اور اس سے ہٹ کر کچھ کرنے کے بارے میں مناسب طور پر انکشاف کیا گیا ہے۔
- اندرونی کنٹرول کا نظام ڈیزائن کیا گیا ہے اور اسے مؤثر طریقے سے لاگو کرتے ہوئے اس کی نگرانی کی گئی ہے۔
- کمپنی کے اپنے آپ کو جاری رکھنے کی صلاحیت پر کوئی خاص شک نہیں ہے۔
- کارپوریٹ گورننس کے بہترین طریقوں سے کوئی رعایت نہیں جیسا کہ لسٹنگ ریگولیشنز میں تفصیل سے بتایا گیا ہے۔
- پچھلے چھ سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔
- 31 دسمبر 2022 تک گریجویٹ فنڈ کے اثاثوں کی قیمت 184 ملین روپے ہے۔

کوڈ آف کارپوریٹ گورننس برائے بیمہ کنندگان 2016 کے تحت انتظامی کمیٹیاں

مذکورہ بالا کے علاوہ، مندرجہ ذیل تین کمیٹیاں بھی کمپنی کے ڈائریکٹرز کی سربراہی میں ہیں اور بیمہ کنندگان کے لیے کارپوریٹ گورننس کے ضابطہ 2016 میں بیان کردہ شرائط کے مطابق کام کرتی ہیں:

1. کلیئرز کمیٹی

2. انڈر رائٹنگ، ری انشورنس اینڈ کو انشورنس کمیٹی

3. رسک مینجمنٹ اینڈ کپلائنس کمیٹی

انٹرنل آڈٹ فنکشن

کمپنی کا انٹرنل آڈٹ ڈیپارٹمنٹ ایک متعین دائرہ کار اور اختیار کے تحت کام کرتا ہے جس کی وضاحت منظور شدہ اندرونی آڈٹ چارٹر میں کی گئی ہے۔ یہ شعبہ انٹرنل آڈٹ کرنے، انٹرنل کنٹرول، پالیسی و طریقہ کار کے اطلاق میں مستقل مزاجی، اور قوانین و ضوابط کی پابندی کے لیے رسک مینجمنٹ پر مبنی طریقہ کار کی پیروی کرتا ہے۔ اندرونی آڈٹ فنکشن کی طرف سے تیار کردہ رپورٹس کی بنیاد پر مالکان کنٹرول کو بڑھانے کے لیے اصلاحی اقدامات کرتے ہیں۔ اپنی غیر جانبداری اور آزادی کو برقرار رکھنے کے لیے اندرونی آڈٹ ڈیپارٹمنٹ بورڈ آڈٹ کمیٹی (BAC) کو ایک فعال اور انتظامی حیثیت میں سی ای او کو رپورٹ کرتا ہے۔

خطرہ اور موقع

کمپنی کے پاس ایک مضبوط رسک مینجمنٹ سسٹم موجود ہے۔ بورڈ آف ڈائریکٹرز اندرونی اور بیرونی خطرات پر گہری نظر رکھتا ہے اور ہموار کاروباری کارروائیوں کو یقینی بنانے اور کمپنی کی طویل مدتی حکمت عملیوں اور وژن کے مطابق ہونے والے مواقع سے فائدہ اٹھانے کے لیے جامع اسٹریٹجی (تشخیص) کرتا ہے۔ تاکہ خطرات کی شناخت کر کے ان کو کم کیا جاسکے۔

بورڈ اس کی کمیٹیوں اور 2022 کے دوران منعقد ہونے والے سالانہ جنرل میٹنگ (AGM) سمیت مختلف میٹنگز میں ڈائریکٹرز کی شرکت / حاضری ذیل کے جدول میں پیش کی گئی ہے:

AGM	BIC	EHRRNC	BAC	بورڈ میٹنگ	
1	4	2	4	6	2022 میں منعقدہ میٹنگز
1	4	2	4	6	جناب محمد شیخ جاوید
1	1	2	2	5	جناب عمر منشا
				3	مسز ناز منشا
	4	1	4	6	جناب علی زیب
	3			6	جناب عمران مقبول
				2	جناب احمد عالم اسلم
1		2	4	6	جناب شاہ میر خالد بیٹ
1			4		جناب صد علی نقوی
	4				محترمہ سدرہ کنور
		1			جناب احسن نسیم
		1			مسز ہرانیض
1	4	2	4	5	جناب جلال میگہانی
	4				جناب امین نظر علی
	3	1	2	4	جناب منظر مشتاق

انتظامی کمیٹی

کمپنی کی انتظامی کمیٹی جو کہ مستقل بنیادوں پر میٹنگ کرتی ہے اور جس کی صدارت کمپنی کے پالیسی ہولڈر سرو سز کے سربراہ کرتے ہیں تمام فعال ایریاز میں روزانہ کی کارروائیوں کی نگرانی کرتی ہے۔

دیگر کمیٹیوں میں انویسٹمنٹ مینجمنٹ کمیٹی (IMC)، IT اسٹریٹجی کمیٹی، پروجیکٹ مینجمنٹ گروپ (PMG) شامل ہیں جن کی سربراہی کمپنی کے کلیدی ایگزیکٹوز کرتے ہیں۔

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019، کوڈ آف کارپوریٹ گورننس برائے بیمہ کنندگان، 2016، اور PSX رول بک پر عملدرآمد

ایک لسٹڈ لائف انشورنس کمپنی کے طور پر کمپنی PSX رول بک، لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) 2019، اور خاص کوڈ آف کارپوریٹ گورننس برائے بیمہ کنندگان، 2016 کے قواعد کی پابندی کرتی ہے۔ جسے اسٹیٹمنٹ آف کمپلائنس کے مطابق معیارات کو سالانہ رپورٹ میں شامل کیا جاتا ہے۔

بورڈ آف ڈائریکٹرز

کل چار نان ایگزیکٹو ڈائریکٹرز، ایک خاتون ڈائریکٹر اور دو آزاد نان ایگزیکٹو ڈائریکٹرز کمپنی کے لیے بورڈ آف ڈائریکٹرز بناتے ہیں۔ لازمی صنفی تنوع کے مطابق بورڈ آف ڈائریکٹرز مندرجہ ذیل پر مشتمل ہے:

نام	زمرہ
جناب احمد المان اسلم	آزاد ڈائریکٹر
جناب شاہ میر خالد بٹ	آزاد ڈائریکٹر
جناب عمر منشا	نان ایگزیکٹو ڈائریکٹر
مسز ناز منشا	خاتون ڈائریکٹر
جناب شیخ محمد جاوید	نان ایگزیکٹو ڈائریکٹر
جناب عمران مقبول	نان ایگزیکٹو ڈائریکٹر
جناب محمد علی زیب	نان ایگزیکٹو ڈائریکٹر

کارپوریٹ سماجی ذمہ داری (CSR)

آدم جی لائف "نگہبان" بننے کا خواہاں ایک اچھی سماجی ذمہ دارہ نبھانے والا کارپوریٹ ادارہ ہے۔ ہماری تمام تر توجہ وسائل کو اس طرح مختص کرنے پر ہے جس سے کمپنی کی CSR کوششوں اور شراکتوں کو مثبت انداز سے کروایا جاسکے۔ ہم کارپوریٹ سماجی ذمہ داری (CSR)، عطیات کی پالیسی، جسے بورڈ نے اپنایا، جسمیں ہمارے مقاصد کو حاصل کرنے کے لیے ایک رہنما فریم ورک میں موجود ہے۔

سال کے دوران CSR کے اقدامات ذیل ہیں:

- انڈس ہسپتال نیٹ ورک کے ساتھ ایم او یو پر دستخط کیا گیا تاکہ ملک کے شعبہ صحت کے لیے مسلسل تعاون فراہم کیا جائے
- انڈس ہسپتال کے تعاون سے خون کے عطیے کی مہم
- حکومت سندھ کے تعاون سے ہیٹ ویو (Heat Wave) مہم
- پاکستان کے فرسٹ رسپانس انیشیٹیو کے تعاون سے ہیٹ ویو مہم
- فرنٹ لائن ورکرز اور ٹریڈ پولیس کے لیے رمضان مہم
- لائف پرائیویٹ پاکستان مہم - ان تمام اچھی چیزوں کو منظر عام پر لانا جو پاکستان کے لوگوں نے سرانجام دی ہیں

بورڈ کی تشخیص کا طریقہ کار

کوڈ آف کارپوریٹ گورننس ریگولیشنز کے تحت کمپنی کے بورڈ آف ڈائریکٹرز کے پاس سالانہ بنیادوں پر بورڈ اور اس کی ذیلی کمیٹیوں دونوں کی کارکردگی کا جائزہ لینے کے لیے ایک فریم ورک موجود ہے۔ یہ عمل ہر سال بورڈ آف ڈائریکٹرز اور بورڈ کمیٹیوں کے ذریعے کیے جاتے ہیں۔

ڈائریکٹرز کا معاوضہ

بورڈ آف ڈائریکٹرز کو کمپنی کے آرٹیکلز کے تحت وقتاً فوقتاً - ایگزیکٹو اور آزاد ڈائریکٹرز کے لیے معاوضے کا تعین کرنے کا اختیار حاصل ہے۔ بورڈ آف ڈائریکٹرز کی طرف سے "بورڈ ریویویشن پالیسی" کو اتھارائزڈ کیا گیا ہے۔ پالیسی کے مطابق بورڈ کے اجلاسوں میں شرکت کے لیے مینٹنگ فیس کے علاوہ، کمپنی اپنے غیر ایگزیکٹو ڈائریکٹرز کو کوئی دو سر معاوضہ فراہم نہیں کرتی ہے۔ بورڈ یا بورڈ کمیٹی کے اجلاسوں میں شرکت کی لاگت سمیت ڈائریکٹرز کو دیا جانے والا معاوضہ مالیاتی رپورٹ کے نوٹ 41 میں مناسب طریقے سے بیان کیا گیا ہے۔

ہم یہ کہنا چاہیں گے کہ کمپنی کے پاس کافی سرمایہ ہے، اس کے تمام سیچوٹری فنڈز اس کے ادا شدہ سرمائے سے زیادہ 1.25 بلین کے کل ذخائر کے ساتھ مناسب طور پر سالوینٹ ہیں۔ کمپنی کو اپنی ایکویٹی پر کوئی منفی اثر نظر نہیں آ رہا ہے جبکہ ملک 2023 میں معیشت کو سنبھالنے کی کوشش کرے گا۔

فی شیئر آمدنی

سال 2022 کے لیے فی شیئر کی بنیادی اور ڈائیوڈنڈ آمدنی 1.99 روپے تھی جو کہ اس سال کے مقابلے میں 2021 میں 1.03 روپے تھی۔

بیمہ کنندہ کی مالی طاقت کی درجہ بندی (IFS درجہ بندی)

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ کمپنی کی IFS ریٹنگ کا سالانہ بنیادوں پر جائزہ لیتی ہے۔ 29 جون 2022 کو حالیہ سالانہ جائزہ مکمل ہوا اور کمپنی کی IFS درجہ بندی کی A++ پر ایک "مستحکم" آؤٹ لک کے ساتھ تصدیق کی گئی۔ یہ گریڈ کمپنی کے معاہدے اور پالیسی ہولڈر کے وعدوں کو پورا کرنے کی مضبوط صلاحیت کا اظہار کرتا ہے۔ PACRA کی درجہ بندی کے جائزے کے مطابق، روایتی اور ونڈو تکافل دونوں آپریشنز کے تحت کمپنی کے آپریشنز نے ترقی کے نمونوں اور ایک پریمیم بنیاد کو ظاہر کیا جو اس کے حریفوں کے موافق تھا۔

ایوارڈز اور اعزازات

کمپنی نے سال 2022 کے دوران اعزازات اپنے نام کرنے کا سلسلہ جاری رکھا:

- امرجنگ برانڈ آف دی ایئر ایوارڈ
- NFEH CSR ایوارڈ (نیشنل فورم برائے ماحولیات اور صحت ایوارڈ)

ضابطہ اخلاق اور کاروباری اخلاقیات

آدم جی لائف نے ایک ضابطہ اخلاق قائم کیا ہے، جو بورڈ کے اراکین، ملازمین، اور خود کمپنی سمیت تمام اسٹیک ہولڈرز کے فرائض اور ذمہ داریوں کا خاکہ پیش کرتا ہے۔ یہ ضابطہ کمپنی کی کارپوریٹ حکمت عملی، وزن، مشن، اور بنیادی اقدار پر مبنی ہے، اور کمپنی کی ثقافت کا ایک اہم پہلو ہے۔ ضابطہ اخلاق کو اور کمپنی کی ویب سائٹ پر دیکھا جاسکتا ہے، اور اسے منظم طریقہ کار سے سب ہی کو بتایا گیا ہے۔



کمپنی کے سیچوٹری فنڈ کا حجم 31 دسمبر 2022 تک 61.8 بلین روپے تھا، ایک سال کی مدت میں 9 فیصد کا اضافہ درج کیا گیا ہے۔

سندھ اور لاہور کی معزز ہائی کورٹس میں کمپنی اور دیگر لائف انشورنس انڈسٹری کے اداروں کی جانب سے سروسز پر سندھ ریونیو بورڈ اور پنجاب ریونیو اتھارٹی (PRA) کے ذریعے سندھ سیلز ٹیکس (SST) اور پنجاب سیلز ٹیکس (PST) کے نفاذ کے خلاف دائر درخواستوں کے معاملے میں کوئی بڑی پیش رفت نہیں ہوئی۔ کمپنی نے اس لیوی کے خلاف کوئی ذمہ داری فراہم نہیں کی ہے کیونکہ اس کا ماننا ہے کہ خدمات پر اس طرح کا سیلز ٹیکس لائف انشورنس پر بیمہ پر نہیں لگایا جاسکتا۔

ونڈو تکافل آپریشنز:

ونڈو تکافل آپریشنز سے حاصل ہونے والی مجموعی شراکت 4.166 روپے تھی۔ جو گزشتہ سال 4.238 بلین روپے تھی جو گزشتہ سال 4.238 بلین روپے تھی۔ 31 دسمبر 2022 کے لیے ٹیکس سے پہلے کا منافع 184 ملین روپے ہے۔ جس میں اسی مدت کے مقابلے میں 18.5 فیصد کا اضافہ ہوا ہے جو 155.5 بلین روپے تھا۔ تکافل کا نیا بزنس 38 فیصد ہے جو پچھلے سال 49 فیصد تھا۔

مستقبل کی صورت حال:

کمپنی کی انتظامیہ ملک کی معاشی صورت حال سے پوری طرح باخبر ہے اور ان چیلنجز سے نمٹنے کے لیے تمام ضروری اقدامات کر رہی ہے۔ سال 2023 معاشی محاذ پر بہت مشکل سال ہونے کا امکان ہے۔ ادائیگیوں کے غیر معمولی توازن کے بحران کی وجہ سے مالیاتی اور مالیاتی پالیسی کو مزید سخت کرنے سے لوگوں کی آمدنی پر خاصا دباؤ پڑے گا۔ مالی سال 2022-23 میں ملک کے لیے نظر ثانی شدہ جی ڈی پی کی نمو کا تخمینہ 2 فیصد ہے اور افراط زر 21 فیصد تک متوقع ہے۔

موجودہ پورٹ فولیو کے لیسس کی شرح میں کچھ اضافے کے ساتھ نئے کاروبار کو لے کر کمپنی کی نمو کا امکان کم رہے گا۔ تاہم تیزی سے ترقی کرنے والا ڈیجیٹل میدان اور Fintech ہمیں چھوٹے حصوں میں بڑے پیمانے پر فروخت کے ذریعے ملک میں انشورنس کی رسائی کو بڑھانے کے لئے مسلسل پرجوش کرتا ہے۔ ہمیں یہ بتاتے ہوئے فخر ہے کہ ہماری براہ راست سیلز فورس اپنے ڈیجیٹل پلیٹ فارم سے یونٹ لنک انویسٹمنٹ پروڈکٹ، جس میں تجویز سے اجراء تک کا تمام عمل شامل ہے اسے فروخت کرنے میں کامیاب رہی ہے۔

کمپنی نئے مواقع، نئی مارکیٹ تلاش کرنے اور پالیسی ہولڈر کو اپنی پالیسیوں کو فعال رکھنے کی ترغیب دینے کے لیے صورت حال کا بغور جائزہ لینا جاری رکھے گی۔

ان سخت معاشی حالات میں ریگولر پریمیم پالیسیوں سے کمپنی کے نئے کاروبار میں 17.94 فیصد کمی واقع ہوئی ہے جب کہ کمپنی کے تجدید پریمیم اور کارپوریٹ گروپ لائف بزنس میں بالترتیب 10.21 فیصد اور 36.97 فیصد کا اضافہ ہوا۔ اس طرح کمپنی کا کل مجموعی پریمیم گزشتہ سال کے مقابلے میں 1.4 فیصد زیادہ ہے۔ یہ بات قابل ذکر ہے کہ بینک اشورنس کی تقسیم سے صنعت کے کاروبار میں 2.5 فیصد کمی واقع ہوئی ہے، جبکہ نجی شعبے میں براہ راست تقسیم سے صنعت کے کاروبار میں بھی منفی نمود دیکھنے میں آئی۔

کمپنی کا انڈر رائٹنگ سرپلس (انتظامی اخراجات سے پہلے کا منافع اور شیئر ہولڈرز کے فنڈ سے آمدنی) روپے کے مقابلے میں 1,441 ملین روپے کے مقابلے میں 1,783 ملین روپے تک بڑھ گیا ہے۔ جس میں گزشتہ سال سے 19.18 فیصد کا اضافہ رجسٹرڈ کیا گیا ہے۔ انڈر رائٹنگ سرپلس انٹرسٹ میڈ سیکورٹیز میں سالوینسی اور سیچوٹری فنڈ کے تحت چلنے والے دیگر ذخائر کے عوض سرمایہ کاری سے حاصل ہونے والی زیادہ آمدنی میں اضافے سے منسوب ہے، جبکہ زیادہ فنڈ مینجمنٹ فیس کی وجہ سے تجدیدی کھاتے (ری نیول بک) کے حجم میں اضافہ اور گزشتہ سال کے مقابلے میں فنڈ کا حجم **بہتر** شرح اموات رہا ہے۔

شیئر ہولڈرز فنڈ سے کمپنی کی خالص آمدنی (نیٹ انکم) گزشتہ سال میں 73 ملین روپے سے نمایاں طور پر بڑھ کر 208 ملین روپے تک پہنچ گئی ہے۔ یہ اضافہ 2021 کے آخر میں رائٹ شیئرز کے اجراء کے ذریعے کمپنی کے بڑھے ہوئے ادا شدہ سرمائے پر واپسی سے منسوب ہے جس کے لئے بنیادی طور پر سیکورٹیز اور میوچل فنڈز میں سرمایہ کاری کی جاتی ہے۔

کمپنی معاشی صورتحال کی وجہ سے اپنے اخراجات پر احتیاط اور کنٹرول کرنے میں کامیاب رہی ہے۔ کل اخراجات گزشتہ سال کے مقابلے میں 4.65 فیصد کم تھے، یہ بڑی ہوئی افراط زر کے پیش نظر قابل ستائش ہے جو رواں سال کے دوران بھی زیادہ رہا۔

اس طرح کمپنی کا ٹیکس سے پہلے کا منافع بڑھ کر 810 روپے ہو گیا ہے جو گزشتہ سال 231 ملین روپے تھا، اس سال فی شیئر آمدنی 1.99 ہے۔

رپورٹنگ کی مدت میں ایکویٹی مارکیٹ میں گراؤ نے پالیسی ہولڈرز کے فنڈ پر منافع کو بھی متاثر کیا ہے جو ایکویٹی مارکیٹ میں زیادہ تر سرمایہ کاری کرتے ہیں۔ اس طرح کے فنڈ پر منافع 6.36 فیصد تھا جبکہ اسی مدت میں KSE 100 انڈیکس پر منافع 11.27 فیصد تھا۔

بہر حال ان فنڈز میں منافع اور نقد قدر (کیش ویلیو) میں بہتری آئی ہے جو تاریخی طور پر بلند شرح سود کی وجہ سے نسبتاً کم رسک، قرض اور منی مارکیٹ کے انٹرومنٹس میں سرمایہ کاری کرتے ہیں ان کے لئے ہے۔ ایسے فنڈز پر اوسط خالص منافع تقریباً 14 فیصد سالانہ ہے۔ مستقبل میں ان فنڈز پر ریٹرن (منافع) میں بہتری آنے کا امکان ہے۔

مطلع کرنے کے بعد 90 دنوں کے اندر کمپنی کا کلیمز سیٹلمنٹ ریٹو 83 فیصد تھا اور 30 دنوں کے اندر کمپنی کی شکایت کے ازالے کرنے کا تناسب 92 فیصد تھا۔

ڈائریکٹرز رپورٹ

آدم جی لائف انشورنس کمپنی لمیٹڈ کے ڈائریکٹرز مورخہ 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ اپنی سالانہ رپورٹ پیش کرنے پر مسرت محسوس کر رہے ہیں۔

مالیاتی جھلکیاں:

زیر غور مدت کی جھلکیاں درج ذیل ہیں:

30 دسمبر 2021	31 دسمبر 2022	
آڈٹ شدہ	آڈٹ شدہ	
-----'000 روپے میں-----		
20,658,169	20,948,801	گراس پریمیئم
20,128,118	20,315,452	نیٹ پریمیئم
3,128,020	3,734,153	انویسٹمنٹ انکم
18,595,929	19,171,741	پالیسی ہولڈرز کو ادا شدہ اور مختص شدہ رقم
4,429,004	4,067,554	اقتساب اور دیگر آپریٹنگ خرچ
231,205	810,310	ٹیکس سے پہلے منافع
173,804	497,702	ٹیکس کے بعد منافع
56,677,955	61,810,326	سیچورٹی فنڈ کا سائز
3,249,728	3,748,290	شیر ہولڈرز اکیوٹی
----- روپے میں -----		
1.03	1.99	فی حصص آمدنی

کارکردگی کا جائزہ:

سال 2022 ہمارے ملک کے لیے خاص طور پر اہم میکرو اکنامک عدم توازن، خطرناک CPI افراط زر، سیاسی غیر یقینی صورتحال اور سندھ اور بلوچستان میں مومن سون کے سیلاب سے ہونے والے وسیع نقصانات کے تناظر میں خاصا چیلنجنگ رہا ہے۔ ان عوامل کے نتیجے میں عوام کی تصرف کی آمدنی (ڈسپوزل انکم) پر زبردست دباؤ پڑا ہے۔

اس حقیقت کے باوجود کہ انشورنس تک رسائی بھی اقتصادی ترقی اور قابل استعمال آمدنی کے ساتھ منسلک ہے اور سیاسی بحران و افراط زر کے دباؤ سے منفی طور پر متاثر ہوتے ہوئے بھی ہمارے کاروباری شراکت داروں اور موثر براہ راست سیلز فورس نے ہر ممکن نئے امکانات روشن کرنے کا تسلسل جاری رکھا تا کہ کسی بھی غیر یقینی صورتحال سے بچا جاسکے۔

Compliance with the Code of Corporate Governance

Statement of Compliance with the Code of Corporate Governance

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, whereby Adamjee Life Insurance Company Limited (the Company) is managed in compliance with the best practices of Corporate Governance.

The Company, being an insurer, has applied the principles contained in the Code and the Regulations in the following manner:

1. The total number of directors are Eight as per the following, -
 - a. Male: Seven
 - b. Female: One
2. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Name
Independent Director	Mr. Ahmad Alman Aslam
Independent Director	Mr. Shahmeer Khalid Butt
Non-Executive Director	Mr. Umer Mansha
Non-Executive Director	Mrs. Naz Mansha
Non-Executive Director	Mr. Shaikh Muhammad Jawed
Non-Executive Director	Mr. Imran Maqbool
Non-Executive Director	Mr. Muhammad Ali Zeb
Chief Executive Officer	Mr. Manzar Mushtaq

The independent directors meet the criteria of independence under the Code.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies including this company.
4. All the resident directors of the company have confirmed that they are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.
5. No casual vacancy occurred during the year.
6. The Company has prepared a Code of Conduct, which has been disseminated among all the directors and employees of the Company.
7. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

8. All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer and the key officers, have been taken by the Board in accordance with the Companies Act and the Regulations.
9. The meetings of the Board were presided over by the Chairman 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.
11. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
12. During the year, new Chief Executive Officer Mr. Manzar Mushtaq was appointed by the board.
13. There was no change of Chief Financial Officer, Head of Internal Audit and Company Secretary. The Board has approved the remuneration of CFO & Company Secretary and the Head of Internal Audit Department.
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 Chief Executive Officer and Chief Financial Officer before approval of the Board.
16. The Directors, Chief Executive Officer and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
17. The Company has complied with all the corporate and financial reporting requirements of the Code and the Regulations.
18. The Board has formed the following Management Committees under the Code:

Underwriting, Reinsurance & Co-insurance Committee

Name of Members	Category
Mr. Umer Mansha	Chairman / Non-Executive Director
Mr. Manzar Mushtaq	Member / Chief Executive Officer
Mr. Jalal Meghani	Member / Chief Financial Officer
Mr. Amin Nizar Ali	Member / Head of Actuarial & Risk Management
Dr. Bakht Jamal	Member / Head of Operations & Legal Affairs
Mr. Danish Ali Khan Rajput	Secretary / Head of Underwriting & Reinsurance

Claim Settlement Committee:

Name of Members	Category
Mr. S.M. Jawed	Chairman / Non-Executive Director
Mr. Manzar Mushtaq	Member / Chief Executive Officer
Mr. Jalal Meghani	Member / Chief Financial Officer
Mr. Ali Haider	Member / Head of Banca, Corporate Sales & Marketing
Dr. Saquib Saeed Khan	Secretary / Head of Policy Holder Services

Risk Management & Compliance Committee:

Name of Members	Category
Mr. Muhammad Ali Zeb	Chairman / Non-Executive Director
Mr. Manzar Mushtaq	Member / Chief Executive Officer
Mr. Jalal Meghani	Member / Chief Financial Officer
Mr. Amin Nizar Ali	Member / Head of Actuarial & Risk Management
Mr. Asif Mirza	Secretary / Head of Compliance

19. The Board has formed the following Board Committees.

Ethics, Human Resource, Remuneration and Nominations Committee:

Name of Members	Category
Mr. Shahmeer Khalid Butt	Chairman / Independent Director
Mr. S.M Jawed	Member / Non-Executive Director
Mr. Muhammad Ali Zeb	Member / Non-Executive Director
Mr. Umer Mansha	Member / Non-Executive Director
Mr. Manzar Mushtaq	Member / Chief Executive Officer
Ms. Zehra Faiz	Secretary / Head of Human Resource

Investment Committee:

Name of Members	Category
Mr. S.M. Jawed	Chairman / Non-Executive Director
Mr. Muhammad Ali Zeb	Member / Non-Executive Director
Mr. Imran Maqbool	Member / Non-Executive Director
Mr. Manzar Mushtaq	Member / Chief Executive Officer
Mr. Jalal Meghani	Member / Chief Financial Officer
Mr. Amin Nizar Ali	Member / Head of Actuarial & Risk Management
Ms. Sidrah Kanwer	Secretary / Assistant General Manager Finance

20. The Board has formed an Audit Committee. It comprises of four members, of whom one is an independent director and two are non-executive directors. The chairman of the Committee is an independent director. The composition of the Audit Committee is as follows:

Audit Committee

Name of Members	Category
Mr. Shahmeer Khalid Butt	Chairman / Independent Director
Mr. S.M. Jawed	Member / Non-Executive Director
Mr. Muhammad Ali Zeb	Member / Non-Executive Director
Mr. Samad Ali Naqvi	Secretary / Head of Internal Audit

21. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
22. The meetings of the Committees, except Ethics, Human Resource and Remuneration Committee, were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. Ethics, Human Resource and Remuneration Committee meeting was held twice during the year.
23. The Board has set up an effective internal audit department which comprises of suitably qualified and experienced staff for the purpose and are conversant with the policies and procedures of the Company and are involved in the internal audit function on a regular basis.
24. 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 said Code. Moreover, the persons heading the underwriting, claim, reinsurance, risk management and grievance functions / departments possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

Name of Person	Designation
Mr. Manzar Mushatq	Chief Executive Officer
Mr. Jalal Meghani	Deputy Managing Director / Chief Financial Officer
Mr. Rahim Vallyani	Company Secretary
Mr. Samad Ali Naqvi	Head of Internal Audit
Mr. Asif Mirza	Head of Compliance
Mr. Amin Nizar Ali	Head of Actuarial & Risk Management
Mr. Bakht Jamal	Head of Operations & Legal Affairs
Mr. Danish Ali Rajput	Head of Underwriting & Reinsurance
Dr. Saquib Saeed Khan	Head of Policy holder Services

25. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors 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, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the insurer and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
26. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

27. The Appointed Actuary of the Company has confirmed that he or his spouse and minor children do not hold shares of the Company.
28. The Board ensures that the Appointed Actuary complies with the requirements set out for him in the Code.
29. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code.
30. The Board ensures that the risk management system of the Company is in place as per the requirement of the Code.
31. The Company has set up a risk management function / department, which carries out its tasks as covered under the Code.
32. The Board ensures that as part of the risk management system, the Company gets rated from PACRA credit rating agency which is being used by its risk management function / department and the respective Committee as a risk monitoring tool. The rating assigned by the said rating agency on 29 June 2022 is A++ with stable outlook.
33. The Board has set up a grievance department/function, which fully complies with the requirements of the Code.
34. All directors are either already certified or exempt from the said requirement under Code.
35. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of the requirements of the Code.
36. We confirm that all other material principles contained in the Code of Corporate Governance for Insurers, 2016 have been complied with.
37. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
38. Regulation 6: The Board of the Company comprises of seven (7) elected directors and CEO therefore one-third works out to be 2.66. Fraction arrived at while calculating the one-third of Independent Directors was not rounded up to one. The reason for such rounding down is because the Board honestly believes and understands that two (2) independent directors are sufficient to fulfill the roles and obligations of the independent director as per requirements of the applicable law and regulations. Moreover, the Company has two eminent and seasoned professionals who are acting in the capacity of independent directors, both of whom have the requisite competencies, skills, knowledge and experience to discharge and execute their duties competently. Therefore, the appointment of a third independent director is not considered.

Independent Auditor's Review Report To the members of Adamjee Life Assurance 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 (both herein referred to as 'the Code') prepared by the Board of Directors of Adamjee Life Assurance Company Limited (the Company) for the year ended December 31, 2022 in accordance with the requirements of regulation 36 the Listed Companies (Code of Corporate Governance) Regulations, 2019 and provision (lxxvi) of Code of Corporate Governance for Insurers, 2016.

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

The 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.

Chartered Accountants

Place: Karachi

Date: March 30, 2023

UDIN: CR202210057yQf2dGOV5

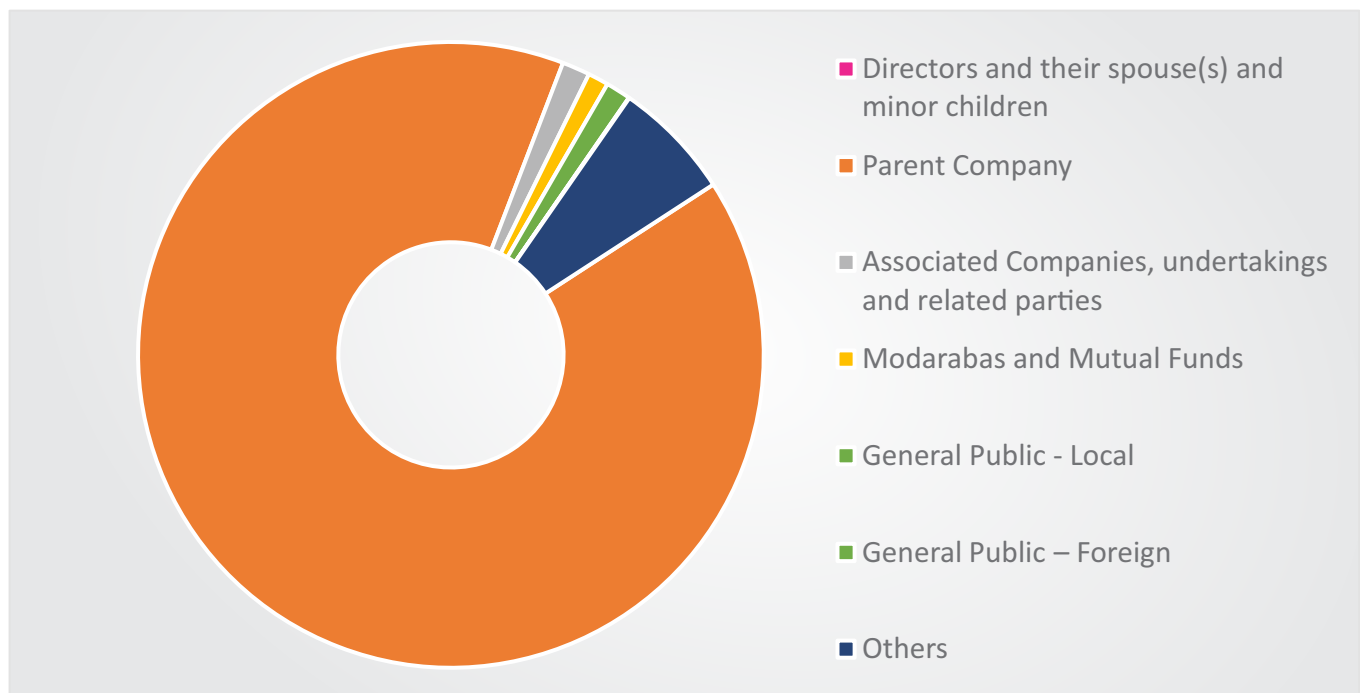
Governance Framework

Ownership/ shareholding structure

*The Company is a subsidiary of Adamjee Insurance Company Limited.

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children	7	1,750	0.0007
Parent Company	1	224,998,250	90.00
Associated Companies, undertakings and related parties	2	3,613,975	1.44
Executives	-	-	-
NIT and ICP	-	-	-
Banks, Finance Institutions, NBFC	-	-	-
Insurance Companies	-	-	-
Modarabas and Mutual Funds	8	2,675,777	1.07
General Public - Local	834	3,222,796	1.29
General Public – Foreign	55	73,000	0.03
Others	18	15,414,452	6.17
Totals	925	250,000,000	100.00

*The Company is a subsidiary of Adamjee Insurance Company Limited.



Formal Orientation Course for Directors

All the directors of the Company are well experienced and have diverse backgrounds. At the time of induction of a new director, a comprehensive orientation session is being conducted covering various aspects such as Company's operations, applicable laws & regulations and their fiduciary duties and responsibilities towards the Company, etc.

Directors Training Program

One non-executive director Mr. Imran Maqbool, Chief Executive officer and Company Secretary has attended the Director Training Program during the year 2022, whereas all the others directors and Chief Financial Officer have already completed the SECP'S Director Training Program Certification from SECP approved institution or have availed the exemption.

Policy on related party transactions

The Related Party Transactions Policy has been adopted by the Board of Directors. It is company policy to carry out all related party transactions on an arm's length basis throughout regular business operations. On the proposal of the Audit Committee, the Board must give particular approvals or ratifications if a transaction is not carried out at arm's length in order to avoid any potential conflicts of interest.

According to the policy, every transaction with a related party must have board's approval and be recommended by the audit committee, which is chaired by an independent director.

Any director (including spouses and children) who is in any way, whether directly or indirectly, interested in any agreement entered into by or on behalf of the company or contemplated by it must disclose the nature of his interest at a board meeting. In his or her capacity as a director, no director shall participate in, or cast a vote on, any contract or agreement entered into or to be entered into by or on behalf of the Company if the director is in any way, whether directly or indirectly, concerned with, interested in, or otherwise connected with the contract or agreement. Additionally, the director's presence shall not be taken into account when determining whether a quorum is present for any such discussion.

Policy for Actual and Perceived Conflict of Interest

The Company is dedicated to openly disclosing, managing, and overseeing any current or potential conflicts of interest. The Board of the Company is also aware of its responsibilities under the Listed Companies (Code of Corporate Governance) Regulation, 2019 and the Code of Corporate Governance for Insurers, 2016, to make sure that Directors avoid conflicts of interest between their official duties and their other interests.

All Board members have a responsibility to stay clear of any conflicts of interest, real or perceived. Every director of the company who has a stake in any transaction the company is considering entering must inform the board of the nature of his interest or concern and must abstain from participating or voting on the discussion. The Directors of the Company must submit a signed Statement of Compliance each year in accordance with section 153 of the Companies Act, 2017, COCG, and Insurance Companies (Sound and Prudent Management) Regulations, 2012.

The declaration mandates that each Director declare the names of the companies, partnerships, and enterprises with which they are affiliated and attests to their compliance with all applicable laws.

Grievance Policy

According to Adamjee Life's policy, a company's relationships with investors are essential to its financial health and rapid expansion. The organization's reputation is also reflected in its interactions with investors. Thus, it is essential to establish a system inside the company for serving investors and resolving their complaints in a way that complies with the law.

In accordance with this, the Company has made available on its website all pertinent information regarding the Company, its directors, auditors, share registrars, financial data for the current and previous six-year periods, and daily stock updates of the Company's shares quoted at the Karachi Stock Exchange.

The principal point of contact for investors seeking to address their complaints and find solutions on behalf of the Company is the Company Secretary. The management makes an effort to look into and satisfactorily address any investor concerns and inquiries. Using an interactive connection on our website, an investor who is unsatisfied may also contact the Securities & Exchange Commission of Pakistan (SECP) complaint cell.

IT Governance Policy

According to Adamjee Life, information technology is a crucial component of overall corporate and IT governance. The business has positioned itself to make effective use of information technology resources to meet its operational and strategic goals while boosting shareholder value. IT governance lays a strong focus on offering effective and safe IT solutions that satisfy the needs of our policyholders in the most convenient and creative ways. The company upholds extremely high standards for cyber security.

The main objective of IT governance policy is to ensure that IT systems and processes align with the goals and objectives of the organization, and support the overall strategy of the organization.

Specifically, an IT governance policy aims to achieve the following objectives:

1. Align IT strategy with business strategy
2. Manage IT risks
3. Optimize IT investments
4. Ensure compliance with regulations and standards
5. Improve IT performance and efficiency
6. Ensure accountability and responsibility
7. Foster a culture of continuous improvement

Whistle Blowing Policy

Adamjee Life's whistle-blowing policy is a set of guidelines and procedures that an organization puts in place to encourage and protect employees who report misconduct or illegal activity within the organization. The policy outlines the steps an employee can take to make a report, the channels for reporting, and the protections and remedies available to whistleblowers.

The primary goal of a whistle-blowing policy is to promote ethical behavior and create a culture of transparency within the organization. By encouraging employees to speak up about wrongdoing, organizations can identify and address problems before they become major issues. Additionally, by protecting whistleblowers from retaliation, organizations can send a message that unethical behavior will not be tolerated and that the organization is committed to upholding high ethical standards.

Human Resource Management Policies including Preparation of Succession Plan

A complete set of policies has been put in place by Adamjee Life to address every facet of human resources. With a continual emphasis on learning and development interventions, the company has a motivated and engaged staff that will help it achieve its strategic goals and objectives. In order to provide our staff more power, the company has introduced state of the art Human Resource Management System.

Recognizing that changes in management are inevitable, Adamjee Life has established a succession plan to provide continuity in leadership and avoid extended and costly vacancies in Key position. Adamjee Life succession plan is designed to identify and prepare candidates for High Level management positions that become vacant due to retirement, resignation or new business opportunity

Health, Safety and Environment

Adamjee Life is committed to provide a safe environment for all of its employees. The Company makes all reasonable efforts to:

- Promote occupational and personal safety;
- Promote the health and safety of employees and contractors;
- Provide information to employees about health and safety hazards;
- Identify health and safety hazards and encourage employees to report potential hazards;
- Conduct activities in a manner that protects the environment and educate staff regarding environmental impacts associated with institutional operations;
- Maintain a risk based emergency management program to reduce the impact of emergency events at ALIFE.

Business Continuity Plan

Business continuity planning (BCP) is a process designed to reduce the organizations' business risk arising from an unexpected disruption of the critical function/operations necessary for the survival of the organization. This can include short or long-term disasters or other disruptions, such as fires, floods, earthquakes, explosions, terrorism, extended power interruptions, hardware or software failure, hazardous chemical spills, and other natural or man-made disasters.

The Business Continuity Plan is limited in scope to recovery and business continuance from a serious disruption in activities due to the non-availability of Adamjee Life's facilities. The Business Continuity Plan includes procedures for all phases of recovery.

The objectives of the BCP plan is to:

1. Ensure the safety of employees and visitors in the office buildings.
2. Mitigate threats or limit the damage that threats can cause.
3. Have advanced preparations to ensure that critical business functions can continue.
4. Have documented plans and procedures to ensure the quick, effective execution of recovery strategies for critical business functions.
5. Include procedures for all phases of recovery as defined in the Business Continuity Strategy section of this document.
6. Establish teams who will manage the process of recovery and restoration of business after a disaster and those who will complete the specific activities necessary to continue critical business function.

Cyber Security Policy

In view of increased cybersecurity threats targeted at the financial sector and to comply with SECP'S Cyber Security guidelines, it is imperative that at Adamjee Life every IT resource, user, and owner adopt appropriate cybersecurity protections.

Cyber Security policy involves protecting critical information and devices from cyber threats; policy also describes how ALIFE critical data should be protected against vulnerable attacks that can threaten critical data / information, whether on the workstation, across various applications, networks, or devices.

It is essential to adopt a risk-based approach for cyber security implementation. Additionally, according to the minimum-security standards, adequate levels of protection for different risk categories can be defined for different risk categories.

Anti Money Laundering and Countering Financial Terrorism Policy

Adamjee Life ensures its commitment to the directives of Securities and Exchange Commission of Pakistan (SECP) and Government of Pakistan (GoP) to prevent money laundering and financing of terrorism in all its forms. Adamjee Life and its staff shall cooperate with the SECP and other regulatory authorities in all matters related to AML/CFT and the Company shall fully comply with instructions or inquiries from the SECP and other competent authorities in this regard.

Adamjee Life shall not allow its products, services or any of its resources to be utilized for the purposes of money laundering and terrorist financing and it shall take all steps necessary for prevention of money laundering and terrorist financing through its platform.

The policy established and adopted by Adamjee Life to counter and combat Money Laundering activities conducted using Adamjee Life as a medium. The objective of this policy is to assist the users of this policy (Board of Directors of Adamjee Life, management, agents and all employees in general) understand what is money laundering / terrorist financing, how it applies to Adamjee Life, the regulatory environment and the procedures in place to counter money laundering / terrorist financing along with the impact of those procedures on the work processes. This policy is reviewed annually on account of amendments in regulatory framework.

Statement of Unreserved Compliance of International Financial Reporting Standard (IFRS) issued by the International Accounting Standard Board (IASB)

The management of the Company strongly believes in adherence to unreserved compliance with all the applicable International Accounting Standards (IAS)/ International Financial Reporting Standard (IFRS) issued by International Accounting Standards Board (IASB). The Financial Statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan and in accordance with provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations, 2017 and the Takaful Rules, 2012.

Statement of Adherence with the International Integrated Reporting Framework (IIR)

The International Integrated Reporting Council's (IIRC's) rules for the International Integrated Reporting (IR) framework were followed in the preparation of Adamjee Life's Annual Report for 2022. We constantly work to improve the transparency of the information presented to our stakeholders in order to build and maintain their trust, including that of employees, policyholders, suppliers, business partners, local communities, legislators, regulators, and policymakers. We always aim to achieve our goals through excellent corporate reporting.

In order to improve the quality of information and clearly express the financial and non-financial information that reflects the systemic and dynamic interactions of insurance business activities as a whole for its stakeholders, as well as represents the Company's performance and ability to create value over time, a principle-based integrated reporting framework is promoted. It further improves stewardship and accountability for the full range of capitals (financial, material, intellectual, human, social, and relationship, as well as natural), and it encourages awareness of their interdependencies.

The management firmly believes in adherence to the best corporate governance and reporting practices and ensures complying best reporting practices and generate greater value for the Company and the stakeholders as well.

Statement of Directors

As per the requirement of Section 46(6) and Section 52(2)(c) of the Insurance Ordinance 2000 for the year ended December 2022.

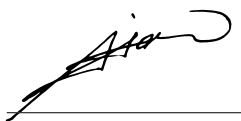
Section 46(6)

We certify and confirm that:-

- a) In our opinion the annual statutory accounts of Adamjee Life Assurance Company Limited set out in the forms attached to the statement have been drawn up in accordance with the Insurance Ordinance, 2000 and the rules made there under;
- b) Adamjee Life Assurance Company Limited has at all times in the year complied with the provisions of the Insurance Ordinance, 2000 and the rules made there under relating to paid-up capital, solvency and reinsurance arrangements as at December 31, 2022; and
- c) As at December 31, 2022, Adamjee Life Assurance Company Limited continues to be in compliance with the provisions of the Ordinance and the rules made there under relating to paid-up capital, solvency and reinsurance arrangements.

Section 52(2)(c)

In our opinion each statutory fund of Adamjee Life Assurance Company Limited complies with the solvency requirements of the Insurance Ordinance, 2000 and the Insurance Rules, 2017 (previously Insurance Rules, 2002).



S. Muhammad Jawed
Chairman



Muhammad Ali Zeb
Director



Imran Maqbool
Director



Manzar Mushtaq
Chief Executive Officer



Jalal Meghani
Chief Financial Officer

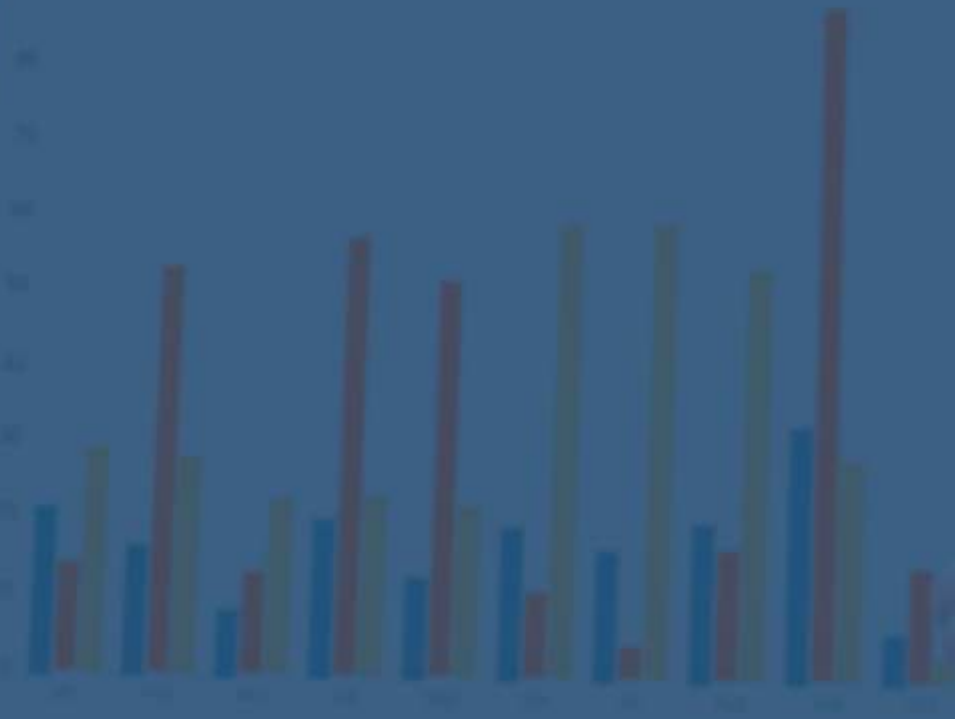
03

FINANCIAL PERFORMANCE AND REPORTING





Sales Trend



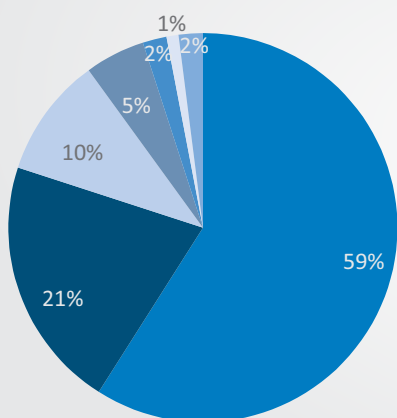
Financial Performance Analysis

Statement of Value Addition

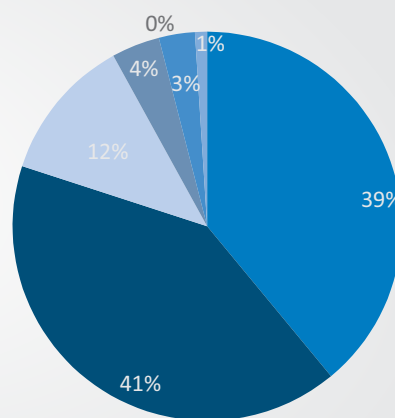
WEALTH GENERATION	2022		2021	
	Rs. In '000	%	Rs. In '000	%
Net premium / contribution	20,315,452	84.48%	20,128,118	86.58%
Net investment income	3,010,006	12.52%	2,736,863	11.77%
Other income	723,055	3.01%	383,968	1.65%
Total wealth generated	24,048,513	100.00%	23,248,949	100.00%

WEALTH DISTRIBUTION	2022		2021	
	Rs. In '000	%	Rs. In '000	%
Net insurance benefits	14,234,436	59.19%	9,105,758	39.17%
Change in insurance liabilities	4,937,305	20.53%	9,490,171	40.82%
Commission expense	2,417,852	10.05%	2,704,247	11.63%
Employee benefit cost	1,082,543	4.50%	1,016,317	4.37%
Administrative expenses	545,552	2.27%	643,622	2.77%
Donations	1,143	0.00%	4,351	0.02%
Financial charges	18,192	0.08%	23,978	0.10%
Government taxes	312,928	1.30%	65,898	0.28%
Retained in business	498,562	2.07%	194,607	0.84%
Total wealth distributed	24,048,513	100.00%	23,248,949	100.00%

Wealth Distribution - 2022



Wealth Distribution - 2021



Six Years Financial Performance (2017-2022)

Balance Sheet	2022	2021	2020	2019	2018	2017
Paid up capital	2,500	2,500	935	935	935	935
Reserves	772	585	527	364	49	59
Equity (unappropriated profit)	476	164	28	20	139	69
Investments (market value)	60,771	49,678	38,547	31,078	28,783	26,710
Investment property	944	939	855	876	855	638
Fixed assets	367	370	402	564	241	214
Cash & bank deposits	5,317	9,726	9,955	7,261	3,312	1,352
Other assets	1,768	1,204	1,080	655	721	544
Total assets	69,166	61,918	50,839	40,434	33,912	29,457
Total liabilities	65,418	58,668	49,349	39,114	32,789	28,393

Operating Data						
Gross premium	20,949	20,658	17,101	12,969	13,247	13,766
Net premium	20,315	20,128	16,537	12,386	12,711	13,294
Net claims	(14,234)	(9,106)	(6,839)	(6,724)	(6,316)	(4,385)
Net commission	(2,842)	(3,138)	(2,692)	(2,700)	(2,140)	(1,973)
Net change in insurance/takaful						
Liabilities (other than outstanding						
claims)	(4,937)	(9,490)	(9,937)	(5,126)	(3,703)	(5,844)
Underwriting results	2	2	1	1	1	1
Financial charges	(18)	(24)	(26)	(8)	-	-
Total expenses	(1,208)	(1,267)	(1,018)	(1,057)	(846)	(920)
Investment income	3,734	3,128	4,285	3,510	366	(415)
Profit before tax	810	231	310	281	73	(242)
Profit after tax	498	174	191	217	56	(170)

Cash Flow Summary						
Operating activities	3,388,610	5,650,284	2865383	4,059,752	6,884,690	4,631,899
Investing activities	(14,012,886)	(4,757,080)	(351,477)	(189,734)	(3,075,967)	781,217
Financing activities	(89,801)	178,289	-	-	-	-

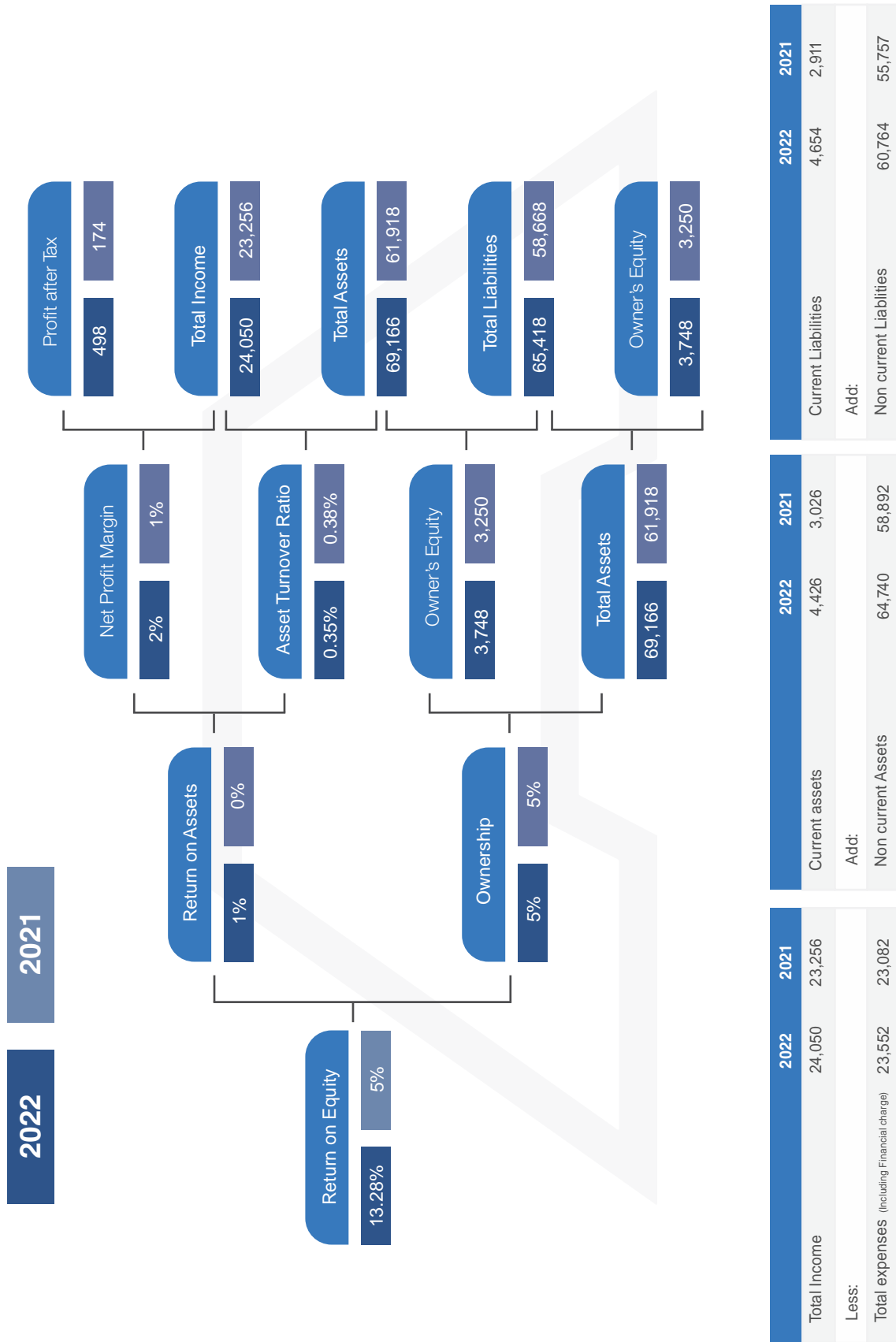
Share Information						
Break-up value per share	14.99	13.00	15.93	14.10	12.00	11.37
No. of shares in '000'	250,000	250,000	93,549	93,549	93,549	93,549
Share price at year end	19.49	-	-	-	-	-
Highest share price during year	19.55	-	-	-	-	-
Lowest share price during year	19.00	-	-	-	-	-
KSE 100 index	40,420	44,596	43,755	40,735	37,067	40,471
Market price to break up value	1.30	-	-	-	-	-
Face value	10	10	10	10	10	10
Market capitalization (Rupees in '000')	4,872,500	-	-	-	-	-

Capital Structure of the Company

As shown below, the Company is generating enough liquidity from its operations and the proportion of capital and reserves attributable to shareholders is on average 98% of total capital over the last six years.

	2022	2021	2020	2019	2018	2017
	(Rupees in '000)					
Ordinary share capital	2,500,000	2,500,000	935,494	935,494	935,494	935,494
Money ceded to Waqf fund	500	500	500	500	500	500
Surplus/(deficit) on revaluation of available for sale investments	(5,496)	(4,743)	361	(3,562)	(3,928)	4,639
Ledger account D	776,870	589,705	525,915	367,174	52,288	54,357
Unappropriated profit	476,416	164,266	28,345	19,685	138,535	68,950
Capital and reserves attributable to the Company's equity holders	3,748,290	3,249,728	1,490,615	1,319,291	1,122,889	1,063,940
Long term borrowing	-	84,894	164,482	-	-	-
Company Capital Structure at the end of year	<u>3,748,290</u>	<u>3,334,622</u>	<u>1,655,097</u>	<u>1,319,291</u>	<u>1,122,889</u>	<u>1,063,940</u>
Capital and reserves attributable to the Company's equity holders	100.00%	97.45%	90.06%	100.00%	100.00%	100.00%

Dupont Analysis



Six Years Financial Performance (2017-2022)

Financial Ratios

Profitability Ratios		2022	2021	2020	2019	2018	2017
Profit / (loss) before tax / gross premium	%	3.9	1.1	1.8	2.2	0.5	(1.8)
Profit / (loss) before tax / net premium	%	4.0	1.1	1.9	2.3	0.6	(1.8)
Profit / (loss) after tax / gross premium	%	2.4	0.8	1.1	1.7	0.4	(1.2)
Profit / (loss) after tax / net premium	%	2.4	0.9	1.2	1.8	0.4	(1.3)
Net claims / net premium	%	70.1	45.2	41.4	54.3	49.7	33.0
Commission / net premium	%	14.0	15.6	16.3	21.8	16.8	14.8
Administration expenses / gross premium	%	5.8	6.1	6.0	8.1	6.4	6.7
Administration expenses / net premium	%	5.9	6.3	6.2	8.5	6.7	6.9
Profit / (loss) before tax / total income	%	3.4	1.0	1.5	1.8	0.6	(1.9)
Profit / (loss) after tax / total income	%	2.1	0.7	0.9	1.4	0.4	(1.3)
Net investment income / net premium	%	18.4	15.5	25.9	28.3	2.9	(3.1)

Return to Shareholders Ratios

Return on equity including retained
Balance in ledger account d

(PAT / total equity)	%	13.28	5.35	12.81	16.46	4.99	(15.95)
Earnings / (loss) per share (pre tax)	Rs.	3.24	0.92	3.32	3.01	0.78	(2.59)
Earnings / (loss) per share (after tax)	Rs.	1.99	0.70	2.04	2.32	0.60	(1.81)
Return on total assets	%	0.72	0.28	0.38	0.54	0.17	(0.58)
Earnings growth	%	186.36	(9.01)	(12.02)	487.08	(133.04)	(334.30)
Breakup value per share rupees	Rs.	14.99	13.00	15.93	14.10	12.00	11.37

Liquidity Ratios

Current ratio	Times	0.95	1.04	1.28	0.96	1.09	1.01
Cash & bank / current liability	Times	0.58	0.64	0.91	0.74	0.74	0.60
Total liabilities / total equity	Times	17.45	18.05	33.11	29.65	29.20	26.69
Paid up capital / total assets	%	3.61	4.04	1.84	2.31	2.76	3.18
Equity / total assets	%	5.42	5.25	2.93	3.26	3.31	3.61

Six Years Financial Performance (2017-2022)

Horizontal Analysis- Balance Sheet and Income Statement

Balance Sheet	2022	2021	2020	2019	2018	2017	2022	2021	2020	2019	2018	2017
	Rs Min.						%Increase / (decrease) over preceding years					
Fixed assets	367	370	402	564	241	214	(0.9)	(7.9)	(28.8)	134.1	12.7	69.8
Investment property	944	939	855	876	855	638	0.5	9.8	(2.4)	2.5	34.1	-
Investments	60,771	49,678	38,547	31,078	28,783	26,710	22.3	28.9	24.0	8.0	7.8	32.7
Current assets-others	1,768	1,204	1,080	655	721	544	46.9	11.5	65.0	(9.2)	32.6	(65.5)
Cash and bank deposits	5,317	9,726	9,955	7,261	3,312	1,352	(45.3)	(2.3)	37.1	119.2	145.0	(19.4)
Total assets	69,166	61,918	50,839	40,434	33,912	29,457	11.7	21.8	25.7	19.2	15.1	25.3
Equity	3,748	3,250	1,491	1,319	1,123	1,064	15.3	118.0	13.0	17.5	5.5	(16.0)
Insurance liabilities	63,409	56,933	47,033	36,736	31,747	27,452	11.4	21.0	28.0	15.7	15.6	27.8
Long term liabilities	164	230	384	398	-	32	(28.4)	(40.1)	(3.7)	-	(100.0)	119.4
Deferred taxation	377	232	207	96	41	24	62.7	12.1	115.1	135.9	67.0	(78.1)
Borrowings	-	89	178	-	-	-	(100.0)	(50.0)	-	-	-	-
Current liabilities	542	431	456	386	393	260	25.7	(5.4)	18.0	(1.7)	51.3	28.7
Other creditors and accruals	926	753	1,091	1,498	609	626	22.9	(31.0)	(27.2)	146.0	(2.7)	45.0
Total equity and liabilities	69,166	61,918	50,839	40,434	33,912	29,457	11.7	21.8	25.7	19.2	15.1	25.3
Profit and Loss Account	2022	2021	2020	2019	2018	2017	2022	2021	2020	2019	2018	2017
	Rs Min.						%Increase / (decrease) over preceding years					
Net premium revenue	20,315	20,128	16,537	12,386	12,711	13,294	0.9	21.7	33.5	(2.6)	(4.4)	21.8
Net investment income	3,734	3,128	4,285	3,510	366	(415)	19.4	(27.0)	22.1	858.1	(188.4)	(118.0)
Net claims	(14,234)	(9,106)	(6,839)	(6,724)	(6,316)	(4,385)	56.3	33.2	1.7	6.5	44.0	39.1
Net change in insurance liabilities	(4,937)	(9,490)	(9,937)	(5,126)	(3,703)	(5,844)	(48.0)	(4.5)	93.9	38.4	(36.6)	(21.0)
Net commission expense	(2,842)	(3,138)	(2,692)	(2,700)	(2,140)	(1,973)	(9.5)	16.6	(0.3)	26.2	8.4	24.3
Other / marketing and administration expense	(1,208)	(1,267)	(1,018)	(1,057)	(846)	(920)	(4.7)	24.4	(3.6)	24.9	(8.0)	34.8
Financial charges	(18)	(24)	(26)	(8)	-	-	(24.1)	(6.9)	227.1	-	-	-
Profit before tax	810	231	310	281	73	(242)	250.5	(25.5)	10.3	287.5	(130.0)	(160.8)
Taxation	(313)	(57)	(119)	(64)	(16)	72	444.6	(51.8)	86.0	288.9	(122.8)	(9,335.1)
Profit after tax	498	174	191	217	56	(170)	186.4	(9.0)	(12.0)	287.1	(133.0)	(142.7)

Graphical Representation

Horizontal Analysis- Balance Sheet and Income Statement



Graphical Representation

Horizontal Analysis- Balance Sheet and Income Statement



Six Years Financial Performance (2017-2022)

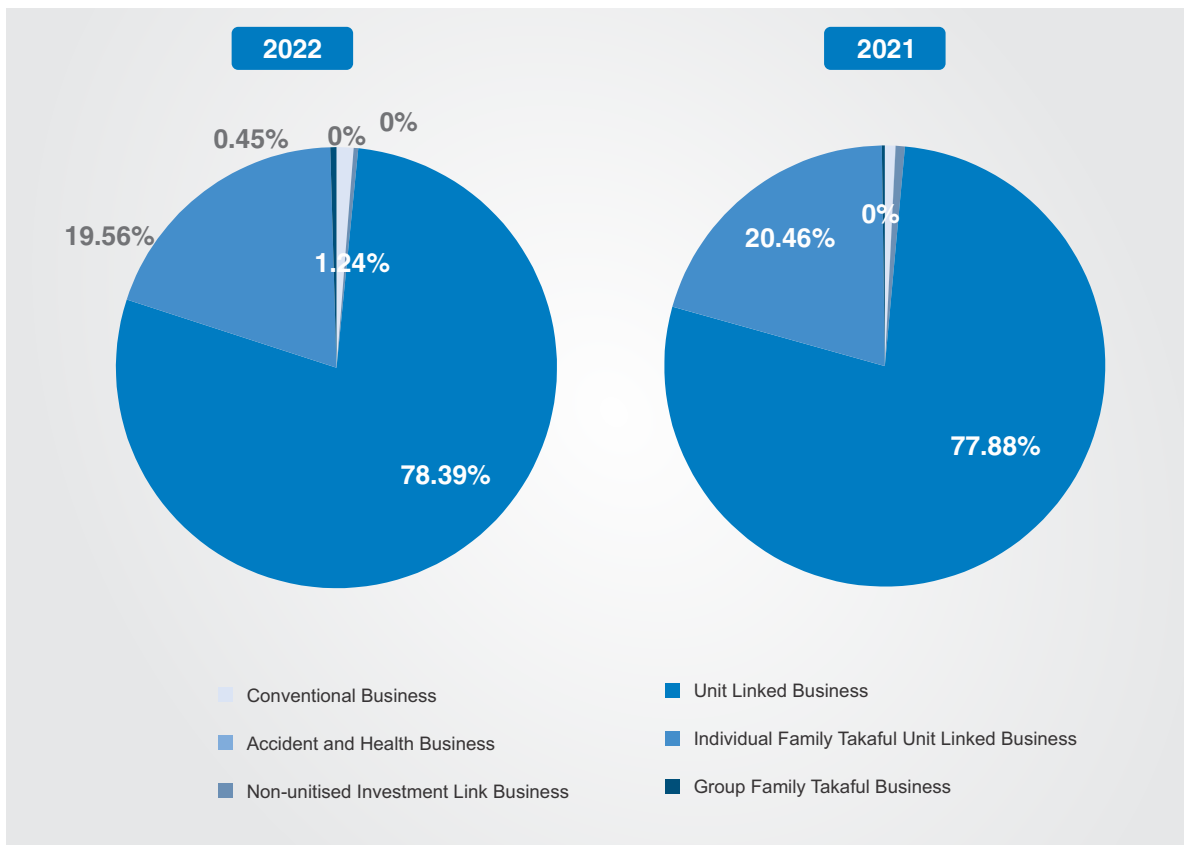
Vertical Analysis- Balance Sheet and Income Statement

Balance Sheet	2022		2021		2020		2019		2018		2017	
	Rs Mln.	%	Rs Mln.	%	Rs Mln.	%	Rs Mln.	%	Rs Mln.	%	Rs Mln.	%
Fixed assets	366.5	0.5	370.0	0.6	401.8	0.8	564.0	1.4	240.9	0.7	213.8	0.7
Investment property	943.7	1.4	939.4	1.5	855.4	1.7	876.4	2.2	855.4	2.5	638.0	2.2
Investments	60,770.6	87.9	49,678.1	80.2	38,547.1	75.8	31,078.1	76.9	28,783.1	84.9	26,710.3	90.7
Current assets-others	1,768.3	2.6	1,203.9	1.9	1,080.1	2.1	654.6	1.6	721.2	2.1	543.8	1.8
Cash and bank deposits	5,317.0	7.7	9,726.1	15.7	9,955.1	19.6	7,260.6	18.0	3,311.7	9.8	1,351.6	4.6
Total assets	69,166	100.0	61,918	100.0	50,839	100.0	40,434	100.0	33,912	100.0	29,457	100.0
Equity	3,748	5.4	3,250	5.2	1,491	2.9	1,319	3.3	1,123	3.3	1,064	3.6
Insurance liabilities	63,409	91.7	56,933	91.9	47,033	92.5	36,736	90.9	31,747	93.6	27,452	93.2
Long term liabilities	164	0.2	230	0.4	384	0.8	398	1.0	-	-	32	0.1
Deferred taxation	377	0.5	232	0.4	207	0.4	96	0.2	41	0.1	24	0.1
Borrowings	-	-	89	0.1	178	0.4	-	-	-	-	-	-
Current liabilities	542	0.8	431	0.7	456	0.9	386	1.0	393	1.2	260	0.9
Other creditors and accruals	926	1.3	753	1.2	1,091	2.1	1,498	3.7	609	1.8	626	2.1
Total equity and liabilities	69,166	100.0	61,918	100.0	50,839	100.0	40,434	100.0	33,912	100.0	29,457	100.0

Profit and Loss Account	2022		2021		2020		2019		2018		2017	
	Rs Mln.	%	Rs Mln.	%	Rs Mln.	%	Rs Mln.	%	Rs Mln.	%	Rs Mln.	%
Net premium revenue	20,315	100.00	20,128	100.00	16,537	100.00	12,386	100.00	12,711	100.00	13,294	100.00
Net investment income	3,734	18.38	3,128	15.54	4,285	25.91	3,510	28.34	366	2.88	(415)	(3.12)
Net claims	(14,234)	(70.07)	(9,106)	(45.24)	(6,839)	(41.35)	(6,724)	(54.29)	(6,316)	(49.68)	(4,385)	(32.99)
Net change in insurance liabilities	(4,937)	(24.30)	(9,490)	(47.15)	(9,937)	(60.09)	(5,126)	(41.38)	(3,703)	(29.13)	(5,844)	(43.96)
Net commission expense	(2,842)	(13.99)	(3,138)	(15.59)	(2,692)	(16.28)	(2,700)	(21.80)	(2,140)	(16.84)	(1,973)	(14.84)
Other/marketing and administration expense	(1,208)	(5.95)	(1,267)	(6.29)	(1,018)	(6.16)	(1,057)	(8.53)	(846)	(6.66)	(920)	(6.92)
Financial charges	(18)	(0.09)	(24)	(0.12)	(26)	(0.16)	(8)	(0.06)	-	-	-	-
Profit before tax	810	3.99	231	1.15	310	1.88	281	2.27	73	0.57	(242)	(1.82)
Taxation	(313)	(1.54)	(119)	(0.59)	(64)	(0.39)	(16)	(0.13)	72	0.57	(1)	(0.01)
Profit after tax	498	2.45	112	0.56	246	1.49	265	2.14	145	1.14	(243)	(1.83)

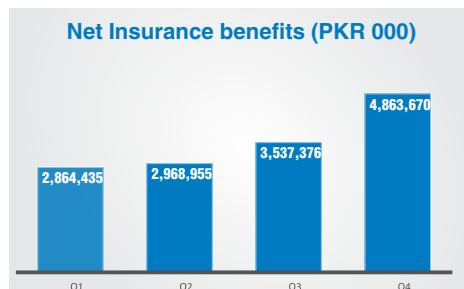
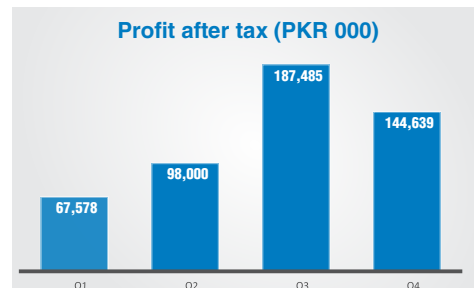
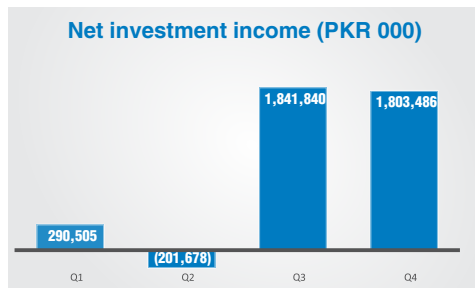
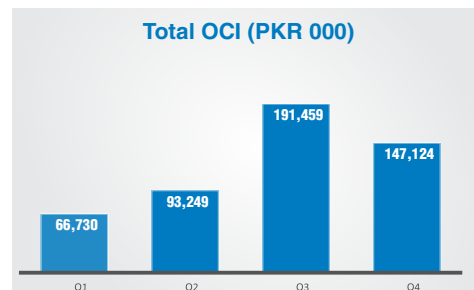
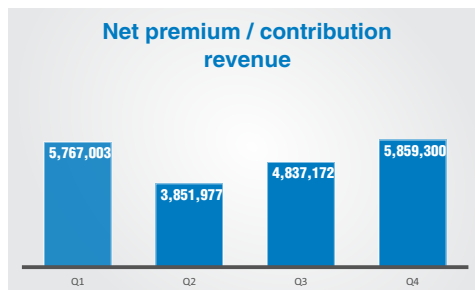
Segmental Net Premium

	Conventional Business	Accident and Health Business	Non-unitised Investment Link Business	Unit Linked Business	Individual Family Takaful Unit Linked Business	Group Family Takaful Business	Total
2022	251,626	599	70,942	15,925,356	3,974,692	92,237	20,315,452
2021	156,334	1,218	134,662	15,676,578	4,117,329	41,997	20,128,118



Quarterly Analysis 2022

	2022			
	Q1	Q2	Q3	Q4
	(Rupees in '000)			
Net premium / contribution revenue	5,767,003	3,851,977	4,837,172	5,859,300
Net investment income	290,505	(201,678)	1,841,840	1,803,486
Net Insurance benefits	2,864,435	2,968,955	3,537,376	4,863,670
Profit after tax	67,578	98,000	187,485	144,639
Total OCI	66,730	93,249	191,459	147,124



Share Price Analysis

Economic conditions

Expectations for macro economic indicators (like inflation, forex reserves, interest rates, etc.) prevailing in the country impacts the share price.

Political Stability / Instability

Political noise or stability in the country may impact foreign investors' outlook which ultimately impact the share price

Stock Market / Investor Sentiments

Change in the Investor sentiment due to changes in investment climate in general or the stock market in particular can also impact the share price

Company Performance

Announcements regarding Financial results or profit distribution by the Company and major innovation or development in business that may lead to future growth in earnings and dividends affect the share price.

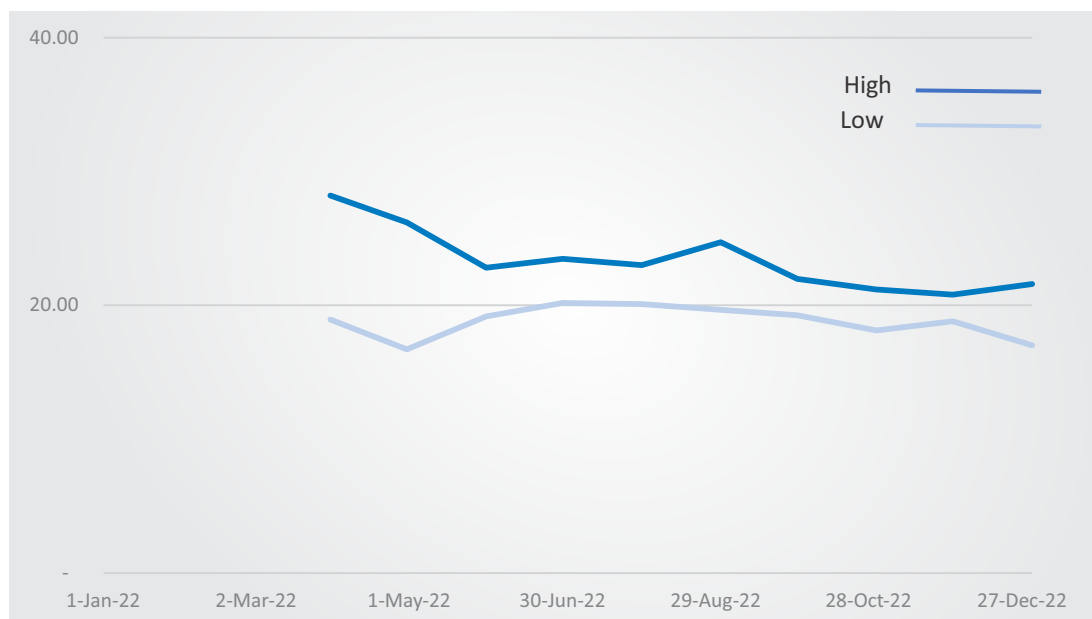
Changes in Government Policies & Laws

Changes in laws or Government policies could be perceived as positive or negative for Insurance Companies. Policies such as interest rate, economic and tax reforms may also affect the share price.

Company Financial Strength

Press releases on the Financial Strength of Company by Independent bodies may also impact on share price.

Date	High	Low	Volume
31-Mar-22	28.20	18.94	266,868
30-Apr-22	26.18	16.70	131,375
31-May-22	22.80	19.16	109,000
30-Jun-22	23.48	20.17	88,341
31-Jul-22	23.00	20.10	15,300
31-Aug-22	24.72	19.67	84,361
30-Sep-22	21.98	19.26	7,700
31-Oct-22	21.19	18.11	20,208
30-Nov-22	20.80	18.81	13,375
31-Dec-22	21.59	17.01	16,750



Independent Auditor Report

To the members of Adamjee Life Assurance Company Limited Report on the Audit of the Financial Statements

Opinion

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

Emphasis of Matter

We draw attention to note 26.1 to the financial statements where it is disclosed that the Company has challenged the scope and applicability of Punjab Sales Tax (PST) and Sindh Sales Tax (SST) on life insurance services.

Our opinion is not modified in this respect.

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:

S. No.	Key Audit Matters	How the matters were addressed in our audit
1.	<p>Valuation and Classification of Investments</p> <p>Refer note 3.16 and 9, 10, 11, 12 and 13 of the annexed financial statements disclosing investment of Rs. 60.770 million as at December 31, 2022, that constitute a significant component (88%) of total assets of the company.</p> <p>The Company's investment portfolio comprises of Government securities, debt securities, equity securities, mutual funds and term deposits.</p> <p>We identified the classification, valuation and impairment of investments as key audit matter because of the significance of investments and management's judgment involved in classification and impairment.</p>	<p>Our audit procedures included the following:</p> <p>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;</p> <p>Checked that net unrealised gain/ loss arising on subsequent measurement of investments are appropriately accounted for, in the financial statements;</p> <p>Verified existence 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;</p> <p>Evaluated the valuation of securities by comparing the quoted prices of Exchange, MUFAP and other external sources and</p> <p>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.</p>
2.	<p>Valuation of Insurance/ Takaful Liabilities</p> <p>Refer note 3.4 and 19 of the annexed financial statements.</p> <p>The Company's insurance/ takaful liabilities excluding outstanding claims represent 92% of its total liabilities. Valuation of insurance / takaful contract liabilities involve significant judgment, actuarial assumptions such as; mortality, persistency, morbidity, investment returns, expense levels and inflation, and the use of methods adopted for actuarial valuations.</p>	<p>Our audit procedures included the following:</p> <p>accounting policy for recording of insurance/ takaful liabilities in line with requirements of applicable accounting and reporting standards;</p> <p>Obtained an understanding of the management process and controls around recognition and valuation of insurance/ takaful liabilities to ensure that it is appropriately designed;</p> <p>Evaluated the completeness, accuracy and reliability of the underlying data utilised by the management to support the actuarial valuation;</p> <p>Involved an independent actuarial expert to assess the reasonableness of assumptions used by the in the valuation of insurance liabilities and</p>

S. No.	Key Audit Matters	How the matters were addressed in our audit
		Assessed as per the relevant accounting and reporting standards.
3.	<p>Premiums/ Contributions</p> <p>Refer note 3.1 and 27 of the annexed financial statements relating to premiums/ contributions.</p> <p>The Company generates its income primarily from premiums/ contributions. Premiums/ contributions from insurance policies comprise of 87% of the total income.</p> <p>We identified premiums/ contributions as a key audit matter because being the key performance indicator of the Company and possess a risk of overstatement by recording transactions that may not have occurred.</p>	<p>Our audit procedures included the following:</p> <p>Obtain understanding and evaluated the design and implementation of controls over the process of capturing, processing and recording of premiums/ contributions;</p> <p>On a sample basis tested occurrence of premiums/ contributions earned from the underlying policies issued to insurance/ takaful policyholders;</p> <p>Tested the policies on sample basis, and evaluated that these were recorded in the appropriate accounting period and</p> <p>Tested whether the payments have been received from the policyholders before the recognition of premiums/ contributions (other than group life and health insurance/ takaful).</p>

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 Statement

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit and loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the company's business; and
- d) Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

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

Chartered Accountants

Place: Karachi

Date: March 30, 2023

UDIN: AR202210057JOtCDBMg0


Adamjee Life Assurance Company Limited

Statement of Financial Position

As at December 31, 2022

	Note	2022	2021
(Rupees in '000)			
Assets			
Property and equipment	5	215,532	146,748
Intangible assets	6	26,579	35,657
Right of use assets	7	124,420	187,628
Investment property	8	943,669	939,394
Investments			
Equity securities	9	8,292,169	7,996,932
Government securities	10	37,930,238	20,797,759
Debt securities	11	4,254,845	4,443,606
Term deposits	12	2,276,000	7,580,000
Mutual funds	13	8,017,302	8,859,850
Loan secured against life insurance policies		42,163	39,499
(Insurance / takaful) / (reinsurance / retakaful) receivables	14	62,456	137,204
Other loans and receivables	15	778,323	418,383
Taxation - payments less provision		843,706	570,124
Prepayments	16	41,655	38,702
Cash and bank	17	5,316,997	9,726,073
Total Assets		69,166,054	61,917,559
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	18	2,500,000	2,500,000
Money ceded to Waqf fund		500	500
Deficit on revaluation of available for sale investments		(5,496)	(4,743)
Ledger account D		776,870	589,705
Unappropriated profit		476,416	164,266
Total Equity		3,748,290	3,249,728
Liabilities			
Insurance / takaful liabilities	19	63,408,661	56,933,035
Retirement benefit obligations	20	4,866	-
Deferred taxation	21	376,644	231,523
Lease liabilities	22	159,592	229,834
Borrowings	23	-	84,894
Deferred government grant	24	-	4,298
Premium / contribution received in advance		367,165	431,262
(Insurance / takaful) / (reinsurance / retakaful) payables		175,083	-
Other creditors and accruals	25	925,753	752,985
Total Liabilities		65,417,764	58,667,831
Total Equity and Liabilities		69,166,054	61,917,559
Contingencies and commitments	26		

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



S. Muhammad Jawed
Chairman



Muhammad Ali Zeb
Director



Imran Maqbool
Director



Manzar Mushtaq
Chief Executive Officer



Jalal Meghani
Chief Financial Officer


Adamjee Life Assurance Company Limited

Statement of Profit and Loss

For the year ended December 31, 2022

	Note	2022	2021
(Rupees in '000)			
Premium / contribution revenue		20,948,801	20,658,169
Premium / contribution ceded to reinsurers / (retakaful operators)		(633,349)	(530,051)
Net premium / contribution revenue	27	20,315,452	20,128,118
Investment income	28	5,923,579	3,135,827
Net realised fair value (loss) / gain on financial assets	29	(237,645)	390,688
Net fair value loss on financial assets at fair value through profit or loss - unrealised	30	(2,682,111)	(869,463)
Net rental income		3,000	3,000
Net unrealised gain on investment property	8	4,275	84,000
Other income	31	723,055	383,968
		3,734,153	3,128,020
Net income		24,049,605	23,256,138
Insurance / takaful benefits	33	(14,589,534)	(9,540,127)
Recoveries from reinsurers / retakaful	33	363,385	445,302
Claims related expenses		(8,287)	(10,933)
Net insurance / takaful benefits		(14,234,436)	(9,105,758)
Net change in insurance / takaful liabilities (other than outstanding claims)		(4,937,305)	(9,490,171)
Acquisition expenses	34	(2,841,536)	(3,138,296)
Marketing and administration expenses	35	(1,201,112)	(1,255,496)
Other expenses	36	(6,714)	(11,234)
		(8,986,667)	(13,895,197)
Total expenses		(23,221,103)	(23,000,955)
Finance costs	37	(18,192)	(23,978)
Profit before tax		810,310	231,205
Income tax expense	38	(312,608)	(57,401)
Profit after tax for the year		497,702	173,804
Earnings (after tax) per share - Rupees	39	1.99	1.03

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


S. Muhammad Jawed
Chairman


Muhammad Ali Zeb
Director


Imran Maqbool
Director


Manzar Mushtaq
Chief Executive Officer


Jalal Meghani
Chief Financial Officer


Adamjee Life Assurance Company Limited

Statement of Comprehensive Income

For the year ended December 31, 2022

	Note	2022	2021
(Rupees in '000)			
Profit after tax for the year - as per statement of profit and loss		497,702	173,804
Other comprehensive income:			
<i>Item that will not be reclassified subsequently to statement of profit and loss</i>			
Actuarial gain on retirement benefit scheme		2,272	36,489
Related deferred tax (including rate change)		(659)	(10,582)
		1,613	25,907
<i>Item that will be reclassified subsequently to statement of profit and loss</i>			
Change in unrealised loss on revaluation of available for sale investments		(7,341)	(7,219)
Loss on disposal transferred to statement of profit and loss		6,249	30
	32	(1,092)	(7,189)
Related deferred tax (including rate change)		339	2,085
		(753)	(5,104)
Total other comprehensive income		860	20,803
Total comprehensive income for the year		498,562	194,607

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




S. Muhammad Jawed
Chairman



Muhammad Ali Zeb
Director



Imran Maqbool
Director



Manzar Mushtaq
Chief Executive Officer



Jalal Meghani
Chief Financial Officer

Adamjee Life Assurance Company Limited


Statement of Changes in Equity

For the year ended December 31, 2022

	Attributable to equity holders' of the Company					Total
	Share capital	Money ceded to Waqf fund	Surplus / (deficit) on revaluation of available for sale investments	Ledger account D *	Unappropriated profit	
(Rupees in '000)						
Balance as at January 01, 2021	935,494	500	361	525,915	28,345	1,490,615
Total comprehensive income for the year ended December 31, 2021						
- Profit for the year after tax	-	-	-	-	173,804	173,804
- Other comprehensive (loss) / income	-	-	(5,104)	-	25,907	20,803
	-	-	(5,104)	-	199,711	194,607
Transaction with owners recorded directly in the equity						
Issue of share capital - Right issue	1,564,506	-	-	-	-	1,564,506
Surplus for the year retained in statutory funds	-	-	-	63,790	(63,790)	-
Balance as at December 31, 2021	2,500,000	500	(4,743)	589,705	164,266	3,249,728
Total comprehensive income for the year ended December 31, 2022						
- Profit for the year after tax	-	-	-	-	497,702	497,702
- Other comprehensive (loss) / income	-	-	(753)	-	1,613	860
	-	-	(753)	-	499,315	498,562
Surplus for the year retained in statutory funds	-	-	-	187,165	(187,165)	-
Balance as at December 31, 2022	2,500,000	500	(5,496)	776,870	476,416	3,748,290

* This includes balances maintained in accordance with the requirements of Section 35 of the Insurance Ordinance, 2000 read with Rule 14 of the Insurance Rules, 2017 to meet solvency margins, which are mandatorily maintained for carrying on of the life insurance business.

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



S. Muhammad Jawed
Chairman



Muhammad Ali Zeb
Director



Imran Maqbool
Director



Manzar Mushtaq
Chief Executive Officer



Jalal Meghani
Chief Financial Officer


Adamjee Life Assurance Company Limited

Statement of Cash Flows

For the year ended December 31, 2022

	Note	2022	2021
(Rupees in '000)			
Operating Cash Flows			
(a) Underwriting activities			
Insurance premium / contribution received		20,884,440	20,758,561
Reinsurance premium / retakaful contribution paid		(11,526)	(119,104)
Claims paid		(13,059,500)	(9,141,674)
Commission paid		(1,965,964)	(2,625,941)
Marketing and administrative expenses paid		(2,017,451)	(1,945,721)
Net cash flow generated from underwriting activities		3,829,999	6,926,121
(b) Other operating activities			
Income tax paid		(441,389)	(296,008)
Total cash flow generated from all operating activities		3,388,610	6,630,113
Investment activities			
Profit / return received		5,621,111	2,728,191
Dividend received		616,730	635,498
Rental received		3,000	3,000
Payment for investments		(650,069,304)	(281,791,837)
Proceeds from investments		629,943,224	269,788,263
Fixed capital expenditure		(130,708)	(75,269)
Received / (loan) to / from policyholders		1,396	(5,925)
Proceeds from sale of property and equipment		1,665	1,938
Total cash flow used in investing activities		(14,012,886)	(8,716,141)
Financing activities			
Proceeds against right issue		-	1,564,506
Borrowings		(89,801)	(89,457)
Total cash flow (used in) / generated from financing activities		(89,801)	1,475,049
Net cash outflows from all activities		(10,714,076)	(610,979)
Cash and cash equivalent at the beginning of the year		17,306,073	17,917,052
Cash and cash equivalent at the end of the year	17.2	6,591,997	17,306,073
Reconciliation to Statement of profit and loss			
Cash flow from all operating activities		3,388,610	6,630,113
Depreciation and amortisation expense		(124,198)	(114,626)
Financial charge expense		(29,245)	(32,232)
Provision for doubtful debts		-	(4,437)
Write offs		(4,160)	(3,294)
Impact of (income) / expenses directly charged to OCI		(2,272)	27,992
Profit on disposal of property and equipment		948	886
(Loss) / profit on disposal of investment		(237,645)	390,688
Rental income		3,000	3,000
Dividend income		693,948	625,682
Other investment income		5,958,287	2,977,229
Increase in assets other than cash		229,874	163,979
Increase in liabilities other than borrowings		(6,697,334)	(9,621,713)
Deficit on revaluation of investment		(2,682,111)	(869,463)
Profit after taxation		497,702	173,804

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



S. Muhammad Jawed
Chairman



Muhammad Ali Zeb
Director



Imran Maqbool
Director



Manzar Mushtaq
Chief Executive Officer



Jalal Meghani
Chief Financial Officer

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Adamjee Life Assurance Company Limited ("the Company") was incorporated in Pakistan on August 04, 2008 as a public unlisted company under the Companies Act, 2017 (Previously Companies Ordinance, 1984). The Company started its operations from April 24, 2009. The Company was converted to a listed company on March 04, 2022. It is listed on Pakistan Stock Exchange. Registered office of the Company is at 5th floor, Islamabad Stock Exchange Towers, 55-B, Jinnah Avenue, Blue Area, Islamabad while its principal place of business is at Adamjee House, 3rd and 4th Floor, I.I Chundrigar Road, Karachi. The Company is a subsidiary of Adamjee Insurance Company Limited.

The Company is engaged in life insurance business carrying on non-participating business only. In accordance with the requirements of the Insurance Ordinance, 2000, the Company has established a shareholders' fund and the following statutory funds in respect of each class of its life insurance business:

- Conventional Business
- Accident and Health Business
- Individual Life Non-unitised Investment Linked Business
- Individual Life Unit Linked Business
- Individual Family Takaful Business (refer note 1.2)
- Group Family Takaful Business (refer note 1.2)

1.2 The Company was granted authorisation on May 04, 2016 under Rule 6 of Takaful Rules, 2012 to undertake Takaful Window Operations in respect of family takaful products by Securities and Exchange Commission of Pakistan (SECP) and subsequently the Company commenced Window Takaful Operations from July 14, 2016. The Company formed a Waqf Fund namely the Adamjee Life Assurance Company Limited - Window Takaful Operations Waqf Fund (here-in-after referred to as the Participant Takaful Fund (PTF) on December 22, 2015 under a Waqf Deed executed by the Company with the cede amount of Rs. 500,000. The cede money is required to be invested in Shariah compliant investments and any profit thereon can be utilised only to pay benefits to participants or defray PTF expenses. Waqf deed also governs the relationship of the Company and policyholders for the management of Takaful operations, investment of policyholders' funds and shareholders' funds as approved by the Shariah Advisor appointed by the Company.

The Company issued supplemental policies to the Window Takaful Operations Waqf Fund on October 29, 2019 to include Group Family Participant's Takaful Fund business in existing Window Takaful Operations Waqf Fund and the same was authorised by the Securities and Exchange Commission of Pakistan (SECP) on December 11, 2019 and the Company commenced its Group Family Takaful Business in the second quarter of 2020.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017 and the Takaful Rules, 2012.

In case the requirements differ, provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as disclosed in accounting policies relating to financial instruments, investments, investment property, borrowings, lease liabilities, retirement benefits obligation and insurance liabilities.

2.3 Functional and presentation currency

These financial statements have been presented in Pakistan Rupee, which is the Company's functional and presentation currency. Amounts presented have been rounded off to the nearest thousand unless otherwise stated.

2.4 Amendments and improvements that are effective for the year ended December 31, 2022

The following amendments are effective for the year ended December 31, 2022. These 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:
- 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 16 and IAS 41)	January 01, 2022

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.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

	Effective from accounting period beginning on or after:
- Amendments to IFRS 16 'Leases' - Lease Liability in a Sale and Leaseback	January 01, 2024
- Amendments to IAS 1 'Presentation of Financial Statements' - Non-current Liabilities with Covenants	January 01, 2024
- Amendments to IAS 1 'Presentation of Financial Statements' - 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 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' is effective since reporting year ended December 31, 2019. It replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Amendment to IFRS 4 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments with IFRS 4 addresses issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduces two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 1 July 2018 onwards to remove from the statement of profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

The Company has determined that it is eligible for the temporary exemption option since the Company has not previously applied any version of IFRS 9, its activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 95 percent and the Company does not engage in significant activities unconnected with insurance based on

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

historical available information. Under the temporary exemption option, the Company can defer the application of IFRS 9 until the application IFRS 17.

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

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

2.5 The tables below set out the fair values as at the end of reporting year and the amount of change in the fair value during that year for the following two groups of financial assets separately:

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

	As at December 31, 2022			
	Fail the SPPI test		Pass the SPPI test	
	Fair value	Change in unrealised gain during the year	Fair value	Change in unrealised loss during the year
	(Rupees in '000)			
Financial assets				
Bank	5,307,056	-	-	-
Equity securities	8,292,169	(1,823,506)	-	-
Government securities	37,930,238	(64,676)	-	-
Debt securities	4,254,845	(23,190)	-	-
Term deposits	-	-	2,276,000	-
Mutual funds	8,017,302	(691,709)	-	-
Loan secured against life insurance policies	-	-	42,163	-
Loan to employees	21,873	-	-	-
	63,823,483	(2,603,081)	2,318,163	-

	As at December 31, 2022											
	Gross carrying amount of financial Assets that pass the SPPI test (Rupees in '000)											
	AAA	AA+	AA	AA-	A+	A	A-	A-1	A-1+	B3	Unrated	Total
Loan secured against life insurance policies	-	-	-	-	-	-	-	-	-	-	42,163	42,163
Term deposits	-	400,000	-	-	875,000	1,001,000	-	-	-	-	-	2,276,000

Adamjee Life Assurance Company Limited

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For the year ended December 31, 2022

As at December 31, 2021

Fail the SPPI test		Pass the SPPI test	
Fair value	Change in unrealised (loss) / gain during the year	Fair value	Change in unrealised loss during the year
(Rupees in '000)			

Financial assets

Bank	9,715,568	-	-	-
Equity securities	7,996,932	(824,896)	-	-
Government securities	20,699,347	(10,759)	98,412	(5,539)
Debt securities	4,443,606	62,970	-	-
Term deposits	-	-	7,580,000	-
Mutual funds	8,859,850	2,049	-	-
Loan secured against life insurance policies	-	-	39,499	-
Loan to employees	12,638	-	-	-
	51,727,941	(770,636)	7,717,911	(5,539)

As at December 31, 2021

Gross carrying amount of financial Assets that pass the SPPI test (Rupees in '000)

	AAA	AA+	AA	AA-	A+	A	A-	A-1	A-1+	B3	Unrated	Total
Government securities	-	-	-	-	-	-	-	-	-	-	98,412	98,412
Loan secured against life insurance policies	-	-	-	-	-	-	-	-	-	-	39,499	39,499
Term deposits	2,000,000	2,000,000	1,675,000	-	1,000,000	905,000	-	-	-	-	-	7,580,000

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year.

3.1 Types of Insurance / Window Takaful Operations

a) Conventional Business

The Conventional Business includes individual life, group life and group credit life assurance.

i) Individual life

The individual life business segment provides coverage to individuals against deaths and disability under conventional policies issued by the Company. Additional riders are included on the discretion of the policyholder. The business is written through Bancassurance, tele-sales and through website.

Revenue recognition

First year individual life premiums are recognised once the related policies have been issued and the premium is received. Renewal premiums are recognised upon receipt of premium.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

Recognition of policyholders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the reporting date, in accordance with Section 50 of the Insurance Ordinance, 2000.

Claim expenses

Claim expenses are recognised on the earlier of the policy expiry or the date when the intimation of the insured event giving rise to the claim is received. Surrender of conventional business policies is made after these have been approved in accordance with the Company's policy.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported till the date of reporting.

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

ii) Group life and group credit life

Group Life contracts are mainly issued to employers to insure their commitments to their employees as required under the The Industrial and Commercial Employment (Standing Orders) Ordinance, 1968.

The group life business segment provides coverage to members / employees of business enterprises and corporate entities, against death and disability under group life assurance schemes issued by the Company. The group credit life business segment provides coverage to a group of members or subscribers registered under a common platform against death and disability. The business is written mainly through direct sales force.

Revenue recognition

Premiums are recognised as and when due. In respect of certain group policies the Company continues to provide insurance cover even if the premium is received after the grace period. Provision for unearned premiums is included in the policyholders' liabilities.

Recognition of policyholders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the reporting date, in accordance with Section 50 of the Insurance Ordinance, 2000.

Claim expenses

Claim expenses are recognised on the date the insured event is intimated.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported till the date of reporting.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

Experience refund of premium

Experience refund of premium payable to policyholders' is included in policyholders' liability in accordance with the policy of the Company and the advice of the appointed actuary.

b) Accident and Health Business

Accident and Health Business provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to individuals. The risk underwritten is mainly related to medical expenses relating to hospitalisation and death by accidental means. This business is written through direct sales force.

Revenue recognition

Premiums are recognised once the related policies have been issued and the premiums have been received.

Recognition of policyholders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the reporting date, in accordance with Section 50 of the Insurance Ordinance, 2000.

Claim expenses

Claims expenses are recognised after the date the insured event is intimated and a reliable estimate of the claim amount can be made.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported till the date of reporting.

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

c) Non-unitised Investment Linked Business

Individual Life Non-unitised Investment Linked Business provides life assurance coverage to individuals under universal life policies issued by the Company. Benefits are expressed in terms of account value of the policyholder account which is related to the market value of the underlying assets of the investment fund. The risk underwritten is mainly death and disability. This business is mainly written through bancassurance channel.

Revenue recognition

First year individual life premiums are recognised once the related policies have been issued and the premium is received. Renewal premiums are recognised upon receipt of premium. Single premiums are recognised once the related policies are issued against the receipts of premium. Premium of

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

riders like 'Waiver of Premium' will be recognised upon actuarial assumptions where actuary deems that all premiums due have been received.

Recognition of policyholders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the reporting date, in accordance with Section 50 of the Insurance Ordinance, 2000.

Claim expense

Claim expenses are recognised on the earlier of the policy expiry or the date when the intimation of the event giving rise to the claim is received. Claim of 'Waiver of Premium' is created when intimated with the amount to be applied by the Company on behalf of policyholder.

Surrender of Non-unitised Investment Linked Business policies is made after these have been approved in accordance with the Company's policy.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported till the date of reporting.

Maturity claim expenses in Non-unitised Investment Linked business are recognised when the policy completes the benefit term.

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

d) Unit Linked Business

Individual Life Unit Linked Business provides life assurance coverage to individuals under unit-linked investment policies issued by the Company. Benefits are expressed in terms of account value of the policyholder account which is related to the market value of the underlying assets of the investment fund. Various types of riders (accidental death, family income benefits etc.) are also sold along with the basic policies. Some of these riders are charged through deductions from policyholders fund value, while others are not charged i.e. additional premium is charged there against. The risk underwritten is mainly death and disability. This business is written through bancassurance channel and Company's own agency distribution channel.

Revenue recognition

First year individual life premiums are recognised once the related policies have been issued and the premium is received. Renewal premiums are recognised upon receipt of premium. Single premiums are recognised once the related policies are issued against the receipts of premium. Premium of riders like 'Waiver of Premium' will be recognised upon actuarial assumptions where actuary deems that all premiums due have been received.

Recognition of policyholders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the reporting date, in accordance with Section 50 of the Insurance Ordinance, 2000.

Adamjee Life Assurance Company Limited

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For the year ended December 31, 2022

Claim expenses

Claim expenses are recognised on the earlier of the policy expiry or the date when the intimation of the event giving rise to the claim is received. Claim of 'Waiver of Premium' is created when intimated with the amount to be applied by the Company on behalf of policyholder.

Surrender of Unit Linked Business policies is made after these have been approved in accordance with the Company's policy.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported till the date of reporting.

Maturity claim expenses in Unit Investment Linked business are recognised when the policy completes the benefit term.

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

e) Individual Family Takaful Unit Linked Business

The Company offers Family Takaful contracts. Family Takaful contract is an arrangement which rests on key Shariah principles of mutual cooperation, solidarity and well being of a community, and is based on the principles of Wakalah Waqf Model. Under a Takaful arrangement, individuals come together and contribute towards the common objective of protecting each other against financial losses by sharing the risk on the basis of mutual assistance.

The obligation of Waqf for Waqf participants' liabilities is limited to the amount available in the Waqf fund. In case there is a deficit in the Waqf Fund, the Window Takaful Operator shall grant an interest free loan (Qard-e-Hasna) to make good the deficit. The loan shall be repayable from the future surplus generated in the Waqf Fund, without any excess of the actual amount given to it. Repayment of Qard-e-Hasna shall receive priority over surplus distribution to participants from the Waqf Fund.

The Company offers Unit Linked Takaful Plans which provide Shariah compliant financial protection and investment vehicle to individual participants. These plans carry cash value, and offer investment choices to the participants to direct their investment related contributions based on their risk / return objectives. The investment risk is borne by the participants.

Revenue recognition

First year individual life contribution are recognised once the related policies have been issued and the contribution is received. Renewal contribution are recognised upon receipt of contribution. Single contribution are recognised once the related policies are issued against the receipts of contribution. Premium of riders like 'Waiver of Premium' will be recognised upon actuarial assumptions where actuary deems that all premiums due have been received.

Recognition of policyholders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the reporting date, in accordance with Section 50 of the Insurance Ordinance, 2000.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

Claim expenses

Claim expenses are recognised on the earlier of the policy expiry or the date when the intimation of the event giving rise to the claim is received. Claim of 'Waiver of Premium' is created when intimated with the amount to be applied by the Company on behalf of policyholder.

Surrender of Unit Linked Takaful Business policies is made after these have been approved in accordance with the Company's Policy.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported till the date of reporting.

Maturity claim expenses in Individual Family Takaful Unit Linked Business are recognised when the policy completes the benefit term.

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

f) Group Family Takaful Business

Group Life contracts are mainly issued to employers to insure their commitments to their employees as required under the The Industrial and Commercial Employment (Standing Orders) Ordinance, 1968.

The group life business segment provides coverage to members / employees of business enterprises and corporate entities, against death and disability under group life assurance schemes issued by the Company. The group credit life business segment provides coverage to a group of members or subscribers registered under a common platform against death and disability. The business is written mainly through direct sales force.

Revenue recognition

Contribution are recognised as and when due. In respect of certain group policies the Company continues to provide insurance cover even if the contribution is received after the grace period. Provision for unearned contribution is included in the policyholders' liabilities.

Recognition of policyholders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the reporting date, in accordance with Section 50 of the Insurance Ordinance, 2000.

Claim expenses

Claim expenses are recognised on the date the insured event is intimated.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported till the date of reporting.

Adamjee Life Assurance Company Limited

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For the year ended December 31, 2022

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

Experience refund of contribution

Experience refund of contribution payable to policyholders' is included in policyholders' liability in accordance with the policy of the Company and the advice of the appointed actuary.

3.2 Reinsurance / retakaful contracts held

Individual policies (including joint life policies underwritten as such) are reinsured under an individual life reinsurance / retakaful agreement whereas group life and group credit life policies are reinsured under group life and group credit life reinsurance agreements respectively.

3.2.1 Conventional

Reinsurance premium

Reinsurance premium ceded is recognised at the same time when the related premium revenue is recognised. It is measured in line with the terms and conditions of the reinsurance treaties.

Reinsurance recoveries

Reinsurance recoveries from reinsurers are recognised at the same time when the claim is intimated and giving rise to the right of recovery is recognised in the books of accounts of the Company.

Experience refund

Experience refund receivable from reinsurers is included in the reinsurance recoveries of claims.

Amount due from / to reinsurer

All receivables (reinsurer's share in claims, commission from reinsurer and experience refund) and payables (reinsurance premium) under reinsurance agreements are recognised on net basis in the Company's financial statements, only under the circumstances that there is a clear legal right of offset of the amounts.

Amounts due from / to reinsurers are carried at cost which is the fair value of the consideration to be received / paid in the future for services rendered / received, less provision for impairment, if any.

3.2.2 Takaful

Retakaful contribution

Retakaful contribution ceded is recognised at the same time when the related contribution revenue is recognised. It is measured in line with the terms and conditions of the reinsurance treaties.

Retakaful recoveries

Retakaful recoveries from retakaful operators are recognised at the same time when the claim is intimated and giving rise to the right of recovery is recognised in the books of accounts of the Company.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

Experience refund

Experience refund receivable from retakaful operators is included in the retakaful recoveries of claims.

Amount due from / to retakaful operator

All receivables (retakaful operator's share in claims, commission from retakaful operator and experience refund) and payables (retakaful contribution) under retakaful agreements are recognised on net basis in the Company's financial statements, only under the circumstances that there is a clear legal right of off-set of the amounts.

Amounts due from / to retakaful operator are carried at cost which is the fair value of the consideration to be received / paid in the future for services rendered / received, less provision for impairment, if any.

3.3 Statutory funds

The Company maintains statutory funds in respect of each class of life assurance business in which it operates. Assets, liabilities, revenues and expenses of the Company are referable to the respective statutory funds. However, where these are not referable to statutory funds, these are allocated to shareholders' fund on the basis of actuarial advice. Apportionment of assets, liabilities, revenues and expenses, whenever required between funds are made on the basis certified by the appointed actuary of the Company. Policyholders' liabilities have been included in statutory funds on the basis of the actuarial valuation carried out by the appointed actuary of the Company on the reporting date as required under Section 50 of the Insurance Ordinance, 2000.

3.4 Policyholders' liabilities

a) Conventional Business

i) Individual life

Policyholders' liabilities constitute the reserves for basic plans and riders attached to the basic plans and reserves for IBNR Claims.

Policy reserves pertaining to the basic plans are based on Net Premium method of valuation as prescribed in Annexure V of Insurance Rules 2017 requires the use of the SLIC (2001-05) Individual Life Ultimate mortality table and a valuation interest rate of 3.75% p.a. to establish the valuation Net level Premium. The interest rate is considerably lower than the actual investment return the Company is managing on its conventional portfolio. The difference between the above and actual investment return is intended to be available to the Company for meeting administrative expense and for providing margins against adverse deviations. For yearly renewable contracts and contracts where premiums are not age related, the reserves are based on net unearned premiums. Policy reserves for both waiver of premium and accidental death riders are based on net unearned premiums.

- Incurred But Not Reported (IBNR) claims

Reserves for IBNR claims have been estimated using claims run-off triangle.

Adamjee Life Assurance Company Limited

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For the year ended December 31, 2022

ii) Group life and group credit life

Policy reserves for these plans are based on the unearned premium method net of allowances made for acquisition expenses, unexpired reinsurance premium and profit commission. Consideration is also given to the requirement for a Premium Deficiency Reserve. The reserves also comprise allowance for "Incurred But Not Reported" (IBNR) claims. The provision for 'Incurred But Not Reported' (IBNR) claims as included in policyholders' liability is estimated as 15% and 25% of earned premium for the year of group life and group credit life respectively.

b) Accident and Health Business

Main Plan Policy reserves are based on net unearned premiums. Reserves for yearly renewable riders are based on net unearned premiums.

c) Non-unitised Investment Linked Business

Policyholders' liabilities constitute the account value of investment linked contracts as well as non-investment or risk reserves of these contracts. Risk reserves constitute liabilities held to account for risks such as death and risk only riders (accidental death and disability, monthly income benefit, waiver of premium, etc.). Reserves for risk only contracts where premiums are level over the term of the contract are based on the Net Premium Method whereas reserves for age related risk contracts are based on net unearned premiums.

- Incurred But Not Reported (IBNR) claims

Reserves for IBNR claims have been estimated using claims run-off triangle.

d) Unit Linked Business

Policyholders' liabilities constitute the fund value of unit linked contracts as well as non-investment or risk reserves of these contracts. Risk reserves constitute liabilities held to account for risks such as death and risk only riders (accidental death and disability, monthly income benefit, waiver of premium, etc.). Reserves for risk only contracts where premiums are level over the term of the contract are based on the Net Premium Method whereas reserves for age related risk contracts are based on net unearned premiums.

- Incurred But Not Reported (IBNR) claims

Reserves for IBNR claims have been estimated using claims run-off triangle.

e) Individual Family Takaful Unit Linked Business

Policyholders' liabilities constitute the fund value of unit linked contracts as well as non-investment or risk reserves of these contracts. Risk reserves constitute liabilities held to account for risks such as death and risk only riders (accidental death and disability, monthly income benefit, waiver of contribution, etc.). Reserves for risk only contracts where contribution are level over the term of the contract are based on the Net Premium Method whereas reserves for age related risk contracts are based on net unearned contribution.

- Incurred But Not Reported (IBNR) claims

Reserves for IBNR claims have been estimated using claims run-off triangle.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

f) Group Family Takaful Business

Policy reserves for these plans are based on the unearned contribution method net of allowances made for acquisition expenses, unexpired retakaful contribution and profit commission. Consideration is also given to the requirement for a Premium Deficiency Reserve. The reserves also comprise allowance for "Incurred But Not Reported" (IBNR) claims. The provision for 'Incurred But Not Reported' (IBNR) claims as included in policyholders' liability is estimated based on the gross and net loss ratio of 75% and 65% respectively.

3.5 Retirement benefit obligations

Defined benefit plan

The Company operates an approved funded gratuity scheme for all permanent, confirmed and full time employees who have completed minimum qualifying eligible service period of six months. Contribution to the fund is made and expense is recognised on the basis of actuarial valuation carried out as at each year end using the Projected Unit Credit Method.

The relevant details relating to the fund are disclosed in note 20. Gratuity is based on employees' last drawn gross salary. Provisions are made to cover the obligations under the scheme on the basis of actuarial assumptions.

The Company's obligation under the gratuity schemes are determined through actuarial valuations. Service costs are recognised in the statement of profit or loss in the year in which they occur. Net interest on net defined benefit liability is also recognised in statement of profit or loss. Net of tax remeasurement comprising actuarial gain / loss, the return on plan assets excluding interest are recognised in other comprehensive income.

3.6 Lease liabilities

The Company recognises all rental agreements as 'finance lease liabilities' created against right of use of an asset where the non cancellable period is more than one year or where the intention of the Company is to continue with the agreement for foreseeable future. At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of the consideration (lease payments) to be made over the lease term. The lease payments are discounted using the effective rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of financing. After the commencement date, the carrying amount of lease liabilities is increased to reflect the accretion of finance cost and reduced for the lease payments made.

3.7 Borrowings

Loan obtained under the State Bank of Pakistan (SBP) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees was initially recognised at its fair value, which is the present value of future cash outflows discounted using the prevailing market interest rate of a similar instrument. The differential between the loan proceeds and fair value is recorded as government grant under IAS 20 "Government Grant" as disclosed in note 3.8.

In subsequent periods, the loan amount would be accreted using the effective interest method. The accretion would increase the carrying value of the loan with a corresponding effect on the interest expense for the period.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

3.8 Deferred government grant

The benefit of interest rate lower than market rate on borrowings obtained under State Bank of Pakistan (SBP) under Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of the entity, is accounted for as a government grant which is the difference between loan received and the fair value of the loan. The differential amount is recognised and presented in the statement of financial position as deferred government grant.

In subsequent periods, the grant shall be amortised over the period of loan and amortisation shall be recognised and presented as reduction of related interest expense.

3.9 Receivables and payables relating to insurance contracts

These include amounts due to and due from agents and policyholders' which are recognised when due.

3.10 Provisions

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

3.11 Other creditors and accruals

Liabilities for creditors and other amounts payable are recognised initially at fair value plus directly attributable transactions costs, if any, and subsequently measured at amortised cost.

3.12 Employees accumulated compensated absences

The Company accounts for the liability in respect of employees accumulated compensated absences in the period in which they are earned as follows:

A confirmed employee having 6 months service completed is entitled for 30 days annual leaves in a calendar year. Employee completing only part of calendar year's service during the year of his/her joining or leaving will be entitled to proportionate number of Annual Leave days for the period served by him/her. Annual Leaves can be availed after confirmation of service and completion of 6 months employment. The annual leaves entitlement is 30 days and are accrued on a monthly basis, 15 days annual leaves are encashable whereas remaining 15 days annual leaves can be carried forward for two years, after which unutilized leaves will be expired. However, if any employee leaves the Company within two years. Cash will be paid by the Company to the employee against unutilized leave balance.

3.13 Operating assets

3.13.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for capital work in progress which is stated at cost less impairment losses, if any. All assets having cost exceeding minimum threshold as determined by the management are capitalised. All other assets are charged in the year of acquisition. Cost includes expenditure that is directly attributable to the acquisition of the items.

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Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

In accordance with the requirements of Islamic Financial Accounting Standard (IFAS) No. 2 for the accounting and financial reporting of "Ijarah", Ijarah arrangements are accounted for as 'Assets held under Ijarah' whereby the Bank transfers its usufruct to the Company for an agreed period for an agreed consideration. Assets held by the Company under Ijarah are not recognised in the statement of financial position of the Company. Rental payments made under these Ijarah are recognised as an expense in the Company's statement of profit or loss on a straight line basis over the Ijarah term.

Subsequent costs

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow towards the Company and the cost of the item can be measured reliably. All other expenses are charged to the statement of profit or loss / revenue account during the financial year in which they are incurred.

Depreciation

Depreciation is charged using the straight line method at the rates specified in note 5 to these financial statements. Depreciation on additions is charged from the month of addition when the asset is available for use while no depreciation is charged in the month of disposal. When parts of an item of asset have different useful lives, they are accounted for as separate items in the operating assets.

The assets' useful lives and depreciation method are reviewed at each reporting date and adjusted, if appropriate.

Gains and losses on disposal

An item of property and equipment is derecognised upon disposal or where no future economic benefits are expected to be realised from its use or disposal. Gains or losses of an item of property and equipment is recognised in the statement of profit or loss.

3.13.2 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Software development cost are capitalised only to the extent where future economic benefits that are to be derived from such capitalisation are expected to flow to the Company.

Subsequent costs

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with them will flow to the Company and the cost of the item can be measured reliably. All other expenses are charged to the statement of profit or loss / revenue account during the financial period in which these are incurred.

Adamjee Life Assurance Company Limited

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Amortisation

Intangible assets are amortised using the straight line method over their estimated useful lives (refer note 6). The useful lives and amortisation method are reviewed and adjusted, if appropriate, at each reporting date .

Intangible assets having an indefinite useful life are stated at acquisition cost less impairment losses, if any.

3.13.3 Capital work in progress

Capital work in progress is stated at cost less impairment losses. Cost consists of expenditure incurred and advances made in respect of assets in the course of their construction and installation. Transfers are made to relevant asset category as and when assets are available for intended use.

3.13.4 Right of use assets

The Company recognises all rental agreements as 'right of use asset' where the non cancellable period is more than one year or where the intention of the Company is to continue with the agreement for foreseeable future. At the commencement date of the lease, the right-of-use asset is initially measured at the present value of lease liability. Subsequently, right-of-use asset are measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities and prepayments. Right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term.

3.14 Impairment of non financial assets (excluding deferred tax)

Non financial assets are subject to impairment review if there are events or changes in circumstances that indicate that the carrying amount may not be recoverable. If any such indication exists, the Company estimates the recoverable amount of the assets and the impairment loss, if any. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of future cash flows from the asset discounted at a rate that reflects market interest rates adjusted for risk specific to the assets. If the recoverable amount of an intangible asset or tangible asset is less than its carrying value, an impairment loss is recognised immediately in the statement of profit or loss / revenue account and the carrying value of the asset is reduced by the amount of the loss. A reversal of an impairment loss on intangible / tangible assets is recognised as it arises provided the increased carrying value does not exceed that which it would have been had no impairment loss been recognised.

3.15 Investment property

Investment property is the property which is held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property acquired for Investment-linked (unit linked business) statutory fund and it was initially measured at cost and subsequently at fair value with any change therein recognised in statement of profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

3.16 Financial instruments

3.16.1 Financial assets

The Company has classified its financial assets on initial recognition into the following categories: at fair value through profit or loss (held for trading), held to maturity, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired.

The Company has classified its income earned on financial assets categorised at fair value through profit or loss as 'income from trading investments' while income earned on financial assets categorised as held to maturity, loans and receivables and available for sale as 'income from non-trading investments'.

a) Financial assets at fair value through profit or loss (held for trading)

Financial assets designated at fair value through profit or loss upon initial recognition include those group of financial assets which are managed and their performance evaluated on a fair value basis.

b) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has both the intent and the ability to hold till maturity.

c) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

d) Available for sale

These are non derivative financial assets that are either designated as in this category or not classified in any of the other categories.

Initial recognition and measurement

All financial assets are recognised when the Company becomes a party to the contractual provision of the instrument. Investments other than those categorised into 'financial assets at fair value through profit or loss' category are initially recognised at fair value plus transaction costs which are directly attributable to the acquisition of the securities. Financial assets classified 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are expensed in the statement of profit or loss / revenue account. All 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 when the Company commits to purchase or sell the investment.

Subsequent measurement

Financial assets classified as 'at fair value through profit or loss' are subsequently measured at their fair values and gains and losses arising from changes in fair value are included in the statement of profit or loss / revenue account. Available for sale investments are subsequently

Adamjee Life Assurance Company Limited

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For the year ended December 31, 2022

measured at their fair values and gains and losses arising from changes in fair values are included in other comprehensive income. Any change in the provision for impairment in value of investment is recognised in the statement of profit or loss / revenue account. Amortisation of premium / discounts on acquisition of investments is carried out using effective yield method and charged to the statement of profit or loss / revenue account, as appropriate. Investments classified as held to maturity and loans and receivables are subsequently measured at amortised cost less any impairment losses, taking into account any discount or premium on acquisition by using the effective interest rate method.

Fair / market value measurements

For investments in quoted equity securities, the market value is determined by using Pakistan Stock Exchange quotations at the reporting date. For investments in Government securities, the market value is determined using PKRV/PKISRV/PKFRV rates. The fair market value of term finance certificates / corporate sukuks is as per the rates issued by the Mutual Funds Association of Pakistan (MUFAP) and the fair value of open ended mutual funds is declared by the relevant fund.

Impairment against financial assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss - measured as the difference between the carrying value and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of profit or loss / revenue account, as the case may be, is taken to the statement of profit or loss / revenue account. For financial assets classified as 'loans and receivables' and 'held to maturity', a provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash inflows, discounted at the original effective interest rate.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statement only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liabilities simultaneously.

3.16.2 Financial liabilities

All financial liabilities are recognised at the time the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognised initially at fair value less any directly attributable transaction cost.

Adamjee Life Assurance Company Limited

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For the year ended December 31, 2022

Subsequent to initial recognition, these are measured at fair / market value or amortised cost using the effective interest rate method, as the case may be.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

3.17 Loan against life insurance policies

The Company has a policy to provide loans to the policyholders against cash values of their life insurance policies depending upon their types i.e. unit linked and non-unit linked at the prevailing market interest rate (KIBOR) plus spread. The loan amount is secured against the cash value of the policyholders and repayable within 3 months.

3.18 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include balances with banks, term deposits with original maturity of three months or less and cash and stamps in hand.

3.19 Other revenue recognition

- Return on fixed income and government securities are recognised on time proportion basis using the effective interest rate method.
- Return on deposits and loans to policyholders are recognised on a time proportion basis.
- Dividend income from investments is recognised when the Company's right to receive the dividend is established.
- Gain or loss on sale of investments is included in the statement of profit or loss in the year in which disposal has been made.
- Gains and losses on disposal of fixed assets are taken to the statement of profit or loss / revenue account in the year in which they arise.
- All income on investments other than unrealised gain on available for sale investments are included in statement of profit or loss / revenue account. Unrealised income from available for sale investments are included in other comprehensive income.

3.20 Acquisition costs

These are costs incurred in acquiring insurance policies / takaful contracts, maintaining such policies / takaful contracts, and include without limitation all forms of remuneration paid to insurance agents / takaful agents.

Commission and other expenses are recognised as expense in the earlier of the financial year in which they are paid and the financial year in which they become payable, except that commission and other expenses which are directly referable to the acquisition or renewal of specific contracts are recognised not later than the period in which the premium to which they refer to is recognised as revenue.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

3.21 Takaful operator fee

The shareholders of the Company manage the Window Takaful Operations for the participants. Accordingly, the Company is entitled to Takaful Operator's Fee for the management of Window Takaful Operations under the Waqf Fund, to meet its general and administrative expenses. The Takaful Operator's Fee, termed Wakalah fee, is recognised upfront.

3.22 Taxation

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

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws for taxation on income earned or minimum turnover tax payable under the Income Tax Ordinance, 2001, whichever is higher. The charge for current tax is calculated using tax rates enacted or substantively enacted at the reporting date. The charge for current tax also includes adjustments, where considered necessary, relating to prior years which arise from assessments framed / finalised during the year.

Deferred

Deferred taxation is recognised using liability method on all major temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

3.23 Earning Per Share (EPS)

The Company presents basic and diluted earnings per share (EPS) for the shareholders. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. There are no dilution effect on the EPS and as such these are not presented.

3.24 Dividend and other appropriations

Dividend and appropriations to reserves except appropriations required by law or determined by the appointed actuary or allowed by the Insurance Ordinance, 2000 are recognised in the year in which these are approved.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

3.25 Foreign currency translation

Transactions in foreign currencies are translated into the reporting currency at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into reporting currency equivalents using the rates of exchange prevailing at each reporting date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are taken to the statement of profit or loss / revenue account.

3.26 Segment reporting

A segment is a distinguishable component of the Company that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company's primary format of reporting is based on business segments.

Operating segments are reported in a manner consistent with that provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

The Company operates in Pakistan only. The Company has six primary business segments for reporting purposes namely; Conventional Business, Accident and Health Business, Non-Unitised Investment Linked Business, Unit Linked Business, Individual Family Takaful Business and Group Family Takaful Business. The details of all operating segments are described in note 3.1 to these financial statements. The Company accounts for segment reporting using the classes or sub-classes of business (statutory funds) as specified under the Insurance Ordinance 2000 and SEC (Insurance) Rules, 2017 as the primary reporting format.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any future periods affected.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

	Note
- Policyholders' liabilities and underlying actuarial assumptions	3.1, 3.4 & 19
- Determining the residual value and useful lives of fixed assets	3.13, 5, 6 & 7
- Retirement benefit obligations	3.5 & 20 & 15
- Investment property	3.15 & 8
- Taxation and deferred taxation	3.22, 21 & 38
- Lease Liabilities and related assets	3.6 & 22
- Classification and impairment of investments	3.16, 9, 10, 11, 12 & 13

Adamjee Life Assurance Company Limited

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For the year ended December 31, 2022

	Note	2022	2021
(Rupees in '000)			
5. PROPERTY AND EQUIPMENT			
Operating assets	5.1	212,363	121,805
Capital work in progress	5.2	3,169	24,943
		215,532	146,748

5.1 Operating assets

	Cost				Rate %	Depreciation			Written down values as at December 31, 2022		
	As at January 01, 2022	Additions	Transferred from CWIP	(Disposals / write-off)		As at December 31, 2022	As at January 01, 2022	For the year		(Disposals / write-off)	As at December 31, 2022
(Rupees in '000)					(Rupees in '000)						
Leasehold improvements	52,019	4,947	14,727	(6,941)	64,752	14.3%	15,349	7,971	(3,447)	19,873	44,879
Furniture and fixtures	63,649	7,081	1,383	(1,985)	70,128	14.3%	27,947	8,825	(1,816)	34,956	35,172
Office equipment	46,433	4,891	900	(1,708)	50,516	20%	29,140	6,117	(1,497)	33,760	16,756
Computer and related equipment	153,806	37,449	-	(18,091)	173,164	33.3%	131,086	17,743	(17,694)	131,135	42,029
Motor vehicles	21,958	48,051	28,988	(3,489)	95,508	20%	12,538	12,315	(2,872)	21,981	73,527
	337,865	102,419	45,998	(32,214)	454,068		216,060	52,971	(27,326)	241,705	212,363

	Cost				Rate %	Depreciation			Written down values as at December 31, 2021		
	As at January 01, 2021	Additions	Transferred from CWIP	(Disposals / write offs)		As at December 31, 2021	As at January 01, 2021	For the year		(Disposals / write offs)	As at December 31, 2021
(Rupees in '000)					(Rupees in '000)						
Leasehold improvements	45,542	7,735	4,360	(5,618)	52,019	14.3%	11,219	7,038	(2,908)	15,349	36,670
Furniture and fixtures	55,843	7,832	1,021	(1,047)	63,649	14.3%	20,178	8,346	(577)	27,947	35,702
Office equipment	39,237	7,806	-	(610)	46,433	20%	23,220	6,256	(336)	29,140	17,293
Computer and related equipment	134,618	14,997	4,794	(603)	153,806	33.3%	119,158	12,531	(603)	131,086	22,720
Motor vehicles	19,544	3,425	2,731	(3,742)	21,958	20%	11,757	3,631	(2,850)	12,538	9,420
	294,784	41,795	12,906	(11,620)	337,865		185,532	37,802	(7,274)	216,060	121,805

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

5.1.1 Disposal of fixed assets

Particulars	Cost	Accumulated depreciation	Net book value	Sales Value	Gain / (loss) on disposal	Mode of disposal	Particulars of buyers along with relationship
Detail of fixed assets sold							
Motor vehicles	1,249	(956)	293	445	152	As per Company policy	Mr. Umar Daraz-Employee
	1,391	(1,066)	325	769	444	As per Company policy	Mr. Shahid Mehmood-Employee
	802	(802)	-	-	-	As per Company policy	Mr. Vinod Kumar-Employee
	47	(47)	-	-	-	As per Company policy	Mr. Francis Linus-Employee
Furniture and fixtures	1,683	(1,683)	-	50	50	As per Company policy	Unrelated party
Computer and related equipment	225	(225)	-	23	23	As per Company policy	Mr. Ahson Nasim-Employee
	70	(70)	-	7	7	As per Company policy	Mr. Muhammad Atif-Employee
	65	(65)	-	7	7	As per Company policy	Ms. Tooba Azeem-Employee
	74	(74)	-	7	7	As per Company policy	Mr. Abbas Ali Antaria-Employee
	30	(30)	-	3	3	As per Company policy	Mr. Waqas Ur Rehman-Employee
	125	(125)	-	13	13	As per Company policy	Mr. Jawwad Hussain-Employee
	73	(73)	-	7	7	As per Company policy	Mr. Awais Aslam-Employee
	69	(69)	-	7	7	As per Company policy	Mr. Muhammad Ali-Employee
	80	(80)	-	8	8	As per Company policy	Mrs. Hira Asif Khan-Employee
	65	(65)	-	7	7	As per Company policy	Mr. Imran Ahmed-Employee
	74	(74)	-	7	7	As per Company policy	Mr. Ehtesham Ahmed-Employee
	52	(52)	-	5	5	As per Company policy	Mr. Hafiz Azeem-Employee
	73	(73)	-	7	7	As per Company policy	Mr. Adnan Khalid-Employee
	59	(59)	-	6	6	As per Company policy	Mr. Mohsin Mehmood-Employee
	65	(65)	-	7	7	As per Company policy	Mr. Osama Naeem-Employee
	65	(65)	-	7	7	As per Company policy	Ms. Faiza Rais-Employee
	67	(67)	-	7	7	As per Company policy	Mr. Ahmed Zafar-Employee
	60	(60)	-	6	6	As per Company policy	Mr. Hafiz Waqar Yousufi-Employee
	73	(73)	-	7	7	As per Company policy	Mr. Hammad Tafazzul-Employee
	45	(45)	-	5	5	As per Company policy	Mr. Adil Shaikh-Employee
	73	(73)	-	7	7	As per Company policy	Mr. Muhammad Jawwad Anwar-Employee
	65	(65)	-	7	7	As per Company policy	Mr. Sheraz Khan-Employee
	69	(69)	-	7	7	As per Company policy	Mr. Arsalan Ahmed Khan-Employee
	239	(239)	-	24	24	As per Company policy	Mr. Muhammad Imran Hussain-Employee
	73	(73)	-	7	7	As per Company policy	Mr. Ammar Bin Khalid-Employee
	69	(69)	-	7	7	As per Company policy	Mr. Shaheryar Nadeem-Employee
	65	(65)	-	7	7	As per Company policy	Mr. Abid Hussain-Employee
	65	(65)	-	7	7	As per Company policy	Mr. Muhammad Yahya Siddiqi-Employee
	65	(65)	-	6	6	As per Company policy	Mr. Nashad Nisar-Employee
	69	(69)	-	7	7	As per Company policy	Mr. Kamran Haider Jafari-Employee
	73	(73)	-	7	7	As per Company policy	Mr. Syed Umair Ali Zahid-Employee
78	(78)	-	8	8	As per Company policy	Mr. Amin Nizar Ali-Employee	
44	(44)	-	4	4	As per Company policy	Mr. Waqar Hussain-Employee	
55	(55)	-	5	5	As per Company policy	Mr. Asif Mirza-Employee	
69	(69)	-	7	7	As per Company policy	Mr. Muhammad Faisal-Employee	
85	(85)	-	8	8	As per Company policy	Mr. Zeeshan Shaikh-Employee	
55	(55)	-	5	5	As per Company policy	Mr. Syed Samad Ali Naqvi-Employee	
58	(58)	-	6	6	As per Company policy	Mr. Muhammad Danish-Employee	

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

Particulars	Cost	Accumulated depreciation	Net book value	Sales Value	Gain / (loss) on disposal	Mode of disposal	Particulars of buyers along with relationship
			-				
	65	(65)	-	7	7	As per Company policy	Mr. Nasir Mahmood-Employee
	70	(70)	-	7	7	As per Company policy	Mr. Jibran Mumtaz Siddique-Employee
	73	(73)	-	7	7	As per Company policy	Mr. Farhan Ahmed-Employee
	55	(55)	-	5	5	As per Company policy	Mr. Mohammad Omer Farooq-Employee
	67	(67)	-	7	7	As per Company policy	Mr. Imran Ali-Employee
	75	(75)	-	7	7	As per Company policy	Mr. Khurram Amman-Employee
	73	(73)	-	7	7	As per Company policy	Mr. Waqas Gul Khan-Employee
	120	(120)	-	12	12	As per Company policy	Mr. Asif Iqbal-Employee
	65	(65)	-	6	6	As per Company policy	Mr. Farukh Kidwai-Employee
	70	(70)	-	7	7	As per Company policy	Mr. Saquib Saeed Khan-Employee
	207	(108)	99	40	(59)	As per Company policy	Mr. Abdul Hannan-unrelated party
	8,990	(8,273)	717	1,665	948		
Details of fixed assets written off							
Leasehold improvements	3,786	(1,504)	2,282	-	(2,282)	Write-off	None
	1,905	(1,452)	453	-	(453)	Write-off	None
	1,250	(490)	760	-	(760)	Write-off	None
Office equipment	569	(359)	210	-	(210)	Write-off	None
	274	(274)	-	-	-	Write-off	None
	522	(522)	-	-	-	Write-off	None
	2	(1)	1	-	(1)	Write-off	None
	340	(340)	-	-	-	Write-off	None
Furniture and fixtures	24	(18)	6	-	(6)	Write-off	None
	210	(88)	122	-	(122)	Write-off	None
	68	(27)	41	-	(41)	Write-off	None
Computer equipments	6,924	(6,806)	118	-	(118)	Write-off	None
	7,350	(7,183)	167	-	(167)	Write-off	None
	23,224	(19,064)	4,160	-	(4,160)		
	32,214	(27,336)	4,877	1,665	(3,212)		

5.1.2 Fully depreciated assets having cost of Rs. 146.85 million (2021: Rs 136.10 million) are still in use.

	Note	2022	2021
(Rupees in '000)			
5.2 Capital work in progress			
Opening balance		24,943	4,375
Additions		24,224	33,474
Transfer to operating assets		(45,998)	(12,906)
Closing balance		3,169	24,943
6. INTANGIBLE ASSETS			
Computer software		22,825	23,086
Capital work in progress	6.2	3,754	12,571
		26,579	35,657

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

	Cost				Rate %	Depreciation			Written down values as at December 31, 2022		
	As at January 01, 2022	Additions	Transferred from CWIP	(Disposals)		As at December 31, 2022	As at January 01, 2022	For the year		(Disposals)	As at December 31, 2022
	(Rupees in '000)					(Rupees in '000)					
Computer software	168,490	3,531	9,358	-	181,379	20%	145,404	13,150	-	158,554	22,825
	(Rupees in '000)					(Rupees in '000)					
	As at January 01, 2021	Additions	Transferred from CWIP	(Disposals)	As at December 31, 2021	Rate %	As at January 01, 2021	For the year	(Disposals)	As at December 31, 2021	Written down values as at December 31, 2021
	(Rupees in '000)						(Rupees in '000)				
Computer software	168,490	-	-	-	168,490	20%	129,296	16,108	-	145,404	23,086

6.1 Fully amortised intangible assets having cost of Rs. 124.97 million (2021: Rs Rs. 99.80 million) are still in use.

	Note	2022	2021
		(Rupees in '000)	
6.2 Capital work in progress			
Opening balance		12,571	12,571
Reversals		541	-
Transfer to operating assets		(9,358)	-
Closing balance		3,754	12,571
7. RIGHT OF USE ASSETS			
Head office and branches	7.1	124,420	187,628
7.1 Head office, bancassurance and agency branches - Right of use assets			
As at January 01,			
Cost		327,622	318,419
Accumulated depreciation		(139,994)	(82,037)
Net book value		187,628	236,382
Opening net book value		187,628	236,382
Additions		-	15,730
Derecognition			
- Cost		(8,845)	(6,527)
- Accumulated depreciation		3,714	2,759
Derecognition at net book value		(5,131)	(3,768)
Depreciation charged		(58,077)	(60,716)
Closing net book value		124,420	187,628
Cost		318,777	327,622
Accumulated depreciation		(194,357)	(139,994)
Net book value		124,420	187,628

7.2 Lease assets comprises of head office, bancassurance and agency branches with a lease term of 5 to 7 years.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

	Note	2022	2021
(Rupees in '000)			
8. INVESTMENT PROPERTY			
Opening net book value		939,394	855,394
Unrealised fair value gain		4,275	84,000
Closing net book value	8.1	943,669	939,394

- 8.1** This represents piece and parcel of plot no. 1-A, Main Gulberg, Jail Road, Lahore, measuring 8 Kanal 8 Marla 203 Sq. ft. of a land bought by the Company for the Unit Linked Investment Business.

Market value of this investment property amounts to Rs. 943.70 million with the forced sale value (FSV) of Rs. 641.82 million as at December 26, 2022. Total unrealised gain till December 31, 2022 is Rs. 171.742 million (December 31, 2021: Rs. 167.467 million). The fair value of investment property is determined by K.G Traders (Private) Limited, an external, independent property valuer having appropriate recognised professional qualifications.

Valuation technique

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

	Note	2022	2021
(Rupees in '000)			
9. INVESTMENTS IN EQUITY SECURITIES			
Available for sale	9.1	12,390	19,648
Fair value through profit or loss (held for trading)	9.2	8,279,779	7,977,284
		8,292,169	7,996,932

9.1 Available for sale

	2022			2021		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
(Rupees in '000)						
Related parties	1,360	-	728	1,360	-	795
Others	19,233	-	11,662	19,233	-	18,853
	20,593	-	12,390	20,593	-	19,648

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

9.1.1 Details of equity securities - available for sale

	2022		2021	
	No. of shares	Carrying value in Rupees (000)	No. of shares	Carrying value in Rupees (000)
Related party				
Nishat Power Limited	40,000	728	40,000	795
Others				
Aisha Steel Mills Limited	660	5	660	18
Aisha Steel Mills Limited (preference shares)	3,300	48	3,300	48
Attock Cement Pakistan Limited	24,000	1,357	24,000	3,335
Fatima Fertilizer Company Limited	9,000	302	9,000	324
Habib Bank Limited	58,807	3,746	58,807	6,858
Kot Addu Power Company Limited	12,000	320	12,000	388
K-Electric Limited	130,000	351	130,000	447
National Bank of Pakistan	79,062	1,865	79,062	2,729
Pakistan Oilfields Limited	600	236	600	215
Pakistan Petroleum Limited	49	3	49	4
Saif Power Limited	25,000	464	25,000	472
United Bank Limited	29,400	2,964	29,400	4,015
		11,662		18,853

9.2 Fair value through profit or loss (held for trading)

	2022			2021		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
	(Rupees in '000)					
Related parties	1,297,356	-	942,938	1,411,292	-	1,202,487
Others	8,001,073	-	7,336,841	9,407,055	-	6,774,797
	9,298,429	-	8,279,779	10,818,347	-	7,977,284

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

9.2.1 Details of equity securities - fair value through profit or loss

	2022		2021	
	No. of shares	Carrying value in Rupees (000)	No. of shares	Carrying value in Rupees (000)
Related party				
D.G. Khan Cement Company Limited	1,805,732	93,248	2,023,450	167,824
MCB Bank Limited	6,306,006	732,506	6,363,681	975,871
Nishat Chunian Limited	3,907,365	81,429	1,290,000	58,760
Nishat Mills Limited	650,301	35,755	400	32
		942,938		1,202,487
Others				
Abbott Laboratories (Pakistan) Limited	54,900	25,435	92,950	66,686
Agha Steel Industries Limited	-	-	5,250	138
AGP Limited	614,034	39,906	553,400	53,674
Agriautos Industries Limited	135,630	11,638	-	-
Air Link Communication Limited	2,561,196	75,760	-	-
Aisha Steel Mills Limited	5,235,825	42,986	1,730,500	26,061
Allied Bank Limited	-	-	1,000	82
Amreli Steel Limited	4,883,504	87,659	1,464,500	65,551
Archroma Pakistan Limited	2,863	1,248	-	-
Arif Habib Corporation Limited	36,300	1,250	36,300	1,301
Askari Bank Limited	1,964	39	1,964	43
Atlas Battery Limited	1,587	259	-	-
Atlas Honda Limited	163,300	48,990	141,000	57,249
At-Tahur Limited	170,153	2,908	2,248	51
Attock Cement Pakistan Limited	550,500	31,131	-	-
Attock Petroleum Limited	-	-	386,550	121,376
Attock Refinery Limited	-	-	43,329	6,241
Avanceon Limited	235,915	15,577	600	55
Azgard Nine Limited	50,747	368	1,038,000	13,587
Bank Al Falah Limited	7,814,396	235,526	8,288,575	286,785
Bank Al Habib Limited	36,563	2,021	15,960	1,101
BankIslami Pakistan Limited	4,704,431	62,851	-	-
Citi Pharma Limited	3,040,403	73,425	-	-
Bata Pakistan Limited	166,555	360,307	120,560	261,754
Bestway Cement Limited	338,897	43,382	401,300	61,985
Cherat Cement Company Limited	1,754,297	178,763	1,145,800	169,934
Cnergyico PK Limited	5,593,773	20,641	8,000,000	54,480
Dynea Pakistan Limited	403,200	62,492	90,700	19,546
Engro Corporation Limited	1,834,566	480,675	1,172,343	319,369
Engro Fertilizer Limited	582,512	44,789	2,000,273	152,201
Engro Polymer And Chemicals Limited	-	-	1,338,669	72,570
Fauji Cement Company Limited	29,344,402	352,720	3,364,000	61,797

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

	2022		2021	
	No. of shares	Carrying value in Rupees (000)	No. of shares	Carrying value in Rupees (000)
Fauji Fertilizer Bin Qasim Limited	3,189,976	48,902	500	12
Fauji Fertilizer Company Limited	-	-	36	4
Faysal Bank Limited	7,608,655	196,532	7,506,775	172,656
General Tyre & Rubber Company of Pakistan	2,028,395	54,767	674,000	31,246
Glaxosmithkline Consumer Healthcare Pakistan	173,262	28,397	60,700	14,632
Glaxosmithkline Pakistan Limited	273,900	24,040	318,700	43,506
Gharibwal Cement Limited	396,835	6,345	-	-
Gul Ahmed Textile Mills Limited	3,704,131	91,270	1,478,300	69,569
Habib Bank Limited	2,377,988	151,549	1,357,284	158,286
Habib Metropolitan Bank Limited	1,698,949	57,679	2,189,500	93,776
Ferozsons Laboratories Limited	221,331	30,444	-	-
Hascol Petroleum Limited	-	-	3,451	21
Jubilee Life Insurance Company Limited	110,465	15,355	-	-
Highnoon Laboratories Limited	25	14	36,740	23,068
Hi-Tech Lubricants Limited	194,577	5,034	734,200	31,938
Honda Atlas Cars (Pakistan) Limited	-	-	189,300	44,823
Hub Power Company Limited	422,425	26,647	394,690	28,157
Pakistan Tobacco Company Limited	58,871	56,747	-	-
ICI Pakistan Limited	-	-	10,200	7,761
IGI Holdings Limited	480,400	45,638	144,600	22,215
Indus Motors Company Limited	-	-	170	209
Interloop Limited	2,187,916	123,945	1,633,387	118,731
International Industries Limited	935,485	70,779	275,200	38,201
International Steels Limited	432,222	19,601	-	-
Jahangir Siddiqui & Company Limited	2,545,500	26,040	2,410,500	38,568
JS Bank Limited	1,906,500	8,941	4,450,000	21,449
K-Electric Limited	-	-	13,861,500	47,684
Kohat Cement Company Limited	44,000	6,499	160,000	30,176
Kohinoor Textile Mills Limited	448,664	21,199	-	-
Kot Addu Power Company Limited	257,534	6,863	1,203,000	38,917
Lotte Chemical Pakistan Limited	-	-	2,211,500	30,209
Lucky Cement Limited	811,080	362,212	692,501	470,403
Maple Leaf Cement Factory Limited	16,441,207	371,078	5,246,758	188,620
Mari Petroleum Company Limited	514,487	795,891	297,357	491,898
Meezan Bank Limited	3,579,752	356,329	1,220,080	163,625
Millat Tractors Limited	-	-	-	-
Mughal Iron & Steel Industries Limited	2,189,031	105,752	309,375	32,209
Murree Brewery Company Limited	398,839	145,098	387,750	192,766
National Bank Of Pakistan	1,000,000	23,590	1,000,000	34,520
National Foods Limited	50	5	671,400	102,476
National Refinery Limited	75,234	13,245	40,169	11,432
Nestle Pakistan Limited	17,099	100,371	16,401	93,905
Netsol Technologies Limited	-	-	573,000	53,782
Octopus Digital Limited	901,195	51,053	299	23
Oil and Gas Development Company Limited	2,630,504	209,546	1,655,479	142,703

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

	2022		2021	
	No. of shares	Carrying value in Rupees (000)	No. of shares	Carrying value in Rupees (000)
Packages Limited	424,534	157,146	618,250	307,437
Pak Elektron Limited	7,382,364	95,602	4,292,000	96,656
Pak Suzuki Motor Company Limited	-	-	119,900	27,968
Pakistan International Bulk Terminal Limited	-	-	3,950,000	29,072
Pakistan Oilfields Limited	25,771	10,124	445,284	159,242
Pakistan Oxygen Limited	300	42	240	37
Pakistan Petroleum Limited	2,270,845	154,735	1,351,210	106,800
Pakistan Refinery Limited	-	-	2,825,500	40,744
Pakistan State Oil Company Limited	209,481	30,163	872,007	158,609
Pakistan Telecommunication Company Limited	17,813,000	108,659	16,403,000	142,707
Panther Tyres Limited	3,220,758	66,734	2,509,337	104,790
Pioneer Cement Limited	644,196	33,131	600	53
Power Cement Limited	1,917,500	8,859	2,200,000	13,992
Rafhan Maize Products Company Limited	-	-	2,140	20,116
Sazgar Engineering Works Limited	-	-	4,680	456
Service Industries Limited	-	-	18,392	8,617
Security Papers Limited	476,499	44,576	-	-
Shell Pakistan Limited	514,300	55,256	884,800	107,229
Shifa International Hospitals Limited	984,810	105,473	444,242	84,152
Sitara Chemical Industries Limited	-	-	79,400	24,461
Sui Northern Gas Pipelines Limited	2,600	98	924,600	30,928
Synthetic Products Enterprises Limited	599,215	5,932	505,832	9,130
Systems Limited	88,900	43,021	55	42
Shabbir Tiles & Ceramics Limited	1,360,092	11,697	-	-
Thal Limited	376,644	72,790	341,900	130,842
The Bank of Punjab	-	-	5,500	47
The Organic Meat Company Limited	49,159	1,016	676,000	21,450
The Searle Company Limited	17,700	1,042	70,400	10,118
TRG Pakistan Limited	-	-	2,000	236
United Bank Limited	3,484,330	351,046	931,675	127,248
Unity Foods Limited (R)	-	-	614,532	451
Unity Foods Limited	-	-	860,000	22,763
Waves Home Appliances Limited	392,700	2,608	-	-
Waves Singer Pakistan Limited	1,963,500	16,946	1,963,500	30,611
		7,336,841		6,774,797

	Note	2022	2021
(Rupees in '000)			
10. INVESTMENTS IN GOVERNMENT SECURITIES			
Available for sale		-	98,412
Fair value through profit or loss (held for trading)	10.1	37,930,238	20,699,347
		37,930,238	20,797,759

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

10.1 Fair value through profit or loss (held for trading)

	Term (year / months)	Maturity year	Effective yield (%)	Amortised cost	Principal repayment	Carrying value
(Rupees in '000)						
GOP Ijara Sukuk 5 Years - Fixed	5 years	2025	13.81%	99,318	100,000	87,620
GOP Ijara Sukuk 5 Years - Fixed	5 years	2026	13.15%	527,666	522,500	494,964
GOP Ijara Sukuk 5 Years - VRR	5 years	2025	15.15% - 16.24%	325,259	330,000	324,645
GOP Ijara Sukuk 5 Years - VRR	5 years	2026	15.78% - 16.03%	472,422	475,000	472,188
GOP Ijara Sukuk 5 Years - VRR	5 years	2027	15.81%	329,296	330,000	328,542
Pakistan Investment Bond	5 years	2025	15.78%	7,862	8,500	6,956
Pakistan Investment Bond (Note 10.1.1)	5 years	2027	14.60%	61,306	75,000	58,321
Pakistan Investment Bond (Note 10.1.1)	10 years	2030	13.87%	1,090,991	1,470,000	1,062,225
Pakistan Investment Bond (FRB)	2 years	2024	16.10% - 17.67%	1,385,775	1,400,000	1,385,580
Pakistan Investment Bond (FRB)	3 years	2023	15.48%	29,995	30,000	29,985
Pakistan Investment Bond (FRB)	3 years	2025	16.74% - 16.10%	5,185,914	5,100,000	5,187,428
Pakistan Investment Bond (FRB)	5 years	2026	16.97%	1,689,280	1,750,000	1,691,725
Pakistan Investment Bond (FRB)	5 years	2027	16.97%	802,917	840,000	801,696
Pakistan Investment Bond (FRB)	10 years	2028	15.72%	49,112	50,000	49,055
Pakistan Investment Bond (FRB)	10 years	2030	15.96%	500,794	500,000	493,200
Treasury Bill	3 months	2023	15.02% - 16.73%	21,077,870	21,446,495	21,093,339
Treasury Bill	6 months	2023	15.18% - 15.82%	3,663,355	3,704,020	3,665,890
Treasury Bill	12 months	2023	15.02% - 17.00%	702,598	758,150	696,879
	2022			38,001,730	38,889,665	37,930,238
	2021			20,709,683	21,262,700	20,699,347

10.1.1 These include PIBs of Rs. 75 million & Rs. 100 million (2021: nil) placed with State Bank of Pakistan as per the requirement of section 29 of Insurance Ordinance, 2000 carrying coupon rate of 7.5% & 8% per annum having maturity period of 5 & 10 years and will mature on April 29, 2027 & December 10, 2030 respectively.

11. INVESTMENTS IN DEBT SECURITIES**At fair value through profit or loss (held for trading)**

	Note	2022			2021		
		Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
(Rupees in '000)							
Advance against the purchase of term finance certificate	11.1	472,000	-	472,000	1,425,000	-	1,425,000
Term finance certificates / corporate sukuk	11.2	4,208,762	-	3,782,845	2,955,636	-	3,018,606
		4,680,762	-	4,254,845	4,380,636	-	4,443,606

11.1 This represents Rs. 450 million paid to Meezan Bank Limited and Rs. 22 million to Dubai Islamic Bank Limited (2021: Bank Al Habib Limited Rs. 975 million and Meezan Bank Limited Rs. 450 million) against issue of TFC.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

11.2 Term finance certificates / corporate sukuk

Details of the term finance certificates and corporate sukuk are as follows:

	Maturity date			Face value per certificate	Carrying value	
		2022	2021		2022	2021
		(Number of certificates)			(Rupees in '000)	
Askari Bank Limited VI - TFC	Perpetual	100	100	1,000	100,000	100,000
Askari Bank Limited VII - TFC	17-Mar-30	100	100	1,000	100,980	101,000
Aspin Pharma (Private) Limited-Sukuk	30-Nov-23	820	820	30	16,656	32,800
Bank Al Habib Limited-TFC	30-Sep-31	195,000	-	5	998,000	-
Bank Alfalah Limited-TFC	15-Jan-24	20,000	20,000	5	92,514	92,893
Dubai Islamic Bank Pakistan Limited-Sukuk	14-Jul-27	-	58	-	-	59,943
Engro Polymer & Chemicals Limited-Sukuk	10-Jul-26	-	900	-	-	96,845
Ghani Chemical Industries Limited-Sukuk	3-Feb-24	600	600	32	11,499	20,700
Habib Bank Limited-TFC II (Perpetual)	Perpetual	500	500	100	50,000	50,000
International Brands Limited Sukuk I	5-May-22	-	1,000	-	-	16,787
Jahangir Siddiqui and Company Limited - TFC	6-Mar-23	30,000	30,000	2	51,216	100,929
Meezan Bank Limited-Sukuk II	30-Jun-30	500	50	1,000	513,600	104,000
Meezan Bank Limited-Sukuk II	Perpetual	250	250	1,000	250,000	250,000
Meezan Bank Limited-Sukuk III	9-Jan-30	-	450	1,000	-	416,000
Pakistan Energy II-Sukuk	21-May-30	115,000	90,000	5	574,999	456,750
Samba Bank Limited - TFC	1-Mar-31	4,250	4,250	100	424,107	438,299
Soneri Bank Limited-TFC	8-Jul-23	-	10,000	-	-	50,945
The Bank Of Punjab I-TFC	23-Dec-26	3,400	3,400	100	339,184	353,402
The Bank Of Punjab II-TFC	23-Apr-28	2,580	2,580	100	260,090	266,012
TPL Trakker Limited-Sukuk	12-Apr-22	-	30	-	-	11,301
		373,100	165,088		3,782,845	3,018,606

	Note	2022	2021
(Rupees in '000)			
12. INVESTMENT IN TERM DEPOSITS			
Deposits maturing within 12 months	12.1	2,276,000	7,580,000

12.1 This represents term deposits with banks which carry interest rate ranging between 14.8% to 16% per annum (December 31, 2021: 10.50% to 12.50% per annum) and maturing between January 2023 to September 2023 (January 05, 2022 to January 31, 2022). This includes term deposits of Rs. 1,001 million (2021: Rs. 405 million) maintained with MCB Islamic Bank (related party).

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

	Note	2022	2021
(Rupees in '000)			
13. INVESTMENTS IN MUTUAL FUNDS			
Fair value through profit or loss (held for trading)	13.1	8,017,302	8,859,850

13.1 Fair value through profit or loss (held for trading)

	2022			2021		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
(Rupees in '000)						
Related parties	6,099,261	-	5,403,600	6,902,701	-	6,890,759
Others	1,612,973	-	2,613,702	960,373	-	1,969,091
	7,712,234	-	8,017,302	7,863,074	-	8,859,850

13.1.1 Details of mutual funds - fair value through profit or loss

	2022		2021	
	No. of units	Carrying value (Rupees in 000)	No. of units	Carrying value (Rupees in 000)
Related parties				
Alhamra Islamic Asset Allocation Fund	7,325,935	460,051	2,976,246	216,781
Alhamra Islamic Income Fund	4,193,281	457,671	1,813,615	192,160
Alhamra Islamic Stock Fund	195,145,209	1,709,472	127,332,624	1,342,085
MCB Cash Management Optimizer Fund	4,105,832	416,746	8,455,118	854,353
MCB Pakistan Dividend Yield Plan	500,000	50,200	-	-
MCB Pakistan Asset Allocation Fund	-	-	3,878,276	327,871
MCB Pakistan Stock Market Fund	23,141,205	1,846,772	38,403,219	3,804,011
Pakistan Asset Allocation Fund	3,878,276	284,360	-	-
Pakistan Income Fund *	3,052,727	178,328	2,716,884	153,498
		5,403,600		6,890,759

*This represents units of mutual fund placed with State Bank of Pakistan as per the requirement of section 29 of Insurance Ordinance, 2000.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

	2022		2021	
	No. of units	Carrying value (Rupees in 000)	No. of units	Carrying value (Rupees in 000)
Others				
ABL Islamic Stock Fund	-	-	2,086,997	31,593
Al Ameen Islamic Asset Allocation Fund	-	-	478,044	61,483
Al Ameen Shariah Stock Fund	-	-	311,709	48,817
Alfalah GHP Islamic Income Fund	-	-	1,055,876	107,975
Alfalah GHP Money Market Fund	9,892,558	973,701	5,281,206	519,492
Faysal Income and Growth Fund	1,000	116	921	103
Faysal Money Market Fund	4,429	454	3,496,857	357,074
Faysal Savings and Growth Fund	7,939,242	872,443	4,054,498	433,426
NBP Money Market Fund	24,819,709	247,060	5,138,741	50,932
NBP Islamic Mahana Amdani Fund	-	-	4,399,915	45,943
NBP Islamic Savings Fund	-	-	23,587,717	234,421
NBP Islamic Stock Fund	-	-	6,398,752	77,832
HBL Cash Fund	1,827,806	187,232	-	-
HBL Financial Sector Income Fund Plan	551,773	55,849	-	-
HBL Islamic Income Fund	796,674	88,022	-	-
JS Government Securities Fund	486,137	51,078	-	-
NIT Money Market Fund	14,226,323	137,747	-	-
		2,613,702		1,969,091

	Note	2022	2021
(Rupees in '000)			
14. (INSURANCE / TAKAFUL) / (REINSURANCE / RETAKAFUL RECEIVABLES)			
Due from insurance contract holders - Group life business		36,098	35,834
Less: provision for impairment of receivables from insurance contract holders	14.1	-	(8,343)
		36,098	27,491
Due from reinsurers / retakaful operators		26,358	109,713
Net (insurance / takaful) / (reinsurance / retakaful) receivable		62,456	137,204
14.1 Movement in provision for impairment of receivables from insurance contract holders			
Opening		(8,343)	(8,343)
Provision written-off		8,343	-
Closing		-	(8,343)

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

	Note	2022	2021
(Rupees in '000)			
15. OTHER LOANS AND RECEIVABLES			
Receivable from related parties		6	-
Accrued income on investments		427,793	183,285
Security deposits		57,117	74,230
Receivable from gratuity fund		-	6,460
Loan to employees - secured	15.1	21,873	12,638
Advance to supplier		43,980	-
Dividend receivable		83,307	6,089
Receivable against the sale of investment		132,912	131,128
Other receivables		11,335	4,553
		778,323	418,383

15.1 This represents interest free loans secured against the gratuity entitlement and are repayable within one year of the disbursement.

	Note	2022	2021
(Rupees in '000)			
16. PREPAYMENTS			
Prepaid rent- Ijarah term		10,698	12,630
Prepaid miscellaneous expenses	16.1	30,957	26,072
		41,655	38,702

16.1 These include prepayments related to insurance and software subscriptions.

17. CASH AND BANK

- Cash in hand		71	19
- Policy stamps		9,870	10,486
		9,941	10,505

Cash at bank

- Current accounts		161,024	51,286
- Saving accounts	17.1	5,146,032	9,664,282
		5,307,056	9,715,568
		5,316,997	9,726,073

17.1 This carries interest rate ranging from 7.25% to 17.5% (2021: 5.00% to 7.00%) per annum.

17.2 Cash and cash equivalents

Cash and cash equivalents includes the following for the purpose of cash flow statement:

- Cash in hand and policy stamps		9,941	10,505
- Cash at bank		5,307,056	9,715,568
- Term deposits maturing within three months		1,275,000	7,580,000
		6,591,997	17,306,073

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

18. ORDINARY SHARE CAPITAL

18.1 Authorised capital

2022	2021		2022	2021
Number of shares in '000			(Rupees in '000)	
250,000	250,000	Ordinary shares of Rs. 10 each fully paid in cash	2,500,000	2,500,000

18.2 Issued, subscribed and paid up share capital

2022	2021		2022	2021
Number of shares in '000			(Rupees in '000)	
250,000	250,000	Ordinary shares of Rs. 10 each fully paid in cash	2,500,000	2,500,000

18.3 Share capital includes Rs. 364.66 million (2021: 498.53 million) transferred to the statutory funds.

	Note	2022	2021
		(Rupees in '000)	
19. INSURANCE / TAKAFUL LIABILITIES			
Reported outstanding claims (including claims in payment)	19.1	3,122,497	1,584,176
Incurred but not reported claims	19.2	190,048	151,489
Investment component of unit-linked and account value policies	19.3	58,966,454	54,283,881
Liabilities under individual conventional insurance / takaful contracts	19.4	18,319	19,682
Liabilities under group insurance contracts (other than investment linked)	19.5	154,855	101,308
Other insurance / takaful liabilities	19.6	812,525	751,807
Gross insurance / takaful liabilities		63,264,698	56,892,343
Surplus of Participant Takaful Fund		143,963	40,692
Total Insurance / takaful liabilities		63,408,661	56,933,035
19.1 Reported outstanding claims			
Gross of reinsurance / retakaful			
Payable within one year		3,222,448	1,674,238
Recoverable from reinsurers / retakaful operators		(99,951)	(90,062)
Net reported outstanding claims		3,122,497	1,584,176

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

	2022	2021
	(Rupees in '000)	
19.2 Incurred but not reported claims		
Individual life		
Gross of reinsurance / retakaful	223,514	181,434
Reinsurance / retakaful recoveries	(80,349)	(58,467)
Net of reinsurance / retakaful	143,165	122,967
Group life		
Gross of reinsurance / retakaful	105,264	92,026
Reinsurance / retakaful recoveries	(58,381)	(63,504)
Net of reinsurance / retakaful	46,883	28,522
Net incurred but not reported claims	190,048	151,489
19.3 Investment component of unit linked and account value policies		
Investment component of unit linked policies	57,385,281	52,288,722
Investment component of account value policies	1,581,173	1,995,159
	58,966,454	54,283,881
19.4 Liabilities under individual conventional insurance / takaful contracts		
Gross of reinsurance / retakaful	20,465	21,735
Reinsurance / retakaful credit	(2,146)	(2,053)
Net of reinsurance / retakaful	18,319	19,682
19.5 Liabilities under group insurance / takaful contracts (other than investment linked)		
Gross of reinsurance / retakaful	304,087	186,441
Reinsurance / retakaful credit	(149,232)	(85,133)
Net of reinsurance / retakaful	154,855	101,308
19.6 Other insurance / takaful liabilities		
Gross of reinsurance / retakaful	902,851	864,668
Reinsurance / retakaful credit	(90,326)	(112,861)
Net of reinsurance / retakaful	812,525	751,807
20. RETIREMENT BENEFIT OBLIGATIONS		
20.1 As stated in note 3.5, the Company operates a funded gratuity scheme covering eligible employees who have completed the minimum qualifying eligible service period of six months. The employees are entitled to gratuity on the basis of last drawn monthly gross salary on normal retirement or on death in service on the number of years of services with the Company. Contribution to the fund is made and expense is recognised on the basis of actuarial valuations carried out at each year end using the projected unit credit method.		

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

20.1.1 Responsibility for the governance of the plans, including investment decisions and contribution schedules, lies with the Board of Trustees. The Company appoints the Trustees and all trustees are employees of the Company. Details of the Company's obligation under the staff gratuity scheme determined on the basis of an actuarial valuation carried out by an independent actuary as at December 31, 2022 under the Projected Unit Credit Method are as follows:

	Note	2022	2021
(Rupees in '000)			
20.2 Statement of financial position reconciliation			
Present value of defined benefit obligations	20.2.1	189,140	178,588
Fair value of plan assets	20.2.2	(184,274)	(185,048)
Net liability / (surplus) at end of the year	20.2.4	4,866	(6,460)
20.2.1 Movement in present value of defined benefit obligations			
Present value of defined benefit obligations at beginning of the year		178,588	178,021
Current service cost	20.2.3	40,817	49,035
Interest cost	20.2.3	24,894	22,303
Benefits paid during the year		(36,198)	(27,752)
Remeasurement gain on obligation:			
- due to changes in financial assumptions	20.2.3	(18,961)	(43,019)
Present value of defined benefit obligations at end of the year		189,140	178,588
20.2.2 Movement in fair value of plan assets			
Fair value of plan assets at beginning of the year		185,048	65,672
Contributions made by the Company to the Fund		29,226	145,211
Interest income on plan assets	20.2.3	22,887	8,447
Benefits paid during the year		(36,198)	(27,752)
Remeasurement loss on plan assets	20.2.3	(16,689)	(6,530)
Fair value of plan assets at end of the year		184,274	185,048
20.2.3 Expense recognised in statement of profit or loss and other comprehensive income			
Current service cost	20.2.1	40,817	49,035
Interest cost	20.2.1	24,894	22,303
Interest income on plan assets	20.2.2	(22,887)	(8,447)
Expense for the year recognised in the statement of profit or loss		42,824	62,891
Remeasurement gains on defined benefit obligation	20.2.1	(18,961)	(43,019)
Remeasurement losses on fair value of plan assets	20.2.2	16,689	6,530
Amount recognised in the other comprehensive income		(2,272)	(36,489)

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

	Note	2022	2021
(Rupees in '000)			
20.2.4 Net recognised liability			
Net (surplus) / liability at beginning of the year		(6,460)	112,349
Net expense recognised in statement of profit or loss	20.2.3	42,824	62,891
Expense recognised in other comprehensive income	20.2.3	(2,272)	(36,489)
Contributions made to the Fund during the year		(29,226)	(145,211)
Net liability / (surplus) at end of the year	20.2	4,866	(6,460)

(Rupees in '000)

20.2.5 Estimated gratuity cost for the year ending December 31, 2023, is as follows:

Current service cost	41,714
Net interest cost	3,985
Total expense to be recognised in statement of profit or loss	45,699

20.3 Plan assets comprise of following:

	2022		2021	
	(Rupees in '000)	% age	(Rupees in '000)	% age
Listed Equities	52,562	28.52	61,355	33.16
Government Securities	99,503	54.00	97,691	52.79
Bank balance	4,186	2.27	26,002	14.05
Mutual funds	28,023	15.21	-	-
Fair value of plan assets at end of the year	184,274	100.00	185,048	100.00

20.4 The principal assumptions used in the actuarial valuations carried out as of December 31, 2022, using the 'Projected Unit Credit Method', are as follows:

	Gratuity fund	
	2022	2021
(%)		
Discount rate per annum	14.5	11.75
Expected per annum rate of return on plan assets	14.5	11.75
Expected per annum rate of increase in salary level	3.00 - 11.00	3.00 - 11.00
Expected mortality rate	LIC 94-96 Mortality table for males (rated down by 3 years for females)	LIC 94-96 Mortality table for males (rated down by 3 years for females)
Expected withdrawal rate	60	60

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Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

20.4.1 The plans expose the Company to actuarial risks such as:

Salary risks

The risks that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Discount risks

The risk of volatile discount rates over the funding life of the scheme. The final effect could go either way depending on the relative of salary increases, timing of contributions, performance of investments and outgo of benefits.

Mortality / withdrawal risks

The risks that the actual mortality / withdrawal experience is different from expected. The effect depends upon the beneficiaries' service / age distribution and the benefit.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities. This is managed by formulating an investment policy and guidelines based on which investments are made after obtaining approval of trustees of funds.

In case of the funded plans, the investment positions are managed within an Asset-Liability Matching (ALM) framework to ensure that long-term investments are in line with the obligation under the retirement benefit plan. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement benefit obligations. The Company has not changed the process used to manage its risks from previous periods. Investments are well diversified.

The expected return on plan assets is assumed to be the same as the discount rate (as required by International Accounting Standard IAS 19). The actual return depends on the assets underlying the current investment policy and their performance. Expected yields on fixed interest investments are based on gross redemption yields as at the date of financial statement. Expected return on equity investments reflect long-term real rates of return experienced in the market.

20.5 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	2022	2021
	(Rupees in '000)	
Discount rate (1% increase)	(8,786)	(10,168)
Discount rate (1% decrease)	9,804	11,531
Future salary increase rate (1% increase)	11,055	12,464
Future salary increase rate (1% decrease)	(10,056)	(11,177)

The impact on defined benefit obligation due to increase in life expectancy by 1 year would be Rs. 62,605 (2021: Rs. 13,646)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant assumptions, same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

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20.6 The weighted average duration of the defined benefit obligation is 6.17 years. Besides the number of employees covered in the scheme at December 31, 2022 were 820 (2021: 891).

20.7 The expected maturity analysis of undiscounted retirement benefit plan is as follows:

	(Rupees in '000)
Less than a year	2,045
Between 1 - 2 years	-
Between 2 - 3 years	30,326
Between 3 - 4 years	1,337
Between 4 - 5 years	397

20.8 Historical Information

	2022	2021	2020	2019	2018
	(Rupees in '000)				
Present value of defined benefit obligation	189,140	178,588	178,021	107,094	65,465
Fair value of plan assets	(184,274)	(185,048)	(65,672)	(70,068)	(79,886)
Deficit / (surplus)	4,866	(6,460)	112,349	37,026	(14,421)

20.9 Experience adjustment

Experience adjustments on obligation	-10%	-24%	18%	20%	-36%
Experience adjustments on asset	-9%	-4%	-3%	-11%	-10%

20.10 Gratuity cost to be recognised in the statement of profit or loss in the next financial period is not necessarily the amount of the contribution for that period. Decision about the contribution is made by the Company based on the allowability under the Insurance Tax Rules, 2002 and the availability of surplus funds, etc.

20.11 The investment out of staff gratuity scheme have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	2022	2021
	(Rupees in '000)	
21. DEFERRED TAXATION		
Deferred debits arising due to:		
Fixed assets and intangibles	(5,941)	(7,405)
Surplus on revaluation of available for sale assets	(50)	(1,937)
	(5,991)	(9,342)
Deferred credits arising due to:		
Retained earnings - Ledger Account D	382,635	240,865
Surplus on revaluation of available for sale assets	-	-
	382,635	240,865
Deferred tax liability	376,644	231,523

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

	Note	2022	2021
(Rupees in '000)			
22. LEASE LIABILITIES	22.1	159,592	229,834
22.1 Lease liabilities - movement			
Opening balances		229,834	271,436
Addition during the year		-	15,730
Derecognition during the year		(7,068)	(5,019)
		222,766	282,147
Interest accretion during the year		28,636	31,872
		251,402	314,019
Repaid during the year		(91,810)	(84,185)
Closing balances		159,592	229,834
Current portion		63,337	53,176
Non-current portion		96,255	176,658
		159,592	229,834
22.2 Lease liabilities - maturity analysis			
The contractual maturity analysis of these is presented below:			
Current			
Not later than one year		63,337	53,176
Non-current			
Later than one year but not later than three years		75,631	126,718
Later than three years but not later than five years		20,624	45,261
Later than five years		-	4,679
		96,255	176,658
		159,592	229,834
23. BORROWINGS			
SBP Refinance Scheme	23.1	-	84,894
23.1 Movement in borrowings			
Opening balances		84,894	164,482
Interest expense during the year		609	360
Impact of deferred grant during the year		4,298	9,509
		89,801	174,351
Repaid during the year		(89,801)	(89,457)
Total borrowings		-	84,894
Current portion		-	84,894

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For the year ended December 31, 2022

23.2 This loan was obtained under the facility of "Refinance Scheme for Payment of Salaries and Wages to Workers and Employees" on the basis of SBP Circular No. 10 of 2020 for the period of 3 years. The payment of principal has been started from January 2021 on quarterly basis and profit rate is 1% per annum as defined by State Bank of Pakistan (SBP).

	Note	2022	2021
(Rupees in '000)			
24. DEFERRED GOVERNMENT GRANT			
Deferred government grant	24.1	-	4,298
24.1 Movement in deferred government grant			
Opening balances		4,298	13,807
Amortised during the year	23.1	(4,298)	(9,509)
Total deferred government grant		-	4,298
Current portion		-	4,298
25. OTHER CREDITORS AND ACCRUALS			
Agents commission payable		417,374	307,512
Payable to related parties		8,126	7,832
Payable against the purchase of investments		152,701	30,524
Accrued expenses	25.1	308,843	394,220
Other tax payable		38,709	12,897
		925,753	752,985

25.1 This includes provision for leave encashment and non-leave encashment amounting in aggregated to Rs. 73.42 million (2021: 60.04 million).

26. CONTINGENCIES AND COMMITMENTS**26.1 CONTINGENCIES****Sales tax on life insurance premium**

Sindh Revenue Board (SRB) vide notification no. SRB 3-4/5/2019 dated May 8, 2019 extended the exemption on life insurance till June 30, 2019. Subsequent to it, life insurance was made taxable from July 1, 2019 at the rate of 3% and group life insurance at the rate of 13%. Further, SRB vide notification no. SRB 3-4/19/2022 dated June 28, 2022 extended exemption on health insurance till June 30, 2023. With effect from November 1, 2018, the Punjab Revenue Authority (PRA) withdrew its exemption on life and health insurance and made the same subject to Punjab Sales Tax (PST). The Company collectively through the forum of Insurance Association of Pakistan ("IAP") filed a constitutive petition in the Lahore High Court (LHC) and in the High Court of Sindh at Karachi on September 28, 2019 and November 28, 2019 against PRA and SRB respectively.

Adamjee Life Assurance Company Limited

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For the year ended December 31, 2022

According to the grounds of the petition and legal opinion obtained by the Company the insurance premium does not fall under the definition of service rather an insurance policy is a financial arrangement, which is in the nature of a contingent contract, and not a service upon which sales tax can be levied (and that an insurance company is not rendering a service). The opinion also mentions that vast majority of premium received from a policy holder, during the life of the policy, is in fact channeled to the policy holder's investment account and as such this is critically important in exposing the legal fallacies embodied in the Rules.

In view of the above the Company has not started billing sales tax to its customers. The amount of sales tax involved (for both Sindh and Punjab region) is reasonably around Rs. 775.53 million (2021: Rs. 538.14 million) computed on the basis of risk based premium, as per the advice of legal advisor, which nonetheless the Company maintains, based on the legal view, cannot be levied as the insurance is not a service.

Further, subsequent to filing petition, the provincial tax authorities have called a meeting of the industry representatives on January 11, 2020 in Karachi to discuss the matters relating to sales tax on premium. The matter was discussed in details and it was agreed to form a joint committee of the industry representatives as well as from all the provincial tax authorities and agreed in the meeting that the sales tax on Life and Health be kept exempt till June 30, 2020 however, a formal notification in this regard has not yet been issued. Further, the committee formed met on February 5, 2020 in Lahore at PRA office to work out the way forward.

Based on the legal opinion obtained the Company considers that it has a reasonably strong case on the merits in the constitution petition and the writ petition filed in the High Courts. The petition is still pending for hearing.

	2022	2021
	(Rupees in '000)	
26.2 COMMITMENTS		
26.2.1 Commitments in respect of Ijarah rentals		
Not later than one year	80,066	60,461
Later than one year and not later than five years	176,989	161,923
	257,055	222,384

Commitments represent Ijarah rentals for vehicles payable in future period.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

	2022	2021
	(Rupees in '000)	
27. NET PREMIUM / CONTRIBUTION REVENUE		
Gross premiums / contributions		
Regular premium / contributions individual policies*		
- first year	3,080,587	3,754,155
- second year renewal	2,685,567	2,303,228
- subsequent years renewal	7,120,613	6,593,866
Single premium / contributions individual policies*	7,339,582	7,539,327
Group policies without cash values	743,748	542,968
Less: experience refund	(21,296)	(75,375)
Total gross premiums / contributions	20,948,801	20,658,169
Less: reinsurance premiums / retakaful contributions ceded		
On individual life first year business	(55,340)	(58,064)
On individual life second year business	(38,247)	(33,052)
On individual life subsequent renewal business	(180,691)	(173,190)
On individual life single premium business	(6,565)	(10,586)
On group policies	(382,650)	(281,309)
Profit commission on reinsurance	30,144	26,150
	(633,349)	(530,051)
Net premiums / contributions	20,315,452	20,128,118
* Individual policies are those underwritten on an individual basis.		
28. INVESTMENT INCOME		
Income from equity securities		
Dividend income		
Available for sale	1,431	1,266
Fair value through profit or loss	692,517	624,416
	693,948	625,682
Income from government securities		
Available for sale	18,151	28,426
Fair value through profit or loss	3,924,137	1,735,147
	3,942,288	1,763,573
Income from debt securities - fair value through profit or loss		
Return on TFCs and corporate sukuks	599,830	297,512
Income from term deposit receipts - loans and receivables		
Return on term deposit receipts	687,513	449,060
	5,923,579	3,135,827

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

	2022	2021
	(Rupees in '000)	
29. NET REALISED FAIR VALUE (LOSSES) / GAINS ON FINANCIAL ASSETS		
Available for sale		
Realised losses on:		
- Government securities	(6,249)	(30)
	(6,249)	(30)
Fair value through profit or loss		
Realised (losses) / gains on:		
- Equity securities	(113,280)	310,301
- Government securities	(144,242)	(81,459)
- Debt securities	-	5,454
- Mutual funds	26,126	156,422
	(231,396)	390,718
	(237,645)	390,688
30. NET FAIR VALUE (LOSSES) / GAINS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - UNREALISED		
Net unrealised (losses) / gains on:		
- Equity securities	(1,822,414)	(823,246)
- Government securities	(64,676)	(10,759)
- Debt securities	(23,190)	62,970
- Mutual Funds	(691,709)	2,049
Total losses	(2,601,989)	(768,986)
Less: Investment related expenses	(80,122)	(100,477)
	(2,682,111)	(869,463)
31. OTHER INCOME		
Return on bank balances	716,110	379,420
Mark-up on policy loans	4,060	3,662
Gain on disposal of fixed assets	948	886
Gain on derecognition of ROU asset	1,937	-
	723,055	383,968
32. CHANGE IN UNREALISED LOSSES ON AVAILABLE-FOR-SALE FINANCIAL ASSETS		
- Equity securities	(1,092)	(1,650)
- Government securities	-	(5,539)
	(1,092)	(7,189)
33. NET INSURANCE / TAKAFUL BENEFITS		
Gross claims		
Claims under individual policies		
- by death	(671,184)	(708,320)
- by insured event other than death	(2,483)	(2,081)
- by maturity	(5,225,759)	(2,126,722)
- by surrender	(8,337,714)	(6,240,319)
Total gross individual policy claims	(14,237,140)	(9,077,442)
Claims under group policies		
- by death	(350,020)	(451,141)
- by insured event other than death	(2,374)	(11,544)
Total gross group policy claims	(352,394)	(462,685)
Total gross claims	(14,589,534)	(9,540,127)
Less: Reinsurance / retakaful recoveries		
- on individual life claims	175,777	147,520
- on group life claims	187,608	297,782
	363,385	445,302
Net insurance / takaful benefit expense	(14,226,149)	(9,094,825)

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

33.1 Claim development table**33.1.1 Individual life claims**

Incident year	Incident reported				
	2018	2019	2020	2021	2022
	(Rupees in '000)				
Estimate of ultimate claim costs:					
At the end of accident year	177,583	237,674	287,432	460,780	376,551
One year later	252,998	345,300	525,231	725,073	-
Two years later	259,455	360,720	550,464	-	-
Three years later	264,255	368,784	-	-	-
Four years later	266,418	-	-	-	-
Current estimate of cumulative claims	266,418	368,784	550,464	725,073	376,551
Cumulative payments to date	266,418	367,934	549,555	685,762	293,651
Liability recognised in the statement of financial position	-	851	909	39,311	82,899

33.1.2 Group life claims

Incident year	2018	2019	2020	2021	2022
	(Rupees in '000)				
Estimate of ultimate claim costs:					
At the end of accident year	419,348	342,820	559,852	343,327	289,449
One year later	531,056	452,433	662,492	405,755	-
Two years later	532,356	454,575	665,025	-	-
Three years later	532,356	455,005	-	-	-
Four years later	532,356	-	-	-	-
Current estimate of cumulative claims	532,356	455,005	665,025	405,755	289,449
Cumulative payments to date	532,356	455,005	665,025	404,905	257,262
Liability recognised in the statement of financial position	-	-	-	850	32,187

33.1.3 Insurance benefits unclaimed at year end

Total	1-6 months	7-12 months	13-24 months	25-36 months	Beyond 36 months	
Unclaimed maturity benefits	2,756,174	1,937,982	471,428	183,130	85,439	78,195
Unclaimed death benefits	77,264	66,832	5,572	4,860	-	-
Claims not encashed	119,618	86,134	13,139	7,423	6,232	6,690
2,953,056	2,090,948	490,139	195,413	91,671	84,885	

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

	Note	2022	2021
(Rupees in '000)			
34. ACQUISITION EXPENSES			
Remuneration to insurance / takaful intermediaries on individual policies:			
- Commission on first year premiums / contributions		(1,177,551)	(1,540,707)
- Commission on second year premiums / contributions		(149,617)	(134,820)
- Commission on subsequent years renewal premiums / contributions		(157,544)	(157,477)
- Commission on single premiums / contributions		(209,169)	(160,249)
- Other benefits to insurance / takaful intermediaries		(358,955)	(392,674)
		(2,052,836)	(2,385,927)
Remuneration to insurance / takaful intermediaries on group policies:			
- Commission		(18,803)	(22,061)
- Other benefits to insurance / takaful intermediaries		(4,187)	(2,142)
		(22,990)	(24,203)
Other acquisition costs			
- Employee benefit cost	34.1	(423,684)	(434,049)
- Traveling expenses		(7,500)	(2,869)
- Information technology expense		(5,259)	(2,121)
- Printing and stationery		(4,162)	(3,600)
- Depreciation		(27,674)	(21,913)
- Depreciation - Right of use asset		(16,238)	(16,713)
- Amortisation		-	(49)
- Rent, rates and taxes		(42,387)	(33,951)
- Insurance cost		(1,799)	(489)
- Car fuel and maintenance		(33,408)	(30,952)
- Postage		(6,635)	(6,603)
- Electricity, gas and water		(21,193)	(16,494)
- Office repairs and maintenance		(51,364)	(34,245)
- Entertainment		(12,105)	(10,559)
- Training and development		(5,040)	(2,220)
- Marketing cost		(43,037)	(39,223)
- Financial charges		(11,053)	(8,254)
- Legal and professional charges		(631)	(401)
- Stamp duty		(50,616)	(60,310)
- Medical examination fee		(1,925)	(3,151)
		(765,710)	(728,166)
		(2,841,536)	(3,138,296)

34.1 Employee benefit cost includes charges for post employment benefit of Rs. 10.01 million (2021: Rs. 15.3 million).

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

	Note	2022	2021
(Rupees in '000)			
35. MARKETING AND ADMINISTRATION EXPENSES			
Employee benefit cost	35.1 & 35.2	(661,131)	(618,757)
Travelling expenses		(12,833)	(10,603)
Advertisements and sales promotion		(29,181)	(205,022)
Printing and stationery		(27,248)	(22,249)
Depreciation		(25,297)	(15,889)
Depreciation Right of use asset		(41,839)	(44,003)
Amortisation		(13,150)	(16,059)
Rent, rates and taxes		(14,235)	(9,784)
Legal and professional charges		(52,020)	(65,549)
Electricity, gas and water		(21,960)	(8,013)
Entertainment		(10,130)	(6,738)
Vehicle running expenses		(78,724)	(46,215)
Office repairs and maintenance		(33,616)	(33,926)
Appointed actuary fees		(6,446)	(12,872)
Postages, telegrams and telephone		(31,746)	(24,677)
Bank charges		(8,241)	(5,294)
Directors' Fee		(305)	-
Insurance expenses		(4,139)	(1,241)
Annual supervision fee		(27,436)	(20,805)
Provision for doubtful debts		-	(4,437)
Information technology expenses		(92,578)	(69,550)
Training and development		(11,953)	(4,600)
Write off against property and equipment		(4,160)	(3,294)
Miscellaneous		7,256	(5,919)
		(1,201,112)	(1,255,496)
35.1 Employee benefit cost			
Salaries, allowances and other benefits		628,317	571,157
Charges for post employment benefit		32,814	47,600
		661,131	618,757

35.2 Total number of employees as at December 31, 2022 were 1,742 (2021: 1,991) which includes permanent and contractual employees. Average number of employees during year ended December 31, 2022 were 1,866 (2021: 1,900).

	Note	2022	2021
(Rupees in '000)			
36. OTHER EXPENSES			
Auditor's remuneration	36.1	(4,486)	(5,747)
Fee and subscription		(1,085)	(1,136)
Donations	36.2	(1,143)	(4,351)
		(6,714)	(11,234)

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

	2022	2021
	(Rupees in '000)	
36.1 Auditors' remuneration		
Annual audit fee	(1,731)	(1,735)
Half yearly review / special Audit	(593)	(1,295)
Other certifications	(1,801)	(1,569)
Out of pocket	(361)	(1,148)
	<u>(4,486)</u>	<u>(5,747)</u>

36.2 Donations

There was no interest of any of the directors / sponsors of the Company in the donee's during the year.

	Note	2022	2021
		(Rupees in '000)	
37. FINANCE COSTS			
Markup on borrowings - net of government grant		(609)	(360)
Interest expense on lease liabilities		(17,583)	(23,618)
		<u>(18,192)</u>	<u>(23,978)</u>
38. INCOME TAX EXPENSE			
For the period			
- Current		(162,666)	(40,958)
- Prior		(5,141)	-
- Deferred		(144,801)	(16,443)
		<u>(312,608)</u>	<u>(57,401)</u>
39. EARNINGS PER SHARE			
Profit after tax for the year		<u>497,702</u>	<u>173,804</u>
		(Number of shares in '000)	
Weighted average number of ordinary share outstanding as at year end		<u>250,000</u>	<u>168,324</u>
		(Rupees)	
Basic earnings per share	39.1	<u>1.99</u>	<u>1.03</u>

39.1 There are no dilutive affect on the basic earnings per share of the Company.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

40. RELATED PARTIES**40.1 List of related parties**

Name of related party	Relationship	% of Share holding
D.G. Khan Cement Company Limited	Common Directorship	0.41%
Din Farm Products (Private) Limited	Common Directorship	0%
Din Leather (Private) Limited	Common Directorship	0%
Din Textile Mills Limited	Common Directorship	0%
Emporium Properties (Private) Limited	Common Directorship	0%
Golf View Land (Private) Limited	Common Directorship	0%
Hyundai Nishat Motor (Private) Limited	Common Directorship	0%
MCB Bank Limited	Common Directorship	0.53%
MCB Islamic Bank Limited	Common Directorship	0%
National Textile Foundation	Common Directorship	0%
Nishat Agriculture Farming (Private) Limited	Common Directorship	0%
Nishat Agrotech (Private) Limited	Common Directorship	0%
Nishat Dairy (Private) Limited	Common Directorship	0%
Nishat Developers (Private) Limited	Common Directorship	0%
Nishat Hotels & Properties Limited	Common Directorship	0%
Nishat Linen (Private) Limited	Common Directorship	0%
Nishat Mills Limited	Common Directorship	0.18%
Nishat Papers Products Company Limited	Common Directorship	0%
Nishat Sutas Dairy Limited	Common Directorship	0%
Pakistan Aviators & Aviation	Common Directorship	0%
Mr. Ahmad Alman Aslam	Director	0%
Mr. Imran Maqbool	Director	0%
Mr. Muhammad Ali Zeb	Director	0%
Mr. Muhammad Umer Mansha	Director	0%
Mr. S.M. Jawed	Director	0%
Mr. Shahmeer Khalid Butt	Director	0%
Mrs. Naz Mansha	Director	0%
Next Commercial FZ-LCC (UAE)	Director as Officeholder	0%
Next Health Services (Private) Limited	Director as Officeholder	0%
Next Pharmaceuticals Products (Private) Limited	Director as Officeholder	0%
Lalpir Power Limited (Formerly As Lalpir (Private) Limited)	Group Entity	0%
Lalpir Solar Power (Private) Limited	Group Entity	0%
MCB Arif Habib Investment Limited	Group Entity	0%
MCB Asset Management Company Limited	Group Entity	0%
MCB Bank Limited - Provident Fund	Group Entity	0%
MCB Financial Services Limited	Group Entity	0%

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

Name of related party	Relationship	% of Share holding
MCB Leasing Closed Joint Stock Company	Group Entity	0%
Nishat (Aziz Avenue) Hotels & Properties Limited	Group Entity	0%
Nishat (Gulberg) Hotels & Properties Limited	Group Entity	0%
Nishat (Raiwind) Hotels & Properties Limited	Group Entity	0%
Nishat Automobile (Private) Limited	Group Entity	0%
Nishat Commodities (Private) Limited	Group Entity	0%
Nishat Farms Supplies (Private) Limited	Group Entity	0%
Nishat Global China Company Limited	Group Entity	0%
Nishat Hospitality (Private) Limited	Group Entity	0%
Nishat International FZE	Group Entity	0%
Nishat Linen Trading LLC	Group Entity	0%
Nishat Power Limited	Group Entity	0.01%
Nishat Real Estates Development Company (Private) Limited	Group Entity	0%
Nishat UK (Private) Limited	Group Entity	0%
Nishat USA Incorporation	Group Entity	0%
Pakgen Power Limited (Formerly AES Pak Gen (Private) Company)	Group Entity	0%
Security General Insurance Company Limited	Group Entity	0%
Adamjee Life Assurance Company Limited Employee Gratuity Fund	Other Related Party	0%
MCB Non-Bank Credit Organization, CJSC, Azerbaijan	Other Related Party	0%
Nishat Chunain Electric Company Limited	Other Related Party	0%
Nishat Chunian Limited	Other Related Party	1.63%
Nishat Chunian Power Limited	Other Related Party	0%
Nishat Chunian USA Incorporation	Other Related Party	0%
Adamjee Insurance Company Limited	Parent	0%
Mr. Absar Azeem Burney	Senior Management	0%
Mr. Ahson Nasim	Senior Management	0%
Mr. Ali Haider	Senior Management	0%
Mr. Amin Nizar Ali	Senior Management	0%
Mr. Asif Mirza	Senior Management	0%
Mr. Bakht Jamal	Senior Management	0%
Mr. Danish Ali Rajput	Senior Management	0%
Mr. Imran Hussain	Senior Management	0%
Mr. Jalal Meghani	Senior Management	0%
Mr. Manzar Mushtaq	Senior Management	0%
Mr. Muhammad Furqan Uddin	Senior Management	0%
Mr. Rahim Vallyani	Senior Management	0%
Mr. Samad Ali Naqvi	Senior Management	0%
Mr. Saquid Saeed	Senior Management	0%
Mrs. Zehra Faiz	Senior Management	0%

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

40.2 RELATED PARTY TRANSACTIONS

The related parties comprise of the parent company, directors, key management personnel, associated undertakings, group companies, entities with common directors and staff gratuity fund. Related party transactions and balances, including those disclosed elsewhere in these financial statements are given below:

	2022	2021
	(Rupees in '000)	
Transactions during the year		
Holding company		
Premium written	5,385	5,269
Insurance expense	30,389	26,150
Claims expense	8,000	3,400
Premises rental	58,923	44,410
Rental income	3,000	3,000
Receipt against right issue	-	1,564,477
Associated undertakings		
Premium / contribution written	75,305	270,271
Claims expense	39,127	200,492
Commission and other incentives in respect of bancassurance	1,260,926	1,675,938
Profit on bank deposits	204,342	145,486
Bank charges	4,857	3,391
Investments purchased	27,043,133	12,220,338
Investments sold	27,788,397	11,431,722
Dividend income	233,923	163,733
Other related parties		
Premium / contribution written	262,960	7,471
Claims expense	150,122	8,000
Investment advisor fee	39,576	35,991
Trustee fee	9,173	9,199
Directors		
Fee	305	420
Purchase of right shares	-	29
Key management personnel		
Remuneration	175,564	129,166
Staff retirement benefit plan (gratuity fund)		
Charge for the year - OCI	(2,272)	(36,489)
Charge for the year - profit and loss	42,824	62,891

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

	2022	2021
	(Rupees in '000)	
Balances outstanding as at the end of the year		
Holding company		
Claims payable	3,000	300
Receivable from related parties	6	-
Insurance claims receivable	-	47
Associated undertakings		
Premium / contribution due but unpaid	14,106	11,387
Bank deposits	1,851,156	1,668,509
Investments held	7,348,266	8,499,041
Dividend receivables	26,788	6,221
Accrued Income	41,548	250
Commission payable	334,192	289,696
Claims payable	-	5,700
Other related parties		
Premium / contribution due but unpaid	5,278	239
Remuneration payable for the management of discretionary investment portfolio	6,934	3,284
Remuneration payable to trustee	1,192	903
Key management personnel		
Short term loans (as per policy)	3,732	2,896
Staff retirement benefit plan (gratuity fund)		
(Payable) / receivable to gratuity fund	(4,866)	6,460

41. REMUNERATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2022	2021	2022	2021	2022	2021
	(Rupees in '000)					
Fee	-	-	305	420	-	-
Managerial remuneration	11,531	-	-	-	234,226	188,773
Compensated absence	-	-	-	-	11,640	11,436
Bonus	-	-	-	-	42,382	44,710
Rent and house maintenance	4,612	-	-	-	93,690	75,509
Utilities	1,153	-	-	-	23,423	18,877
Medical	181	-	-	-	18,269	15,325
Conveyance, other allowances and benefits	480	-	-	-	74,728	75,832
	17,957	-	305	420	498,358	430,462
Number of persons	2	1	7	7	172	165

41.1 Cars provided to entitled executives are for private and official use.

41.2 No remuneration was paid to CEO and Directors of the Company during prior year.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

42. SEGMENTAL INFORMATION**42.1 Revenue account by statutory fund
For the year ended December 31, 2022**

	Statutory Funds						Total
	Conventional Business	Accident and Health Business	Non-united Investment Link Business	Unit Linked Business	Individual Family Takaful Unit Linked Business	Group Family Takaful Business	
	(Rupees in '000)						
Income							
Premiums / contributions less reinsurances / re-takaful	251,626	599	70,942	15,925,356	3,974,692	92,237	20,315,452
Rental income from investment property	-	-	-	3,000	-	-	3,000
Net investment income	37,553	-	287,257	2,683,197	462,065	6,301	3,476,373
Total net income	289,179	599	358,199	18,611,553	4,436,757	98,538	23,794,825
Insurance / takaful benefits and expenditures							
Insurance benefits including bonus net of reinsurance / retakaful	(137,613)	-	(702,102)	(12,090,131)	(1,273,837)	(30,753)	(14,234,436)
Management expenses less recoveries	(58,991)	(254)	(4,256)	(2,819,031)	(1,125,653)	(10,962)	(4,019,147)
Total insurance / takaful benefits and expenditures	(196,604)	(254)	(706,358)	(14,909,162)	(2,399,490)	(41,715)	(18,253,583)
Excess / (deficit) of income over insurance / takaful benefits and expenditures	92,575	345	(348,159)	3,702,391	2,037,267	56,823	5,541,242
Net change in insurance / takaful liabilities (other than outstanding claims)	(44,795)	(105)	414,581	(3,396,978)	(1,855,804)	(54,204)	(4,937,305)
Surplus before tax	47,780	240	66,422	305,413	181,463	2,619	603,937
Movement in policyholders' liabilities	44,795	105	(414,581)	3,396,978	1,855,804	54,204	4,937,305
Capital contribution (to) / from shareholders' fund	-	-	-	-	(159,501)	25,630	(133,871)
Surplus appropriated to shareholders' fund	-	-	(150,000)	(125,000)	-	-	(275,000)
Balance of statutory funds at beginning of the year	270,964	977	2,211,225	47,392,197	6,774,571	28,021	56,677,955
Balance of statutory funds at end of the year	363,539	1,322	1,713,066	50,969,588	8,652,337	110,474	61,810,326

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

42.2 Revenue account by statutory fund For the year ended December 31, 2021

	Statutory Funds						Total
	Conventional Business	Accident and Health Business	Non-unitised Investment Link Business	Unit Linked Business	Individual Family Takaful Unit Linked Business	Group Life Family Takaful Business	
	(Rupees in '000)						
Income							
Premiums / contribution less reinsurances / re-takaful	156,334	1,218	134,662	15,676,578	4,117,329	41,997	20,128,118
Rental income from investment property	-	-	-	3,000	-	-	3,000
Net investment income	25,623	-	214,180	2,523,576	280,232	1,295	3,044,906
Total net income	181,957	1,218	348,842	18,203,154	4,397,561	43,292	23,176,024
Insurance benefits and expenditures							
Insurance benefits including bonus net of reinsurance / retakaful	(141,470)	-	(795,196)	(7,406,289)	(736,194)	(26,609)	(9,105,758)
Management expenses less recoveries	(55,166)	(456)	(6,206)	(2,943,807)	(1,327,684)	(6,931)	(4,340,250)
Total insurance / takaful benefits and expenditures	(196,636)	(456)	(801,402)	(10,350,096)	(2,063,878)	(33,540)	(13,446,008)
(Deficit) / excess of income over insurance / takaful benefits and expenditures	(14,679)	762	(452,560)	7,853,058	2,333,683	9,752	9,730,016
Net change in insurance / takaful liabilities (other than outstanding claims)	35,749	(147)	463,577	(7,801,448)	(2,179,609)	(8,293)	(9,490,171)
Surplus before tax	21,070	615	11,017	51,610	154,074	1,459	239,845
Movement in policyholders' liabilities	(35,749)	147	(463,577)	7,801,448	2,179,609	8,293	9,490,171
Surplus appropriated to shareholders' fund	-	-	(100,000)	(50,000)	-	-	(150,000)
Balance of statutory funds at beginning of the year	285,643	215	2,763,785	39,589,139	4,440,888	18,269	47,097,939
Balance of statutory funds at end of the year	270,964	977	2,211,225	47,392,197	6,774,571	28,021	56,677,955

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

42.3 Segmental statement of financial position

	As at December 31, 2022		
	Statutory Funds	Shareholders' Fund	Total
	(Rupees in '000)		
Property and equipment	-	215,532	215,532
Intangible assets	-	26,579	26,579
Right of use asset	-	124,420	124,420
Investment property	943,669	-	943,669
Investments			
Equity securities	8,280,594	11,575	8,292,169
Government securities	36,395,920	1,534,318	37,930,238
Debt securities	4,254,845	-	4,254,845
Term deposits	2,276,000	-	2,276,000
Mutual funds	7,413,610	603,692	8,017,302
Loan secured against life insurance / takaful policies (Insurance / takaful) / (reinsurance / retakaful) receivables	42,163	-	42,163
Deferred tax asset	62,456	-	62,456
Other loans and receivables	-	6,811	6,811
Taxation - payment less provision	672,848	105,475	778,323
Prepayments	966,224	-	966,224
Cash and bank	3,337	38,318	41,655
Total assets	4,804,286	512,711	5,316,997
	66,115,952	3,179,431	69,295,383
Insurance / takaful liabilities	63,408,661	-	63,408,661
Retirement benefit obligations	-	4,866	4,866
Taxation - payment less provision	-	122,518	122,518
Deferred tax liability	383,455	-	383,455
Lease liabilities	-	159,592	159,592
Premium / contribution received in advance (Insurance / takaful) / (reinsurance / retakaful) payables	367,165	-	367,165
Other creditors and accruals	175,083	-	175,083
Total liabilities	640,379	285,374	925,753
	64,974,743	572,350	65,547,093
	As at December 31, 2021		
	Statutory Funds	Shareholders' Fund	Total
	(Rupees in '000)		
Property and equipment	-	146,748	146,748
Intangible assets	-	35,657	35,657
Right of use asset	-	187,628	187,628
Investment property	939,394	-	939,394
Equity securities	7,979,792	17,140	7,996,932
Government securities	19,142,594	1,655,165	20,797,759
Debt securities	4,443,606	-	4,443,606
Term deposits	7,580,000	-	7,580,000
Mutual funds	8,655,420	204,430	8,859,850
Loan secured against life insurance / takaful policies (Insurance / takaful) / (reinsurance / retakaful) receivables	39,499	-	39,499
Other loans and receivables	137,204	-	137,204
Taxation - payment less provision	353,029	65,354	418,383
Deferred tax asset	413,532	156,592	570,124
Prepayments	-	9,342	9,342
Cash and bank	4,147	34,555	38,702
Total assets	9,434,630	291,443	9,726,073
	59,122,847	2,804,054	61,926,901
Insurance / takaful liabilities	56,933,035	-	56,933,035
Deferred tax liability	240,865	-	240,865
Lease liabilities	-	229,834	229,834
Borrowings	-	84,894	84,894
Deferred government grant	-	4,298	4,298
Premium / contribution received in advance	431,262	-	431,262
Other creditors and accruals	422,529	330,456	752,985
Total liabilities	58,027,691	649,482	58,677,173

Adamjee Life Assurance Company Limited

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42.4 Segmental results by line of business For the year ended December 31, 2022

Income

Gross premiums / contributions

- First year individual regular premiums / contributions
- Individual renewal premiums / contributions
- Individual single premiums / contributions
- Group premiums / contributions

Total gross premiums / contributions

Reinsurance / retakaful premiums / contributions

- Individual
- Group

Total reinsurance / retakaful premiums / contributions

Net premium revenue / contributions

Rental income from investment property

Net investment income

Total net income

Insurance / tafaful benefits and expenditures

Insurance benefits net of reinsurance / retakaful

Management expenses less recoveries

Total insurance / takaful benefits and expenditures

Excess of income over insurance / takaful benefits and expenditures

Add: policyholders' liabilities at beginning of year

Less: policyholders' liabilities at end of year

Surplus / (deficit) for the year

Individual life distributed through banks	Other lines of business	Total
(Rupees in '000)		
2,294,968	785,943	3,080,911
8,977,832	828,719	9,806,551
7,291,731	47,851	7,339,582
-	721,757	721,757
18,564,531	2,384,270	20,948,801
(215,289)	(38,549)	(253,838)
-	(379,511)	(379,511)
(215,289)	(418,060)	(633,349)
18,349,242	1,966,210	20,315,452
3,000	-	3,000
3,351,892	124,481	3,476,373
21,704,134	2,090,691	23,794,825
(13,676,433)	(558,003)	(14,234,436)
(2,796,447)	(1,222,700)	(4,019,147)
(16,472,880)	(1,780,703)	(18,253,583)
5,231,254	309,988	5,541,242
53,137,308	2,211,551	55,348,859
(57,338,943)	(2,947,221)	(60,286,164)
1,029,619	(425,682)	603,937

Segmental results by line of business For the year ended December 31, 2021

Income

Gross premiums / contributions

- First year individual regular premiums / contributions
- Individual renewal premiums / contributions
- Individual single premiums / contributions
- Group premiums / contributions

Total gross premiums / contributions

Reinsurance / retakaful premiums / contributions

- Individual
- Group

Total reinsurance / retakaful premiums / contributions

Net premium revenue / contributions

Rental income from investment property

Net investment income

Total net income

Insurance / takaful benefits and expenditures

Insurance / takaful benefits net of reinsurance

Management expenses less recoveries

Total insurance / takaful benefits and expenditures

Excess of income over insurance / takaful benefits and expenditures

Add: policyholders' liabilities at beginning of year

Less: policyholders' liabilities at end of year

Surplus / (deficit) for the year

Individual life distributed through banks	Other lines of business	Total
(Rupees in '000)		
3,035,417	718,738	3,754,155
8,257,595	639,499	8,897,094
7,402,329	136,998	7,539,327
-	467,593	467,593
18,695,341	1,962,828	20,658,169
(244,113)	(15,005)	(259,118)
-	(270,933)	(270,933)
(244,113)	(285,938)	(530,051)
18,451,228	1,676,890	20,128,118
2,870	130	3,000
2,887,300	157,606	3,044,906
21,341,398	1,834,626	23,176,024
(8,713,510)	(392,248)	(9,105,758)
(3,158,663)	(1,181,587)	(4,340,250)
(11,872,173)	(1,573,835)	(13,446,008)
9,469,225	260,791	9,730,016
44,046,854	1,811,834	45,858,688
(53,137,308)	(2,211,551)	(55,348,859)
378,771	(138,926)	239,845

Adamjee Life Assurance Company Limited

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For the year ended December 31, 2022

43. MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Fair value through profit or loss	Investment property	Total
(Rupees in '000)					
As at January 1, 2021	7,962,000	809,681	29,775,443	855,394	39,402,518
Additions	68,585,000	-	281,585,194	-	350,170,194
Disposals (sale and redemptions)	(68,967,000)	(684,432)	(268,611,564)	-	(338,262,996)
Fair value net gains (excluding net realised gains / losses)	-	(7,189)	(768,986)	84,000	(692,175)
As at December 31, 2021	7,580,000	118,060	41,980,087	939,394	50,617,541
As at January 1, 2022	7,580,000	118,060	41,980,087	939,394	50,617,541
Additions	78,446,000	-	649,191,918	-	727,637,918
Disposals (sale and redemptions)	(83,750,000)	(98,414)	(630,084,239)	-	(713,932,653)
Fair value net loss (excluding net realised gains / losses)	-	(7,256)	(2,605,602)	4,275	(2,608,583)
As at December 31, 2022	2,276,000	12,390	58,482,164	943,669	61,714,223

44. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**44.1 Financial risk management objectives and policies**

The Company is exposed to a variety of financial risks: market risk (comprising currency risk, interest rate risk, and other price risk), liquidity risk and credit risk in relation to the financial statements on its statement of financial position. The Company's overall risk management seeks to minimize potential adverse effects on the Company's financial performance of such risk.

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. There are Board Committees and Management Committees for developing risk management policies and its monitoring.

44.1.1 Market risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Company is exposed to market risk with respect to its investments and with respect to products other than unit linked products (where the investment risk is passed on to policyholders). The Company limits market risk by maintaining a diversified portfolio and by continuously monitoring developments in government securities and equities.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

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44.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The Company, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pakistan Rupees.

44.1.3 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.

44.1.4 Equity price risk

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

Sensitivity Analysis

In case of 1% increase / (decrease) in PSX 100 index as at December 31, 2022, with all other variables held constant, the total comprehensive income would have been increase /(decrease) by Rs. 82.92 million (2021: 79.969 million) as result of gain/(losses) on equity securities. The analysis is based on the assumption that the equity index had increased / (decreased) by 1% with all other variables held constant and represents management's best estimate of a reasonable possible shift in PSX 100 index, having regard to the historical volatility of the index.

44.1.5 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 it encounters difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

The Company is maintaining sufficient liquid assets both in the form of cash deposits and liquid securities to meet its long term and short term cash requirements.

44.1.6 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.

Concentration of credit risk arises when a number of counter parties have similar types of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet contractual obligations in a similar manner. Major credit risk arises in credit exposure to group life policyholders on account of premiums / contribution due but unpaid and on bank balances.

The management monitors exposure to credit risk through regular review of credit exposure and assessing credit worthiness of counter parties.

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

	2022	2021
	(Rupees in '000)	
<u>Ratings of Banks*</u>		
A	1,233,284	1,251,189
A-	2,791	6,667
A+	1,978,533	1,998,144
AA	2,117,906	1,820,816
AA+	484,070	2,019,859
AAA	1,766,472	10,198,893
	7,583,056	17,295,568

*Rating of banks performed by PACRA and VIS Credit Rating Company.

The credit quality of Company's exposure on TFCs and corporate sukuks can be assessed with reference to rating issued by rating agency as follows:

		2022	2021
		(Rupees in '000)	
Issuer of TFC's / corporate sukuks **	Rating		
Askari Bank Limited	AA-	200,980	201,000
Aspin Pharma (Private) Limited	A	16,656	32,800
Bank Al Habib Limited	AA+	998,000	-
Bank Alfalah Limited	AA-	92,514	92,893
Bank of Punjab Limited	AA-	599,274	619,414
Dubai Islamic Bank Pakistan Limited	AA-	-	59,943
Engro Polymer & Chemicals Limited	AA	-	96,845
Ghani Chemical Industries Limited	A	11,499	20,700
Habib Bank Limited	AAA	50,000	50,000
International Brands Limited	AA	-	16,787
Jahangir Siddiqui Limited	AA+	51,216	100,929
Meezan Bank Limited	AAA	763,600	770,000
Government of Pakistan (Pakistan Energy Limited)	Sovereign	574,999	456,750
Samba Bank Limited	AA-	424,107	438,299
Soneri Bank Limited	A+	-	50,945
TPL Tracker Limited	A-	-	11,301
		3,782,845	3,018,606

**Rating of issuers of TFCs and corporate sukuks performed by PACRA and VIS Credit Rating Company.
Investment in Government securities are not exposed to any credit risk.

The management monitors exposure to credit risk in premium / contribution receivable from group clients through regular review of credit exposure and makes provision for doubtful premium / contribution receivable based on prudent estimates.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

44.1.7 Interest rate risk exposure

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 bank balances and 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 repricing or maturity dates as of December 31, 2022, whichever is earlier, is as follows:

On balance sheet financial instruments	2022						Total
	Interest / markup bearing			Non interest / non markup bearing			
	Maturity up to 1 Year	Maturity after 1 Year	Sub Total	Maturity up to 1 Year	Maturity after 1 Year	Sub Total	
	(Rupees in '000)						
Assets							
Investments	27,799,980	16,661,103	44,461,083	16,309,471	-	16,309,471	60,770,554
Loan secured against life insurance / takaful policies (Insurance / takaful) / (reinsurance / retakaful) receivables	42,163	-	42,163	-	-	-	42,163
Loans and other receivables	-	-	-	62,456	-	62,456	62,456
Cash and bank	-	-	-	734,343	-	734,343	734,343
	5,146,032	-	5,146,032	170,965	-	170,965	5,316,997
	32,988,175	16,661,103	49,649,278	17,277,235	-	17,277,235	66,926,513
Liabilities							
Lease liabilities (Insurance / takaful) / (reinsurance / retakaful) payables	63,337	96,255	159,592	-	-	-	159,592
Other creditors and accruals	-	-	-	175,083	-	175,083	175,083
	-	-	-	887,044	-	887,044	887,044
	63,337	96,255	159,592	1,062,127	-	1,062,127	1,221,719
	32,924,838	16,564,848	49,489,686	16,215,108	-	16,215,108	65,704,794
	(Rupees in '000)						
	2021						
On balance sheet financial instruments	Interest / markup bearing			Non interest / non markup bearing			Total
	Maturity up to 1 Year	Maturity after 1 Year	Sub Total	Maturity up to 1 Year	Maturity after 1 Year	Sub Total	
	(Rupees in '000)						
Assets							
Investments	26,649,696	6,171,669	32,821,365	16,856,782	-	16,856,782	49,678,147
Loan secured against life insurance / takaful policies (Insurance / takaful) / (reinsurance / retakaful) receivables	39,499	-	39,499	-	-	-	39,499
Loans and other receivables	-	-	-	137,204	-	137,204	137,204
Cash and bank	-	-	-	418,383	-	418,383	418,383
	9,664,282	-	9,664,282	61,791	-	61,791	9,726,073
	36,363,982	6,171,669	42,535,651	17,463,655	-	17,463,655	59,999,306
Liabilities							
Borrowings	84,894	-	84,894	-	-	-	84,894
Lease liabilities (Insurance / takaful) / (reinsurance / retakaful) payables	53,176	176,658	229,834	-	-	-	229,834
Other creditors and accruals	-	-	-	740,088	-	740,088	740,088
	138,070	176,658	314,728	740,088	-	740,088	1,054,816
	36,225,912	5,995,011	42,220,923	16,723,567	-	16,723,567	58,944,490

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45. INSURANCE RISK AND MANAGEMENT OF INSURANCE RISK

45.1 Conventional business

45.1.1 Individual Life

The risk underwritten is mainly death and sometimes disability. The risk of death and disability will vary in degree by age, gender, occupation, income group and geographical location of the assured person. The Company's exposure to poor risks may lead to unexpectedly high severity and frequency in claims' experience. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The Company may also face the risk of poor investment return, inflation of business expenses and liquidity issues on amount invested in the fund. The Company faces the risk of under-pricing particularly due to the fact that majority of these contracts are long term. Additionally, the risk of poor persistency may result in the Company being unable to recover expenses incurred at policy acquisition.

The Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Company has a well defined medical underwriting policy and avoids selling policies to high risk individuals. This puts a check on anti-selection. The need for profit testing is reviewed on an annual basis to ensure reasonableness of premiums charged. Reinsurance contracts have been purchased by the Company to limit the maximum exposure on any one insured person. The Company is developing and intends to eventually have a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency the Company applies quality controls on the standard of service provided to policyholders and has placed checks to control mis-selling and to track improvements in the standard of service provided to policyholders. For this, a regular monitoring of lapsation rates is conducted. On the claims handling side, the Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. Further, all payments on account of claims are made after necessary approval of relevant authority as per policy of the Company. The Company maintains adequate liquidity in its fund to cater for a potentially sudden and high cash requirement.

- Frequency and severity of claims

The Company measures concentration of risk by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the Company including exposure in respect of riders attached to the main policies.

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Benefits assured per life

	Sum assured at the end of 2022			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	(Rupees in '000')	Percentage	(Rupees in '000')	Percentage
0-200,000	790	2.69%	454	3.34%
200,000 - 400,000	2,916	9.94%	1,441	10.59%
400,001 - 800,000	4,879	16.63%	2,121	15.58%
800,001 - 1,000,000	1,527	5.21%	1,158	8.51%
More than 1,000,000	19,219	65.53%	8,437	61.99%
Total	29,331		13,611	
	Sum assured at the end of 2021			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	(Rupees in '000')	Percentage	(Rupees in '000')	Percentage
0-200,000	3,158	8.28%	2,644	12.91%
200,000 - 400,000	4,521	11.85%	2,783	13.59%
400,001 - 800,000	6,261	16.42%	2,915	14.23%
800,001 - 1,000,000	7,345	19.26%	6,928	33.83%
More than 1,000,000	16,856	44.19%	5,210	25.44%
Total	38,141		20,480	

a) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term conventional assurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and morbidity incidence rates.

b) Factors impacting future benefit payments and premium receipts are as follows:

The Company assumes the expected mortality to be 80% of SLIC (2001-05). Morbidity incidence rates are taken as a percentage of reinsurer's risk premium rate.

Persistency: The Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

c) Process used to decide on assumptions

For long-term conventional assurance contracts, long-term assumptions are made at the inception of the contract. Keeping the statutory minimum reserving basis in view, the Company determines assumptions on future mortality, morbidity, persistency, administrative expenses and

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investment returns. At regular intervals, profit testing is conducted on main policies. Assumptions used for profit testing of the main policies are as follows:

- Mortality: The Company assumes the expected mortality to be 80% of SLIC (2001-05).
- Persistency: The Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.
- Expense levels and inflation: A periodic study is conducted on the Company's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.
- Investment returns: The investment returns are based on the historic performance of the assets and asset types underlying the fund.

d) Changes in assumptions

There are no changes in assumptions.

e) Sensitivity analysis

After reinsurance, the overall liability for individual life conventional business stands at less than 1% of the total policyholder liability held in respect of individual life business. Due to its immateriality, sensitivity analysis has not been conducted.

45.1.2 Group Life

The main risk written by the Company is mortality. The Company may be exposed to the risk of unexpected claim severity or frequency. This can be a result of writing business with higher than expected mortality (such as mining or other hazardous industries), writing high cover amounts without adequate underwriting, difficulty of verification of claims, fraudulent claims or a catastrophe. The Company also faces risk such as that of under-pricing to acquire business in a competitive environment and of non-receipt of premium in due time. There also exists a potential risk of asset liability term mismatch due to liabilities being very short term in nature.

The Company manages these risks through underwriting, reinsurance, effective claims handling and other related controls. The Company has a well defined medical under-writing policy and avoids writing business for groups with overly hazardous exposure. Pricing is done in line with the actual experience of the Company. The premium charged takes into account the actual experience of the client and the nature of mortality exposure the group faces. Management undertakes to write business in line with the limits set by the appointed actuary, especially for large groups having a group assurance policy with annual premium of Rs 2 million or above in accordance with the requirements of Circular 11 of 2013 dated June 14, 2013. The Company also maintains a Management Information System (MIS) to track the adequacy of the premium charged. Reinsurance contracts have been purchased by the Company to limit the maximum exposure to any one life. The Company ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor experience. Writing business of known hazardous groups is also avoided. On the claims handling side, the Company ensures that payment

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of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. Strict monitoring is in place at the Board of Directors level in order to keep the outstanding balances of premium at a minimum, especially the ones that are due for more than 90 days. The bulk of the assets held against liabilities of this line of business are cash to money market with short durations and high liquidity, thus mitigating the risk of asset value deterioration and liability mismatch.

a) Frequency and severity of claims

The Company measures concentration of risk by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the Company including exposure in respect of riders attached to the main policies.

Benefits assured per client	Sum assured at the end of 2022			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	(Rupees in '000')	Percentage	(Rupees in '000')	Percentage
0-500,000	75,658,064	15.83%	61,565,844	32.85%
500,001-1,000,000	46,644,860	9.76%	23,800,105	12.70%
1,000,001-1,500,000	53,405,535	11.18%	31,713,052	16.92%
1,500,001-2,000,000	35,520,803	7.43%	21,868,899	11.67%
More than 2,000,000	266,639,267	55.80%	48,455,756	25.86%
Total	477,868,529		187,403,656	
	Sum assured at the end of 2021			
Benefits assured per life	Total benefits assured			
	Before reinsurance		After reinsurance	
	(Rupees in '000')	Percentage	(Rupees in '000')	Percentage
	0-500,000	47,926,846	10.37%	47,907,098
500,001-1,000,000	54,760,037	11.84%	44,453,539	26.40%
1,000,001-1,500,000	37,197,192	8.04%	18,996,050	11.28%
1,500,001-2,000,000	14,245,645	3.08%	5,714,250	3.39%
More than 2,000,000	308,245,228	66.67%	51,303,080	30.47%
Total	462,374,948		168,374,017	

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b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Other than conducting a liability adequacy for Unexpired Risk Reserves (URR), there is no need to estimate mortality for future years because of the short duration of the contracts.

c) Process used to decide on assumptions

Industry experience, the insured group's own past experience and reinsurer risk rates are used to determine the expected level of risk in relation to the SLIC (2001-05) Individual Life Ultimate Mortality Table.

d) Changes in assumptions

There are no changes in assumptions.

e) Sensitivity analysis

The table below shows the level of respective variation in liabilities for change in each assumption while holding all other assumptions constant.

Variables	Change in Variable	Increase in liability 2022 (Rupees in '000')
Worsening of mortality rates for risk policies	+10% pa	3,628
Increase in reporting lag	+10% pa	3,628

45.2 Non utilised Investment Linked Business

The risk underwritten is mainly death and sometimes disability and/or critical illness. The risk of death and disability will vary in degree by age, gender, occupation, income group and geographical location of the insured person. The Company's exposure to poor risks may lead to unexpectedly high severity and frequency in claims' experience. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The Company may also face the risk of poor investment return, inflation of business expenses and liquidity issues on monies invested in the fund. The Company faces the risk of under-pricing particularly due to the fact that these contracts are long term. Additionally, the risk of poor persistency may result in the Company being unable to recover expenses incurred at policy acquisition.

The Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Company has a well defined medical underwriting policy and avoids selling policies to high risk individuals. This puts a check on anti-selection. The need for profit testing is reviewed on an annual basis to ensure reasonableness of premiums charged. Reinsurance contracts have been purchased by the Company to limit the maximum exposure on any one insured person. The Company is developing and intends to eventually have a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency the Company applies quality controls on the standard of service provided to policyholders and has placed checks to control mis-selling and to track improvements in the standard of service provided to policyholders. For this, a regular monitoring of lapsation rates is conducted. On the claims handling side, the Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims

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for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. The Company maintains adequate liquidity in its fund to cater for a potentially sudden and high cash requirement. Further, all payments on account of claims are made after necessary approval of relevant authority as per policy of the Company. The Company reserves the right to review the charges deductible under the contracts, thus limiting the risk of under pricing.

a) Frequency and severity of claims

The Company measures concentration of risk by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The Company charges for mortality risk on a monthly basis for all insurance contracts. It has the right to alter these charges based on its mortality experience and hence minimises its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may hinder its mitigating effect. The Company manages these risks through its underwriting strategy and reinsurance arrangements.

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the Company including exposure in respect of riders attached to the main policies.

Benefits assured per life	Sum assured at the end of 2022			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	(Rupees in '000')	Percentage	(Rupees in '000')	Percentage
0-200,000	30,603	5.28%	9,492	5.47%
200,000 - 400,000	129,094	22.26%	40,539	23.35%
400,001 - 800,000	204,348	35.23%	63,319	36.47%
800,001 - 1,000,000	142,321	24.54%	44,642	25.71%
More than 1,000,000	73,644	12.70%	15,634	9.00%
Total	580,010		173,626	
	Sum assured at the end of 2021			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	(Rupees in '000')	Percentage	(Rupees in '000')	Percentage
0-200,000	47,128	4.37%	14,507	4.66%
200,000 - 400,000	187,555	17.38%	58,295	18.74%
400,001 - 800,000	375,261	34.77%	114,776	36.91%
800,001 - 1,000,000	294,255	27.27%	91,076	29.29%
More than 1,000,000	175,005	16.22%	32,342	10.40%
Total	1,079,204		310,996	

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b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term non-unitised investment linked assurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and morbidity of the insured population and variability in policyholders' behavior.

Factors impacting future benefit payments and premium receipts are as follows:

- Mortality: The expected mortality is assumed to be 80% of SLIC (2001-05)
- Persistency: The Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

c) Process used to decide on assumptions

For long-term non-unitised investment linked assurance contracts, assumptions are made in two stages. At inception of the contract, the Company determines assumptions on future mortality, morbidity, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies. Assumptions used for profit testing of the main policies are as follows:

- Mortality: The Company assumes the expected mortality to be 80% of SLIC (2001-05).
- Persistency: The Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.
- Expense levels and inflation: A periodic study is conducted on the Company's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.
- Investment returns: The investment returns are based on the historic performance of the assets and asset types underlying the fund.

d) Changes in assumptions

There are no changes in assumptions.

45.3 Unit Linked Business

The risk underwritten is mainly death and sometimes disability and/or critical illness. The risk of death and disability will vary from region to region. The Company may get exposed to poor risks due to unexpected experience in terms of claim severity or frequency. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The Company may also face the risk of poor investment return, inflation of business expenses and liquidity issues on monies invested in the fund. The Company faces the risk of under-pricing particularly due to the fact that these contracts are long term. Additionally, the risk of poor persistency may result in the Company being unable to recover expenses incurred at policy acquisition.

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The Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Company has a well defined medical under-writing policy and avoids selling policies to high risk individuals. This puts a check on anti-selection. The need for profit testing is reviewed on an annual basis to ensure reasonableness of premiums charged. Reinsurance contracts have been purchased by the Company to limit the maximum exposure on any one policyholder. The Company has a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency the Company applies quality controls on the standard of service provided to policyholders and has placed checks to curb mis-selling and improvement in standard of service provided to the policyholders. For this, a regular branch wise monitoring of lapsation rates is conducted. On the claims handling side, the Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. The Company maintains adequate liquidity in each unit fund to cater for potentially sudden and high cash requirement. Further, all payments on account of claims are made after necessary approval of relevant authority as per policy of the Company. The Company reserves the right to review the charges deductible under the contracts, thus limiting the risk of under pricing mis-selling and improvement in standard of service provided to the policyholders. For this, a regular branch wise monitoring of lapsation rates is conducted. On the claims handling side, the Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. The Company maintains adequate liquidity in each unit fund to cater for potentially sudden and high cash requirement. Further, all payments on account of claims are made after necessary approval of relevant authority as per policy of the Company. The Company reserves the right to review the charges deductible under the contracts, thus limiting the risk of under pricing.

Frequency and severity of claims

The Company measures concentration of risk by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The Company charges for mortality risk on a monthly basis for all insurance contracts. It has the right to alter these charges based on its mortality experience and hence minimises its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may hinder its mitigating effect. The Company manages these risks through its underwriting strategy and reinsurance arrangements.

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the Company including exposure in respect of riders attached to the main policies.

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Benefits assured per life	Sum assured at the end of 2022			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	(Rupees in '000')	Percentage	(Rupees in '000')	Percentage
0-200,000	2,789,489	2.57%	2,323,055	3.56%
200,000 - 400,000	13,162,151	12.11%	11,214,890	17.19%
400,001 - 800,000	28,658,681	26.36%	23,927,076	36.67%
800,001 - 1,000,000	26,599,896	24.47%	16,596,738	25.44%
More than 1,000,000	37,502,418	34.50%	11,181,010	17.14%
Total	108,712,635		65,242,769	

Benefits assured per life	Sum assured at the end of 2021			
	Total benefits assured			
	Before reinsurance		After reinsurance	
	(Rupees in '000')	Percentage	(Rupees in '000')	Percentage
0-200,000	2,933,068	2.61%	2,351,756	3.61%
200,000 - 400,000	13,838,612	12.34%	11,469,209	17.61%
400,001 - 800,000	29,828,672	26.59%	24,033,130	36.90%
800,001 - 1,000,000	27,435,652	24.45%	16,275,720	24.99%
More than 1,000,000	38,152,704	34.01%	10,992,286	16.88%
Total	112,188,708		65,122,101	

a) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term unit linked insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in policyholder's behavior.

b) Factors impacting future benefit payments and premium receipts are as follows:

Mortality: The expected mortality is assumed to be 80% of SLIC (2001-05)

Persistency: The Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

c) Process used to decide on assumptions

For long-term unit linked insurance contracts, assumptions are made in two stages. At inception of the contract, the Company determines assumptions on future mortality, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies. Assumptions used for profit testing of the main policies are as follows:

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Mortality: The Company assumes the expected mortality to be 80% of SLIC (2001-05)

Persistency: The Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

Expense levels and inflation: As the business is new, estimates from business projections have been used. Once established, a periodic study will be conducted on the Company's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.

Investment returns: The investment returns are based on the historic performance of the assets and asset types underlying the fund.

d) Changes in assumptions

There are no changes in assumptions.

45.4 Individual Family Takaful Unit Linked Business

The risk covered is mainly death and sometimes disability and / or critical illness. The risk of death and disability will vary from region to region. The PTF may get exposed to poor risks due to unexpected experience in terms of claim severity or frequency. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The PTF may also face the risk of poor investment return, and liquidity issues on monies invested in the fund. The PTF faces the risk of inadequacy of the Mortality / Tabarru Charge (Takaful Contribution) particularly due to the fact that these contracts are long term. Additionally, the risk of poor persistency can lead to an impact on the size of the PTF. A larger PTF may allow for a greater degree of cross subsidization of Mortality Risk, increasing the probability of convergence between actual and expected Mortality experience.

The Company manages these risks through its underwriting, retakaful, claims handling policy and other related controls. The Company has a well defined medical under-writing policy and avoids issuing cover to high risk individuals. This puts a check on anti-selection. The need for profit testing is reviewed on an annual basis to ensure reasonableness of contribution charged for risk underwritten by the PTF. Retakaful contracts have been purchased by the Company to limit the maximum exposure on any one participant.

The Company has a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency, the Company applies quality controls on the standard of service provided to Participants of the PTF and has placed checks to curb mis-selling and improvement in the standard of customer service. For this, a regular branch wise monitoring of lapsation rates is conducted. On the claims handling side, the Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, a Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. The Company maintains adequate liquidity in each unit fund to cater for potentially sudden and high cash requirement. Further, all payments on account of claims are made after necessary approval of relevant authority as per policy of the Company. The Company reserves the right to review the Takaful Contributions deductible under the contracts, thus limiting the risk of under pricing.

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Frequency and severity of claims

The Company measures concentration of risk by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The Company charges for mortality risk on a monthly basis for all Takaful contracts. It has the right to alter these charges based on its mortality experience and hence minimises its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may hinder its mitigating effect. The Company manages these risks through its underwriting strategy and retakaful arrangements.

The table below presents the concentration of covered benefits across five bands of covered benefits per participant. The benefit covered figures are shown gross and net of the retakaful contracts described above.

The amounts presented are showing total exposure of the PTF including exposure in respect of riders attached to the main policies.

Benefits covered per life	Sum assured at the end of 2022			
	Total benefits assured			
	Before retakaful		After retakaful	
	(Rupees in '000')	Percentage	(Rupees in '000')	Percentage
0-200,000	849,097	1.78%	843,954	2.82%
200,000 - 400,000	4,442,312	9.29%	4,420,663	14.80%
400,001 - 800,000	11,608,845	24.27%	11,126,641	37.24%
800,001 - 1,000,000	10,724,837	22.42%	7,524,830	25.19%
More than 1,000,000	20,202,554	42.24%	5,961,383	19.95%
Total	47,827,645		29,877,471	

Benefits covered per life	Sum assured at the end of 2021			
	Total benefits assured			
	Before retakaful		After retakaful	
	(Rupees in '000')	Percentage	(Rupees in '000')	Percentage
0-200,000	908,949	1.95%	903,369	3.03%
200,000 - 400,000	4,551,231	9.76%	4,525,204	15.19%
400,001 - 800,000	11,622,067	24.94%	11,165,995	37.49%
800,001 - 1,000,000	11,334,018	24.32%	7,779,698	26.12%
More than 1,000,000	18,192,610	39.03%	5,407,906	18.16%
Total	46,608,875		29,782,172	

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a) Sources of uncertainty in the estimation of future benefit payments and contribution receipts

Uncertainty in the estimation of future benefit payments and contribution receipts for long-term unit linked takaful contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in participant's behavior.

b) Factors impacting future benefit payments and contribution receipts are as follows:

Mortality: The expected mortality is assumed to be 80% of SLIC (2001-05).

Persistency: The Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

c) Process used to decide on assumptions

For long-term unit linked takaful contracts, assumptions are made in two stages. At inception of the contract, the Company determines assumptions on future mortality, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies. Assumptions used for profit testing of the main policies are as follows:

Mortality: The Company assumes the expected mortality to be 80% of SLIC (2001-05)

Persistency: The Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

Expense levels and inflation: A periodic study is conducted on the Company's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.

Investment returns: The investment returns are based on the historic performance of the assets and asset types underlying the fund.

d) Changes in assumptions

There are no changes in assumptions.

45.5 Group Life Family Takaful

The main exposure of the PTF is to mortality risk. The PTF may be exposed to the risk of unexpected claim severity or frequency. This can be a result of writing business with higher than expected mortality, writing high cover amounts without adequate underwriting, difficulty of verification of claims, fraudulent claims or a catastrophe. The PTF also faces risk such as that of under-pricing to acquire business in a competitive environment and of non-receipt of takaful contributions in due time. There also exists a potential risk of asset liability term mismatch due to liabilities being very short term in nature.

The Company manages these risks through underwriting, retakaful, effective claims handling and other related controls. The Company has a well defined medical under-writing policy and avoids writing business for groups with overly hazardous exposure. Pricing is done using the retakaful rates. The contribution charged takes into account the actual experience of the client and the nature of mortality exposure the group faces. The rates are certified by the appointed actuary for large groups. The Company also maintains an MIS to track the adequacy of the takaful contribution charged. Retakaful contracts have been purchased by

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the Company to limit the maximum mortality exposure of any one covered person. The Company ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor experience. Writing business of known hazardous groups is also avoided. On the claims handling side, the Company ensures that payment of any fraudulent claims is avoided. Strict monitoring is in place in order to keep the outstanding balances of contribution at a minimum, especially the ones that are due for more than 90 days. The bulk of the assets held against liabilities of this line of business are cash to money market with short durations and high liquidity, thus mitigating the risk of asset value deterioration and liability mismatch spread and tries to maintain a controlled exposure to large groups which generally have poor experience. Writing business of known hazardous groups is also avoided. On the claims handling side, the Company ensures that payment of any fraudulent claims is avoided. Strict monitoring is in place in order to keep the outstanding balances of contribution at a minimum, especially the ones that are due for more than 90 days. The bulk of the assets held against liabilities of this line of business are cash to money market with short durations and high liquidity, thus mitigating the risk of asset value deterioration and liability mismatch.

Frequency and severity of claims

The Company measures concentration of risk by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

The table below presents the concentration of covered benefits across five bands of covered benefits per participant. The benefit covered figures are shown gross and net of the retakaful contracts described above.

The amounts presented are showing total exposure of the PTF including exposure in respect of riders attached to the main policies.

Benefits covered per Participant	Sum assured at the end of 2022			
	Total benefits covered			
	Before retakaful		After retakaful	
Rupees	(Rupees in '000')	Percentage	(Rupees in '000')	Percentage
0-500,000	11,171,714	4.98%	11,171,714	7.01%
500,001-1,000,000	172,549,086	76.86%	131,166,931	82.29%
1,000,001-1,500,000	2,430,528	1.08%	1,343,881	0.84%
1,500,001-2,000,000	3,530,848	1.57%	1,611,635	1.01%
More than 2,000,000	34,825,324	15.51%	14,105,197	8.85%
Total	224,507,500		159,399,358	

Benefits covered per Participant	Sum assured at the end of 2021			
	Total benefits covered			
	Before retakaful		After retakaful	
Rupees	(Rupees in '000')	Percentage	(Rupees in '000')	Percentage
0-500,000	11,528,919	21.60%	11,475,157	34.15%
500,001-1,000,000	8,823,451	16.53%	8,178,673	24.34%
1,000,001-1,500,000	2,260,910	4.24%	1,214,104	3.61%
1,500,001-2,000,000	4,875,495	9.14%	2,299,894	6.84%
More than 2,000,000	25,880,570	48.49%	10,437,280	31.06%
Total	53,369,345		33,605,108	

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a) Sources of uncertainty in the estimation of future benefit payments and contribution receipts

Other than conducting a liability adequacy for Unexpired Risk Reserves (URR), there is no need to estimate mortality for future years because of the short duration of the contracts.

b) Process used to decide on assumptions

The business is too new for any meaningful investigation into the group's past experience. However, industry experience, the insured group's own past experience and retakaful risk rates are used to determine the expected level of risk in relation to the SLIC (2001-05) Individual Life Ultimate Mortality Table.

c) Changes in assumptions

There are no changes in assumptions.

d) Sensitivity analysis

The table below shows the level of respective variation in liabilities for change in each assumption while holding all other assumptions constant.

Variables	Change in Variable	Increase in liability 2022 (Rupees in '000')
Worsening of mortality rates for risk policies	+10% pa	1,061
Increase in reporting lag	+10% pa	1,061

45.6 Liability Adequacy Test

Liability adequacy test is applied to all long term contracts. Liability adequacy test is carried out using current best estimates of assumptions and future net cash flows, including premiums receivable, benefits payable and investment income from related assets.

To determine the adequacy of liabilities, assumptions must be based on realistic best estimates. We have compared our valuation mortality assumption (SLIC mortality table) with the mortality of developing Asian countries, namely: India and Malaysia. The comparison suggests that the best estimate assumption is better than the experience reflected in SLIC mortality table.

The investment return assumed for valuation is 3.75% per annum. This rate is prescribed by law. We have valued our liabilities based on the 10-Year PIB rate of 13.4% to determine adequacy.

The table below compares total policyholder liabilities in Unit Linked Business, Non unitised Investment Linked Business, Individual Life Conventional business and Individual Family Takaful Unit Linked Business under existing valuation basis with policyholder liabilities calculated using best estimate assumptions:

Assumptions	Policyholders' liabilities on existing valuation basis	Policyholders' liabilities using best estimate assumptions
	(Rupees in '000)	
Mortality	59,940,101	59,889,472
Investment Returns	59,940,101	59,935,124

The liabilities evaluated under the assumptions suggest the recognised liabilities are adequate and no further provision is required.

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46. FAIR VALUE MEASUREMENT

The table below analyses assets measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised.

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.

The Company 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).

	2022								
	Carrying value				Fair value				
	Available for Sale	Fair value through profit or loss	Loans and Receivables	Financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)								
Financial assets measured at fair value									
- Investments									
Government Securities (T-bills + PIBs + Sukuks)	-	37,930,238	-	-	37,930,238	-	37,930,238	-	37,930,238
Equity securities	12,390	8,279,779	-	-	8,292,169	8,292,169	-	-	8,292,169
Mutual funds	-	8,017,302	-	-	8,017,302	8,017,302	-	-	8,017,302
Debt securities (listed TFCs / corporate sukus)	-	3,782,845	-	-	3,782,845	3,782,845	-	-	3,782,845
	12,390	58,010,164	-	-	58,022,554	20,092,316	37,930,238	-	58,022,554
Non-financial assets measured at fair value									
- Investment property	-	943,669	-	-	943,669	-	-	943,669	943,669
	-	943,669	-	-	943,669	-	-	943,669	943,669
Financial assets not measured at fair value									
- Balances with banks	-	-	5,307,056	-	5,307,056				
- Term deposit receipts	-	-	2,276,000	-	2,276,000				
- Investment in debt securities	-	472,000	-	-	472,000				
- Other financial assets	-	-	838,962	-	838,962				
	-	472,000	8,422,018	-	8,894,018				
Financial liabilities not measured at fair value									
- Other Financial liabilities	-	-	-	1,062,127	1,062,127				
	-	-	-	1,062,127	1,062,127				
	12,390	59,425,833	8,422,018	1,062,127	68,922,368				

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	2021								
	Carrying value				Fair value				
	Available for Sale	Fair value through profit or loss	Loans and Receivables	Financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)								
Financial assets measured at fair value									
- Investments									
Government Securities (T-bills + PIBs + Sukuks)	98,412	20,699,347	-	-	20,797,759	-	20,797,759	-	20,797,759
Equity securities	19,648	7,977,284	-	-	7,996,932	7,996,932	-	-	7,996,932
Mutual funds	-	8,859,850	-	-	8,859,850	8,859,850	-	-	8,859,850
Debt securities (listed TFCs / corporate sukus)	-	2,618,606	-	-	2,618,606	2,618,606	-	-	2,618,606
	118,060	40,155,087	-	-	40,273,147	16,856,782	23,416,365	-	40,273,147
Non-financial assets measured at fair value									
- Investment property	-	939,394	-	-	939,394	-	-	939,394	939,394
	-	939,394	-	-	939,394	-	-	939,394	939,394
Financial assets not measured at fair value									
- Balances with banks	-	-	9,715,568	-	9,715,568				
- Term deposit receipts	-	-	7,580,000	-	7,580,000				
- Investment in debt securities	-	-	1,825,000	-	1,825,000				
- Other financial assets	-	-	595,105	-	595,105				
	-	-	19,715,673	-	19,715,673				
Financial liabilities not measured at fair value									
- Borrowings	-	-	-	89,192	89,192				
- Other Financial liabilities	-	-	-	740,088	740,088				
	-	-	-	829,280	829,280				
	118,060	41,094,481	19,715,673	829,280	61,757,494				

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022

47. Statement of Solvency

Particulars	Share-holders' Fund	Conventional Fund	Accident and Health Business	Non- unitised Investment Link Business	Unit Linked Business	Individual Family Takaful Unit Linked Business	Group Family Takaful Business
(Rupees in '000)							
Assets							
Property and equipment	343,706	-	-	-	-	-	-
Intangible assets	22,825	-	-	-	-	-	-
Investment property	-	-	-	-	943,669	-	-
Investments							
Listed equity securities and units of mutual funds	615,267	-	-	10,416	13,651,785	2,032,003	-
Government securities	1,536,107	331,789	-	1,868,406	32,999,747	1,509,697	112,285
Debt securities	-	-	-	136,271	3,689,534	429,040	-
Term deposits	-	-	-	-	101,000	2,175,000	-
Loans secured against life insurance/Takaful policies (Insurance / takaful) / (reinsurance / retakaful) receivables	-	-	-	5,738	36,425	-	-
	-	34,135	-	-	-	-	1,963
Other loans and receivables	103,687	6,422	(1)	229	642,434	37,088	-
Deferred taxation	6,811	-	-	-	-	-	-
Taxation - payments less provision	(122,518)	4,214	-	40,917	767,868	153,225	-
Prepayments	38,318	-	-	-	-	3,337	-
Cash and Bank	512,711	165,699	1,724	47,312	1,835,789	2,720,822	32,940
Total Assets (A)	3,056,914	542,259	1,723	2,109,289	54,668,251	9,060,212	147,188

Inadmissible assets as per following clauses of section 32 (2) of Insurance Ordinance, 2000

(b) Excess of prohibited limit	-	-	(402)	-	-	-	-
(d) Loan to employees	(19,344)	-	-	-	-	(2,529)	-
(h) Premiums more than 90 days	-	(4,357)	-	-	-	-	(319)
(i) Intangible assets	(22,825)	-	-	-	-	-	-
(j) Deferred tax	(6,811)	-	-	-	-	-	-
(u) Tangible fixed assets	(219,286)	-	-	-	-	-	-
Total of inadmissible assets (B)	(268,266)	(4,357)	(402)	-	-	(2,529)	(319)
Total admissible assets (C = A-B)	2,788,648	537,902	1,321	2,109,289	54,668,251	9,057,683	146,869

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

For the year ended December 31, 2022


Particulars	Share-holders' Fund	Conventional Fund	Accident and Health Business	Non-unitised Investment Link Business	Unit Linked Business	Individual Family Takaful Unit Linked Business	Group Family Takaful Business
(Rupees in '000)							
Total liabilities							
Insurance / takaful liabilities net of reinsurance / retakaful recoveries	-	20,342	-	323,955	2,519,105	152,012	7,520
Retirement benefit obligations	4,866	-	-	-	-	-	-
Deferred taxation	-	-	-	-	-	-	-
Liability against lease Borrowings	159,592	-	-	-	-	-	-
Premium received in advance	-	15,981	(4)	4,141	255,333	87,968	3,746
(Insurance / takaful) / (reinsurance / retakaful) payables	-	137,859	-	52	63,283	21,805	25,289
Other creditors and accruals	285,374	4,538	407	68,075	860,942	145,590	159
Taxation - provision less payments	-	-	-	-	-	-	-
Total liabilities (D)	449,832	178,720	403	396,223	3,698,663	407,375	36,714
Total net admissible assets (E = C-D)	2,338,816	359,182	918	1,713,066	50,969,588	8,650,308	110,155
Minimum solvency requirement							
Shareholders' fund	(165,000)	-	-	-	-	-	-
Policyholders' liability	-	(184,544)	(363)	(1,624,485)	(50,023,081)	(8,385,691)	(68,000)
Solvency margin	-	(74,289)	(116)	(45,030)	(545,833)	(103,178)	(34,643)
Excess net admissible assets over minimum requirements	2,173,816	100,349	439	43,551	400,674	161,439	7,512

48. CORRESPONDING FIGURES

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

49. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on February 10, 2023.



S. Muhammad Jawed
Chairman



Muhammad Ali Zeb
Director



Imran Maqbool
Director



Manzar Mushtaq
Chief Executive Officer



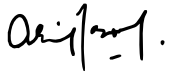
Jalal Meghani
Chief Financial Officer

Statement of Appointed Actuary As per Section 52(2) (a) & (b) of Insurance Ordinance 2000

In my opinion,

- (a) the policyholder liabilities included in the balance sheet of Adamjee Life Assurance Company Limited as at 31st December 2022 have been determined in accordance with the provisions of the Insurance Ordinance 2000;
- (b) each statutory fund of Adamjee Life Assurance Company Limited complies with the solvency requirements of the Insurance Ordinance 2000 as applicable on 31st December 2022.

Signed



Name: Arif Rasool

Dated: 08th February 2023

Fellow Pakistan Society of Actuaries Fellow Institute of Actuaries, UK

Sharia Advisor Profile

Dr. Mufti Muhammad Zubair Usmani

Shariah Advisor

Dr. Muhammad Zubair Usmani is a qualified and one of the most experienced Shariah Scholars in the Islamic Banking Industry. He did his Shariah graduation (Fazil Dars-e-Nizami) & Takhassus Fil Fiqh (Mufti i.e. Specialization in Islamic Fiqh & Fatawa) from Jamia Dar ul Uloom, Karachi. He has done Masters in International Relations and Doctorate (PhD) in Islamic Finance from University of Karachi. Dr. Zubair Usmani is author of several books including related to Accounting & Auditing for Islamic Financial system, comparative study between Islam and Christianity and Ijarah (Islamic Leasing). His research papers have been published in various international journals. He has delivered research based lectures / presentations at different national and international seminars, forums, conferences and seminars. Dr. Usmani served as Shariah Advisor to MCB Islamic Banking for 14 years and has been associated with several financial institutions, he has also served as a member of Shariah Board of State Bank of Pakistan. Currently he is also associated with UBL Ameen Islamic banking and Habib Metro Al Sirat Islamic banking as chairman Shariah Board, MCB Arif Habib Savings as member Shariah Board, Adamjee Life Assurance Company Ltd. Window Takaful operations as Shariah Advisor and several other institutions.

Statement of Compliance with the Sharia Principles

YEAR ENDED DECEMBER 31, 2022

The financial arrangements, contracts and transactions, entered into by Adamjee Life Assurance Company Limited - Window Takaful Operations (the Company) for the period from January 1, 2022 to December 31, 2022 are in compliance with the Takaful Rules, 2012.

Further we confirm 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 with zero tolerance. Further, the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit committee/ Shari'ah Advisor and the Board of Directors have been implemented ;
- The Company has imparted trainings/ orientations and ensured availability of all manuals/ agreements approved by Shariah Advisor/ Board of Directors to maintain the adequate level of awareness, capacity and sensitization of the staff, management;
- All the products and policies have been approved by Shariah Advisor and the financial arrangements including investments made, policies, contracts and transaction, entered into by Window Takaful Operations are in accordance with the policies approved by Shariah Advisor.
- The assets and liabilities of Window Takaful Operations (Participant Takaful Fund and Operator's Sub 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 duly confirmed by the Shari'ah Advisor of the Company.



Manzar Mushtaq
Chief Executive Office

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

We were engaged by the Board of Directors of Adamjee Life Assurance 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 the Board of Directors / Management

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

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

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

Our Independence and Quality Control

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

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

Our Responsibilities

Our responsibility is to 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. In performing our audit procedures necessary guidance on Shari'ah matters was provided by independent Shari'ah scholar. 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;
- 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: March 30, 2023

Shariah Advisor's Report to the Board of Directors FOR THE YEAR ENDED DECEMBER 31, 2022

I have examined the financial statements and transactions of Window Takaful Operation of the Adamjee Life Assurance Company Limited (hereafter referred to as "the Company") for the year ended 31st December, 2022.

I acknowledge that being Shariah Advisor of the Company for its Window Takaful Operations, it is my responsibility to ensure that the financial arrangements, contracts and transactions entered into by the Company with its participants and stakeholders are in compliance with the requirements of Shariah rules & principles. It is the responsibility of Company's management to ensure that the rules, principles and guidelines set by the Shariah Advisor are complied with, and that all policies and services being offered are duly approved by the Shariah Advisor.

Shariah Compliance Officer conducted the Shariah Compliance Review (SCR) for the year 2022 with the consultation of the Shariah Advisor. The primary scope of Shariah Compliance Review (SCR) was to ensure that the Company has complied with all Shariah principles, rules and guidelines. Shariah Compliance review also included the examination of the appropriate evidence of transactions undertaken by the Company during the year 2022.

I have reviewed the affairs of the Company with the coordination of Shariah compliance officer in accordance with Shariah principles and Takaful Rules 2012. In my opinion, and to the best of my understanding, based on the provided information and explanations, below are my findings:

- (i) Financial transactions undertaken by the Company for the year ended 31st December 2022 pertaining to Window Takaful Operations were in accordance with guidelines issued by Shariah Advisor as well as the requirements of Takaful Rules 2012.
- (ii) Consequently, I have found that the Company is in accordance with the Shariah principles in all aspects and the Company performed its duties to its level best by following Shariah guidelines. Moreover, in my opinion the accounting principles adopted for incorporation of Participants Takaful Fund (PTF) into the accompanying financial statements, are in accordance with the Shariah principles, rules and guidelines.

"And Allah knows best"



Dr. Muhammad Zubair Usmani
Shariah Advisor

Adamjee Life Assurance Company Limited-Window Takaful Operations

DR. MUHAMMAD ZUBAIR USMANI
SHARIAH ADVISOR
WINDOW TAKAFUL OPERATION
ADAMJEE LIFE ASSURANCE CO. LTD

Adamjee Life Assurance Company Limited

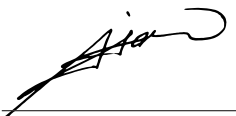
Statement of Financial Position

Window Takaful Operations (Un-audited)

As at December 31, 2022

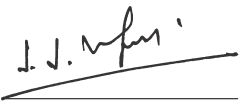
	Note	2022			2021
		Operator's Sub Fund	Statutory Fund	Total	Total
(Rupees in '000)					
Assets					
Investments					
Equity securities	6	-	1,000,449	1,000,449	809,675
Government securities	7	84,340	1,407,096	1,491,436	867,732
Debt securities	8	-	429,040	429,040	351,760
Term deposits	9	-	2,175,000	2,175,000	2,785,000
Mutual funds	10	88,022	943,532	1,031,554	1,314,077
Takaful / retakaful receivables		-	2,373	2,373	-
Contribution due but unpaid			1,963	1,963	2,673
Other loans and receivables	11	4,364	163,270	167,634	69,561
Interfund receivable		-	1,256	1,256	21,193
Taxation - payments less provision		6,659	146,566	153,225	41,527
Prepayments		3,337	-	3,337	4,147
Cash and bank	12	259,647	2,494,115	2,753,762	963,879
Total Assets		446,369	8,764,660	9,211,029	7,231,224
Equity and Liabilities					
Capital contributed from Shareholders' Fund		35,630	-	35,630	169,501
Qard-e-Hasna contributed by window takaful operator		(48,130)	48,130	-	-
Money ceded to waqf fund		-	500	500	500
Ledger account D		182,337	-	182,337	62,528
Total Equity		169,837	48,630	218,467	232,529
Liabilities					
Takaful liabilities	13	57,149	8,586,227	8,643,376	6,620,050
Deferred taxation		90,653	-	90,653	26,380
Takaful contribution received in advance		-	91,714	91,714	124,100
Takaful / retakaful payables		-	19,314	19,314	27,745
Interfund payable		1,256	-	1,256	21,193
Other creditors and accruals		127,474	18,775	146,249	179,227
Total Liabilities		276,532	8,716,030	8,992,562	6,998,695
Contingencies and commitments	14				
Total Equity and Liabilities		446,369	8,764,660	9,211,029	7,231,224

The annexed notes 1 to 33 form an integral part of these financial statements.


S. Muhammad Jawed
Chairman

Muhammad Ali Zeb
Director

Imran Maqbool
Director

Manzar Mushtaq
Chief Executive Officer

Jalal Meghani
Chief Financial Officer

Adamjee Life Assurance Company Limited


Statement of Profit and Loss

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

	Operator's Sub Fund	Statutory Fund	2022	Operator's Sub Fund	Statutory Fund	2021
	2022	2022		2021	2021	
Note (Rupees in '000)						
Contribution revenue	1,083,499	3,083,244	4,166,743	1,310,091	2,928,810	4,238,901
Contribution ceded to retakaful	-	(99,814)	(99,814)	-	(79,575)	(79,575)
Net contribution revenue	1,083,499	2,983,430	4,066,929	1,310,091	2,849,235	4,159,326
Takaful operator's fee	248,487	(248,487)	-	190,309	(190,309)	-
Investment income	18,580	739,062	757,642	7,694	245,864	253,558
Net realised fair value gain / (loss) on financial assets	1,531	(25,951)	(24,420)	290	62,094	62,384
Net fair value gain / (loss) on financial assets at fair value through profit or loss - unrealised	6,461	(285,647)	(279,186)	118	(77,065)	(76,947)
Other income	14,330	35,074	49,404	5,765	36,767	42,532
	289,389	214,051	503,440	204,176	77,351	281,527
Net income	1,372,888	3,197,481	4,570,369	1,514,267	2,926,586	4,440,853
Takaful benefits	1,036	(1,353,519)	(1,352,483)	89	(803,356)	(803,267)
Recoveries from retakaful	-	51,154	51,154	-	41,215	41,215
Claims related expenses	-	(3,261)	(3,261)	-	(715)	(715)
Net Takaful Benefits	1,036	(1,305,626)	(1,304,590)	89	(762,892)	(762,803)
Net change in takaful liabilities (other than outstanding claims)	(20,085)	(1,889,923)	(1,910,008)	(24,208)	(2,163,694)	(2,187,902)
Acquisition expenses	(911,994)	-	(911,994)	(1,147,194)	-	(1,147,194)
Marketing and administration expenses	(217,576)	(967)	(218,543)	(181,140)	-	(181,140)
Other expenses	(35,698)	(890)	(36,588)	(1,545)	-	(1,545)
Total Expenses	(1,185,353)	(1,891,780)	(3,077,133)	(1,354,087)	(2,163,694)	(3,517,781)
Finance cost	(4,489)	(75)	(4,564)	(4,736)	-	(4,736)
Profit before tax	184,082	-	184,082	155,533	-	155,533
Income tax	(64,273)	-	(64,273)	(45,105)	-	(45,105)
Profit after tax for the year	119,809	-	119,809	110,428	-	110,428

The annexed notes 1 to 33 form an integral part of these financial statements.



S. Muhammad Jawed
Chairman



Muhammad Ali Zeb
Director



Imran Maqbool
Director



Manzar Mushtaq
Chief Executive Officer



Jalal Meghani
Chief Financial Officer

Adamjee Life Assurance Company Limited

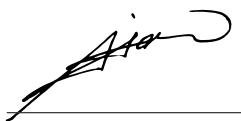
Statement of Comprehensive Income

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

	Operator's Sub Fund	Statutory Fund	Aggregate	
			2022	2021
(Rupees in '000)				
Profit after tax for the year - as per statement of profit or loss	119,809	-	119,809	110,428
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	119,809	-	119,809	110,428

The annexed notes 1 to 33 form an integral part of these financial statements.


S. Muhammad Jawed
Chairman

Muhammad Ali Zeb
Director

Imran Maqbool
Director

Manzar Mushtaq
Chief Executive Officer

Jalal Meghani
Chief Financial Officer

Adamjee Life Assurance Company Limited

Statement of Changes in Equity


Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

	Capital Contributed from Shareholders' Fund	Money ceded to waqf fund	Ledger account D *	Total
(Rupees in '000)				
Balance as at January 01, 2021	169,501	500	(47,900)	122,101
Total comprehensive income for the year ended December 31, 2021				
- Profit for the year after tax	-	-	110,428	110,428
- Other comprehensive income / (loss)	-	-	-	-
	-	-	110,428	110,428
Balance as at December 31, 2021	169,501	500	62,528	232,529
Balance as at January 01, 2022	169,501	500	62,528	232,529
Total comprehensive income for the year ended December 31, 2022				
- Profit for the year after tax	-	-	119,809	119,809
- Other comprehensive income / (loss)	-	-	-	-
	-	-	119,809	119,809
Capital contribution to shareholders' fund	(133,871)	-	-	(133,871)
Balance as at December 31, 2022	35,630	500	182,337	218,467

* This includes balances maintained in accordance with the requirements of Section 35 of the Insurance Ordinance, 2000 read with Rule 14 of the Insurance Rules, 2017 to meet solvency margins, which are mandatorily maintained for carrying on of the life insurance business.

The annexed notes 1 to 33 form an integral part of these financial statements.



S. Muhammad Jawed
Chairman



Muhammad Ali Zeb
Director



Imran Maqbool
Director



Manzar Mushtaq
Chief Executive Officer



Jalal Meghani
Chief Financial Officer

Adamjee Life Assurance Company Limited


Statement of Cash Flows

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

	Note	2022	2021
(Rupees in '000)			
Operating Cash Flows			
(a) Underwriting activities			
Takaful Contribution received		4,135,067	4,274,343
Retakaful contribution paid		(59,464)	(41,811)
Claims paid		(1,242,426)	(765,406)
Hadia paid		(659,856)	(942,937)
Marketing and administrative expenses paid		(669,524)	(406,193)
Net cash flow generated from underwriting activities		1,503,797	2,117,996
(b) Other operating activities			
Income tax paid		(111,698)	(36,611)
Total cash flow generated from all operating activities		1,392,099	2,081,385
Investment activities			
Profit / return received		616,904	229,441
Dividend received		44,832	47,344
Payment for investments		(5,971,267)	(4,725,329)
Proceeds from disposal of investments		4,147,315	3,616,289
Total cash flow used in investing activities		(1,162,216)	(832,255)
Net cash inflows from all activities		229,883	1,249,129
Cash and cash equivalent at the beginning of the period		3,748,879	2,368,001
Cash and cash equivalent at the end of the period	12.2	3,978,762	3,617,130
Reconciliation to statement of profit or loss			
Cash flow from all operating activities		1,392,099	2,081,385
Depreciation and amortisation expense		(20,068)	(13,294)
Profit on disposal of investment		(24,420)	53,586
Financial charges expense		(5,670)	-
Dividend income		46,614	47,460
Other investment income		446,172	180,481
Increase in assets other than cash		150,953	(2,245)
Increase in liabilities other than borrowings		(1,865,871)	(2,236,945)
Profit after tax for the year		119,809	110,428

The annexed notes 1 to 33 form an integral part of these financial statements.



S. Muhammad Jawed
Chairman



Muhammad Ali Zeb
Director



Imran Maqbool
Director



Manzar Mushtaq
Chief Executive Officer



Jalal Meghani
Chief Financial Officer

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Adamjee Life Assurance Company Limited ("the Operator") was incorporated in Pakistan on August 04, 2008 as a public unlisted company under the Companies Act, 2017 (Previously Companies Ordinance, 1984). The Operator was converted to a public limited company on March 4, 2022 and registered itself on Pakistan Stock Exchange. The Operator started its operations from April 24, 2009. Registered office of the Company is at 5th floor, Islamabad Stock Exchange Towers, 55-B, Jinnah Avenue, Blue Area, Islamabad while its principal place of business is at Adamjee House, 3rd and 4th Floor, I.I Chundrigar Road, Karachi. The Operator is a subsidiary of Adamjee Insurance Company Limited.

The Operator is engaged in Takaful business carrying on non-participating business only. Following are the statutory funds in respect of each class of its Takaful business:

- Individual Family Takaful Business (refer note 1.2)
- Group Family Takaful Business (refer note 1.2)

1.2 The Company was granted authorisation on May 04, 2016 under Rule 6 of Takaful Rules, 2012 to undertake Takaful Window Operations in respect of family takaful products by Securities and Exchange Commission of Pakistan (SECP) and subsequently the Company commenced Window Takaful Operations from July 14, 2016. The Operator formed a Waqf Fund namely the Adamjee Life Assurance Company Limited - Window Takaful Operations Waqf Fund (here-in-after referred to as the Participant Takaful Fund (PTF) on December 22, 2015 under a Waqf deed executed by the Operator with the cede amount of Rs. 500,000. The cede money is required to be invested in Shariah compliant investments and any profit thereon can be utilised only to pay benefits to participants or defray PTF expenses. Waqf deed also governs the relationship of the Company and policyholders for the management of Takaful operations, investment of policyholders' funds and shareholders' funds as approved by the Shariah Advisor appointed by the Operator.

The Operator issued supplemental policies to the Window Takaful Operations Waqf Fund on October 29, 2019 to include Group Family Participant's Takaful Fund business in existing Window Takaful Operations Waqf Fund and the same was authorised by the Securities and Exchange Commission of Pakistan (SECP) on December 11, 2019 and the Operator commenced its Group Family Takaful Business in the second Quarter of 2020.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

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

In case the requirements differ, provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, have been followed.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as disclosed in accounting policies relating to financial instruments, investments and takaful liabilities.

2.3 Functional and presentation currency

These financial statements have been presented in Pakistan Rupee, which is the Operator's functional and presentation currency amounts presented have been rounded off to the nearest thousand unless otherwise stated.

3. Amendments and improvements to IFRSs**3.1 Amendments and improvements 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 Operator's operations or are not expected to have significant impact on the Operator'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

3.2 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 Operator's operations or are not expected to have significant impact on the Operator'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

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

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' -Lease Liability in a Sale and Leaseback	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current Liabilities with Covenants	January 01, 2024
Amendments to 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

3.2.1 Temporary Exemption From Application Of IFRS 9

As an takaful operator, the management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with takaful line of business.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year.

4.1 Types of Insurance / Window Takaful Operations

a) Individual Family Takaful Unit Linked Business

The Operator offers Family Takaful contracts. Family Takaful contract is an arrangement which rests on key Shariah principles of mutual cooperation, solidarity and well being of a community, and is based on the principles of Wakalah Waqf Model. Under a Takaful arrangement, individuals come together and contribute towards the common objective of protecting each other against financial losses by sharing the risk on the basis of mutual assistance.

The obligation of Waqf for Waqf participants' liabilities is limited to the amount available in the Waqf fund. In case there is a deficit in the Waqf Fund, the Window Takaful Operator shall grant an interest free loan (Qard-e-Hasna) to make good the deficit. The loan shall be repayable from the future surplus generated in the Waqf Fund, without any excess of the actual amount given to it. Repayment of Qard-e-Hasna shall receive priority over surplus distribution to participants from the Waqf Fund.

The Operator offers Unit Linked Takaful Plans which provide Shariah compliant financial protection and investment vehicle to individual participants. These plans carry cash value, and offer investment choices to the participants to direct their investment related contributions based on their risk / return objectives. The investment risk is borne by the participants.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

Revenue recognition

First year individual life contribution are recognised once the related policies have been issued and the contribution is received. Renewal contribution are recognised upon receipt of contribution. Single contribution are recognised once the related policies are issued against the receipts of contribution. Contribution of riders like 'Waiver of Contribution' is recognised upon actuarial assumptions where actuary deems that all Contributions due have been received.

Recognition of policyholders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the reporting date, in accordance with Section 50 of the Insurance Ordinance, 2000.

Claim expenses

Claim expenses are recognised on the earlier of the policy expiry or the date when the intimation of the event giving rise to the claim is received. Claim of 'Waiver of Contribution' is created when intimated with the amount to be applied by the Operator on behalf of policyholder.

Surrender of Unit Linked Takaful Business policies is made after these have been approved in accordance with the Operator's Policy.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported till the date of reporting.

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

b) Group Family Takaful Business

Group Life contracts are mainly issued to employers to insure their commitments to their employees as required under the The Industrial and Commercial Employment (Standing Orders) Ordinance, 1968.

The group life business segment provides coverage to members / employees of business enterprises and corporate entities, against death and disability under group life assurance schemes issued by the Operator. The group credit life business segment provides coverage to a group of members or subscribers registered under a common platform against death and disability. The business is written mainly through direct sales force.

Revenue recognition

Contribution are recognised as and when due. In respect of certain group policies the Operator continues to provide insurance cover even if the contribution is received after the grace period. Provision for unearned contribution is included in the policyholders' liabilities.

Recognition of policyholders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the reporting date, in accordance with Section 50 of the Insurance Ordinance, 2000.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

Claim expenses

Claim expenses are recognised on the date the insured event is intimated.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported till the date of reporting.

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

Experience refund of contribution

Experience refund of contribution payable to policyholders' is included in policyholders' liability in accordance with the policy of the Operator and the advice of the appointed actuary.

4.2 Retakaful contracts held

Individual policies (including joint life policies underwritten as such) are reinsured under an individual life reinsurance / retakaful agreement whereas group life and group credit life policies are reinsured under group life and group credit life reinsurance agreements respectively.

4.2.1 Takaful

Retakaful contribution

Retakaful contribution ceded is recognised at the same time when the related contribution revenue is recognised. It is measured in line with the terms and conditions of the reinsurance treaties.

Retakaful recoveries

Retakaful recoveries from retakaful operators are recognised at the same time when the claim is intimated and giving rise to the right of recovery is recognised in the books of accounts of the Operator.

Experience refund

Experience refund receivable from retakaful operators is included in the retakaful recoveries of claims.

Amount due from / to retakaful operator

All receivables (retakaful operator's share in claims, commission from retakaful operator and experience refund) and payables (retakaful contribution) under retakaful agreements are recognised on net basis in the Operator's financial statements, only under the circumstances that there is a clear legal right of off-set of the amounts.

Amounts due from / to retakaful operator are carried at cost which is the fair value of the consideration to be received / paid in the future for services rendered / received, less provision for impairment, if any.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

4.3 Statutory funds

The Company maintains statutory funds namely Participants' Takaful Fund (PTF) and Participants' Investment Fund (PIF) in which it operates. Assets, liabilities, revenues and expenses of the Company are referable to the respective statutory funds. However, where these are not referable to statutory funds, these are allocated to shareholders' fund on the basis of actuarial advice. Apportionment of assets, liabilities, revenues and expenses, whenever required between funds are made on the basis certified by the appointed actuary of the Company. Policyholders' liabilities have been included in statutory funds on the basis of the actuarial valuation carried out by the appointed actuary of the Company on the reporting date as required under Section 50 of the Insurance Ordinance, 2000.

4.4 Policyholders' liabilities

e) Individual Family Takaful Unit Linked Business

Policyholders' liabilities constitute the fund value of unit linked contracts as well as non-investment or risk reserves of these contracts. Risk reserves constitute liabilities held to account for risks such as death and risk only riders (accidental death and disability, monthly income benefit, waiver of contribution, etc.). Reserves for risk only contracts where contribution are level over the term of the contract are based on the Net Contribution Method whereas reserves for age related risk contracts are based on net unearned contribution.

- Incurred But Not Reported (IBNR) claims

Reserves for IBNR claims have been estimated using claims run-off triangle.

f) Group Family Takaful Business

Policy reserves for these plans are based on the unearned contribution method net of allowances made for acquisition expenses, unexpired retakaful contribution and profit commission. Consideration is also given to the requirement for a Contribution Deficiency Reserve. The reserves also comprise allowance for "Incurred But Not Reported" (IBNR) claims. The provision for 'Incurred But Not Reported' (IBNR) claims as included in policyholders' liability is estimated based on the gross and net loss ratio of 75% and 65% respectively.

4.5 Receivables and payables relating to takaful contracts

These include amounts due to and due from agents and policyholders' which are recognised when due.

4.6 Provisions

Provisions are recognised when the Operator has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.7 Other creditors and accruals

Liabilities for creditors and other amounts payable are recognised initially at fair value plus directly attributable transactions costs, if any, and subsequently measured at amortised cost.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

4.8 Employees accumulated compensated absences

The Operator accounts for the liability in respect of employees accumulated compensated absences in the period in which they are earned.

4.9 Financial instruments

4.9.1 Financial assets

The Operator has classified its financial assets on initial recognition into the following categories: at fair value through profit or loss (held for trading), held to maturity, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired.

The Operator has classified its income earned on financial assets categorised at fair value through profit or loss as 'income from trading investments' while income earned on financial assets categorised as held to maturity, loans and receivables and available for sale as 'income from non-trading investments'.

a) Financial assets at fair value through profit or loss (held for trading)

Financial assets designated at fair value through profit or loss upon initial recognition include those group of financial assets which are managed and their performance evaluated on a fair value basis.

b) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has both the intent and the ability to hold till maturity.

c) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

d) Available for sale

These are non derivative financial assets that are either designated as in this category or not classified in any of the other categories.

Initial recognition and measurement

All financial assets are recognised when the Operator becomes a party to the contractual provision of the instrument. Investments other than those categorised into 'financial assets at fair value through profit or loss' category are initially recognised at fair value plus transaction costs which are directly attributable to the acquisition of the securities. Financial assets classified 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are expensed in the statement of profit or loss / revenue account. All 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 when the Operator commits to purchase or sell the investment.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

Subsequent measurement

Financial assets classified as 'at fair value through profit or loss' are subsequently measured at their fair values and gains and losses arising from changes in fair value are included in the statement of profit or loss / revenue account. Available for sale investments are subsequently measured at their fair values and gains and losses arising from changes in fair values are included in other comprehensive income. Any change in the provision for impairment in value of investment is recognised in the statement of profit or loss / revenue account. Amortisation of premium / discounts on acquisition of investments is carried out using effective yield method and charged to the statement of profit or loss / revenue account, as appropriate. Investments classified as held to maturity and loans and receivables are subsequently measured at amortised cost less any impairment losses, taking into account any discount or premium on acquisition by using the effective interest rate method.

Fair / market value measurements

For investments in quoted equity securities, the market value is determined by using Pakistan Stock Exchange quotations at the reporting date. For investments in Government securities, the market value is determined using PKRV/PKISRV/PKFRV rates. The fair market value of term finance certificates / corporate sukuks is as per the rates issued by the Mutual Funds Association of Pakistan (MUFAP) and the fair value of open ended mutual funds is declared by the relevant fund.

Impairment against financial assets

The Operator assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss - measured as the difference between the carrying value and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of profit or loss / revenue account, as the case may be, is taken to the statement of profit or loss / revenue account. For financial assets classified as 'loans and receivables' and 'held to maturity', a provision for impairment is established when there is objective evidence that the Operator will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash inflows, discounted at the original effective interest rate.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Operator has transferred substantially all risks and rewards of ownership.

Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statement only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liabilities simultaneously.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

4.9.2 Financial liabilities

All financial liabilities are recognised at the time the Operator becomes a party to the contractual provisions of the instrument. Financial liabilities are recognised initially at fair value less any directly attributable transaction cost.

Subsequent to initial recognition, these are measured at fair / market value or amortised cost using the effective interest rate method, as the case may be.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

4.10 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include balances with banks, term deposits with original maturity of three months or less and cash and stamps in hand.

4.11 Other revenue recognition

- Return on corporate sukuks and government securities are recognised on time proportion basis using the effective interest rate method.
- Return on bank deposits are recognised on a time proportion basis.
- Dividend income from shariah compliant investment securities is recognised when the Operator's right to receive the dividend is established.
- Gain or loss on sale of shariah compliant investment securities is included in the statement of profit and loss in the year in which disposal has been made.
- All income on shariah compliant investment securities other than unrealised gain on available for sale investments are included in statement of profit or loss / revenue account.

4.12 Acquisition costs

These are costs incurred in acquiring takaful contracts, maintaining such takaful contracts, and include without limitation all forms of remuneration paid to takaful agents.

Hadia and other expenses are recognised as expense in the earlier of the financial year in which they are paid and the financial year in which they become payable, except that hadia and other expenses which are directly referable to the acquisition or renewal of specific contracts are recognised not later than the period in which the contribution to which they refer is recognised as revenue.

4.13 Takaful operator fee

The shareholders of the Operator manage the Window Takaful Operations for the participants. Accordingly, the Operator is entitled to Takaful Operator's Fee for the management of Window Takaful Operations under the Waqf Fund, to meet its general and administrative expenses. The Takaful Operator's Fee, termed Wakalah fee, is recognised upfront.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

4.14 Taxation

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

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws for taxation on income earned or minimum turnover tax payable under the Income Tax Ordinance, 2001, whichever is higher. The charge for current tax is calculated using tax rates enacted or substantively enacted at the reporting date. The charge for current tax also includes adjustments, where considered necessary, relating to prior years which arise from assessments framed / finalised during the year.

Deferred

Deferred taxation is recognised using liability method on all major temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

4.15 Segment reporting

A segment is a distinguishable component of the Operator that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Operator's primary format of reporting is based on business segments.

Operating segments are reported in a manner consistent with that provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

The Operator operates in Pakistan only. The Operator has two primary business segments for reporting purposes namely - Individual Family Takaful Unit Linked Business and Group Family Takaful Business.

- a) The Individual Family Takaful segment provides family takaful coverage to individuals under unit based policies issued by the PTF.
- b) The Group Family Takaful segment provides family takaful coverage to members of business enterprises, corporate entities and common interest groups under Group Family Takaful schemes issued by the PTF.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing these financial statements, the significant judgments made by management in applying the Operator's accounting policies and the key sources of estimating uncertainty were the same as those applied to the annual financial statements for the year ended December 31, 2022.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

	Note	2022	2021
(Rupees in '000)			
6. INVESTMENT IN EQUITY SECURITIES			
At fair value through profit or loss (held for trading)	6.1	1,000,449	809,675

6.1 At fair value through profit or loss (held for trading)

	2022			2021		
	Cost	Provision / Impairment	Carrying value	Cost	Provision / Impairment	Carrying value
(Rupees in '000)						
Related party	50,531	-	32,889	24,500	-	18,776
Others	1,153,777	-	967,560	850,175	-	790,899
	1,204,308	-	1,000,449	874,675	-	809,675

	Note	2022	2021
(Rupees in '000)			
7. INVESTMENT IN GOVERNMENT SECURITIES			
At fair value through profit or loss (held for trading)	7.1	1,491,436	867,732

7.1 At fair value through profit or loss (held for trading)

	2022					
	Term	Maturity year	Effective yield	Amortised cost	Principal repayment	Carrying amount
(Rupees in '000)						
GOP Ijara Sukuk	5 years	2025	14.27%	99,318	100,000	87,620
GOP Ijara Sukuk	5 years	2026	13.15%	423,935	420,000	397,866
GOP Ijara Sukuk	5 years	2025	15.51%-16.54%	325,259	330,000	324,645
GOP Ijara Sukuk	5 years	2026	15.78%-16.03%	447,594	450,000	447,329
GOP Ijara Sukuk	5 years	2027	15.81%	234,802	235,000	233,976
			2022	1,530,908	1,535,000	1,491,436
			2021	873,961	880,000	867,732

	Note	2022	2021
(Rupees in '000)			
8. INVESTMENT IN DEBT SECURITIES			
At fair value through profit or loss (held for trading)	8.1	429,040	351,760

Adamjee Life Assurance Company Limited

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For the year ended December 31, 2022

8.1 At fair value through profit or loss

	Note	2022			2021		
		Cost	Provision / Impairment	Carrying value	Cost	Provision / Impairment	Carrying value
(Rupees in '000)							
Advances against purchase of corporate sukks	8.1.1	227,000	-	227,000	205,000	-	205,000
Corporate sukks	8.1.2	203,125	-	202,040	143,328	-	146,760
		430,125	-	429,040	348,328	-	351,760

8.1.1 This represents Rs. 205 million paid to Meezan Bank Limited and Rs. 22 million paid to Dubai Islamic Bank Limited (2021: Meezan Bank Limited 205 million) against issue of corporate sukks.

	No of certificates		Face Value	Carrying value	
	2022	2021		2022	2021
(Rupees in '000)					
- Meezan Bank Ltd Sukuk - II	75		1,000	77,040	-
- Meezan Bank Ltd Sukuk - III	-	83	1,000	-	83,031
- Engro Polymer & Chemicals Ltd - Sukuk - 1	-	595	100	-	59,532
- Pakistan Energy Sukuk - II	25,000		5	125,000	-
- International Brands Limited Sukuk I	-	42	100	-	4,197
				202,040	146,760

8.1.2 Corporate Sukks

	Note	2022	2021
(Rupees in '000)			
9. INVESTMENT IN TERM DEPOSITS			
Certificates maturing within 12 months	9.1	2,175,000	2,785,000

9.1 This represents term deposits with banks which carry interest rate ranging between 14.75% to 16% per annum (December 31, 2021: 10.50% to 11.25% per annum) and maturing between January 03, 2023 to September 25, 2023 (January 05, 2022 to January 31, 2022). This includes term deposits of Rs. 950 million (December 31, 2021: Rs. 385 million) maintained with MCB Islamic Bank (related party).

	Note	2022	2021
(Rupees in '000)			
10. INVESTMENT IN MUTUAL FUNDS			
At fair value through profit or loss (held for trading)	10.1	1,031,554	1,314,077

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

10.1 At fair value through profit or loss

	2022			2021		
	Cost	Provision / Impairment	Carrying value	Cost	Provision / Impairment	Carrying value
(Rupees in '000)						
Related party	999,283	-	943,929	737,161	-	725,827
Others	131,436	-	87,625	580,200	-	588,250
	1,130,719	-	1,031,554	1,317,361	-	1,314,077

	Note	2022	2021
(Rupees in '000)			
11. OTHER LOANS AND RECEIVABLES			
Accrued income on investments		130,546	31,825
Security deposits		11,228	7,414
Loan to employees - secured		2,529	-
Dividend receivable		7,852	6,070
Receivable against the sale of investment		9,342	-
Other receivables		6,137	24,252
		167,634	69,561
12. CASH AND BANK			
- Policy stamps		7,036	4,467
		7,036	4,467
Cash at bank			
- Current accounts		145,967	46,749
- Saving accounts	12.1	2,600,759	912,663
		2,746,726	959,412
		2,753,762	963,879
12.1	This carries profit rate ranging from 9% to 12% (2021: 4% to 6%) per annum.		
12.2 Cash and cash equivalents			
Cash and cash equivalents includes the following for the purpose of cash flow statement:			
- Cash in hand and policy stamps		7,036	4,467
- Cash at bank		2,746,726	912,663
- Term deposits maturing within three months		1,225,000	2,700,000
		3,978,762	3,617,130

Adamjee Life Assurance Company Limited

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Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

	Note	2022	2021
(Rupees in '000)			
13 TAKAFUL LIABILITIES			
Reported outstanding claims (including claims in payment)	13.1	189,685	76,367
Incurred but not reported claims	13.2	44,964	39,139
Investment component of unit-linked and account value policies	13.3	8,111,996	6,353,690
Liabilities under group takaful contracts (other than investment linked)	13.4	24,904	2,729
Other takaful liabilities	13.5	127,864	107,433
		8,499,413	6,579,358
Surplus retained in Participants' Takaful Fund		143,963	40,692
		8,643,376	6,620,050
13.1 Reported outstanding claims (including claims in payment)			
Gross of retakaful			
Payable with in 1 year		219,838	92,552
Payable over a period of time exceeding 1 year		-	-
		219,838	92,552
Recoverable from retakaful		(30,153)	(16,185)
Net reported outstanding claims		189,685	76,367
13.2 Incurred but not reported claims			
Individual life			
Gross of retakaful		49,075	46,881
Retakaful recoveries		(14,718)	(14,775)
Net of retakaful		34,357	32,106
Group life			
Gross of retakaful		15,039	16,355
Retakaful recoveries		(4,432)	(9,322)
Net of retakaful		10,607	7,033
Net incurred but not reported claims		44,964	39,139
13.3 Investment component of unit linked and account value policies			
Investment component of unit linked policies		8,111,996	6,353,690
Investment component of account value policies		-	-
		8,111,996	6,353,690
13.4 Liabilities under group takaful contracts (other than investment linked)			
Gross of retakaful		39,891	3,872
Retakaful credit		(14,987)	(1,143)
Net of retakaful		24,904	2,729

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

	2022	2021
	(Rupees in '000)	
13.5 Other takaful liabilities		
Gross of retakaful	160,351	137,723
Retakaful credit	(32,487)	(30,290)
Net of retakaful	<u>127,864</u>	<u>107,433</u>

14. CONTINGENCIES AND COMMITMENTS

The contingencies and commitments reported in main financial statements of the Operator also includes impacts of Window Takaful Operations as at December 31, 2022. Out of reported amount thereon, an amount of Rs. 132.61 million (2021: 76.95 million) ;pretains to Window Takaful Operations. There are no other material contingencies or commitments as at December 31, 2022.

	Note	2022	2021
		(Rupees in '000)	
15. Contribution revenue			
Gross Contribution			
Regular contribution individual policies			
First year		1,174,305	1,851,492
Second year renewal		1,185,670	805,709
Subsequent year renewal		<u>1,505,145</u>	<u>1,064,006</u>
Total regular contribution individual policies		<u>3,865,120</u>	<u>3,721,207</u>
Single contribution individual policies		168,378	446,500
Group policies without cash values		<u>133,245</u>	<u>71,194</u>
Total gross contribution		4,166,743	4,238,901
Less: retakaful contributions ceded			
On individual life first year business		(22,432)	(25,625)
On individual life second year business		(16,289)	(11,613)
On individual life renewal business		(19,912)	(12,752)
On single contribution individual policies		(173)	(388)
On group policies		<u>(41,008)</u>	<u>(29,197)</u>
		<u>(99,814)</u>	<u>(79,575)</u>
Net contribution		<u>4,066,929</u>	<u>4,159,326</u>
16. INVESTMENT INCOME			
Dividend income		46,614	47,460
Income from government securities - fair value through profit or loss		162,359	35,533
Income from debt securities - fair value through profit or loss			
- Return on corporate sukuks		59,314	18,053
Income from term deposit receipts - loans and receivables			
- Return on term deposit receipts		489,355	152,512
		<u>757,642</u>	<u>253,558</u>

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

Note	2022	2021
	(Rupees in '000)	
17. NET REALISED FAIR VALUE (LOSSES) / GAINS ON FINANCIAL ASSETS		
Fair value through profit or loss		
Realised (losses) / gains on:		
- Equity securities	(264)	24,862
- Government securities	(5,066)	(1,578)
- Debt securities	-	(877)
- Mutual funds	(19,090)	39,977
	(24,420)	62,384
18. NET FAIR VALUE (LOSSES) / GAINS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - UNREALISED		
Net unrealised (losses) / gains on:		
- Equity securities	(138,859)	(65,172)
- Government securities	(33,585)	(4,066)
- Debt securities	(1,085)	2,647
- Mutual funds	(95,926)	(3,286)
Total losses	(269,455)	(69,877)
Less: Investment related expenses	(9,731)	(7,070)
	(279,186)	(76,947)
19. OTHER INCOME		
Return on bank balances	14,330	42,532
Bonus allocation from operator's sub fund	34,417	-
Other tabbaru income (PTF)	657	-
	49,404	42,532

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

	2022	2021
	(Rupees in '000)	
20. TAKAFUL BENEFITS		
Gross Claims		
Claims under individual policies		
- by death	120,143	87,575
- by insured event other than death	92	(300)
- by maturity	219,251	7,793
- by surrender	974,694	654,670
Total gross individual policy claims	1,314,180	749,738
Claims under group policies		
- by death	41,187	47,495
- by insured event other than death	(2,884)	6,034
Total gross group policy claims	38,303	53,529
Total gross claims	1,352,483	803,267
Less: Retakaful recoveries		
- on individual life claims	(43,604)	(14,295)
- on group life claims	(7,550)	(26,920)
	(51,154)	(41,215)
Net takaful benefit expense	1,301,329	762,052

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

20.1 Claim development table**20.1.1 Individual life claims**

Incident year	Incident Reported				
	2018	2019	2020	2021	2022
	(Rupees in '000)				
Estimate of ultimate claim costs:					
At the end of accident year	5,657	5,956	24,416	48,420	83,916
One year later	9,794	13,730	60,943	88,791	-
Two years later	9,794	15,023	63,667	-	-
Three years later	9,794	15,023	-	-	-
Four years later	9,794	-	-	-	-
Current estimate of cumulative claims	9,794	15,023	63,667	88,791	83,916
Cumulative payments to date	9,668	15,023	53,546	65,852	29,926
Liability recognised in the statement of financial position	127	-	10,120	22,939	53,990

20.1.2 Group life claims

Incident year	Incident Reported				
	2018	2019	2020	2021	2022
	(Rupees in '000)				
Estimate of ultimate claim costs:					
At the end of accident year	-	-	10,889	29,459	28,641
One year later	-	-	27,682	41,221	-
Two years later	-	-	28,582	-	-
Three years later	-	-	-	-	-
Four years later	-	-	-	-	-
Current estimate of cumulative claims	-	-	28,582	41,221	28,641
Cumulative payments to date	-	-	3,050	-	-
Liability recognised in the statement of financial position	-	-	25,532	41,221	28,641

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

	2022	2021
	(Rupees in '000)	
21. ACQUISITION EXPENSES		
Remuneration to Takaful Intermediaries on Individual Policies:		
- Hadia to agent on first year contributions	462,102	727,087
- Hadia to agent on second year contributions	64,424	47,292
- Hadia to agent on subsequent year renewal contributions	29,625	18,778
- Hadia to agent on single contributions	6,088	12,283
- other benefits to takaful intermediaries	56,413	102,874
Total hadia cost	618,652	908,314
Remuneration to Takaful Intermediaries on Group Policies:		
- Hadia	6,576	5,185
- Other benefits to takaful intermediaries	743	238
	7,319	5,423
	625,971	913,737
Other acquisition costs:		
- Employee benefit cost	170,096	140,799
- Traveling expenses	3,521	961
- Information technology expense	1,511	433
- Printing and stationery	1,767	1,506
- Depreciation	2,767	2,196
- Depreciation - Right of use asset	1,624	1,671
- Rent, rates and taxes	21,073	16,449
- Insurance cost	931	49
- Car fuel and maintenance	12,328	11,806
- Postage	3,036	3,429
- Electricity, gas and water	8,304	5,929
- Office repairs and maintenance	28,470	11,899
- Entertainment	4,551	4,306
- Training and development	3,230	282
- Marketing cost	5,037	4,945
- Financial charges	710	825
- Legal and professional charges	63	46
- Miscellaneous	396	-
- Policy stamps	15,981	24,779
- Medical examination fee	627	1,147
	286,023	233,457
	911,994	1,147,194

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

	Note	2022	2021
(Rupees in '000)			
22. MARKETING AND ADMINISTRATION EXPENSES			
Employee benefit cost	22.1	105,787	85,397
Travelling expenses		1,455	883
Appointed actuary's fee		657	1,287
Auditor's fee		338	575
Legal and professional charges		8,708	8,650
Information technology expenses		10,097	6,664
Printing and stationery		11,139	9,325
Depreciation		4,885	3,366
Depreciation-right of use assets		9,477	8,322
Amortisation		1,315	1,606
Rent, rate and taxes		3,046	725
Insurance expenses		901	265
Vehicle running expenses		21,625	7,400
Postage and courier		10,012	6,809
Electricity, gas and water		2,558	705
Office repairs and maintenance		3,592	3,658
Entertainment		1,472	909
Bank charges		1,527	845
Training and development		6,518	333
Fees and subscription		2,852	-
Advertisement and publicity		19,894	31,918
Other expense		(9,312)	1,498
		218,543	181,140
22.1 Employee benefit cost			
Salaries, allowance and other benefits		105,787	85,397
23. OTHER EXPENSES			
Bonus Allocation to PIF		34,417	-
Expenses on behalf of PTF - Contribution		371	481
Expenses on behalf of PTF - Tabbaru		657	-
Donations		1,143	905
Others		-	159
		36,588	1,545
24. INCOME TAX			
For the year			
- Deferred tax charge		64,273	45,105

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

25. RELATED PARTY TRANSACTIONS

The related parties comprise of the holding company, directors, key management personnel, associated undertakings, group companies entities with common directors and staff gratuity fund. Related party transactions and balances, including those disclosed elsewhere in these financial statements are given below:

	2022	2021
	(Rupees in '000)	
Transactions during the year		
Holding company		
Takaful expense	1,281	4,766
Associated undertakings		
Contribution written	12,500	11,832
Claims expense	(4,800)	-
Hadia and other incentives in respect of bancatakaful	158,915	496,628
Profit on bank deposits	21,541	43,910
Bank charges	439	35
Investments purchased	6,039,686	6,412,581
Investments sold	5,154,695	6,078,865
Dividend income	44,460	59
Other related parties		
Contribution written	3,754	-
Claims expense	-	-
Investment advisor fee	4,992	3,229
Key management personnel		
Remuneration	28,092	20,668
Staff retirement benefit plan (gratuity fund)		
Charge for the year	6,489	4,003
Balances outstanding as at the end of the year		
Associated undertakings		
Contribution due but unpaid	12,500	10
Bank deposits	554,992	357,108
Investments held	1,926,818	1,514,604
Hadia payable	20,955	68,041
Dividend receivables	6,068	6,220
Accrued Income	39,432	237
Claims payable	-	4,800
Other related parties		
Contribution due but unpaid	350	-
Remuneration payable for the management of discretionary investment portfolio	767	595

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

26. SEGMENTAL INFORMATION**26.1 REVENUE ACCOUNT BY STATUTORY FUND FOR THE YEAR ENDED DECEMBER 31, 2022**

	Individual Family Takaful Unit Linked Business	Group Family Takaful Business	Total
	(Rupees in '000)		
Income			
Contribution less re-takaful	3,974,692	92,237	4,066,929
Net investment income	462,065	6,301	468,366
Total net income	4,436,757	98,538	4,535,295
Takaful benefits and expenditures			
Takaful benefits including bonus net of re-takaful	(1,273,837)	(30,753)	(1,304,590)
Management expenses less recoveries	(1,125,653)	(10,962)	(1,136,615)
Total takaful benefits and expenditures	(2,399,490)	(41,715)	(2,441,205)
Excess of income over takaful benefits and expenditures	2,037,267	56,823	2,094,090
Net change in takaful liabilities (other than outstanding claims)	(1,855,804)	(54,204)	(1,910,008)
Surplus for the year	181,463	2,619	184,082
Movement in takaful liabilities	1,855,804	54,204	1,910,008
Capital contribution from / (to) shareholders' fund	(159,501)	25,630	(133,871)
Balance of statutory funds at beginning of the year	6,774,571	28,021	6,802,592
Balance of statutory funds at end of the year	8,652,337	110,474	8,762,811

REVENUE ACCOUNT BY STATUTORY FUND FOR THE YEAR ENDED DECEMBER 31, 2021

	Individual Family Takaful Unit Linked Business	Group Family Takaful Business	Total
	(Rupees in '000)		
Income			
Contribution less re-takaful	4,117,329	41,997	4,159,326
Net investment income	280,232	1,295	281,527
Total net income	4,397,561	43,292	4,440,853
Takaful benefits and expenditures			
Takaful benefits including bonus net of re-takaful	(736,194)	(26,609)	(762,803)
Management expenses less recoveries	(1,327,684)	(6,931)	(1,334,615)
Total takaful benefits and expenditures	(2,063,878)	(33,540)	(2,097,418)
Excess of income over takaful benefits and expenditures	2,333,683	9,752	2,343,435
Net change in takaful liabilities (other than outstanding claims)	(2,179,609)	(8,293)	(2,187,902)
Surplus for the year	154,074	1,459	155,533
Movement in takaful liabilities	2,179,609	8,293	2,187,902
Surplus appropriated to shareholders' fund	-	-	-
Balance of statutory funds at beginning of the year	4,440,888	18,269	4,459,157
Balance of statutory funds at end of the year	6,774,571	28,021	6,802,592

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

26.2 Segmental results by line of business For the year ended December 31, 2022

	Individual life distributed through banks	Other lines of business	Total
(Rupees in '000)			
Income			
Gross premiums			
- First year individual regular premiums	561,634	612,671	1,174,305
- Individual renewal premiums	2,357,918	332,897	2,690,815
- Individual single premiums	140,354	28,024	168,378
- Group premiums	-	133,245	133,245
Total gross premiums	3,059,906	1,106,837	4,166,743
Reinsurance premiums			
- Individual	(44,263)	(14,543)	(58,806)
- Group	-	(41,008)	(41,008)
Total reinsurance premiums	(44,263)	(55,551)	(99,814)
Net premium revenue	3,015,643	1,051,286	4,066,929
Rental income from investment property	-	-	-
Net investment income	407,142	61,224	468,366
Total Net Income	3,422,785	1,112,510	4,535,295
Takaful benefits and expenditures			
Takaful benefits net of re-takaful	(1,196,702)	(107,888)	(1,304,590)
Management expenses less recoveries	(575,152)	(561,464)	(1,136,615)
Total insurance benefits and expenditures	(1,771,853)	(669,352)	(2,441,205)
Excess of income over insurance benefits and expenditures	1,650,932	443,158	2,094,090
Add: Policyholders' liabilities at beginning of year	6,051,678	451,313	6,502,991
Less: Policyholders' liabilities at end of year	(7,550,255)	(862,744)	(8,413,000)
Surplus for the year	152,354	31,728	184,082

Segmental results by line of business
For the year ended December 31, 2021

	Individual life distributed through banks	Other lines of business	Total
(Rupees in '000)			
Income			
Gross contributions			
- First year individual regular contributions	1,365,593	485,899	1,851,492
- Individual renewal contributions	1,725,590	144,125	1,869,715
- Individual single contributions	378,028	68,472	446,500
- Group contributions	-	71,194	71,194
Total gross contributions	3,469,211	769,691	4,238,901
Retakaful contributions			
- Individual	(41,457)	(8,921)	(50,378)
- Group	-	(29,197)	(29,197)
Total retakaful contributions	(41,457)	(38,118)	(79,575)
Net contribution revenue	3,427,754	731,572	4,159,326
Net investment income	261,989	19,538	281,527
Total Net Income	3,689,743	751,110	4,440,853
Takaful benefits and expenditures			
Takaful benefits net of re-takaful	(715,832)	(46,971)	(762,803)
Management expenses less recoveries	(884,487)	(450,128)	(1,334,615)
Total takaful benefits and expenditures	(1,600,319)	(497,099)	(2,097,418)
Excess of income over takaful benefits and expenditures	2,089,423	254,011	2,343,435
Add: Takaful liabilities at beginning of year	4,173,797	141,294	4,315,090
Less: Takaful liabilities at end of year	(6,051,678)	(451,313)	(6,502,991)
Surplus / (deficit) for the year	211,542	(56,008)	155,533

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

27. MOVEMENT IN INVESTMENTS

	Held to Maturity	Available for sale	At fair value through profit or loss	Total
(Rupees in '000)				
As at January 1, 2021	1,661,000	-	2,397,454	4,058,454
Additions	23,480,000	-	4,594,210	28,074,210
Disposals (sale and redemptions)	(22,356,000)	-	(3,578,717)	(25,934,717)
Fair value net gains (excluding net realised gains / losses)	-	-	(69,704)	(69,704)
As at December 31, 2021	2,785,000	-	3,343,244	6,128,244
As at January 1, 2022	2,785,000	-	3,343,244	6,128,244
Additions	18,815,000	-	5,037,232	23,852,232
Disposals (sale and redemptions)	(19,425,000)	-	(4,157,717)	(23,582,717)
Fair value net gains (excluding net realised gains / losses)	-	-	(270,279)	(270,279)
As at December 31, 2022	2,175,000	-	3,952,479	6,127,479

28. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**28.1 Financial risk management objectives and policies**

The Company is exposed to a variety of financial risks: market risk (comprising currency risk, interest rate risk, and other price risk), liquidity risk and credit risk in relation to the financial statements on its statement of financial position. The Operator's overall risk management seeks to minimize potential adverse effects on the Operator's financial performance of such risk.

The Board of Directors has the overall responsibility for the establishment and oversight of the Operator's risk management framework. There are Board Committees and Management Committees for developing risk management policies and its monitoring.

28.1.1 Market risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Operator is exposed to market risk with respect to its investments and with respect to products other than unit linked products (where the investment risk is passed on to policyholders). The Operator limits market risk by maintaining a diversified portfolio and by continuously monitoring developments in government securities and equities.

28.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments 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 Pakistan Rupees.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

28.1.3 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.

28.1.4 Equity price risk

The Operator's listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The Operator limits market risk by maintaining a diversified portfolio. In addition, the Operator actively monitors the key factors that affect stock market.

Sensitivity Analysis

In case of 1% increase / (decrease) in PSX 100 index as at December 31, 2022, with all other variables held constant, the total comprehensive income would have been increase /(decrease) by Rs. 10.01 million (2021: 8.10 million) as result of gain/(losses) on equity securities. The analysis is based on the assumption that the equity index had increased / (decreased) by 1% with all other variables held constant and represents management's best estimate of a reasonable possible shift in PSX 100 index, having regard to the historical volatility of the index.

28.1.5 Liquidity risk :

Liquidity risk is the risk that the Operator 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 Operator could be required to pay its liabilities earlier than expected or it encounters difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

The Operator is maintaining sufficient liquid assets both in the form of cash deposits and liquid securities to meet its long term and short term cash requirements.

28.1.6 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.

Concentration of credit risk arises when a number of counter parties have similar types of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet contractual obligations in a similar manner. Major credit risk arises in credit exposure to group life policyholders on account of premiums / contribution due but unpaid and on bank balances.

The management monitors exposure to credit risk through regular review of credit exposure and assessing credit worthiness of counter parties.

The credit quality of the Operator's bank balances (including term deposits) can be assessed with reference to external credit ratings as follows:

Adamjee Life Assurance Company Limited

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Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

	2022	2021
	(Rupees in '000)	
Ratings of Banks*		
A	1,177,006	1,175,579
A+	1,802,719	893,144
AA	1,183,468	1,582,121
AA+	409,716	3,988
AAA	348,817	89,580
	4,921,726	3,744,412

*Rating of banks performed by PACRA and VIS Credit Rating Operator.

The credit quality of Operator's exposure on TFCs and corporate sukuk can be assessed with reference to rating issued by rating agency as follows:

Issuer of TFC's / corporate sukuk **	Rating	2022	2021
		(Rupees in '000)	
Engro Polymer & Chemicals Limited	AA	-	59,532
International Brands Limited	AA	-	4,197
Meezan Bank Limited	AAA	77,040	83,031
Government of Pakistan (Pakistan Energy Limited)	Sovereign	125,000	-
		202,040	146,760

**Rating of issuers of TFCs and corporate sukuk performed by PACRA and VIS Credit Rating Operator.

Investment in Government securities are not exposed to any credit risk.

The management monitors exposure to credit risk in family takaful receivable from group clients through regular review of credit exposure and makes provision for doubtful family takaful receivable based on prudent estimates.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

28.1.7 Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market profit rates. The Operator invests in securities and has bank balances and deposits that are subject to interest / mark-up rate risk. The Operator limits profit rate risk by monitoring changes in profit rates in the currencies in which its cash and investments are denominated.

The information about Operator's exposure to interest rate risk based on contractual repricing or maturity dates as of December 31, 2022, whichever is earlier, is as follows:

		2022						
		Profit bearing			Non profit bearing			Total
On balance sheet financial instruments		Maturity up to 1 Year	Maturity after 1 Year	Sub Total	Maturity up to 1 Year	Maturity after 1 Year	Sub Total	
(Rupees in '000)								
Assets								
	Investments	2,175,000	1,920,476	4,095,476	2,032,003	-	2,032,003	6,127,479
	Takaful / retakaful receivables	-	-	-	4,336	-	4,336	4,336
	Loans and other receivables	-	-	-	167,634	-	167,634	167,634
	Cash and bank	2,600,759	-	2,600,759	153,003	-	153,003	2,753,762
		4,775,759	1,920,476	6,696,235	2,356,976	-	2,356,976	9,053,211
Liabilities								
	Takaful / retakaful payables	-	-	-	19,314	-	19,314	19,314
	Other creditors and accruals	-	-	-	146,249	-	146,249	146,249
		-	-	-	165,563	-	165,563	165,563
		4,775,759	1,920,476	6,696,235	2,191,413	-	2,191,413	8,887,648
		2021						
		Interest / markup bearing			Non interest / non markup bearing			Total
On balance sheet financial instruments		Maturity up to 1 Year	Maturity after 1 Year	Sub Total	Maturity up to 1 Year	Maturity after 1 Year	Sub Total	
(Rupees in '000)								
Assets								
	Investments	2,785,000	1,219,492	4,004,492	2,123,752	-	2,123,752	6,128,244
	Takaful / retakaful receivables	-	-	-	2,673	-	2,673	2,673
	Loans and other receivables	-	-	-	69,561	-	69,561	69,561
	Cash and bank	912,663	-	912,663	51,216	-	51,216	963,879
		3,697,663	1,219,492	4,917,155	2,247,202	-	2,247,202	7,164,357
Liabilities								
	Takaful / retakaful payables	-	-	-	27,745	-	27,745	27,745
	Other creditors and accruals	-	-	-	179,227	-	179,227	179,227
		-	-	-	206,972	-	206,972	206,972
		3,697,663	1,219,492	4,917,155	2,040,230	-	2,040,230	6,957,385

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

29. INSURANCE RISK

29.1 Individual Family Takaful Unit Linked Business

The risk covered is mainly death and sometimes disability and / or critical illness. The risk of death and disability will vary from region to region. The PTF may get exposed to poor risks due to unexpected experience in terms of claim severity or frequency. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The PTF may also face the risk of poor investment return, and liquidity issues on monies invested in the fund. The PTF faces the risk of inadequacy of the Mortality Charge (Takaful Contribution) particularly due to the fact that these contracts are long term. Additionally, the risk of poor persistency can lead to an impact on the size of the PTF. A larger PTF may allow for a greater degree of cross subsidization of Mortality Risk, increasing the probability of convergence between actual and expected Mortality experience.

The Operator manages these risks through its underwriting, retakaful, claims handling policy and other related controls. The Operator has a well defined medical under-writing policy and avoids issuing cover to high risk individuals. This puts a check on anti-selection. The need for profit testing is reviewed on an annual basis to ensure reasonableness of contribution charged for risk underwritten by the PTF. Retakaful contracts have been purchased by the Operator to limit the maximum exposure on any one participant.

The Operator has a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency, the Operator applies quality controls on the standard of service provided to Participants of the PTF and has placed checks to curb mis-selling and improvement in the standard of customer service. For this, a regular branch wise monitoring of lapsation rates is conducted. On the claims handling side, the Operator has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, a Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. The Operator maintains adequate liquidity in each unit fund to cater for potentially sudden and high cash requirement. Further, all payments on account of claims are made after necessary approval of relevant authority as per policy of the Operator. The Operator reserves the right to review the Takaful Contributions deductible under the contracts, thus limiting the risk of under pricing.

Frequency and severity of claims

The Operator measures concentration of risk by geographical area. :Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The Operator charges for mortality risk on a monthly basis for all Takaful contracts. It has the right to alter these charges based on its mortality experience and hence minimises its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may hinder its mitigating effect. The Operator manages these risks through its underwriting strategy and retakaful arrangements.

The table below presents the concentration of covered benefits across five bands of covered benefits per participant. The benefit covered figures are shown gross and net of the retakaful contracts described above.

The amounts presented are showing total exposure of the PTF including exposure in respect of riders attached to the main policies.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

Benefits covered per life

	2022			
	Total benefits covered			
	Before retakaful		After retakaful	
	(Rupees in '000')	Percentage	(Rupees in '000')	Percentage
0-200,000	849,097	1.78%	843,954	2.82%
200,001 - 400,000	4,442,312	9.29%	4,420,663	14.80%
400,001 - 800,000	11,608,845	24.27%	11,126,641	37.24%
800,001 - 1,000,000	10,724,837	22.42%	7,524,830	25.19%
More than 1,000,000	20,202,554	42.24%	5,961,383	19.95%
Total	47,827,645		29,877,471	

Benefits covered per life

	2021			
	Total benefits covered			
	Before retakaful		After retakaful	
	(Rupees in '000')	Percentage	(Rupees in '000')	Percentage
0-200,000	908,949	1.95%	903,369	3.03%
200,001 - 400,000	4,551,231	9.76%	4,525,204	15.19%
400,001 - 800,000	11,622,067	24.94%	11,165,995	37.49%
800,001 - 1,000,000	11,334,018	24.32%	7,779,698	26.12%
More than 1,000,000	18,192,610	39.03%	5,407,906	18.16%
Total	46,608,875		29,782,172	

a) Sources of uncertainty in the estimation of future benefit payments and contribution receipts

Uncertainty in the estimation of future benefit payments and contribution receipts for long-term unit linked takaful contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in participant's behaviour.

b) Factors impacting future benefit payments and contribution receipts are as follows:

Mortality: The expected mortality is assumed to be 80% of SLIC (2001-05).

Persistency: The Operator exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

c) Process used to decide on assumptions

For long-term unit linked takaful contracts, assumptions are made in two stages. At inception of the contract, the Operator determines assumptions on future mortality, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies. Assumptions used for profit testing of the main policies are as follows:

Mortality: The Operator assumes the expected mortality to be 80% of SLIC (2001-05)

Persistency: The Operator exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

Expense levels and inflation: A periodic study is conducted on the Operator's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.

Investment returns: The investment returns are based on the historic performance of the assets and asset types underlying the fund.

e) Changes in assumptions

There are no changes in assumptions.

29.2 Group Life Family Takaful

The main exposure of the PTF is to mortality risk. The PTF may be exposed to the risk of unexpected claim severity or frequency. This can be a result of writing business with higher than expected mortality, writing high cover amounts without adequate underwriting, difficulty of verification of claims, fraudulent claims or a catastrophe. The PTF also faces risk such as that of under-pricing to acquire business in a competitive environment and of non-receipt of takaful contributions in due time. There also exists a potential risk of asset liability term mismatch due to liabilities being very short term in nature.

The Operator manages these risks through underwriting, retakaful, effective claims handling and other related controls. The Operator has a well defined medical under-writing policy and avoids writing business for groups with overly hazardous exposure. Pricing is done using the retakaful rates. The contribution charged takes into account the actual experience of the client and the nature of mortality exposure the group faces. The rates are certified by the appointed actuary for large groups. The Operator also maintains an MIS to track the adequacy of the takaful contribution charged. Retakaful contracts have been purchased by the Operator to limit the maximum mortality exposure of any one covered person. The Operator ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor experience. Writing business of known hazardous groups is also avoided. On the claims handling side, the Operator ensures that payment of any fraudulent claims is avoided. Strict monitoring is in place in order to keep the outstanding balances of contribution at a minimum, especially the ones that are due for more than 90 days. The bulk of the assets held against liabilities of this line of business are cash to money market with short durations and high liquidity, thus mitigating the risk of asset value deterioration and liability mismatch.

Frequency and severity of claims

The Operator measures concentration of risk by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

The table below presents the concentration of covered benefits across five bands of covered benefits per participant. The benefit covered figures are shown gross and net of the retakaful contracts described above.

The amounts presented are showing total exposure of the PTF including exposure in respect of riders attached to the main policies.

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

Benefits covered per Participant

Rupees	2022			
	Total benefits covered			
	Before retakaful		After retakaful	
	(Rupees in '000')	Percentage	(Rupees in '000')	Percentage
0-500,000	11,171,714	4.98%	55,850,309	35.04%
500,001-1,000,000	172,549,086	76.86%	91,219,852	57.23%
1,000,001-1,500,000	2,430,528	1.08%	3,085,195	1.94%
1,500,001-2,000,000	3,530,848	1.57%	2,502,455	1.57%
More than 2,000,000	34,825,324	15.51%	6,741,547	4.23%
Total	224,507,500		159,399,359	

Benefits covered per Participant

Rupees	2021			
	Total benefits covered			
	Before retakaful		After retakaful	
	(Rupees in '000')	Percentage	(Rupees in '000')	Percentage
0-500,000	11,528,919	21.60%	11,475,157	34.15%
500,001-1,000,000	8,823,451	16.53%	8,178,673	24.34%
1,000,001-1,500,000	2,260,910	4.24%	1,214,104	3.61%
1,500,001-2,000,000	4,875,495	9.14%	2,299,894	6.84%
More than 2,000,000	25,880,570	48.49%	10,437,280	31.06%
Total	53,369,345		33,605,107	

a) Sources of uncertainty in the estimation of future benefit payments and contribution receipts

Other than conducting a liability adequacy for Unexpired Risk Reserves (URR), there is no need to estimate mortality for future years because of the short duration of the contracts.

b) Process used to decide on assumptions

The business is too new for any meaningful investigation into the group's past experience. However, industry experience, the insured group's own past experience and retakaful risk rates are used to determine the expected level of risk in relation to the SLIC (2001-05) Individual Life Ultimate Mortality Table.

c) Changes in assumptions

There are no changes in assumptions.

d) Sensitivity analysis

The table below shows the level of respective variation in liabilities for change in each assumption while holding all other assumptions constant.

Variables	Change in Variable	Increase in liability 2022 (Rupees in '000')
Worsening of mortality rates for risk policies	+10% pa	1,061
Increase in reporting lag	+10% pa	1,061

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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.

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).

On balance sheet financial instruments

	As at December 31, 2022								
	Carrying value				Fair value				
	Available for Sale	Fair value through profit or loss	Loans and Receivables	Financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
Financial assets measured at fair value									
- Investments									
Government Securities (Sukuks)	-	1,491,436	-	-	1,491,436	-	1,491,436	-	1,491,436
Equity securities	-	1,000,449	-	-	1,000,449	1,000,449	-	-	1,000,449
Mutual funds	-	1,031,554	-	-	1,031,554	1,031,554	-	-	1,031,554
Debt securities	-	202,040	-	-	202,040	-	202,040	-	202,040
	-	3,725,479	-	-	3,725,479	2,032,003	1,693,476	-	3,725,479
Non-financial assets measured at fair value									
- Investment property	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value									
- Advances against purchase of corporate sukus	-	-	227,000	-	227,000				
- Balances with banks	-	-	2,753,762	-	2,753,762				
- Term deposit receipts	-	-	2,175,000	-	2,175,000				
- Other financial assets	-	-	162,673	-	162,673				
	-	-	5,091,435	-	5,091,435				
Financial liabilities not measured at fair value									
- Other Financial liabilities	-	-	-	166,819	166,819				
	-	-	-	166,819	166,819				
	-	3,725,479	5,091,435	166,819	8,650,095				

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

As at December 31, 2021

	Carrying value				Fair value				
	Available for Sale	Fair value through profit or loss	Loans and Receivables	Financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
Financial assets measured at fair value									
- Investments									
Government Securities (Sukuks)	-	867,732	-	-	867,732	-	867,732	-	867,732
Listed equity securities	-	809,675	-	-	809,675	809,675	-	-	809,675
Units of mutual funds	-	1,314,077	-	-	1,314,077	1,314,077	-	-	1,314,077
Debt securities	-	146,760	-	-	146,760	-	146,760	-	146,760
	-	3,138,244	-	-	3,138,244	2,123,752	1,014,492	-	3,138,244
Financial assets not measured at fair value									
- Advances against purchase of corporate sukus	-	-	205,000	-	205,000				
- Balances with banks	-	-	963,879	-	963,879				
- Term deposit receipts	-	-	2,785,000	-	2,785,000				
- Other financial assets	-	-	93,427	-	93,427				
	-	-	4,047,306	-	4,047,306				
Financial liabilities not measured at fair value									
- Other Financial liabilities	-	-	-	228,165	228,165				
	-	-	-	228,165	228,165				
	-	3,138,244	4,047,306	228,165	6,957,385				

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

31. Statement of Solvency

Particulars	Individual Family Takaful Unit Linked Business	Group Family Takaful Business
(Rupees in '000)		
Assets		
Investments		
Equity securities	1,000,449	-
Government sukuks	1,509,697	112,285
Debt securities	429,040	-
Mutual Fund	1,031,554	-
Takaful / retakaful receivables	-	1,963
Other loans and receivables	37,088	-
Deferred taxation	-	-
Taxation - payments less provision	153,225	-
Prepayments	3,337	-
Cash and Bank	2,720,822	32,940
Total Assets (A)	9,060,212	147,188
Inadmissible assets as per following clauses of section 32 (2) of Insurance Ordinance, 2000		
(d) Loan to employees	(2,529)	-
(h) Contribution more than 90 days	-	(319)
Total of inadmissible assets (B)	(2,529)	(319)
Total admissible assets (C = A-B)	9,057,683	146,869
Total liabilities		
Takaful liabilities net of takaful recoveries	152,012	7,520
Contribution received in advance	87,968	3,746
Takaful / retakafu payables	21,805	25,289
Other creditors and accruals	145,590	159
Total liabilities (D)	407,375	36,714
Total net admissible assets (E = C - D)	8,650,308	110,155
Minimum solvency requirement		
Shareholders' fund	-	-
Policyholders liability	(8,385,691)	(68,000)
Solvency Margin	(103,178)	(34,643)
	(8,488,869)	(102,643)
Excess in net admissible assets over minimum requirements	161,439	7,512

Adamjee Life Assurance Company Limited

Notes to and forming part of the Financial Statements

Window Takaful Operations (Un-audited)

For the year ended December 31, 2022

32. CORRESPONDING FIGURES

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

33. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Operator in their meeting held on February 10, 2023.



S. Muhammad Jawed
Chairman



Muhammad Ali Zeb
Director



Imran Maqbool
Director



Manzar Mushtaq
Chief Executive Officer



Jalal Meghani
Chief Financial Officer

04

**OTHER
INFORMATION**



GEOGRAPHICAL PRESENCE & BRANCH NETWORK

Head Office	Registered Office
KARACHI 3rd and 4th Floor, Adamjee House, I.I Chundrigar Road, Karachi Tel: 021-38677100	ISLAMABAD Office No. 505, Islamabad Stock Exchange, 5th Floor, Islamabad Tower, Blue Area, Islamabad Tel: 051-8094670

Bancassurance Offices

HYDERABAD

Dawood Centre, Office No. 207, 7th Floor, Plot No. A/20, Autobhan Road, Hyderabad
022-8339900

PESHAWAR

Office No.174–175, 3rd Floor, Deans Trade Centre, Islamia Road, Peshawar Cantt., Peshawar
091-7010000-9

ISLAMABAD

Office No. 505, Islamabad Stock Exchange, 5th Floor, Islamabad Tower, Blue Area, Islamabad
051-8094670

MULTAN

Office # 1 to 4 3rd Floor, United Mall Plot # 74, Abdali road Multan
061-8021650

FAISALABAD

Office no.2 6th floor,Meezan Executive Tower,Plot no.4-Liaquat Road, Faisalabad
041-5000000

SARGODHA

Office # 3 , 4 and 5, 2nd Floor, Hassan Trade Centre Opposite Masjid Shohda Khushab Road Sargodha
048-2010000-9

LAHORE

Office # 801 to 804, 8th floor, Al Hafeez Executive towers 30-C-III Gulberg 3 Lahore
042-38003005

Agency Distribution Offices - Convention

KARACHI

Office # 101- 102, 1st Floor, Faiyaz Centre, Main Shahrah e Faisal Karachi
021-38782738

SKARDU

2nd Floor, GM Plaza, Almdar Chowk, Skardu
05815-551099

KOTLI

1st Floor, Deen Trade Center, Shaheed Chowk, Kotli
"05826-549789

MULTAN

Office No. B.F 3/2, ChenOne Tower, 74 Abdali Road, Multan
061-8021600

BAHAWALPUR

First Floor, Abbasi Manzil, Girls School Road, Near University Chowk, Bahawalpur
062-3000000

LAYYAH

Plot No.1, Street No. A, Block No. Z, Rohani Plaza, Opposite Post Graduate Degree College, Layyah
060-6200002

BAHAWALNAGAR

First Floor, Auto Zone Workshop, Opposite Boys Degree College, Bhawalnagar
063-8001000

SAHIWAL

Five Way Chowk, Liaquat Pur Road, Sahiwal
040-8009000

VEHARI

1st Floor, Owais City Centre, Car Khana Bazar, near Faisal Bank Vehari.
061-8021600

BUREWALA

Opposite 1122 Rescue office Near Kuhachari Main Multan Road Burewala
067-3355547

DUNYA PUR

Near Gulshan Mehdi colony Malsi Road, Dunya Pur.
062-3000000

MUZAFARGARH

Jhang Road Near Railway Phatk, Muzafargarh
066-8010001

D.G KHAN

Ground Floor, Punjab Plaza 1122 Office Chowk Churhatta DG Khan
064-2407558

BHAKKAR

Plot no. 2, Ward No. 6, Main Club Road X Momin Marriage Hall, Mandi Town, Bhakkar
0453-514112

OKARA

1st floor, Irfan Plaza, M.A Jinnah Road, Okara.
044-2511018

KOT ADDU

Opposite Gulshan e Usman Colony, Near Aba Seel, CNG Petrol Pump Kot Addu
066-2900175

KAROR LAL ESAN

Main Karor Laal Road Plaza Stop, Karor Lal Esan
0606-811750

KHANEWAL

Plot no.68/A, Street No,3, Block No,10, Bhatta Chok Near Rana ikram ul haq chock Khanewal
065-2553306

LAHORE

Plot No 21, Block "L", Johar Town, Lahore
042-38104800

LAHORE

3rd Floor, Plaza 75, Commercial Zone, Cavalry Ground, Lahore Cantt, Lahore
042-36619624

LAHORE

2nd Floor, 148-01 B/2, Township Quaid-e-Azam Town, Lahore
042-35123603

FAISALABAD

2nd Floor, Faisal Complex Opposite Pizza hut, Bilal Road, Civil lines, Faisalabad
041-5270269

SARGODHA

1st Floor, Office No. 04, Qureshi Arcade, Khushab Road, Sargodha
048-3767903

SANGLA HILLS

Old Kachery Road, Near Madina Chowk, Model Town, Sangla Hill
056-3544586

SHEIKHPURA

1st & 2nd floor, near Dar-ul-Barkat Hospital, Stadium Road, Sheikupura
056-3610322

JHANG

Khewat-No. 71, Khtooni-No. 210, Church Road, Upper hall, Orix leasing, Jhang
047-7622264

JHELUM

Mohallah Mujahida Abad Near Food Goddam Gate, GT Road, Jehlum.
0544-274254

GUJRANWALA

Shop # 80, 1st Floor, Near Forks & Knife Pizza, Mumtaz Market, Adjacent G.T Road, Gujranwala
055-3845205

JAMPUR

House No.7, Ejaz Serwar colony, New Bus Adda, Indus Highway, Rajenpur Road, Jampur
0604-685772

FATEHPUR

Plot # 20, Near Bismillah Children Hospital M M
Road Fatehpur
0606-811750

RAWALPINDI

Plot No. 67-A, Main Muree Road, Zarwar Centre,
Rawalpindi
051-8109995

Agency Distribution Office - Takaful

HYDERABAD

Block D - 204, Unit No. 07, Mezzanine Floor,
Opposite American Hospital, Latifabad, Hyderabad
022-3810187

MIRPURKHAS

Flat No. 716, Near Kaly Khan Pump, Above Faysal
Bank, Mirpurkhas
0233-873233

HALA

1st Floor, MCB Bank Building, Dargah road, Hala
022-3331180

NAWABSHAH

Above 1st step shoes Shop, 1st Floor, Near Edhi
Chowk, Masjid Road, Nawabshah.
0244-362432

SUKKUR

Office Mezzanine Floor B, Chamber Plaza, Dua
Chowk Near Chamber of Commerce, Bunder Road,
Sukkur
071-5621003

SHAHDADPUR

1st Floor of Apna Microfinance Bank, Near Shahi
Bazar, Station Road Shahdadpur
0235-844800

SAKRAND

Hamdard Career Point Grammar School, Qazi
Ahmed Road, Sakrand
0244-322698

GHOTKI

1st Floor, Qadirpur Road, Opposite LUMS
Laboratories, Ghotki
0723-680601

TANDOADAM

2nd Floor at Diamonds Trader, Tando Alla Yar Road,
Roshan Sulman Society, Tando Adam
0235-571991

ISLAMABAD

East Half of 3rd Floor , Ali Plaza Block No. 27-E,
Fazal-e-Haq road, Blue Area, Islamabad
051-8107400

PESHAWAR

Plot-No. 38-D, 4th Floor, Afzal Tower, Main University
Road Opposite PARCO Petrol Pump, Peshawar
091-5844610

ABBOTTABAD

1st Floor in Qazi's Mall main Mansehra road,
Abbottabad
0992-405999

GILGIT

1st Floor, Ahib Jan Plaza, opposite to National bank
of Pakistan, Jutial, Gilgit
05815-551099

SWAT

Shop-No 1-3, 1st Floor, Sultan Tower, Saidu Road,
Near Tableghi Masjid, Makanbagh, Swat
0946-713400

WAH CANTT

1st Floor of Tarbela Plaza, Muneer Ahmed, G.T
Road, Wah Cantt
051-4925015

Sialkot

1st Floor, Tanveer Tower, Gohdpur Road, Opposite
Shadab law College, Sialkot.
0322-7377662

Toba Tek Singh

Dr Zahid Khan Iodhi ultrasound specialist clinic's first floor near Akbari Masjid, new plaza , Toba Tek Singh
0334-1410140

Renala

Roya Akhtar Wala, 2nd Floor, Near Lari Ada, Renala Khurd. Okara. 0344-6731340
0304-5789564

Lahore

3rd Floor, Wahdat road, Muslim town Lahore.
0322-8057447

Multan

1st Floor, Orient Mall Opposite City College,
Khanywal Road Multan .
0314-6121111

Faisalabad

Plot# 132-A, Peoples colony# 1, Tanki Wala Road
near chenone road, Faisalabad
0308-7734250

Kasur

1st Floor, U Bank,Liaqat Road, Qadir Abad
Chowk,Kasur.
0307-4538405

Mandibahuddin

Punjab Center, Akber Plaza 1st Floor, Mandi
Bahuddin Tehsil & District MandiBahuddin
0334-5005575

RAHIM YAR KHAN

Hostel Road, Opposite Silver center, 12/B Model
Town, Rahim Yar Khan
068-2010002

Khairpur

Plot No. 18, 2nd Floor, Katchehry Road, Khairpur
024-3714425/ 0333-7197266

Pattern of Shareholding

as of December 31, 2022

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
MR. SHAIKH MUHAMMAD JAWED	1	250	0.00
MR. UMER MANSHA	1	250	0.00
MR. NAZ MANSHA	1	250	0.00
MR. IMRAN MAQBOOL MALIK	1	250	0.00
MR. AHMAD ALMAN ASLAM	1	250	0.00
MR. SHAHMEER KHALID BUTT	1	250	0.00
MR. MOHAMMAD ALI ZEB	1	250	0.00
Associated Companies, undertakings and related parties	3	228,612,225	91.44
Executives	-	-	-
NIT and ICP	-	-	-
Banks, Development Finance Institutions, Non-Banking Finance Companies	-	-	-
Insurance Companies	-	-	-
Modarabas and Mutual Funds	8	2,675,777	1.07
General Public			
a. Local	834	3,222,796	1.29
b. Foreign	55	73,000	0.03
Foreign Companies	-	-	-
OTHERS	18	15,414,452	6.17
Totals	925	250,000,000	100.00

Share holders holding 10% or more	Shares Held	Percentage
ADAMJEE INSURANCE COMPANY LIMITED	224,998,250	90.00

NOTICE OF 14TH ANNUAL GENERAL MEETING

Notice is hereby given that the 14th Annual General Meeting of the Shareholders of Adamjee Life Assurance Company Limited will be held at ISE Auditorium, ISE Towers, 55-B, Jinnah Avenue, Blue Area, Islamabad, on Thursday April 27, 2023 at 02:00 p.m. to transact the following business:

Ordinary Business:

1. Confirm the minutes of 13th Annual General Meeting held on April 27, 2022;
2. Receive, consider and adopt Directors' report, Auditors' report and Audited Financial Statements for the year ended December 31, 2022;
3. Appoint Auditors for the year 2023 and fix their remuneration. The retiring auditors, M/s Yousuf Adil, Chartered Accountants have offered themselves for reappointment;

Special Business:

4. To consider and if deemed fit, to pass the following resolution as special resolution, with or without modification(s), addition(s), or deletion(s):

RESOLVED THAT "approval of the members of Adamjee Life Assurance Company Limited be and is hereby accorded in terms of Sub-Section (4) of Section 199 of The Companies Act, 2017 to further invest Rs. 15 Billion in the ordinary shares of the following Associated companies.

S. No.	Name of Associated Company	Investment	Previously Approved Limits	Additional Limit for Approval
1.	D G Khan Cement Company Limited	Ordinary shares	PKR 2,000 Million	PKR 5,000 Million
2.	MCB Bank Limited	Ordinary shares	PKR 5,000 Million	PKR 5,000 Million
3.	Nishat Mills Limited	Ordinary shares	PKR 2,000 Million	PKR 5,000 Million

FURTHER RESOLVED THAT "this special resolution shall be valid for a period of 05 Years and the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company pursuant to the foregoing special resolution, for and on Behalf of the Company, be and are hereby singly empowered and authorized to take all steps and action necessary, incidental and ancillary for the purchase of shares of associate companies or undertakings stated above and to do all acts, matters, deeds and things as may be necessary or expedient for the purpose of giving effect to the spirit and intent of this special resolution and for completion of all legal formalities and filling of necessary documents for the purpose of implementation of this special resolution".

FURTHER RESOLVED THAT "subsequent to the above said equity investment, Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby authorized singly to dispose of through any mode, a part or all of equity investments made by the Company from time to time as and when deemed appropriate and necessary in the best interest of the Company".

Statement under section 134(3) of The Companies Act, 2017, comprising of Annexure pertaining to special business is being sent to the shareholders along with this notice.

5. Transact any other business as may be placed before the meeting with the permission of the chair.

By Order of the Board

Karachi: Thursday April 06, 2023

Rahim Vallyani
Company Secretary

Notes:

1. The Share Transfer Books of the Company shall remain closed from April 19, 2023 to April 27, 2023 (both days inclusive). Transfer received at the Share Registrar of the Company, by the close of business on April 18, 2023 will be treated in time.
2. A member entitled to attend and vote at the Meeting may appoint another member as his/her proxy to attend and vote for him/her provided that a corporation being a member may appoint as its proxy a person who is not a member and is duly authorized by the corporation. Proxy must be received at the Registered Office of the Company not later than 05:00 p.m. on April 24, 2023.
3. The all Shareholders are requested to strictly follow the COVID-19 related SOPs issued by the Provincial and/or the Federal Government.
4. **Participation in the AGM through Video link:**

In accordance with the Circular No.4 of 2021 of the SECP, the Company has also provided members the facility of attending the general meeting through video link..:

The shareholders interested to participate through video link are requested to please provide below information at Email: cdcsr@cdcsrsl.com at the earliest but not later than close of business on April 24, 2023.

Name of the Shareholder	Company	CNIC Number	Folio Number	Cell Number	E- mail address
	Adamjee Life Assurance Co.				

Please note that video link and login credentials will be shared with only those members / designated proxies whose e-mail and other required information are received in required time as mentioned above.

- a) Video-link for the meeting will be sent to members at their provided email addresses enabling them to attend the meeting on the given date and time.

- b) Login facility will be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after the identification process. Shareholders will be able to login and participate in the meeting proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders.
- c) Shareholders may send their comments and suggestions relating to the agenda items of the AGM at least two (2) working days before the meeting, at the given email address **cdcsr@cdcsrsl.com**. Shareholders are requested to mention their full name, CNIC # and Folio/CDC Account # for this purpose.

Shareholders are encouraged to participate in the meeting to consolidate their attendance and participation through proxies.

- 5. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan

A. For attending the Meeting:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration detail are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.
- ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of Meeting.

B. For appointing proxies:

- i) In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CINC or original passport at the time of the Meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

6. Availability of Audited Financial Statements on Company's Website

The Company has placed the Audited Annual Financial Statements for the year ended December 31, 2022 along with Auditor's and Director's Reports thereon on its website: www.adamjeelife.com

7. Transmission of Financial Statements to the Members through e-mail

Pursuant to Section 223(6) of the Companies Act, 2017, , the Company is allowed to send Audited Financial Statements , Auditor's Report and Director's Report through e-mail to the members of the Company. Members desiring to avail this facility may provide the requisite information to the Company Share Registrar, M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.

8. Transmission of the Annual Audited Financial Statements through CD/DVD

The Company has circulated financial statements to its members through CD at their registered address. Printed copy of above referred statements can be provided to members upon request. Request form is available on the website of the Company i.e. www.adamjeelife.com

9. Procedure for E-Voting

In accordance with the Companies (Postal Ballot) Regulation, 2018, ("the Regulations") the right to vote through electronic voting facility and voting by post shall be provided to members of every listed company for, inter alia, all businesses classified as special business under the Companies Act, 2017, ("the Act") in the manner and subject to conditions contained in the Regulations.

- a) Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business on April 18, 2023.
- b) The web address, login details, and password, will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of CDC Share Registrar Services Limited (being the e-voting service provider).
- c) Identity of the Members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- d) Voting lines will start from March 21, 2023, 09:00 a.m. and shall close on March 26, 2023 at 5:00 p.m. Members can cast their votes any time in this period. Once the vote on a resolution is cast by a Member, he / she shall not be allowed to change it subsequently.

10. Procedure for Voting Through Postal Ballot

Pursuant to Regulations, the right to vote through electronic voting facility and voting by post shall be provided to members of every listed company for all businesses classified as special business under the Act in the manner and subject to conditions contained in the Regulations in accordance with the requirements and procedure contained in the aforesaid Regulations. For convenience of the members, Ballot Paper is annexed to this notice and the same is also available on the Company's website www.adamjeelife.com to download.

11. Scrutinizer

In accordance with the Regulation 11 of the Regulations, the Board of the Company has appointed M/s Junaidy Shoaib Asad, Chartered Accountants, a QCR rated audit firm, to act as the Scrutinizer of the Company for the special business to be transacted in the meeting and to undertake other responsibilities as defined in Regulation 11A of the Regulations.

The members shall ensure that the duly filled and signed ballot paper, along with a copy of Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post at the Company's registered address, Adamjee Life Assurance Company Limited, 3rd & 4th Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan or email at investor@adamjeelife.com one day before the AGM, i.e., on April 26, 2023, during working hours. The signature on the Ballot Paper shall match with signature on the CNIC.

This postal Poll paper is also available for download from the website of Adamjee Life at www.adamjeelife.com or use the same as published in newspapers or received through post.

Ballot paper for voting through post for the Special Business at the Annual General Meeting to be held at ISE Auditorium, ISE Towers, 55-B, Jinnah Avenue, Blue Area, Islamabad, on Thursday April 27, 2023 at 12:00 p.m. Website: www.adamjeelife.com.				
Folio / CDS Account Number				
Name of Shareholder / Proxy Holder				
Registered Address				
Number of shares Held				
CNIC/Passport No. (in case of foreigner) (copy to be attached)				
Additional information and enclosures (in case of representative of body corporate, corporation, and federal Government)				
Name of Authorized Signatory				
CNIC/Passport No. (in case of foreigner) of Authorized Signatory (copy to be attached)				
Resolution For Agenda Item				
RESOLVED THAT "approval of the members of Adamjee Life Assurance Company Limited be and is hereby accorded in terms of Sub-Section (4) of Section 199 of The Companies Act, 2017 to further invest Rs. 15 Billion in the ordinary shares of the following Associated companies.				
S. No.	Name of Associated Company	Investment	Previously Approved Limits	Additional Limit for Approval
1.	D G Khan Cement Company Limited	Ordinary shares	PKR 2,000 Million	PKR 5,000 Million
2.	MCB Bank Limited	Ordinary shares	PKR 5,000 Million	PKR 5,000 Million
3.	Nishat Mills Limited	Ordinary shares	PKR 2,000 Million	PKR 5,000 Million
Instructions For Poll				
1. Please indicate your vote by ticking () the relevant box.				
2. In case if both the boxes are marked as (), you poll shall be treated as _____				
I/we hereby exercise my/our vote in respect of the above resolution through ballot by conveying my/our assent or dissent to the resolution by placing tick () mark in the appropriate box below;				

Resolution	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
Agenda Item: as stated above.		
<p>NOTES:</p> <ol style="list-style-type: none"> Dully filled ballot paper should be sent to the Chairman Office No. 505, 5th Floor, Islamabad Stock Exchange Towers, 55-B, Jinnah Avenue, Blue Area, Islamabad or email at investor@adamjeelife.com Copy of CNIC/ Passport (in case of foreigner) should be enclosed with the postal ballot form. Ballot paper should reach the Chairman within business hours by or before Wednesday March 26, 2023. Any postal ballot received after this date, will not be considered for voting. Signature on ballot paper should match with signature on CNIC/ Passport. (in case of foreigner). Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written poll paper will be rejected. In case of a representative of a body corporate, corporation or Federal Government, the Ballot Paper Form must be accompanied by a copy of the CNIC of an authorized person, an attested copy of Board Resolution, / Power of Attorney, / Authorization Letter etc., in accordance with Section(s) 138 or 139 of the Companies Act, 2017 as applicable. In the case of foreign body corporate etc., all documents must be attested by the Counsel General of Pakistan having jurisdiction over the member. Ballot Paper form has also been placed on the website of the Company at: www.adamjeelife.com. Ballot Paper form has also been placed on the website of the Company at: www.adamjeelife.com. Members may download the ballot paper from the website or use an original/photocopy published in newspapers. 		
<p>/ _____ Date _____</p> <p style="text-align: center;">Shareholder / Proxy holder Signature/Authorized Signatory</p> <p style="text-align: center;">(In case of corporate entity, please affix company stamp)</p>		

Please note that in case of any dispute in voting including the casting of more than one vote, the Chairman shall be the deciding authority.

- Members are required to timely notify any change in their address to the Share Registrar of the Company M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.

ANNEXED TO THE AGM NOTICE

Statement of special business under section 134(3) of the Companies Act. 2017

Investment in Associated Companies

The Board of Directors of the Company, while considering the options in respect of maximizing the return to policy holders through investment in marketable securities, have decided to invest in equity of the following Associated Companies.

S. No.	Name of Associated Company	Security	Amount to be invested
1.	D G Khan Cement Company Limited	Ordinary shares	PKR 5000 Million
2.	MCB Bank Limited	Ordinary shares	PKR 5000 Million
3.	Nishat Mills Limited	Ordinary shares	PKR 5000 Million

The returns for the above companies are expected to be good in terms of potential dividends as well as long term capital gains. In this regard such investments in Associated Companies are required to be approved under the authority of a Special Resolution under section (4) of 199 of Companies Act 2017. Therefore, the board has proposed (subject to members approval) to invest Rs.15 Billion in the purchase of ordinary shares of the above listed associated companies.

Note: The above is the total of investment excluding any disinvestment to be made during the period specified in B (ii).

Nature of information required to be disclosed pursuant to the Companies (Investment in Associated Companies and Undertakings) Regulations, 2017, for investment in the above listed associated companies is as follows:

Ref No.	Requirement	Information																
(a)	Disclosures for all types of investments																	
(A)	Details pertaining to the Associated Entities																	
i.	Name of associated company	1. DG Khan Cement Company Limited (DGKC) 2. MCB Bank Limited (MCB) 3. Nishat Mills Limited (NML)																
ii.	Basis of relationship	Common directorship																
iii.	Earnings per share for the last three years	<table border="1"> <thead> <tr> <th>Associated Company</th> <th>2021-2022</th> <th>2020-2021</th> <th>2019-2020</th> </tr> </thead> <tbody> <tr> <td>DGKC</td> <td>6.78</td> <td>8.49</td> <td>-4.93</td> </tr> <tr> <td>MCB</td> <td>27.63</td> <td>26</td> <td>24.5</td> </tr> <tr> <td>NML</td> <td>29.33</td> <td>16.84</td> <td>9.97</td> </tr> </tbody> </table> <p>*EPS as disclosed above is based on latest available annual audited financial statements of the Companies.</p>	Associated Company	2021-2022	2020-2021	2019-2020	DGKC	6.78	8.49	-4.93	MCB	27.63	26	24.5	NML	29.33	16.84	9.97
Associated Company	2021-2022	2020-2021	2019-2020															
DGKC	6.78	8.49	-4.93															
MCB	27.63	26	24.5															
NML	29.33	16.84	9.97															
iv.	Break-up Value of Shares (latest audited financial statements)	<table border="1"> <thead> <tr> <th>Associated Company</th> <th>Breakup value of share</th> <th>Based on Audited Financial statements</th> </tr> </thead> <tbody> <tr> <td>DGKC</td> <td>159.59</td> <td>30-Jun-2022</td> </tr> <tr> <td>MCB</td> <td>159.90</td> <td>31-Dec-2022</td> </tr> <tr> <td>NML</td> <td>225.26</td> <td>30-Jun-2022</td> </tr> </tbody> </table>	Associated Company	Breakup value of share	Based on Audited Financial statements	DGKC	159.59	30-Jun-2022	MCB	159.90	31-Dec-2022	NML	225.26	30-Jun-2022				
Associated Company	Breakup value of share	Based on Audited Financial statements																
DGKC	159.59	30-Jun-2022																
MCB	159.90	31-Dec-2022																
NML	225.26	30-Jun-2022																
v.	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements of the Companies.	The statement of financial position and profit and loss account of each of the Companies are separately available for inspection. However key information is given here after B(b)(vii)																

Ref No.	Requirement	Information																
(a)	Disclosures for all types of investments																	
(A)	Details pertaining to the Associated Entities																	
vi.	<p>In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations.</p> <p>Description of the project and its history since conceptualization.</p> <p>Starting and expected date of completion of work.</p> <p>Time by which such project shall become commercially operational.</p> <p>Expected time by which the project shall start paying return on investment.</p>	Not Applicable.																
(B)	General disclosures																	
i.	Maximum amount of investment	<p>Rs. 15 Billion below is the detail</p> <table border="1"> <thead> <tr> <th>S.NO</th> <th>Associated Company</th> <th>Investment</th> <th>Maximum Amount to invest</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>DG Khan Cement Company Limited</td> <td>Ordinary Shares</td> <td>Rs. 5000 Million</td> </tr> <tr> <td>2.</td> <td>MCB Bank Limited</td> <td>Ordinary Shares</td> <td>Rs. 5000 Million</td> </tr> <tr> <td>3.</td> <td>Nishat Mills Limited</td> <td>Ordinary Shares</td> <td>Rs. 5000 Million</td> </tr> </tbody> </table>	S.NO	Associated Company	Investment	Maximum Amount to invest	1.	DG Khan Cement Company Limited	Ordinary Shares	Rs. 5000 Million	2.	MCB Bank Limited	Ordinary Shares	Rs. 5000 Million	3.	Nishat Mills Limited	Ordinary Shares	Rs. 5000 Million
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2.	MCB Bank Limited	Ordinary Shares	Rs. 5000 Million															
3.	Nishat Mills Limited	Ordinary Shares	Rs. 5000 Million															
ii.	Purpose	To maximize the return of policyholders through dividend income as well as capital gain.																
	Benefits	<p>Dividend income and capital gain.</p> <p>DG Khan Cement Company Limited Breakup value to market price per share of DGKC is 3.09 times which is indicative of the great potential of gains on this investment upon return of economic stability and recovery of markets. Moreover, margins are expected to increase further due to increase in cement prices and lower international coal prices which will contribute to earnings and payouts potential of the Company.</p> <p>MCB Bank Limited Dividend yield ratio of MCB Bank Limited is 17.22% and breakup value to market price per share is 1.38 times. There is a great potential in this investment in terms of steady dividend income as well as gains. Moreover, increase in interest rates will immensely contribute in the earnings of the bank and this investment provides an opportunity to maximize returns.</p>																

		<p>Nishat Mills Limited Price earnings ratio of Nishat Mills Limited is 2.47 times and its breakup value to market price per share is 4.34 times beside dividend yield of 7.27%. In coming years, NML is expected to benefit from economic stability in terms of price recovery and increased margin which will increase earnings and payouts potential of the Company.</p>										
	Period of investment	<p>The period for holding of these investments will depend upon market conditions considering the best interest of the Company and its policyholders. Therefore, these investments -for- the period of these investments will be five years from the date of passing of resolution in the AGM.</p>										
iii.	Sources of funds to be utilized for investment	Policyholder										
iv.	Salient features of the agreement(s), if any, entered into with its associated company with regards to proposed investment	Shares will be purchased from the open market and negotiated deal market; hence, there is no agreement.										
v.	Direct/Indirect interest of directors, sponsors, majority shareholders and their relatives in above company	<p>DG Khan Cement Company Limited Two of our directors, Mr. Umer Mansha and Mrs. Naz Mansha (Chairperson in DGKC) are shareholder of DGKC and holds its 27,565,313 and 213,098 shares respectively.</p> <p>shareholders and their relatives in DGKC are as under as on June 30, 2022.</p> <table> <tr> <td>Security Gen Insurance Co Ltd</td> <td>228,500 shares</td> </tr> <tr> <td>Nishat Mills Limited</td> <td>137,574,201 shares</td> </tr> <tr> <td>Mian Hassan Mansha</td> <td>27,139,917 shares</td> </tr> <tr> <td>Mian Raza Mansha</td> <td>12,796,880 shares</td> </tr> <tr> <td>Ammil Raza Mansha</td> <td>5,891,098 shares</td> </tr> </table> <p>MCB Bank Limited Three of our directors, Mr. Umer Mansha, Mrs. Naz Mansha and Mr. Muhammad Ali Zeb are shareholders of MCB and hold its 44,216,616, 28,680,944 and 550 shares respectively.</p>	Security Gen Insurance Co Ltd	228,500 shares	Nishat Mills Limited	137,574,201 shares	Mian Hassan Mansha	27,139,917 shares	Mian Raza Mansha	12,796,880 shares	Ammil Raza Mansha	5,891,098 shares
Security Gen Insurance Co Ltd	228,500 shares											
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		<p>shareholders and their relatives in MCB are as under as on Dec 31, 2021.</p> <table border="0"> <tr> <td>Mian Mohammad Mansha</td> <td>7,834 shares</td> </tr> <tr> <td>Iqraa Hassan Mansha</td> <td>8,000 shares</td> </tr> <tr> <td>Mian Hassan Mansha</td> <td>43,539,042 shares</td> </tr> <tr> <td>Salman Khalid Butt</td> <td>49,000 shares</td> </tr> <tr> <td>Nishat Mills Limited</td> <td>95,125,651 shares</td> </tr> <tr> <td>Adamjee Insurance Co. Ltd</td> <td>59,225,639 shares</td> </tr> <tr> <td>D.G Khan Cement Co.Ltd</td> <td>102,277,232 shares</td> </tr> <tr> <td>Nishat (Aziz avenue) Hotels and Properties limited</td> <td>654,376 shares</td> </tr> </table> <p>Nishat Mills Limited Two of our directors Mr. Umer Mansha (also a Chief Executive Officer of NML) and Mrs. Naz Mansha holds 44,292,572 shares and 29,188,712 shares respectively. The</p> <p>and their relatives in NML are as under as on June 30, 2022.</p> <table border="0"> <tr> <td>D.G Khan Cement Co. Ltd</td> <td>30,289,501 shares</td> </tr> <tr> <td>Adamjee Insurance Co. Ltd</td> <td>2,050 shares</td> </tr> <tr> <td>MCB Bank Limited</td> <td>227 shares</td> </tr> <tr> <td>Nishat (Aziz avenue) Hotels and Properties limited</td> <td>342,500 shares</td> </tr> <tr> <td>Mian Hassan Mansha</td> <td>44,372,016 shares</td> </tr> <tr> <td>Mian Raza Mansha</td> <td>29,571,909 shares</td> </tr> </table>	Mian Mohammad Mansha	7,834 shares	Iqraa Hassan Mansha	8,000 shares	Mian Hassan Mansha	43,539,042 shares	Salman Khalid Butt	49,000 shares	Nishat Mills Limited	95,125,651 shares	Adamjee Insurance Co. Ltd	59,225,639 shares	D.G Khan Cement Co.Ltd	102,277,232 shares	Nishat (Aziz avenue) Hotels and Properties limited	654,376 shares	D.G Khan Cement Co. Ltd	30,289,501 shares	Adamjee Insurance Co. Ltd	2,050 shares	MCB Bank Limited	227 shares	Nishat (Aziz avenue) Hotels and Properties limited	342,500 shares	Mian Hassan Mansha	44,372,016 shares	Mian Raza Mansha	29,571,909 shares
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vi.	<p>In case any investment in associated company or associated undertaking has already been made , the performance review of such investment including complete information/justification for any impairment or write-off</p>	<p>Investment in DGKC, MCB and NML has performed well in form of regular dividends despite downtrend in the stock market over last couple of years causing some capital losses to the Company. Performance of DGKC, MCB and NML can be referred in point A (iii) to A (v) above.</p> <p>Moreover, Deterioration in macro-economic variables has impacted the overall stock market and has dampened the returns in several sectors.</p> <p>The investment in these companies are likely to perform better as economic stability and recovery happens over the next 3 to 5 years. Due to market circumstances, the current prices offer a good opportunity to enhance investment for higher long term returns.</p> <p>Performance DGKC: DGKC has posted half year profit after tax on December 31, 2022 of PKR 932mn (EPS: 2.13) as against PKR 2,177mn (EPS: 4.97) reported last year, decreasing by 57%. This change was largely due to rising fuel prices as well as economic uncertainty.</p> <p>The cement sector has underperformed the market due to monetary tightening, subdued economic growth and lower PSDP by the government. In addition, the increase in coal prices and currency devaluation escalated the cost of manufacturing.</p> <p>However, the cement sector has exhibited strong reliance in terms of revenues and has passed on cost pressures to a large extent. Increase in revenue is likely to offset slowdown in volumetric sales.</p>																												

		<p>DGKC is also expected to be the beneficiary of resilient cement prices and drop in coal prices. Earnings in coming year are expected to grow by 88.4% (low base) due to lower international coal prices (USD145/ton vs. USD200/ton in FY22/23) and better margins expectation from cement/clinker exports as freight charges normalize.</p> <p>Performance MCB: MCB has posted profit after tax of PKR 32,741mn (EPS: 27.63) in December 22 as against PKR 30,811mn (EPS: 26.00) reported last year, increasing by 6.26%. The bank announced a dividend of PKR 20 per share in year ended December 31, 2022. Despite exceptionally high inflation, currency devaluation and higher tax rates for FY22 enacted through Finance Act, 2022, the bank performed well with an average dividend yield of 17.22% for the year ended December 31, 2022.</p> <p>The banking sector remained under pressure due to increase in taxation as government imposed a 10% super tax as well as additional taxes linked to Advances to Deposit ratio. Selling by foreign investors due to ongoing economic challenges proved to be an overhang on the sector.</p> <p>However recently, the government has abolished the increased taxation associated with low ADR ratio which bodes well for the sector. In addition, the interest rate increase will significantly improve the banking sector earnings increasing in CY23. The asset quality of the sector has also held up well despite the interest rate increase.</p> <p>Performance NML: period ended December 31, 2022. The improvement was largely due to increase in revenue by PKR 14.615bn (27.63% increase). The company profitability is expected to remain healthy amid recent steep devaluation and focus on exports. On valuation front, the company has a P/E ratio of 2.47x for the half year ended December 31, 2022, which keeps us optimistic on overall future performance of the company.</p> <p>The textile sector remained under pressure as stronger rupee and macroeconomic concerns dented the textile exports. The textile exports are down by 8% in 7MFY23. In addition, removal of concessionary financing and subsidized utilities dented the sector outlook.</p> <p>However, the government has finally allowed the currency to move as per market condition. The increase in exchange rate will help the sector to gain export competitiveness and increase exports.</p> <p>NML is also expected to benefit from the currency depreciation which will help to increase sales and expand margins.</p>
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vii.	Any other important details necessary for the members to understand the transaction	Adamjee Life Assurance Company Limited managing its their funds in permissible securities including investment in associated companies. These investments are made after proper due diligence and based on financial strength of the investee companies. The approval sought in this AGM is for some of the top performer Companies from Textile, Cement and Banking sectors to avail the maximum benefits for its policyholders in coming years.														
(b)	In case of equity investment, following disclosures in addition to those provided under clause (a) of Sub-regulation (1) of Regulation 3 shall be made:															
i	Maximum Price at which securities will be acquired	<table border="1" data-bbox="794 752 1460 947"> <thead> <tr> <th>S. No</th> <th>Associated Company</th> <th>Maximum price for acquisition</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>DGKC</td> <td>Rs. 141.48</td> </tr> <tr> <td>2.</td> <td>MCB</td> <td>Rs. 224.53</td> </tr> <tr> <td>3.</td> <td>NML</td> <td>Rs. 123.09</td> </tr> </tbody> </table> <p data-bbox="794 981 1460 1205">In table above, maximum price for acquisition represents highest actual closing prices of the stocks between November 8, 2019 to December 31, 2022. Accordingly, these prices are only indicative; and the actual price of acquisition may be different to above prices depending on the market conditions prevailing on the date(s) of transaction / investment. However, no investment will be made at a price exceeding the maximum price stated above.</p> <p data-bbox="794 1238 1460 1294">Rationale of keeping the above stated maximum price is the financial strength of these Companies. DG Khan Cement while its breakup value per share is currently Rs. 159.74 which signifies that still the price at which shares will be acquired is lower than its book value. For MCB, the dividend yield in FY-2022 is 17.22%, FY-2021 is 12.39% and FY-2020 is 10.79% which signifies that dividend distribution is on higher side while also building up the book value. taken is Rs. 123.09 while its breakup value per share is Rs. 238.87 which is indicative of the fact that the maximum price of acquisition is still half of book value per share.</p>			S. No	Associated Company	Maximum price for acquisition	1.	DGKC	Rs. 141.48	2.	MCB	Rs. 224.53	3.	NML	Rs. 123.09
S. No	Associated Company	Maximum price for acquisition														
1.	DGKC	Rs. 141.48														
2.	MCB	Rs. 224.53														
3.	NML	Rs. 123.09														
ii.	In case the purchase price is higher than market value in case of listed securities, Justification	Not Applicable as shares will be acquired from market on prevailing trade date price.														
iii.	Maximum number of shares to be acquired	<table border="1" data-bbox="794 1850 1460 2007"> <thead> <tr> <th>S. No</th> <th>Associated Company</th> <th>Number of Shares</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>DGKC</td> <td>35,340,684</td> </tr> <tr> <td>2.</td> <td>MCB</td> <td>22,268,739</td> </tr> <tr> <td>3.</td> <td>NML</td> <td>40,620,684</td> </tr> </tbody> </table>			S. No	Associated Company	Number of Shares	1.	DGKC	35,340,684	2.	MCB	22,268,739	3.	NML	40,620,684
S. No	Associated Company	Number of Shares														
1.	DGKC	35,340,684														
2.	MCB	22,268,739														
3.	NML	40,620,684														

		Maximum number of shares to be acquired are calculated in line with share prices calculated in b (i) above.												
iv.	Number of Securities and percentage thereof held prior to and after proposed investment	<table border="1"> <thead> <tr> <th colspan="4">DG Khan Cement Limited</th> </tr> <tr> <th>Total Number of Shares held presently*</th> <th>Present Shareholding %</th> <th>Shares that would be held after proposed investment at maximum price</th> <th>Shareholding % after proposed investment</th> </tr> </thead> <tbody> <tr> <td>1,805,732</td> <td>0.41%</td> <td>37,146,416</td> <td>8.48%</td> </tr> </tbody> </table>	DG Khan Cement Limited				Total Number of Shares held presently*	Present Shareholding %	Shares that would be held after proposed investment at maximum price	Shareholding % after proposed investment	1,805,732	0.41%	37,146,416	8.48%
		DG Khan Cement Limited												
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		1,805,732	0.41%	37,146,416	8.48%									
<table border="1"> <thead> <tr> <th colspan="4">MCB Bank Limited</th> </tr> <tr> <th>Total Number of Shares held presently*</th> <th>Present Shareholding %</th> <th>Shares that would be held after proposed investment at maximum price</th> <th>Shareholding % after proposed investment</th> </tr> </thead> <tbody> <tr> <td>6,306,006</td> <td>0.53%</td> <td>28,574,745</td> <td>2.41%</td> </tr> </tbody> </table>	MCB Bank Limited				Total Number of Shares held presently*	Present Shareholding %	Shares that would be held after proposed investment at maximum price	Shareholding % after proposed investment	6,306,006	0.53%	28,574,745	2.41%		
MCB Bank Limited														
Total Number of Shares held presently*	Present Shareholding %	Shares that would be held after proposed investment at maximum price	Shareholding % after proposed investment											
6,306,006	0.53%	28,574,745	2.41%											
<table border="1"> <thead> <tr> <th colspan="4">Nishat Mills Limited</th> </tr> <tr> <th>Total Number of Shares held presently*</th> <th>Present Shareholding %</th> <th>Shares that would be held after proposed investment at maximum price</th> <th>Shareholding % after proposed investment</th> </tr> </thead> <tbody> <tr> <td>650,177</td> <td>0.18%</td> <td>41,270,861</td> <td>11.74%</td> </tr> </tbody> </table>	Nishat Mills Limited				Total Number of Shares held presently*	Present Shareholding %	Shares that would be held after proposed investment at maximum price	Shareholding % after proposed investment	650,177	0.18%	41,270,861	11.74%		
Nishat Mills Limited														
Total Number of Shares held presently*	Present Shareholding %	Shares that would be held after proposed investment at maximum price	Shareholding % after proposed investment											
650,177	0.18%	41,270,861	11.74%											
		<p>The date of current holding is 31-December-2022.</p> <p>Note: Shareholding percentages have been rounded off to two decimal places and shareholding percentages have been computed on the basis of the total outstanding shares of the companies as per their latest financial statements.</p> <p>Further, the Company shall not acquire to hold more than 10% of the voting rights or control in any single related party company at any point in time.</p>												
vi.	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	<table border="1"> <thead> <tr> <th>S.No</th> <th>Associated Company</th> <th>Average Price</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>DGKC</td> <td>Rs. 46.12</td> </tr> <tr> <td>2.</td> <td>MCB</td> <td>Rs. 114.61</td> </tr> <tr> <td>3.</td> <td>NML</td> <td>Rs. 53.83</td> </tr> </tbody> </table> <p>Source: PSX (Between November 23,2022 to February 23,2023)</p>	S.No	Associated Company	Average Price	1.	DGKC	Rs. 46.12	2.	MCB	Rs. 114.61	3.	NML	Rs. 53.83
S.No	Associated Company	Average Price												
1.	DGKC	Rs. 46.12												
2.	MCB	Rs. 114.61												
3.	NML	Rs. 53.83												
	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1)	Not Applicable												
vii.														

Key highlights of financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements in accordance with A(v) above are given hereunder;

	DG Khan Cement Company Limited	MCB Bank Limited	Nishat Mills Limited
PBT %	4.67%	35.55%	13.72%
Earnings per share	PKR 2.13	PKR 27.63	PKR 22.29
P/E Ratio	24.24 Times	4.20 Times	2.47 Times
Breakup Value per share	PKR 159.74	PKR 159.90	PKR 238.87
Breakup value to market price per share	3.09 times	1.38 times	4.34 times
Dividend per share	PKR 1.00	PKR 20.00	PKR 4.00
Dividend Yield Ratio	1.94%	17.22%	7.27%
Equity	PKR 69,986 Million	PKR 189,495 Million	PKR 83,987 Million
Profit before Tax	PKR 1,390 Million	PKR 71,365 Million	PKR 9,265 Million
Total Assets	PKR 137,627 Million	PKR 2,085,355 Million	PKR 166,978 Million
Data based on latest financial statements	December 31, 2022	December 31, 2022	December 31, 2022

Statement under regulation 4(1) of the Companies (Investment in Associate Companies or Associated Undertakings) Regulation, 2017

Ref No.	Requirement	Information																								
i.	If the associated company or associated undertaking in which the investment is being made or any of its sponsors is also a member of the investing company, the information about the interest of the associated company or associated undertaking and its sponsors and directors in the investing company shall be disclosed in the notice of general meeting called for seeking section (4) of 199 of the Companies Act 2017.	<p>The information about the interests of the associated company or associated undertaking and its sponsors and directors in the investing company is as follows:</p> <table border="1"> <tbody> <tr> <td>1. Adamjee Insurance Company Limited</td> <td>Parent Company</td> <td>249,998,250 shares</td> </tr> <tr> <td>2. Umer Mansha</td> <td>Director</td> <td>250 shares</td> </tr> <tr> <td>3. Naz Mansha</td> <td>Director</td> <td>250 shares</td> </tr> <tr> <td>4. Shaikh Muhammad Jawed</td> <td>Director</td> <td>250 shares</td> </tr> <tr> <td>5. Ahmad Alman Aslam</td> <td>Director</td> <td>250 shares</td> </tr> <tr> <td>6. Shahmeer Khalid Butt</td> <td>Director</td> <td>250 shares</td> </tr> <tr> <td>7. Muhammad Ali Zeb</td> <td>Director</td> <td>250 shares</td> </tr> <tr> <td>8. Imran Maqbool</td> <td>Director</td> <td>250 shares</td> </tr> </tbody> </table>	1. Adamjee Insurance Company Limited	Parent Company	249,998,250 shares	2. Umer Mansha	Director	250 shares	3. Naz Mansha	Director	250 shares	4. Shaikh Muhammad Jawed	Director	250 shares	5. Ahmad Alman Aslam	Director	250 shares	6. Shahmeer Khalid Butt	Director	250 shares	7. Muhammad Ali Zeb	Director	250 shares	8. Imran Maqbool	Director	250 shares
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Statement under regulation 4(2) of the Companies (Investment in Associate Companies or Associated Undertakings) Regulation, 2017

Ref No.	Requirement	Information												
i.	Total Investment approved	<table border="1"> <thead> <tr> <th>Name of Associated Company</th> <th>Total Investment Approved</th> <th>Date of Last Approval</th> </tr> </thead> <tbody> <tr> <td>D G Khan Cement Company Limited</td> <td>PKR 2000 million</td> <td>May 10,2019</td> </tr> <tr> <td>MCB Bank Limited</td> <td>PKR 5000 million</td> <td>May 10,2019</td> </tr> <tr> <td>Nishat Mills Limited</td> <td>PKR 2000 million</td> <td>May 10,2019</td> </tr> </tbody> </table>	Name of Associated Company	Total Investment Approved	Date of Last Approval	D G Khan Cement Company Limited	PKR 2000 million	May 10,2019	MCB Bank Limited	PKR 5000 million	May 10,2019	Nishat Mills Limited	PKR 2000 million	May 10,2019
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MCB Bank Limited	PKR 5000 million	May 10,2019												
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ii.	Amount of Investment made to date	<table border="1"> <thead> <tr> <th>Name of Associated Company</th> <th>Total Investment to date</th> </tr> </thead> <tbody> <tr> <td>D G Khan Cement Company Limited</td> <td>PKR 836 Million</td> </tr> <tr> <td>MCB Bank Limited</td> <td>PKR 1,137 Million</td> </tr> <tr> <td>Nishat Mills Limited</td> <td>PKR 560 Million</td> </tr> </tbody> </table>	Name of Associated Company	Total Investment to date	D G Khan Cement Company Limited	PKR 836 Million	MCB Bank Limited	PKR 1,137 Million	Nishat Mills Limited	PKR 560 Million				
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MCB Bank Limited	PKR 1,137 Million													
Nishat Mills Limited	PKR 560 Million													

ADAMJEE LIFE ASSURANCE COMPANY LIMITED**Proxy Form**

I/We _____

of _____

being a member of ADAMJEE LIFE ASSURANCE COMPANY LIMITED hereby appoint

Mr. _____

of _____

or failing him _____

of _____

as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 14th Annual General Meeting of the Company to be held on Thursday April 27, 2023 at 02:00 p.m. and at any adjournment thereof.

Signed this _____ day of _____ 2023.

WITNESSES:

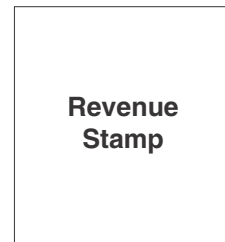
1. Signature: _____

Name: _____

Address: _____

CNIC Or _____

Passport No: _____



Signature of Member(s)

WITNESSES:

2. Signature: _____

Name: _____

Address: _____

CNIC Or _____

Passport No: _____

Shareholder's Folio No. _____

and/or CDC _____

Participant I.D.No. _____

Important:

This form of Proxy, duly completed, must be deposited at the Company's Principal Office at 3rd and 4th Floor, Adamjee House, I.I. Chundrigar Road, Karachi not later than 48 hours before the time appointed for the meeting.

آدم جی اشورنس کمپنی لمیٹڈ پراکسی فارم

میں / ہم

از

آدم جی اشورنس کمپنی لمیٹڈ کے رکن کی حیثیت سے بذریعہ ہذا

جناب

از

کا تقرر

یا عدم تقرری

از

کر رہا ہوں / رہے ہیں میرے / ہمارے نمائندے کے طور پر، بروز بدھ مورخہ ۲۷ اپریل دوپہر ۲ بجے ہونے والی کمپنی کے ۱۴ویں سالانہ عمومی اجلاس اور التوا کی صورت میں کسی بھی آئندہ تاریخ کو ہونے والے اجلاس میں میری / ہماری طرف سے اور میری / ہماری غیر حاضری کی صورت میں شریک ہونے اور میری / ہماری طرف سے ووٹ دینے کے لیے۔

بروز مورخہ ۲۰۲۳ کو دستخط کیے گئے۔

گواہان:

1. دستخط

رسیدی
ٹکٹ

نام:

پتہ:

یا CNIC

پاسپورٹ نمبر

گواہان:

2. دستخط

نام:

پتہ:

یا CNIC

پاسپورٹ نمبر

رکن (ارکان) کے دستخط

شیر ہولڈر کا فولیو نمبر

اور / یا CDC

شریک کا آئی ڈی نمبر

اہم:

یہ نمائندگی کا فارم، پوری طرح مکمل کر کے، کمپنی کے مرکزی دفتر تیسری اور چوتھی منزل، آدم جی ہاؤس، آئی آئی چندریگر روڈ، کراچی میں اجلاس کے لیے مقررہ وقت سے کم از کم ۴۸ گھنٹے پہلے لازماً جمع کروانا ہوگا۔



Adamjee Life Assurance Co. Ltd.

📍 Head Office: 3rd and 4th Floor, Adamjee House, I.I.Chundrigar Road, Karachi - 74000.

📞 +92 (21) 111-11-5433 | 📞 +92 (21) 38677100, 37134900 | 📠 +92 (21) 38630011 | 🌐 www.adamjeelife.com