

Directors' Report
For the First Quarter Ended March 31, 2023.

The Valued Shareholders,
Pakistan Reinsurance Company Limited.

On behalf of the Board of Directors of PRCL, I am pleased to present the condensed interim financial statements of the Company for the first quarter ended March 31, 2023.

Review of Business Activities

The gross written premium is Rs.6,017 million against an amount of Rs.4,575 million for the corresponding period of last year, showing increase of Rs.1,442 million (31%). The net premium is Rs.2,451 million against Rs.2,279 million, showing an increase of Rs.172 million (7.5%). The net commission (expense) for the period is Rs.264 million as compared to Rs.255 million, showing increase of Rs.9 million (3.5%). The net claims are Rs.1,636 million against Rs. 1,412 million, showing increase of Rs.224 million (15.9%).

The underwriting results after management expenses for the quarter under review are Rs. 327 million as compared to Rs.402 million for the corresponding period last year showing decrease of Rs.75 million.

The income from investment including rentals and other items for the period under review is recorded as Rs.538 million, as compared to Rs.307 million in the corresponding period of last year, showing an increase of Rs.231 million (75.2%).

The profit before tax for the quarter under review, is Rs.966 million, as compared to Rs.711 million recorded in the corresponding period last year, showing increase of Rs.255 million (35.86%).

The profit after tax for the quarter under review is Rs.649 million, as compared to Rs.477 million in the corresponding period of last year showing increase of Rs.172 million (36.05%) resulting in earning per share of Rs.0.72 as compared to Rs.0.53 the corresponding period of last year.

Review of Window Re-Takaful Business Activities.

Participants Retakaful Fund

The gross written contribution is Rs.362 million against an amount of Rs.282 million for the corresponding period of last year, showing an increase of Rs.80 million (28.36%). The net contribution is Rs.354 million against Rs.247 million, showing an increase of Rs.107 million (43%). The wakala expense

for the period is Rs.71million as compared to Rs.49 million, showing an increase of Rs.22 million (45%). The net claim expense for the period is Rs.185 million as compared to Rs.128 million, showing an increase of Rs.57 million (44%).

Operator's Retakaful Fund

The wakala income for the period is Rs.71 million as compared to Rs.49 million, showing an increase of Rs.22million (45%). The commission expense for the period is Rs.61 million as compared to Rs.49 million, showing an increase of Rs.12 million (25%). The general administrative & management expense for the period is Rs.5.5 million as compared to Rs.2.2 million, showing an increase of Rs.3.3 million (150%).

The profit after tax for the period under review is Rs.3.060 million, as compared to Rs.2.059 million in the corresponding period of last year showing increase of Rs.1.0 million (50%).

Future Outlook

Pakistan's economy is facing major headwinds. The inflation has surged rapidly as CPI for the month of Mar'23 clocked in at 35.4% YoY inflation which is the highest since 1965. This takes 9MFY23 average inflation to 27.3% compared to 10.8% in 9MFY22. The rupee depreciation is ongoing as the country's deal with IMF is now lingering on for more than a quarter amid a firm stance by the IMF for prior action on the part of Pakistan. The growth outlook has also been slashed by IMF, which now expects that the already fragile economy will grow by 0.5% in 2023 as compared to 6% in 2022. Going forward, we cautiously expect the pressure on economy to ease. Despite all the challenges faced by the economy, we are hopeful to deliver sustainable profit.

Acknowledgment

The directors of your Company would like to take this opportunity to thank the Company's valued clients, cedants, retrocessionaries, business partners, Security and Exchange Company of Pakistan and Pakistan Stock Exchange for their professional assistance and guidance.

We also thank our shareholders, who continue to place their trust and confidence in the Company and we assure them of our best efforts in the future. Finally, the directors also wish to place on record their appreciation for the hard work, loyalty and devotion of the CEO, Officers and staff of the Company.


Chairman Board


Chief Executive Officer

ناظمین کی رپورٹ

برائے 31 مارچ 2023 پر اختتام پذیر پہلی سہ

قابل قدر حصص کنندگان

پاکستان ری۔ انشورنس کمپنی لمیٹڈ

بورڈ کے ناظمین کی جانب سے 31 مارچ 2023 کو اختتام پذیر پہلی سہ ماہی پر کمپنی کی درمیانی مدت کی ناظمین کی رپورٹ مالیاتی دستاویزات پیش کرتے ہوئے، میں خوشی محسوس کرتا ہوں۔

کاروباری سرگرمیوں کا جائزہ

مجموعی پریمیم بڑھ کر 6,017 ملین روپے ہو گیا جبکہ گذشتہ سال اسی مدت کے دوران اس کی مالیت 4,575 ملین روپے تھا، اس طرح سے اضافہ 1,442 روپے یعنی 31 فیصد۔ خالص پریمیم بڑھ کر 2,451 ملین روپے ہو گیا جبکہ اس کے مقابلے میں اس کی مالیت 2,279 ملین روپے تھی، اس طرح سے 172 ملین روپے (7.5 فیصد) دکھارہا ہے۔ زیر غور مدت کے لیے خالص کمیشن (اخراجات) 264 ملین روپے رہے اس کے مقابلے میں گذشتہ مدت میں اس کی مالیت 255 ملین روپے تھی جو 9 ملین روپے (3.5 فیصد) کا اضافہ دکھارہا ہے۔ گذشتہ مدت کے 1,412 ملین روپے کے خالص دعوے بڑھ کر 1,636 ملین روپے ہو گئے اس طرح سے اضافہ 224 ملین روپے یعنی 15.9 فیصد دکھارہا ہے۔

زیر غور سہ ماہی میں انتظامی اخراجات کے بعد ضمانتی بیمہ (Underwriting) کے نتیجے میں 327 ملین روپے رہا جبکہ اس کے مقابلے میں گذشتہ سال کی اسی سہ ماہی میں اس کی مالیت 402 ملین روپے تھا جو 75 ملین روپے کی کمی دکھارہا ہے۔

زیر غور سہ ماہی میں سرمایہ کاری بشمول کرایہ داری اور دیگر آمدنی نے 538 ملین روپے کا اندراج کیا جبکہ گذشتہ سال اسی مدت کے دوران اس کی مالیت 307 ملین روپے تھی جو 231 ملین روپے (75.2 فیصد) کا اضافہ دکھارہا ہے

زیر غور سہ ماہی میں منافع قبل از محصول 966 ملین روپے کے مقابلے میں گذشتہ سال اسی مدت کے دوران اس کی مالیت 711 ملین روپے تھی جو 255 ملین روپے (35.86 فیصد) کا اضافہ دکھارہا ہے۔

زیر غور سہ ماہی میں منافع بعد از محصول 649 ملین روپے کے مقابلے میں گذشتہ سال اسی مدت کے دوران اس کی مالیت 477 ملین روپے تھی جو 172 ملین روپے (36.05 فیصد) کا اضافہ دکھارہا ہے جس کا نتیجہ 0.72 روپے آمدنی فی حصص رہا اس کے مقابلے میں گذشتہ سال اسی مدت کے دوران آمدنی فی حصص 0.53 روپے تھی۔

وٹڈوری۔ تکافل کی کاروباری سرگرمیوں کا جائزہ

شرکت داری ری۔ تکافل فنڈ

سال 2023 کی پہلی سہ ماہی میں مجموعی تحریر شدہ شرکت کے حصے کی مالیت 362 ملین روپے رہی جبکہ گذشتہ سال اسی مدت میں اس کی مالیت 282 ملین روپے تھی جو 80 ملین روپے (28.36 فیصد) کا اضافہ دکھارہا ہے۔ گذشتہ سال اسی مدت خالص حصہ کی مالیت 247 ملین روپے تھی، اس کے مقابلے میں اس سہ ماہی میں اس کی مالیت 354 ملین روپے رہی جو 107 ملین روپے (43 فیصد) کا اضافہ دکھارہا ہے۔ زیر غور مدت میں وکالہ اخراجات 71 ملین روپے رہے جو گذشتہ سال اسی

مدت میں 49 ملین روپے تھے جو 22 ملین روپے (45 فیصد) کا اضافہ دکھا رہا ہے۔ زیر غور مدت میں خالص دعوے کے اخراجات 185 ملین روپے رہے اس کے مقابلے میں گزشتہ سال اسی مدت میں اس کی مالیت 128 ملین روپے تھی جو 57 ملین روپے (44 فیصد) اضافہ دکھا رہا ہے۔

آپریٹر کاری۔ نکافل فنڈ

زیر غور مدت میں وکالہ آمدن 71 ملین روپے رہے جو گزشتہ سال اسی مدت میں 49 ملین روپے تھے جو 22 ملین روپے (45 فیصد) کا اضافہ دکھا رہا ہے۔ زیر غور مدت میں کمیشن کے اخراجات 61 ملین روپے رہے جو گزشتہ سال اسی مدت میں 49 ملین روپے تھے جو 12 ملین روپے (25 فیصد) کا اضافہ دکھا رہا ہے۔ زیر غور سہ ماہی میں عام انتظامی اور انتظامیہ کے اخراجات 5.5 ملین روپے رہے جبکہ گزشتہ سال اسی مدت میں اس کی مالیت 2.2 ملین روپے تھی جو 3.3 ملین روپے (150 فیصد) کا اضافہ ظاہر کر رہا ہے۔

زیر جائزہ سہ ماہی میں منافع بعد از حصول 3.060 ملین روپے رہا جبکہ گزشتہ سال اسی مدت میں اس کی مالیت 2.059 ملین روپے تھا جو 1.0 ملین روپے (150 فیصد) کا اضافہ دکھا رہا ہے


مستقبل کا منظر نامہ

پاکستان کی معیشت کو باہر مخالف (headwinds) کا سامنا ہے۔ جیسے ہی مارچ 2023 میں کمزور پیمانے پر انس انڈیکس (CPI) نے 35.4 فیصد کو چھوا مہنگائی میں تیزی سے اضافہ ہوا اور سال بہ سال کی بنیاد پر 1965 کے بعد کی بلند ترین مہنگائی ہے۔ 2023 کے 9 ماہ کی اوسط افراط زر 27.3 فیصد رہی اس کے مقابلے میں 2022 کے 9 ماہ میں افراط زر کی اوسط 10.8 فیصد تھی۔ ملک کی بین الاقوامی فنڈ سے معاملات ایک سہ ماہی کی مدت سے دیر ہو جانے کی وجہ سے روپے کی قدر میں کمی جاتی ہے جس کی وجہ پاکستان سے اٹھائے جانے والے بیٹنگی اقدامات پر عمل کروانے پر بین الاقوامی فنڈ اپنے موقف پر قائم ہے۔ بین الاقوامی فنڈ نے معاشی نمو کا منظر نامہ میں کٹوتی کر دی ہے جو یہ سمجھتا ہے کہ پہلے سے ہی کمزور معیشت 2023 میں 0.5 فیصد سے ترقی کرے گی جبکہ 2022 میں نمو کی شرح 6 فیصد تھی۔ آگے بڑھتے ہوئے، ہم محتاط طور پر توقع کر رہے ہیں کہ معیشت پر دباؤ کم ہو گا۔ معیشت کو تمام درپیش تمام مشکلات کے باوجود، ہمیں امید ہے ہم تسلسل سے منافع دیتے رہیں گے۔

نتیجہ

آپ کے ناظمین اس موقع کا فائدہ اٹھاتے ہوئے کمپنی کے معزز گاہکوں، سیڈ انٹس (cedants)، ریٹرو سیشنئر (retrocessionnaire)، کاروباری شراکت دار، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج کی معاونت اور پیشہ ورانہ رہنمائی کا شکریہ ادا کرنا چاہتے ہیں۔ ہم اپنے حصص کنندگان کا بھی، ان کا کمپنی پر مسلسل اعتماد اور بھروسہ کرنے پر شکریہ ادا کرتے ہیں اور مستقبل میں اپنی بہترین کاوشوں کا یقین دلاتے ہیں۔ بالآخر، ناظمین کی یہ بھی خواہش ہے کہ وہ کمپنی کے سی ای او (CEO)، افسران اور اسٹاف کی سخت محنت، وفاداری اور لگن پر اپنے سر اسنے کو قلم بند کریں۔

بورڈ آف ڈائریکٹرز کے لیے اور ان کی جانب سے


چیرمین / ڈائریکٹر


چیف ایگزیکٹو آفیسر

Pakistan Reinsurance Company Limited
Condensed Interim Statement of Financial Position (Unaudited)
As at 31 March, 2023

		31 March, 2023	31 December, 2022
		Unaudited	Audited
ASSETS	Note	Rupees	Rupees
Property and equipment	6	462,239,788	446,068,119
Right of use asset	6	1,639,605,577	1,639,605,577
Intangible assets	6	10,083,343	10,083,343
Assest relating to Bangladesh		-	-
Investment property	7	722,274,605	722,274,605
Investments			
Equity securities	8	2,639,585,911	2,755,440,064
Debt securities	9	11,118,640,814	9,907,026,504
Loans and other receivables	10	598,692,279	462,488,314
Receivable from Sindh Revenue Board	10	2,573,888,727	2,573,888,727
Insurance / Reinsurance receivables	11	17,488,051,888	17,393,374,952
Reinsurance recoveries against outstanding claims		13,671,717,366	14,420,709,311
Deferred Commission Expense / Acquisition cost		829,957,591	931,382,139
Taxation - payments less provision		-	78,557,588
Prepayments		7,670,251,349	8,943,542,637
Cash & Bank	12	2,337,776,557	3,030,890,556
Total assets from Window Takaful Operations - OPF		832,303,059	539,612,842
Total Assets		62,595,068,854	63,854,945,278
EQUITY AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital		9,000,000,000	9,000,000,000
Reserves	13	4,431,096,421	3,900,130,136
Revaluation surplus - net of tax	13	1,421,277,526	1,421,277,526
Total Equity		14,852,373,947	14,321,407,662
Liabilities			
Underwriting Provisions			
- Outstanding claims including IBNR		21,772,695,512	21,256,435,233
- Unearned premium reserves		11,417,944,861	12,047,709,680
- Unearned Reinsurance Commission		423,072,389	539,143,250
- Premium deficiency reserve		12,526,427	12,526,427
Retirement benefit obligations		3,576,508,631	3,630,799,590
Taxation liabilities- provision less payments		211,512,212	-
Deferred taxation		741,089,481	741,089,481
Insurance / Reinsurance Payables	14	9,285,072,758	10,932,282,952
Lease liabilities		23,033,149	23,033,149
Unclaimed Dividend		88,652,013	88,652,013
Other Creditors and Accruals	15	48,794,672	109,158,042
Total Liabilities		47,600,902,105	49,380,829,817
Total liabilities from Window Takaful Operations - OPF		141,792,802	152,707,799
Total Equity and Liabilities		62,595,068,854	63,854,945,278

The annexed notes 1 to 28 form an integral part of this condensed interim financial information.

 CFO
 CEO
 DIRECTOR

 DIRECTOR

 CHAIRMAN

Pakistan Reinsurance Company Limited

Condensed Interim Statement of Profit and Loss Account (Unaudited)

For the period ended March 31, 2023

	Note	2023	2022
Net insurance premium	17	2,451,457,968	2,279,839,009
Net Insurance claims	18	(1,635,945,817)	(1,412,049,025)
Net Commission and other acquisition costs	19	(263,647,567)	(255,475,660)
Premium deficiency reserve expense		-	-
Insurance claims and acquisition expenses		(1,899,593,384)	(1,667,524,685)
Management Expenses		(224,610,588)	(210,688,348)
Provision for doubtful debts		-	-
Underwriting results		327,253,996	401,625,976
Investment income		408,232,290	264,240,193
Rental income - net		35,420,912	21,928,827
Finance cost		(17,643)	(25,857)
Other income	20	195,080,454	21,247,698
Other expenses		(2,993,758)	(236,498)
Profit before tax from general operations		962,976,251	708,780,339
Profit from Window Retakaful Operations		3,060,890	2,049,220
Profit before tax		966,037,141	710,829,559
Income tax expense	21	(316,302,565)	(233,318,788)
Profit after tax		649,734,576	477,510,771
Earnings (after tax) per share - Rupees		0.72	0.53

The annexed notes 1 to 28 form an integral part of this condensed interim financial information.

 CFO
 CEO
 DIRECTOR



 DIRECTOR

 CHAIRMAN

Pakistan Reinsurance Company Limited
Condensed Interim Statement Of Total Comprehensive Income (Unaudited)
For the period ended March 31, 2023

	31 Mar 2023 Unaudited	31 Mar 2022 Unaudited
	----- Rupees -----	
Profit for the Period	649,734,576	477,510,771
Other comprehensive income / (loss)		
Items that may not be reclassified subsequently to profit and loss account		
Unrealized loss on available for sale investments - net	(119,312,616)	(157,906,121)
Other Comprehensive Income Window Retakaful Operations	544,325	256,672
Transfer to profit and loss account on disposal of available for sale investments	-	-
Revaluation surplus	-	-
Impact of deferred tax	-	-
	<u>(118,768,291)</u>	<u>(157,649,449)</u>
Items that will not be reclassified subsequently to profit and loss account		
Remeasurement of defined benefit obligations	-	-
Other comprehensive income for the period	<u>(118,768,291)</u>	<u>(157,649,449)</u>
Total comprehensive income / (loss) for the period	<u>530,966,285</u>	<u>319,861,322</u>
Profit and loss appropriation account		
Balance at the commencement of year	14,321,407,662	10,241,544,195
Total comprehensive income for the Period	530,966,285	319,861,322
Balance of unappropriated profit at the end of the period	<u>14,852,373,947</u>	<u>10,561,405,517</u>

The annexed notes 1 to 28 form an integral part of this condensed interim financial information.

 CFO
 CEO
 DIRECTOR

 DIRECTOR
 CHAIRMAN

Pakistan Reinsurance Company Limited
 Condensed Interim Statement of Changes in Equity (Unaudited)
 For the period ended March 31, 2023

	Share capital		Reserves				Total reserves	Total equity
	Issued subscribed and paid-up	Capital		Other	Revenue reserves			
		Reserve for exceptional losses	Unrealized gain on available for sale investment	Revaluation surplus	General reserve	Retained earnings		
	Rupees							
Balance as at January 01, 2022	3,000,000,000	281,000,000	1,054,853,340	1,545,282,086	1,777,419,085	5,413,640,105	10,072,194,616	13,072,194,616
Total Comprehensive income for the period ended March 31, 2022	-	-	-	-	-	477,510,770	477,510,770	477,510,770
Effect of changes in accounting policy (note 5.2)	-	-	(157,649,449)	-	-	-	(157,649,449)	(157,649,449)
Transactions with owners	-	-	(157,649,449)	-	-	477,510,770	319,861,321	319,861,321
Balance as at March 31, 2022	3,000,000,000	281,000,000	897,203,891	1,545,282,086	1,777,419,085	5,891,150,875	10,392,055,937	13,392,055,937
Balance as at January 01, 2023	9,000,000,000	281,000,000	597,118,524	1,421,277,526	1,135,296,316	1,886,715,296	5,321,407,662	14,321,407,662
Total Comprehensive income for the period ended March 31, 2023	-	-	-	-	-	649,734,576	649,734,576	649,734,576
Effect of changes in accounting policy (note 5.2)	-	-	(118,768,291)	-	-	-	(118,768,291)	(118,768,291)
Transactions with owners	-	-	(118,768,291)	-	-	649,734,576	530,966,285	530,966,285
Balance as at March 31, 2023	9,000,000,000	281,000,000	478,350,233	1,421,277,526	1,135,296,316	2,536,449,872	5,852,373,947	14,852,373,947

The annexed notes 1 to 28 form an integral part of this condensed interim financial information.


CFO


CEO


DIRECTOR





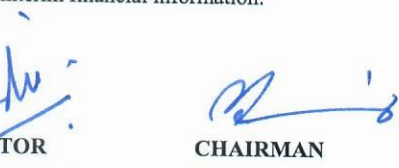

DIRECTOR


CHAIRMAN

Pakistan Reinsurance Company Limited
Condensed Interim Statement of Cash Flows (Unaudited)
For the period ended March 31, 2023

	2023 (Rupees)	2022 (Rupees)
Operating Cash Flows:		
Underwriting activities:-		
Premium received	5,922,419,025	3,966,243,352
Reinsurance premium paid	(4,375,016,467)	(718,575,551)
Claims paid	(1,703,787,683)	(1,268,322,729)
Reinsurance and other recoveries received	1,333,094,090	(4,789,020)
Commission paid	(418,955,674)	(453,800,804)
Commission received	140,661,794	81,271,781
Premium and claim reserves retained from retrocessionaires/withheld by ceding companies	-	-
Other underwriting payments (management expenses)	(224,628,231)	(197,557,415)
Net cash flows generated from underwriting activities	673,786,854	1,404,469,614
Other Operating Activities		
Income tax paid	(26,300,458)	(161,461,453)
General management expenses paid	(2,993,758)	(236,498)
Payment under defined benefit obligations		
Other operating (payments) / receipts	(457,075,581)	(152,024,600)
Advances to employees	(2,378,393)	9,067,623
Net cash used in other operating activities	(488,748,190)	(304,654,928)
Total cash flow generated from all operating activities	185,038,664	1,099,814,686
Investment activities		
Fixed Capital expenditure	(16,241,000)	(28,258,726)
Intangible assets	-	-
Sale proceeds of Fixed Assets	-	-
Acquisition of investments	(1,973,514,253)	(5,024,645,317)
Rental income received - net of expenses	(4,630,666)	(9,363,333)
Dividend income received	39,541,790	46,567,340
Interest income on bank deposits	(8,238,949)	38,160,318
Investment income received - net of expenses	302,451,817	204,559,017
Proceeds on sale/ maturity of investments	782,478,598	4,946,930,398
Total cash used in investing activities	(878,152,663)	173,949,697
Financing activities		
Surplus paid	-	-
Dividend paid	-	-
Payments of finance leases	-	-
Total cash generated used in financing activities	-	-
Net cash generated from all activities	(693,113,999)	1,273,764,383
Cash at beginning of the period	3,030,890,556	1,140,841,359
Cash at end of the period	2,337,776,557	2,414,605,742

The annexed notes 1 to 28 form an integral part of this condensed interim financial information.

 CFO
 CEO
 DIRECTOR
 DIRECTOR
 CHAIRMAN

	2023 (Rupees)	2022 (Rupees)
Reconciliation to profit and loss account		
Operating cash flows	185,108,012	1,099,814,686
Depreciation expense		
-Fixed assets	(69,331)	(7,181,482)
-Investment property	-	(5,975,308)
Exchange gain	194,568,210	9,749,661
Rental income	35,420,912	21,928,827
Reinsurance recoveries against outstanding claims	(748,991,945)	7,602,962,343
Provision for outstanding claims	(516,260,279)	(7,741,899,619)
Provision for unearned premium	629,764,819	986,954,081
Prepaid reinsurance	(1,273,028,345)	(1,505,431,980)
Premium deficiency reserve	-	-
Provision for employee benefits	54,290,959	64,687,594
Dividend income	47,530,790	48,401,858
Investment income	(5,399,542)	(14,580,838)
Interest income	339,736,075	228,858,396
Amortization of premium	26,364,967	1,186,377
Gain on sale of investment	-	374,400
(Marrease)/Increase in operating assets other than cash	439,544,292	633,558,210
Marrease/(Increase) in operating liabilities	1,528,096,199	(876,088,319)
	936,675,793	547,318,887

Other adjustments:

Income tax paid	26,300,458	161,461,453
	26,300,458	161,461,453
Profit/(Loss) before taxation	962,976,251	708,780,340
Provision for taxation	(316,302,565)	(233,318,788)
Profit/(Loss) after taxation	646,673,686	475,461,552
Profit from Window Retakaful Operations - Operator's Fund	3,060,890	2,049,220
Profit after taxation for the period	649,734,576	477,510,772

Definition of cash

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

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

Cash and cash equivalents:

Cash and other equivalent	338,177	208,191
Current and other accounts	2,337,438,380	1,140,633,168
Deposit maturing within 12 months	-	-
	Rupees 2,337,776,557	1,140,841,359

The annexed notes 1 to 28 form an integral part of this condensed interim financial information.

 CFO
  CEO
  DIRECTOR
  DIRECTOR
  CHAIRMAN

PAKISTAN REINSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2023

1 STATUS AND NATURE OF BUSINESS

- 1.1 Pakistan Reinsurance Company Limited (the Company) was incorporated in Pakistan as a public limited company on March 30, 2000. The Company is engaged in providing of reinsurance and other insurance business. The shares of the Company are quoted on Pakistan Stock Exchange Limited.

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

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

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

3 BASIS OF MEASUREMENT

- 3.1 This condensed interim financial information has been prepared under the historical cost convention, except that 'held to maturity' investments are stated at amortised cost and Investment 'at fair value through profit or loss – held for trading' are stated at fair value and available for sale at market value.

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

3.2 Functional and presentation currency

This condensed interim financial information has been prepared and presented in Pakistan Rupees, which is the Company's functional and presentation currency.

3.3 Statement of compliance

This condensed interim financial information is unaudited and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended December 31, 2021 which have been prepared in accordance with approved accounting standards as applicable to insurance companies in Pakistan.

This condensed interim financial information of the Company for the quarter ended March 31, 2022 has been prepared in accordance with the requirements of the International Accounting Standard 34 – (IAS 34): Interim Financial Reporting, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2017 have been followed.

PAKISTAN REINSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2023

The comparative statement of financial position presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Company for the year ended December 31, 2021, whereas the comparative condensed interim profit and loss accounts, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the quarter ended March 31, 2022.

4 USE OF ESTIMATES AND JUDGMENTS

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

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

In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimating uncertainty were the same as those applied to the financial statements of the Company for the year ended December 31, 2021.

5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computation adopted by the Company in the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual audited financial statements of the Company as at and for the year ended December 31, 2021 .

Amendments to certain existing standards and new standards and interpretations on approved accounting standards became effective during the period either were not relevant to the Company's operations or did not have any significant impact on the accounting policies of the Company

6 PROPERTY AND EQUIPMENT

	Mar. 31, 2023	Dec. 31, 2022
	Rupees	Rupees
Opening balance as at	2,095,757,038	2,239,095,687
Additions during the period		
Furniture, fixtures and office equipments	4,118,413	21,266,734
Motor vehicles (owned)	-	12,528,621
Right-of-use Asset(Leasehold land)	-	-
Computer equipment	984,141	15,029,607
Intangible Assets	5,102,554	1,609,175
	<u>2,100,859,592</u>	<u>2,289,529,824</u>
Less:		
Disposal		(377,638)
Depreciation charge for the period	(11,069,116)	(193,395,148)
	<u>2,111,928,708</u>	<u>2,095,757,038</u>

7 INVESTMENT PROPERTIES

	Mar. 31, 2023	Dec. 31, 2022
	Rupees	Rupees
Cost	856,771,535	856,771,535
Depreciation	(134,496,930)	(133,219,469)
Balance at beginning of year	722,274,605	723,552,066
Depreciation for the period/year	722,274,605	(1,277,461)
	<u>722,274,605</u>	<u>722,274,605</u>
Carrying Value	<u>722,274,605</u>	<u>722,274,605</u>

The market value of investment properties is Rs. 698 million, as per valuation carried out by an independent valuer as at December 31, 2021.

8 INVESTMENT IN EQUITY SECURITIES

8.1 Investments - Held For Trading

	March 31, 2023 (Uaudited)				Dec 31,2022			
	Cost	Impairment / provision	Unrealized Gain / Loss	Carrying Value	Cost	Impairment / provision	Unrealized Gain / Loss	Carrying Value
	Rupees				Rupees			
Listed Share	134,211,185	-	(2,327,849)	131,883,336	173,954,125	-	(39,742,940)	134,211,185
Total of Held For Trading	134,211,185	-	(2,327,849)	131,883,336	173,954,125	-	(39,742,940)	134,211,185

8.2 Investments - Available For Sale

	March 31, 2023 (Uaudited)				Dec 31,2022			
	Cost	Impairment / provision	Unrealized Gain / Loss	Carrying Value	Cost	Impairment / provision	Unrealized Gain / Loss	Carrying Value
	Rupees				Rupees			
Listed shares	509,966,996	-	981,478,418	1,491,445,414	509,998,497	-	1,026,745,078	1,536,743,575
Unlisted Shares	2,608,106	(1,990,491)	-	617,615	2,608,106	(1,990,491)	-	617,615
Mutual Funds	1,592,488,810	(300,680,906)	(276,168,358)	1,015,639,546	1,592,488,811	(300,680,906)	(207,940,212)	1,083,867,693
Total Available For Sale	2,105,063,912	(302,671,397)	705,310,060	2,507,702,575	2,105,095,414	(302,671,397)	818,804,866	2,621,228,883
Total Equity Securities	2,239,275,097	(302,671,397)	702,982,211	2,639,585,911	2,279,049,539	(302,671,397)	779,061,926	2,755,440,068

9 Investments in Debt Securities

9.1 Pakistan Investment Bond - Held To Maturity

		Amortized cost as at	Carrying Value	Amortized cost as at	Carrying Value
		March 31, 2023 (Uaudited)		31-Dec-22	
		Rupees		Rupees	
1	Pakistan Investment Bonds - Fixed	4,664,867,817	4,739,747,785	3,825,209,817	3,873,596,120
2	Pakistan Investment Bonds - Float	554,936,654	550,282,110	554,936,654	550,410,809
3	Term Finance Certificate	99,840,000	99,840,000	99,840,000	99,840,000
4	Treasury Bills	5,114,413,250	5,529,686,750	4,928,548,850	5,180,006,150
	Total	10,434,057,721	10,919,556,645	9,408,535,321	9,703,853,079

9.2 Pakistan Investment Bond - Available For Sale

		Amortized cost	Carrying Value	Amortized cost as at	Carrying Value
		March 31, 2023 (Uaudited)		31-Dec-22	
		Rupees		Rupees	
1	Pakistan Investment Bonds	195,481,128	199,084,170	195,481,125	203,173,425
	Grand Total Debt Securities	10,629,538,849	11,118,640,815	9,604,016,446	9,907,026,504

10	LOANS AND OTHER RECEIVABLES	March 31, 2023	Dec. 31, 2022
		Rupees	Rupees
	- Considered good		
	Loans to employees	82,873,243	80,494,850
	Accrued investment income	190,880,275	139,927,517
	Sundry receivables - Net	140,304,083	100,726,049
	Receivable from Tenants	184,634,678	141,339,898
	Receivable from Sindh Revenue Board	2,573,888,727	2,573,888,727
		<u>3,172,581,006</u>	<u>3,036,377,041</u>
10.1	Loans to employees represent mark-up free loans are secured against retirement benefits of respective employees including, where applicable, documents of assets for which the loan has been given. None of the amount is either past due or impaired, consequently no provision for bad or doubtful loans has been made. No loan has been advanced to the Directors of the Company.		
11	INSURANCE / REINSURANCE RECEIVABLES - unsecured, considered good		
	As at March 31, 2023	March 31, 2023	Dec. 31, 2022
		Rupees	Rupees
	Due from insurance contract holders	17,994,739,711	17,900,062,768
	Less: provision for impairment of receivables from insurance contract holders	(506,687,816)	(506,687,816)
		<u>17,488,051,895</u>	<u>17,393,374,952</u>
	Premium and claim reserves retained by cedants	24,831,633	24,831,633
	Less: provision for impairment of receivables from other insurers / reinsurers	(24,831,633)	(24,831,633)
		<u>17,488,051,895</u>	<u>17,393,374,952</u>
		March 31, 2023	Dec. 31, 2022
		Rupees	Rupees
12	CASH AND BANK		
	Cash in Hand	338,177	335,020
	Cash and other equivalents	661,156,373	1,541,818,348
	Saving accounts 12.1	1,676,282,007	1,488,737,189
		<u>2,337,776,557</u>	<u>3,030,890,557</u>
12.1	The saving accounts carry markup at the rates ranging from 18% to 20% per annum.		
13	RESERVES		
		March 31, 2023	Dec. 31, 2022
		Rupees	Rupees
	Capital Reserve		
	Reserve for exceptional losses	281,000,000	281,000,000
	Revaluation reserve on available for sale	1,899,083,434	2,018,396,051
	Revenue Reserve		
	Retained earnings	5,655,209,685	1,135,296,316
	General Reserve	1,135,296,316	1,886,715,296
		<u>8,970,589,435</u>	<u>5,321,407,663</u>
14	INSURANCE / REINSURANCE PAYABLES		
		March 31, 2023	Dec. 31, 2022
		Rupees	Rupees
	Due to insurance contract holders	9,269,248,402	10,916,458,596
	Premium and claim reserves retained	15,824,356	15,824,356
		<u>9,285,072,758</u>	<u>10,932,282,952</u>

15 OTHER CREDITORS AND ACCRUALS

	<u>March 31, 2023</u>	<u>Dec. 31, 2022</u>
	Rupees	Rupees
Unpaid and unclaimed dividend		88,652,013
Other Creditors and Accruals	(27,999,646)	21,300,655
Rent Payable	36,277,063	36,277,063
Security Deposits	33,133,157	32,496,917
Accrued expenses	6,171,496	18,007,846
Surplus profit payable	1,212,602	1,075,561
	<u>48,794,672</u>	<u>109,158,042</u>

- 15.1** This represents deposits received from tenants in connection with letting of PRC Towers and earnest money deposits for the purpose of securing tenders of suppliers and contractors, which is in the normal course of business and does not carry any interest or mark-up.

16 CONTINGENCIES AND COMMITMENTS

KPT

The Company has dispute in respect of the unilateral increase in rentals of its lease hold land by Karachi Port Trust (KPT) being exorbitant and unreasonable, a view supported by the Company's legal advisor. The amount not acknowledged in this regard however the Company has recorded provision in this regard as at December 31, 2019 amounting to Rs. 29.950 million (December 31, 2018: Rs. 26.935 million).

Currently, a stay is operating in favour of the Company and the matter is pending before the Honourable High Court of Sindh, for the issue and hearing of application. The matter is currently being contested by both parties and there has been no negotiation to settle the matter out of the Court. Most likely outcome of the case, may be in accordance with the market rate in the vicinity. The case is pending in the Honourable High Court of Sindh and a hearing has been fixed on April 09, 2021 and the matter is still pending.

SRB

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

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

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

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

During the year 2017, the Company has paid an amount of Rs. 2,131.464 million under protest against the principal amount of sales tax liability in respect of above notices issued by SRB for tax years 2011, 2012 and 2013. The Company has also apprised Ministry of Commerce through letter dated April 14, 2017, on the matter of disputed sales tax demand raised by SRB. Ministry of Commerce through letter dated on May 03, 2017, directed to take action as per Board of Directors decision and also directed that the Company may keep contesting the case in High Court vigorously.

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

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

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

SRB vide letter SRB/TP/57/2016 dated April 26, 2020 advised the Company with the provisions of Sindh Sales Tax Act, 2011 by issuing tax invoices, e-filing of tax returns and e-depositing the SST invoice.. The aggregate amount of Rs. 2,573.889 million paid has been recorded as "receivable from SRB" in the financial statements. Moreover, the Company has not recorded provision against the orders passed by SRB in pursuance of Appellate Order dated February 01, 2016 in Appeal No. AT-02/2013 and order dated February 03, 2016 in Appeal No. AT-109/2015.

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

Based on the legal opinion of the Company's legal advisor, management is confident that strong grounds exist to contest the case and that the eventual resolution of the matter would be in favour of the Company. Accordingly, no provision for sales tax liability for the years 2011 to 2020 has been recorded in these financial statements.

Employee Old Age Benefit Institution

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

applicable. A suit was filed with the Honourable Civil Court in 2011 where the judgment was passed against the Company.

Further, the Company filed an appeal in the Honourable High Court of Sindh against the Civil Court judgment and there has been no further proceeding in the court but the management expects a favourable outcome. On the basis of meeting held with EOBI officials, the Company is considering registration of its contractual employees with EOBI which is pending approval from Ministry of

Federal Excise Duty

Federal Board of Revenue (FBR) has issued show-cause notices dated November 22, 2017, whereby the Company is required to explain as to why Federal Excise Duty (FED) on aggregate reinsurance premium revenue has not been paid in respect of tax periods from October 2012 to September 2017. The Company has submitted its reply against show-cause challenging levy of FED on various legal grounds. Further, the Company also filed Constitutional Petition against show cause notices in the Honourable High Court of Sindh and the Honourable High Court of Sindh vide order dated January 29, 2019 has suspended the proceedings initiated through the above show-cause notice.

		Unaudited	
		3 months	
		March 31, 2023	March 31, 2022
		Rupees	Rupees
17	NET PREMIUM REVENUE		
	Written gross premium	6,017,095,961	4,574,883,615
	Add: Unearned premium reserve opening	12,047,709,680	10,732,384,652
	Less: Unearned premium reserve closing	11,417,945,861	9,745,430,571
	Premium earned	<u>6,646,859,780</u>	<u>5,561,837,696</u>
	Less: Reinsurance premium ceded	<u>2,922,374,467</u>	<u>1,776,566,707</u>
	Add: Prepaid reinsurance premium opening	8,940,328,450	7,722,831,183
	Less: Prepaid reinsurance premium closing	7,667,300,105	6,217,399,203
	Reinsurance expense	<u>4,195,402,812</u>	<u>3,281,998,687</u>
		<u><u>2,451,456,968</u></u>	<u><u>2,279,839,009</u></u>
		March 31, 2023	March 31, 2022
		Rupees	Rupees
18	NET INSURANCE CLAIMS		
	Claims paid	1,703,787,683	1,268,322,729
	Add: Outstanding claims inc As at March 31, 2023	21,777,647,512	17,148,288,806
	Less: Outstanding claims including IBNR opening	21,261,387,233	9,406,389,187
	Claims expense	<u>2,220,047,962</u>	<u>9,010,222,348</u>
	Less: Reinsurance and other recoveries received	<u>1,333,094,090</u>	<u>(4,789,020)</u>
	Add: Reinsurance and other recoveries in respect of outstanding claims closing	13,671,717,366	12,211,089,578
	Less: Reinsurance and other recoveries in respect of outstanding claims opening	<u>14,420,709,311</u>	<u>4,608,127,235</u>
	Reinsurance and other recoveries revenue	<u>584,102,145</u>	<u>7,598,173,323</u>
		<u><u>1,635,945,817</u></u>	<u><u>1,412,049,025</u></u>
		March 31, 2023	March 31, 2022
		Rupees	Rupees
19	NET COMMISSION AND OTHER ACQUISITION COSTS		
	Commission paid or payable	418,955,674	453,800,804
	Add: Deferred commission expense opening	931,382,139	806,214,206
	Less: Deferred commission expense closing	829,957,591	775,043,263
	Net commission	<u>520,380,222</u>	<u>484,971,747</u>
	Less: Commission received or recoverable	<u>140,661,794</u>	<u>81,271,781</u>
	Add: Unearned reinsurance commission opening	539,143,250	523,294,102
	Less: Unearned reinsurance commission closing	423,072,389	375,069,796
	Commission from rein As at Dec. 31, 2022	<u>256,732,655</u>	<u>229,496,087</u>
		<u><u>263,647,567</u></u>	<u><u>255,475,660</u></u>

20 OTHER INCOME

	<u>March 31, 2023</u>	<u>March 31, 2022</u>
	Rupees	Rupees
Return on Deposits	512,244	11,084,355
Miscellaneous income	-	413,682
Exchange gain	194,568,210	9,749,661
	<u>195,080,454</u>	<u>21,247,698</u>

	<u>March 31, 2023</u>	<u>March 31, 2022</u>
	Rupees	Rupees
For the quarter		
Current	316,302,565	233,318,788

21 TAXATION

Income Tax

The status of orders passed under section 122 of the Income Tax Ordinance, 2001 is as follows:

S. no.	Tax year	Tax Demand (Rupees)	Status of the case
1	2010	20,748,022	CIRA has decided issues against Company which are pending in ATIR.
2	2011	97,770,680	Tax liability of Rs. 97,770,680 is arising due to unavailability of brought forward loss relating to TY 2010 due to assessment order passed for the aforesaid tax year.
3	2012	127,326,208	Tax liability of Rs. 127,326,208 is arising due to unavailability of loss of Rs. 212,481,202 relating to Tax Year 2010 and tax refund of Rs. 52,957,787 relating to Tax Year 2011, due to assessment orders passed for these tax years.
4	2013	9,342,660	Appeal effect order with regard to CIRA & ATIR orders are pending. Tax liability of Rs. 42,040,463 is arising due to unavailability of tax refunds of Rs. 1,025,968 and Rs. 41,014,495 relating to Tax Years 2010 and 2012 respectively, due to assessment orders passed for these tax years.
5	2014	412,724,772	This pertains to the non deduction of tax on commission and charge id Workers' Welfare Fund.
6	2015	772,134	This pertains to the disallowance of exchange loss of Rs. 50,578,845 on the ground that it was notional in nature and a provision without considering that the loss is allowable as per provisions of the Ordinance. The Company is contesting the gross loss has been incurred due to following of the mercantile system therefore it is to be allowed and the Company's has relied on the judgement of the Tribunal reported as 2011 PTD 352 and unreported judgement in ITA no. 133 KB 2011.
7	2016	223,912,913	Loss on re-measurement of defined benefit obligations of Rs. 675,584,000 and Provision for compensated absences of Rs. 60,868,000 was disallowed. The Company contends that loss is computed by a qualified actuary and is a determined liability. The above disallowance is found well by the ADCIR. The issue is pending in ATIR, however same issue have been decided in Company's favour in tax year 2015. Appeal effect given vide order dated April 6, 2017. Full bench had been formed due to a conflicting decision of Hon. Tribunal in respect of issue of Commission, however, hearing of main appeal had not been fixed yet.

S. No.	Tax year	Tax Demand (Rupees)	Status of the case
8	2018	353,612,146	<p>This pertains to the non deduction of tax on commission and the commission expense has been disallowed. It was clarified to ACIR that reinsurance commission is reimbursement of expenses and is not in the nature of Commission as also clarified by SECP. It was further informed to ACIR that the so called commission expense was not in the nature of commission in terms of section 233 of the Ordinance.</p> <p>It was further informed to ACIR that the issue is already decided by Tribunal in Company's favour in respect of Tax years 2008, 2009, 2011 and 2012, which were required to be followed as per section 124A of the Ordinance. ACIR does not agree with Company's view and disallowed Commission expense on the ground that the tax was not withheld on the amount by relying on the decision of Tribunal in the Company's own case in respect of Tax year 2014/15. The Company has filed an appeal before CIRA and the matter is still pending.</p>
		<u>1,246,209,535</u>	

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

S. no.	Tax year	Tax Demand (Rupees)	Status of the case
1	2014	260,214,169	Company received various notices in respect of non deduction of with holding tax on commission paid to ceding companies. CIRA has decided issue of Commission expense against Company and appeal is pending in ATIR. Full bench had been formed due to a conflicting decision of Hon. Tribunal in respect of issue of Commission, however, hearing of main appeal had not been fixed yet.
2	2015	39,541,845	
3	2016	182,699,756	
		<u>482,455,770</u>	

Grand total **1,728,665,305**

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

Pakistan Reinsurance Company Limited
Notes to the Financial Statements
For the period ended March 31, 2023

23 SEGMENT REPORTING

Segment Current Year	Fire and property damage	Marine Cargo	Marine Hull	Accident	Aviation	Engineering	Treaty	TOTAL
	-----31 March 2023----- -----Rupees-----							
Gross written premium	2,065,777,596	37,391,759	268,166,180	184,726,692	5,002,065,799	8,260,706,868	(9,801,738,933)	6,017,095,961
Unearned-Opening	500,178,705	113,176,377	41,549,187	131,355,951	4,700,022,226	3,756,048,541	2,805,378,693	12,047,709,680
Unearned-Closing	2,555,922,864	40,596,691	2,707,434	239,946,512	3,540,336,162	1,853,762,607	3,184,673,591	11,417,945,861
Premium Earned	10,033,437	109,971,445	307,007,933	76,136,131	6,161,751,863	10,162,992,802	(10,181,033,831)	6,646,859,780
Reinsurance-Ceded	280,488,850	-	122,814,988	6,298,277	4,501,440,964	7,496,589,005	(9,485,257,617)	2,922,374,467
Prepaid Reinsurance-Opening	38,243,295	89,749,062	23,645,065	80,909,326	4,408,006,288	3,516,750,039	783,025,375	8,940,328,450
Prepaid Reinsurance-Closing	2,173,715,462	29,469,841	-	79,205,525	3,272,609,224	1,795,978,544	316,321,509	7,667,300,105
Reinsurance Expenses	(1,854,983,317)	60,279,221	146,460,053	8,002,078	5,636,838,028	9,217,360,500	(9,018,553,751)	4,195,402,812
Net insurance premium	1,865,016,754	49,692,224	160,547,880	68,134,053	524,913,835	945,632,302	(1,162,480,080)	2,451,456,968
Commission income	20,192,026	6,027,922	2,364,506	3,795,228	60,677,265	158,933,284	4,742,424	256,732,655
Net underwriting income	1,885,208,780	55,720,146	162,912,386	71,929,281	585,591,100	1,104,565,586	(1,157,737,656)	2,708,189,623
Insurance claims paid	16,219,268	-	13,461	919,306	23,542,035	1,335,041,417	328,052,196	1,703,787,683
Outstanding-opening	3,497,442,825	59,944,602	65,000,872	102,343,570	1,011,311,668	13,036,590,766	3,488,752,930	21,261,387,233
Outstanding-closing	3,880,747,850	75,665,161	74,626,753	244,043,532	999,683,561	12,605,440,439	3,897,440,216	21,777,647,512
Insurance claims expenses	399,524,293	15,720,559	9,639,342	142,619,268	11,913,928	903,891,090	736,739,482	2,220,047,962
Reinsurance Recoveries Received	-	-	-	-	19,152,074	1,313,942,016	-	1,333,094,090
Recovery-opening	410,710,801	5,425,012	14,565,192	13,933,067	916,208,568	12,046,311,977	1,013,554,694	14,420,709,311
Recovery-closing	410,710,801	5,425,012	14,144,136	13,933,067	900,614,593	11,344,383,688	982,506,069	13,671,717,366
Insurance claims recovered from reinsurers	-	-	(421,056)	-	3,558,099	612,013,727	(31,048,625)	584,102,145
Net claims	399,524,293	15,720,559	10,060,398	142,619,268	8,355,829	291,877,363	767,788,107	1,635,945,817
Commission expense	48,697,774	4,506,541	2,567,283	8,173,191	31,878,329	101,613,917	322,943,187	520,380,222
Mangement expense	29,405,558	1,500,184	1,438,935	7,835,304	8,452,316	15,472,589	160,505,702	224,610,588
Preium deficiency expense	-	-	-	-	-	-	-	-
Net insurance claims and expenses	477,627,625	21,727,284	14,066,616	158,627,763	48,686,474	408,963,869	1,251,236,996	2,380,936,627
Underwriting results	1,407,581,155	33,992,862	148,845,770	(86,698,482)	536,904,626	695,601,717	(2,408,974,652)	327,252,996
Net investment income								408,232,290
Rental income								35,420,912
Other Expenses								(2,993,758)
Finance Cost								(17,643)
Other income								195,080,454
Profit before tax								962,975,251
Segment Assets	1,885,208,780	55,720,146	162,912,386	71,929,281	585,591,100	1,104,565,586	(1,157,737,656)	2,708,189,623
Unallocated Assets								59,886,932,707
								62,595,122,330
Segment Liabilities	477,627,625	21,727,284	14,066,616	158,627,763	48,686,474	408,963,869	1,251,236,996	2,380,936,627
Unallocated Liabilitied								45,361,811,756
								47,742,748,383

24 Transaction with related parties are summarised as follows:

Nature of transaction	March 31, 2023	March 31, 2022
	Rupees	Rupees
Dividend Income Group Company	27,720,000.00	27,720,000.00
Insurance claims paid	1,358,014,395	557,623,832
Insurance commission paid	58,809,066	57,551,696
Premium due but unpaid	8,502,010,042	2,133,133,762
Insurance premium written during period	2,801,859,751	1,966,554,102
Premium received	(2,171,203,718)	4,402,322,178
	9,132,666,075	8,502,010,042

25 EARNINGS PER SHARE - BASIC AND DILUTED

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

	Three Months ended March	Three Months ended
	2023	2022
Profit after tax for the period (Rupees)	649,734,576	477,510,772
Weighted average number of ordinary shares	900,000,000	900,000,000
Earning per share - basic (Rupees)	0.72	0.53

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

26 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with that disclosed in the annual financial statements for the year ended December, 31 2022.

27 DATE OF AUTHORIZATION FOR ISSUE

27 APR 2023

This condensed interim financial information has been authorized for issue on ___th April, 2023 by the Board of Directors of the Company.

28 GENERAL

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

 CFO
  CEO
  DIRECTOR
  DIRECTOR
  CHAIRMAN

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023

	Note	Operator's Retakaful Fund		Participant's Retakaful Fund	
		2023	2022	2023	2022
-----Rupees-----					
Assets					
Investments		20,875,264	20,196,059	102,563,610	99,193,301
Other receivables	6	4,920,569	4,084,045	10,363,798	10,631,103
Takaful/retakaful receivables		-	-	607,620,975	503,635,945
Receivable from Participant's Retakaful Fund / Operator's Retakaful Fund - net		713,761	-	-	14,683,246
Qard-e-hasna to Participant's Retakaful Fund		300,000,000	300,000,000	-	-
Retakaful recoveries against outstanding claims		-	-	230,780,709	230,780,709
Deferred wakala fee	7	-	-	104,665,770	103,114,993
Deferred commission expense	8	99,402,554	103,795,712	-	-
Prepayments		-	-	56,162,312	87,351,654
Bank balances		406,390,912	111,537,025	1,128,276,795	1,110,117,788
Total Assets		832,303,059	539,612,841	2,240,433,969	2,159,508,739
Funds and Liabilities		299,946,524	(53,476)		
Funds attributable to:					
Operator's Retakaful Fund					
Statutory fund	9	600,000,000	300,000,000	-	-
Reserves	10	90,510,257	86,905,042	-	-
Total Operator's Funds		690,510,257	386,905,042	-	-
Participant's Retakaful Fund					
Seed money	11	-	-	1,000,000	1,000,000
Reserves	10	-	-	515,013,285	445,084,170
Balance of Participant's Retakaful Fund		-	-	516,013,285	446,084,170
Qard-e-Hasna		-	-	300,000,000	300,000,000
		-	-	816,013,285	746,084,170
Liabilities:					
Underwriting provisions					
Outstanding claims including IBNR	12	-	-	827,676,364	721,865,204
Unearned contribution reserves	13	-	-	523,328,849	515,574,963
		-	-	1,351,005,213	1,237,440,167
Unearned wakala fee	7	104,665,770	103,114,993	-	-
Takaful/retakaful payables		-	-	72,670,021	175,952,712
Payable to Participant's Retakaful Fund / Operator's Retakaful Fund - net		-	-	713,761	-
		-	14,683,246	-	-
Taxation - provision less payment		22,098,826	20,615,023	-	-
Deferred taxation - net		182,212	182,212	-	-
Payable to related party		12,903,135	11,674,665	-	-
Other creditors and accruals	14	1,942,859	2,437,660	31,690	31,690
Total liabilities		141,792,802	152,707,799	1,424,420,684	1,413,424,569
Total Equity and Liabilities		832,303,059	539,612,841	2,240,433,969	2,159,508,739
Contingencies and Commitments	15				

The annexed notes 1 to 24 form an integral part of these financial statements


CFO


CEO


DIRECTOR


DIRECTOR


CHAIRMAN

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS
 CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
 FOR THE PERIOD ENDED MARCH 31, 2023

	Note	2022 -----Rupees-----	2021
PARTICIPANTS' RETAKAFUL FUND			
Revenue account			
Contribution earned	16	354,146,374	246,746,107
Less: contributions ceded to retrotakaful	16	(31,189,342)	(26,140,171)
Net contribution revenue	16	322,957,032	220,605,936
Wakala fee expense	17	(70,829,275)	(49,349,221)
Net underwriting income		252,127,757	171,256,715
Net claims - reported/ settled - IBNR	18	(185,374,508)	(127,801,953)
Charge of contribution deficiency reserve -net		-	
Surplus before investment income		66,753,249	43,454,762
Investment income		777,772	859,424
Other income		-	10,672,196
Less: Modarib's fee		(194,443)	(2,882,905)
Surplus before taxation		67,336,578	52,103,477
Taxation		(116,666)	(359,164)
Surplus transferred to accumulated surplus		67,219,912	51,744,313
OPERATOR'S RETAKAFUL FUND			
Revenue account			
Wakala fee income	17	70,829,275	49,349,221
Commission expense	19	(61,103,349)	(48,633,182)
General, administrative and management expenses		(5,510,558)	(2,253,795)
		4,215,368	(1,537,756)
Investment income		158,682	138,614
Other income		-	1,362,377
Modarib's fee		194,443	2,882,905
		353,125	4,383,896
Profit before taxation		4,568,493	2,846,140
Taxation		(1,507,603)	(796,919)
Profit after taxation		3,060,890	2,049,220

The annexed notes 1 to 24 form an integral part of these financial statements


CFO


CEO


DIRECTOR


DIRECTOR


CHAIRMAN

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED MARCH 31, 2023

	Operator's Retakaful Fund		Participant's Retakaful Fund	
	2023	2022	2023	2022
-----Rupees-----				
Operating cash flow				
Retakaful activities				
Contribution received	-	-	257,915,230	163,697,173
Retro takaful contribution paid	-	-	(103,282,692)	(71,703,539)
Benefits recoveries from retro takaful	-	-	-	-
Benefits paid	-	-	(79,563,348)	(31,147,297)
Commission paid	(56,710,191)	(50,698,775)	-	-
Net cash (used in) / generated from retakaful activities	(56,710,191)	(50,698,775)	75,069,190	60,846,337
Other operating activities				
Income tax paid	(23,800)	(30,532)	-	-
Management expenses paid	(5,510,558)	(2,253,795)	-	-
Other operating receipts / (payments)	57,074,633	51,532,057	(57,026,849)	(57,332,055)
Net cash generated from / (used in) other operating activities	51,540,275	49,247,730	(57,026,849)	(57,332,055)
Total cash generated from operating activities	(5,169,915)	(1,451,045)	18,042,341	3,514,282
Investing activities				
Purchase of investments made	(134,880)	(117,822)	(661,106)	(730,510)
Profit on bank deposits received	-	1,362,377	-	10,672,197
Investment income received	158,682	138,614	777,772	859,424
Total cash generated from investing activities	23,802	1,383,169	116,666	10,801,111
Financing activities				
Qard-e-hasna	-	-	-	-
Increase In statutory Fund	300,000,000	-	-	-
Total cash generated from financing activities	300,000,000	-	-	-
Net cash (used in) / generated from all activities	294,853,887	(67,876)	18,159,007	14,315,393
Cash and cash equivalent at beginning of the year	111,537,025	110,526,812	1,110,117,788	598,618,743
Cash and cash equivalent at end of the period	406,390,912	110,458,936	1,128,276,795	612,934,136
Reconciliation to profit and loss account				
Operating cash flows	(5,169,915)	(1,451,045)	18,042,341	3,514,282
Investment income received	158,682	138,614	777,772	859,424
Profit on bank deposit	-	1,362,377	-	10,672,197
Increase / (decrease) in operating assets other than cash	(2,589,399)	7,356,001	59,195,922	96,625,783
(Increase) / decrease in operating liabilities	12,145,326	(4,590,339)	(10,679,457)	(59,568,209)
	4,544,693	2,815,607	67,336,578	52,103,477
Other adjustments:				
Income tax paid	23,800	30,532	-	-
Profit before taxation	4,568,493	2,846,140	67,336,578	52,103,477
Provision for taxation	(1,507,603)	(796,919)	(116,666)	(359,164)
Total profit for the year	3,060,890	2,049,221	67,219,912	51,744,314

The annexed notes 1 to 24 form an integral part of these financial statements


CFO


CEO


DIRECTOR


DIRECTOR


CHAIRMAN

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS
 CONDENSED INTERIM STATEMENT OF CHANGES IN FUNDS
 FOR THE PERIOD ENDED MARCH 31, 2023

Seed Money	Attributable to Participant's Retakaful Fund				Balance of Participant's Retakaful Fund
	Reserves			Total Reserves	
	Capital	Revenue			
Unrealized gain on available for sale investment	Accumulated Surplus				
-----Rupees-----					
Balance as at January 01, 2022	1,000,000	3,304,137	93,843,816	97,147,953	98,147,953
Total comprehensive income for the year:					
-Surplus for the year	-	-	345,624,235	345,624,235	345,624,235
-Unrealized gain on available for sale investments-net	-	2,311,982	-	2,311,982	2,311,982
Balance as at December 31, 2022	1,000,000	5,616,119	439,468,051	445,084,170	446,084,170
Balance as at January 01, 2023	1,000,000	5,616,119	439,468,051	445,084,170	446,084,170
Total comprehensive income for the year					
-Surplus for the period	-	-	67,219,912	67,219,912	67,219,912
-Unrealized gain on available for sale investments:	-	2,709,203	-	2,709,203	2,709,203
Balance as at March 31, 2023	1,000,000	72,836,031	506,687,963	515,013,285	516,013,285

Statutory Fund	Attributable to Operator's Retakaful Fund				Total Operator's Retakaful Fund
	Reserves			Total Reserves	
	Capital	Revenue			
Unrealized gain on available for sale investment	Unappropriated Profit				
-----Rupees-----					
Balance as at January 01, 2022	300,000,000	217,305	55,732,353	55,949,657	355,949,657
Total comprehensive income for the year:					
-Unrealized gain on available for sale investments - net	-	584,733	-	584,733	584,733
-Profit for the year	-	-	30,370,651	30,370,651	30,370,651
Balance as at December 31, 2022	300,000,000	802,037	86,103,004	86,905,042	386,905,042
Balance as at January 01, 2023	300,000,000	802,037	86,103,004	86,905,041	386,905,042
Increase in Statutory Fund	300,000,000	-	-	-	300,000,000
Total comprehensive income for the year					
-Unrealized gain on available for sale investments:	-	544,326	-	544,326	544,326
-Profit for the period	-	-	3,060,890	3,060,890	3,060,890
Balance as at March 31, 2023	600,000,000	1,346,363	89,163,894	90,510,257	690,510,257

The annexed notes 1 to 24 form an integral part of these financial statements


CFO


CEO


DIRECTOR


DIRECTOR


CHAIRMAN

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
FOR THE PERIOD ENDED MARCH 31, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Pakistan Reinsurance Company Limited (the Company) is a public listed company incorporated in Pakistan on March 30, 2000 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Pakistan Reinsurance Company Limited - Window Retakaful Operations (the Operator) is listed on Pakistan Stock Exchange and is engaged in general retakaful business comprise of fire, marine, aviation, engineering and accident. The registered office of the Operator is situated at PRC Tower, 32-A, Lalazar Drive, Maulvi Tamizuddin Khan Road, Karachi. The zonal office of the Operator is located at 32/A, Muslim Town Lahore, Pakistan.
- 1.2** The Operator has been authorized to undertake Window Retakaful Operations on September 26, 2018 by Securities and Exchange Commission of Pakistan (SECP) under Takaful Rules, 2012 to carry on General Window Retakaful Operations in Pakistan. For the purpose of carrying on the Retakaful business, the Operator has formed a Waqf (Participants' Retakaful Fund) on September 26, 2018 under the Waqf Deed with a Cede money of Rs. 1,000,000.
- 1.3** The Waqf Deed and Participant Retakaful Fund Policies (Waqf Rules) govern the relationship of Operator, Waqf and Participants for management of Retakaful operations, investment of Waqf and Operator's Fund as approved by the Shariah Advisor of the Operator. The accounts of the Waqf are maintained by the Operator in a manner that the assets and liabilities of Waqf remain separately identifiable. The financial statements of the Operator are prepared in such a manner that the financial position and results from the operations of Waqf and the Operator are shown separately.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

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

-Provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules 2017, General Takaful Accounting Regulations, 2019 and Takaful Rules, 2012.

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

The Securities and Exchange Commission of Pakistan (SECP) vide S.R.O. 1416(I).2019 dated November 20, 2019 has issued General Takaful Accounting Regulations, 2019. Accordingly, the Operator has changed format for preparation and presentation of the financial statement to comply with the requirement of the regulation. The application of these regulations for the purpose of preparation and presentation of the financial statement are effective from January 01, 2020.

2.1 Basis of measurement

These financial statements have been prepared on the historical cost basis except for the available-for-sale investments that have been measured at fair value. No adjustment for the effect of inflation has been accounted for in the financial statements. All transactions reflected in these financial statements are on accrual basis except for those reflected in Statement of Cash flows.

2.2 Functional and presentation currency

These annual financial information have been presented in Pakistani Rupees, which is also the functional and presentation currency of the Operator.

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

3.1 Standards, amendments and interpretations to the published standards that are relevant to the Operation and adopted in the current year

The Company has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
FOR THE PERIOD ENDED MARCH 31, 2023

New or Revised Standard or Interpretation	Effective Date (Annual periods beginning on or after)
-------------------------------------------	----------------------------------------------------------------

Interest Rate Benchmark Reform — Phase 2 (Amendments to IAS 39, IFRS 7, IFRS 4 and IFRS 16)

January 1, 2021

Adoption of the above standards have no effect on the amounts for the year ended December 31, 2021.

IFRS 9 'Financial Instruments' and amendment (effective for period ending on or after June 30, 2019) replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It has also carried forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Further, IFRS 4 provides two alternative options in relation to application of IFRS 9 for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from the effective date to remove from the profit and loss account the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
FOR THE PERIOD ENDED MARCH 31, 2023

3.2 Standards, amendments and interpretations to the published standards that may be relevant but not yet effective and not early adopted by the Company

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standards or interpretation	Effective Date (Annual periods beginning on or after)
IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2023

The Company is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Company.

3.3 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

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

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 17 - Insurance Contracts	January 1, 2023

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. The policies are consistent in all the years presented in these financial statements.

4.1 Retakaful contracts

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

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
FOR THE PERIOD ENDED MARCH 31, 2023

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

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

The Operator underwrites non-life Retakaful contracts that can be categorized into:

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

Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. The Retakaful risk involved in these contracts is similar to the contracts undertaken by the Operator as Retakaful operator.

Fire and property damage

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

Marine, aviation and transport

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

Motor

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

Miscellaneous

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

4.2 Retakaful surplus

Retakaful surplus attributable to the participants is calculated after charging all direct cost and setting aside various reserves. Allocation to participants, if applicable, shall be made after the adjustment of claims paid to them during the year.

4.3 Qard-e-Hasna

Qard-e-Hasna is provided by Operators' Fund to Participant's Retakaful Fund in case of deficit in Participant's Retakaful Fund. Qard-e-Hasna is recognized at the amount provided to Participant's Retakaful Fund less impairment, if any. The Operator would be allowed to recover this Qard from the Participant Retakaful Fund over any period without charging any profit.

4.4 Taxation

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

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
FOR THE PERIOD ENDED MARCH 31, 2023

4.4.1 Current

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

4.4.2 Deferred

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary difference arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. A deferred tax asset is generally recognized and only to the extent that is probable that future taxable profits will be available and the credits can be utilized.

Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

4.5 Revenue recognition

4.5.1 Contribution

For all takaful contracts, contributions including administrative surcharge under a takaful contract are recognized as written from date of issuance to the date of attachment of risk to the policy / cover note.

Contributions income net of wakala fee is determined after taking into account the unearned portion of contributions. The unearned portion of contribution income is recognized as a liability in Participant's Retakaful Fund.

Re-takaful ceded is recognized as expense after taking into account the proportion of deferred re-takaful contribution expense which is calculated using twenty fourths method. The deferred portion of re-takaful contribution expense is recognized as a prepayment.

4.5.2 Rebate From Retrotakaful Operator

Rebate and other forms of revenue (apart from recoveries) from re-takaful operators are deferred and recognized as liability and recognized in the profit and loss account as revenue of Participants' Retakaful Fund in accordance with the pattern of recognition of the re-takaful contributions.

4.5.3 Investment income

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

Dividend income is recognized when the Operations' right to receive the payment is established.

Return on fixed income securities classified as available for sale is recognized on a time proportion basis taking into account the effective yield on the investments.

Gain / loss on sale of investments is recognized at the time of scale.

4.5.4 Receivables and payables related to takaful contracts

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

4.6 Cash and cash equivalents

Cash and cash equivalents comprise of cash in deposit accounts with banks (current and savings).

4.7 Provisions

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

4.8 Creditors, accruals and provisions

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

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

4.9 Wakala fee

Wakala fee is recognized in the Profit and loss account. Wakala Fee is taken 20% of Contribution earned from all business categories. This is recognized as an expense of Participant Retakaful Fund and income of Operator Fund.

4.9.1 Provision for unearned wakala fee

The Operator manages the general takaful operations for the participants and charges wakala fee to Participants' Retakaful Fund on gross contributions recognized for each class. Unearned portion of wakala fee is determined on the basis of unearned portion of contribution received.

4.10 Commission

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

4.10.1 Commission income

Commission income is being taken to profit and loss account on a time proportion basis in accordance with the pattern of recognition of retrotakaful Contribution to comply with the requirements of Insurance Rules, 2017. issued by SECP vide its S.R.O. 89(1) / 2017 dated February 09, 2017.

4.10.2 Deferred commission expense

Commission expenses are deferred and recognized as an asset in correlation with unearned Contribution that will be recognized in the subsequent reporting period to comply with the requirements of Insurance Rules, 2017; issued by SECP vide its S.R.O. 89(1) / 2017 dated February 09, 2017.

4.11 Statutory fund

Total amount of Rs. 300 million is deposited as statutory fund to comply with provisions of paragraph 4 of circular no. 8 of 2014 read with section 11(1)(c) of Takaful Rules, 2012 issued by SECP, which states that 'every insurer who is interested to commence Window Takaful business shall transfer an amount of not less than Rs. 50 million to be deposited in the separate bank account for Window Takaful business duly maintained in a scheduled bank.

4.12 Contribution

Contribution written under a policy is recognized as income over the period of insurance from the date of issuance of the policy to which it relates to its expiry. Where the pattern of incidence of risk varies over the period of the policy, Contribution is recognized as revenue in accordance with the pattern of the incidence of risk.

4.12.1 Provision for unearned contribution

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

4.13 Retro-takaful ceded

The Company enters into retrotakaful contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward retrotakaful Contributions are accounted for in the same period as the related Contributions for the accepted retrotakaful business being retakaful.

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

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

The Company assesses its retrotakaful assets for impairment on balance sheet date. If there is an objective evidence that the retrotakaful asset is impaired; the Company reduces the carrying amount of the retrotakaful asset to its recoverable amount and recognizes that impairment loss in the profit and loss account.

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
FOR THE PERIOD ENDED MARCH 31, 2023

4.14 Provision for outstanding claims including Incurred But Not Reported (IBNR)

A liability for outstanding claims is recognized in respect of all claims incurred up to the financial statement date which is measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to claims reported but not settled, claims incurred but not reported (IBNR) and expected claims settlement costs. Retakaful recoveries against outstanding claims are recognized as an asset and measured at the amount expected to be received.

4.15 Retro - takaful recoveries against outstanding claims

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

4.16 Off setting of financial assets and financial liabilities

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

4.17 Segment reporting

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

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

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

4.18 Investments

4.18.1 Classification and recognition

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

These are recognized and classified as follows:

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

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

4.18.2 Measurement

(a) Held for trading

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

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

Held to maturity

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

(c) Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as (a) loans and receivables (b) held-to-maturity investments or (c) financial assets held for trading.

Equity securities held by the Operator that are traded in an active market are classified as Available for Sale and are stated at fair value at the end of each reporting period. Dividend on AFS equity investments are recognized in profit and loss account. Other changes in the carrying amount of AFS financial assets are recognized in other comprehensive income and accumulated under the heading of capital reserve. When the investments is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in comprehensive income is reclassified to profit and loss account.

4.18.3 Impairment of financial assets

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

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

4.19 Impairment of non financial assets

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Impairment losses are recognized in profit and loss account.

4.20 Management expenses

Management expenses directly attributable to Window Retakaful Operations are charged to Operator's Retakaful Fund on an accrual basis.

4.21 Mudarib's fee

The Operator also manages the participants' investment as Mudarib and charges 25 % of the investment income and profit on bank deposits earned by the Participant's Retakaful Fund as Mudarib's fee. It is recognized on the same basis on which related revenue is recognized.

4.22 Benefits

Benefits are charged to Participant's Retakaful Fund as incurred based on estimated liability for compensation owed under the takaful contracts. It includes claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

4.23 Receivables and payables related to retakaful contracts

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

If there is an objective evidence that any contribution due but unpaid is impaired, the Operations reduces the carrying amount of that contribution receivable and recognizes the loss in profit and loss account.

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
FOR THE PERIOD ENDED MARCH 31, 2023

4.24 Contribution deficiency reserve

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

The management considers that the unearned contribution reserve for all classes of business as at the year end is adequate to meet the expected future liability after reinsurance, from claims and other expenses, expected to be incurred after the reporting date in respect of policies in those classes of business in force at the reporting date.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

5.1 Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Operations' accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognized in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent years are included in following notes:

	Note
a) classification of investments;	4.18.1
b) impairment of available for sale investments ;	4.18.3
c) taxation;	4.4
d) provision for unearned wakala fee;	4.9.1
e) deferred commission expense;	4.10.2
f) provision for outstanding claims including IBNR and re-takaful recoveries;	4.14
g) provision for unearned contribution;	4.12.1
h) allocation of management expenses; and	4.20
i) contribution deficiency reserves.	4.24

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
FOR THE PERIOD ENDED MARCH 31, 2023

		Operator's Retakaful Fund	
		March 31, 2023	December 31, 2022
		-----Rupees-----	
6	OTHER RECEIVABLES		
	Loan to employee	996,524	160,000
	Accrued markup on bank deposits	3,924,045	3,924,045
		<u>4,920,569</u>	<u>4,084,045</u>

		Operator's Retakaful Fund		Participant's Retakaful Fund	
		March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
		-----Rupees-----			
7	DEFERRED WAKALA FEE / UNEARNED WAKALA FEE				
	Facultative business	5,979,060	6,458,554	5,979,060	6,458,554
	Treaty	98,686,710	96,656,439	98,686,710	96,656,439
		<u>104,665,770</u>	<u>103,114,993</u>	<u>104,665,770</u>	<u>103,114,993</u>

7.1 Facultative business		Operator's Retakaful Fund		Participant's Retakaful Fund	
		March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
	Fire	4,641,119	5,175,445	4,641,119	5,175,445
	Marine Cargo	11,659	6,816	11,659	6,816
	Marine Hull	-	29,644	-	29,644
	Accident	422,458	561,555	422,458	561,555
	Engineering	903,824	685,094	903,824	685,094
		<u>5,979,060</u>	<u>6,458,554</u>	<u>5,979,060</u>	<u>6,458,554</u>

8 DEFERRED COMMISSION EXPENSE		Operator's Retakaful Fund		Participant's Retakaful Fund	
		March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
	Facultative business	2,101,172	2,437,160		
	Treaty	97,301,382	101,358,552		
		<u>99,402,554</u>	<u>103,795,712</u>		

8.1 Facultative business		Operator's Retakaful Fund		Participant's Retakaful Fund	
		March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
	Fire	1,852,035	2,097,475		
	Marine cargo	3,616	3,141		
	Marine Hull	-	11,117		
	Accident	104,750	137,899		
	Engineering	140,771	187,528		
		<u>2,101,172</u>	<u>2,437,160</u>		

9 STATUTORY FUND
Total amount of Rs. 600 million is deposited by the Operator as statutory fund to comply with provisions of paragraph 4 of circular no. 8 of 2014 read with section 11(1)(c) of Takaful Rules, 2012 issued by SECP, which states that 'every insurer who is interested to commence Window Takaful business shall transfer an amount of not less than Rs. 50 million to be deposited in a separate bank account for Window Takaful business duly maintained in a scheduled bank.

		Operator's Retakaful Fund		Participant's Retakaful Fund	
		March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
		-----Rupees-----			
10	RESERVES				
	Revenue				
	Unappropriated profit	89,163,894	86,103,004	506,687,963	439,468,051
	Capital				
	Unrealized gain on Available for sale investments	1,346,363	802,037	4,483,735	5,616,119
		<u>90,510,257</u>	<u>86,905,041</u>	<u>511,171,698</u>	<u>445,084,170</u>

11 SEED MONEY
It represent the initial amount deposited by the Operator of Rs. 1,000,000 in waqf fund to create a Participant's Retakaful Fund.

		Participant's Retakaful Fund	
		March 31, 2023	December 31, 2022
		-----Rupees-----	
12	OUTSTANDING CLAIMS INCLUDING IBNR		
	Facultative business	92,263,191	96,848,533
	Treaty	735,413,173	625,016,671
		<u>827,676,364</u>	<u>721,865,204</u>

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
FOR THE PERIOD ENDED MARCH 31, 2023

12.1	Facultative business		
	Fire	78,359,219	83,479,953
	Marine cargo	80,537	80,537
	Marine Hull	65,359	65,359
	Accident	3,895,469	3,721,474
	Engineering	9,862,607	9,501,210
		<u>92,263,191</u>	<u>96,848,533</u>

13 UNEARNED CONTRIBUTION RESERVES

		Participant's Retakaful Fund	
		March 31, 2023	December 31, 2022
		-----Rupees-----	
	Facultative business	29,895,301	32,292,770
	Treaty	493,433,548	483,282,193
		<u>523,328,849</u>	<u>515,574,963</u>

		Participant's Retakaful Fund	
		March 31, 2023	December 31, 2022
		-----Rupees-----	
13.1	Facultative business		
	Fire	23,205,597	25,877,225
	Marine cargo	58,293	34,081
	Marine Hull	-	148,222
	Accident	2,112,291	2,807,774
	Engineering	4,519,120	3,425,468
		<u>29,895,301</u>	<u>32,292,770</u>

14 OTHER CREDITORS AND ACCRUALS

	Operator's Retakaful Fund		Participant's Retakaful Fund	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
	-----Rupees-----			
Officers association payable	22,600	20,800	-	-
Employee income tax payable	658,642	363,464	-	-
PRCL employees professional tax payable	2,000	2,000	-	-
Sindh sales tax payable	58,256	11,990	3,960	3,960
Income tax deducted at source	192,259	-	26,730	26,730
Audit fee payable	708,500	975,800	-	-
Miscellaneous creditors	300,602	1,063,606	1,000	1,000
	<u>1,942,859</u>	<u>2,437,660</u>	<u>31,690</u>	<u>31,690</u>

15 CONTINGENCIES AND COMMITMENTS

15.1 The Operator was served with a notice by Sindh Revenue Board (SRB) in 2016 for non filing of sales tax returns and raised sales tax liability via same notice on conventional reinsurance services provided by the Operator . Company has contested the notice and the case is pending with the Honorable High Court of Sindh.

15.2 There were no commitments as at March 31, 2023 (December 31, 2022: Nil).

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS
 NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
 FOR THE PERIOD ENDED MARCH 31, 2023

16 NET CONTRIBUTION REVENUE

	Participant's Retakaful Fund	
	March 31, 2023	March 31, 2022
	-----Rupees-----	
Written gross contributions	361,900,260	282,378,770
Add: Unearned contribution reserve opening	515,574,963	389,667,246
Less: Unearned contribution reserve closing	523,328,849	425,299,909
Contributions earned	354,146,374	246,746,107
Retakaful contribution ceded		
Add: prepaid retakaful contribution opening	87,351,654	76,368,848
Less: prepaid retakaful contribution closing	56,162,312	50,228,677
Retakaful expense	(31,189,342)	(26,140,171)
	<u>322,957,032</u>	<u>220,605,936</u>

Note

17 WAKALA FEE/ EXPENSE

Gross wakala fee/expense	72,380,052	56,475,754
Add: unearned wakala fee/expense- opening	103,114,993	77,933,449
Less: unearned wakala fee/expense- closing	(104,665,770)	(85,059,982)
	<u>70,829,275</u>	<u>49,349,221</u>

17.1

17.1 This represents expense for Participants Retakaful Fund and revenue for Operator's Retakaful Fund. The Operator manages the Window Retakaful Operations for the participants and charges 20% of the gross contribution written as wakala fee against the services.

18 NET CLAIMS - REPORTED / SETTLED - IBNR

	Participant's Retakaful Fund	
	March 31, 2023	March 31, 2022
	-----Rupees-----	
Benefits/claims paid	79,563,348	31,147,297
Less: Outstanding benefits/claims including IBNR - opening	(721,865,204)	(314,149,375)
Add: Outstanding benefits/claims including IBNR - closing	827,676,364	410,804,031
Claims expense	<u>185,374,508</u>	<u>127,801,953</u>
Retakaful and other recoveries received	-	-
Add: Retakaful and other recoveries received- closing	230,780,709	29,382,727
Less: Retakaful and other recoveries received- opening	(230,780,709)	29,382,727
Retakaful and other recoveries revenue	-	-
Net claims expenses	<u>185,374,508</u>	<u>127,801,953</u>

19 COMMISSION EXPENSE

	Operator's Retakaful Fund	
	March 31, 2023	March 31, 2022
	-----Rupees-----	
Commission paid or payable	56,710,191	50,698,775
Add: deferred commission expense- opening	103,795,712	80,659,235
Less: deferred commission expense- closing	(99,402,554)	(82,724,828)
Net Commission	<u>61,103,349</u>	<u>48,633,182</u>

20 NUMBER OF EMPLOYEES

	2023	2022
Number of employees at the year end	<u>3</u>	<u>3</u>
Average number of employees during the year	<u>3</u>	<u>3</u>

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
FOR THE PERIOD ENDED MARCH 31, 2023

21 SEGMENT REPORTING

PARTICIPANTS RETAKAFUL FUND

Segment Current Year	Period ended March 31, 2023 (Un-Audited)				TOTAL
	Fire and property damage	Marine	Accident	Treaty	
	Rupees				
Gross written Contribution	24,956,006	317,740	1,300,441	335,326,073	361,900,260
Unearned-Opening	29,302,693	182,303	2,807,774	483,282,193	515,574,963
Unearned-Closing	27,724,717	58,293	2,112,291	493,433,548	523,328,849
Contribution Earned	26,533,982	441,750	1,995,924	325,174,718	354,146,374
Retakaful-Ceded	-	-	-	-	-
Prepaid Retakaful-Opening	-	-	-	87,351,654	87,351,654
Prepaid Retakaful-Closing	-	-	-	56,162,312	56,162,312
Retakaful Expenses	-	-	-	31,189,342	31,189,342
Net insurance Contribution	26,533,982	441,750	1,995,924	293,985,376	322,957,032
Rebate	-	-	-	-	-
Net underwriting income	26,533,982	441,750	1,995,924	293,985,376	322,957,032
Insurance claims paid	10,556,911	-	-	69,006,437	79,563,348
Outstanding-opening	92,981,163	145,896	3,721,474	625,016,671	721,865,204
Outstanding-closing	88,221,826	145,896	3,895,469	735,413,173	827,676,364
Insurance claims expenses	5,797,574	-	173,995	179,402,939	185,374,508
Retakaful Recoveries Received	-	-	-	-	-
Recovery-opening	-	-	-	230,780,709	230,780,709
Recovery-closing	-	-	-	230,780,709	230,780,709
Insurance claims recovered from reinsurers	-	-	-	-	-
Net claims	5,797,574	-	173,995	179,402,939	185,374,508
Wakala Fee	5,306,796	88,350	399,185	65,034,944	70,829,275
Management expense	-	-	-	-	-
Preium deficiency expense	-	-	-	-	-
Net insurance claims and expenses	11,104,370	88,350	573,180	244,437,883	256,203,783
Underwriting results	15,429,612	353,400	1,422,744	49,547,493	66,753,249
Profit on bank deposits					-
Dividend income					777,772
Modarib Fee					(194,443)
Profit before tax					67,336,578
Segment Assets	88,221,826	145,896	3,895,469	791,575,485	883,838,676
Unallocated Assets					1,356,595,293
					<u>2,240,433,969</u>
Segment Liabilities	115,946,543	204,189	6,007,760	1,228,846,721	1,351,005,213
Unallocated Liabilitied					2,673,287
					<u>1,424,420,684</u>

OPERATORS FUND

Segment Current Year	Period ended March 31, 2023 (Un-Audited)				TOTAL
	Fire and property damage	Marine	Accident	Treaty	
	Rupees				
Wakala Fee	5,306,796	88,350	399,185	65,034,944	70,829,275
Commission	(2,309,977)	(29,980)	(100,328)	(58,663,064)	(61,103,349)
Management Expenses	(412,872)	(6,874)	(31,057)	(5,059,755)	(5,510,558)
Segment Results	2,583,947	51,496	267,800	1,312,125	4,215,368
Profit on bank deposits					-
Dividend income					158,682
Modarib Fee					194,443
Profit before tax					4,568,493
Segment Assets					-
Unallocated Assets					832,303,059
					<u>832,303,059</u>
Segment Liabilities	5,544,943	11,659	422,458	98,686,710	104,665,770
Unallocated Liabilitied					37,127,032
					<u>141,792,802</u>

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
FOR THE PERIOD ENDED MARCH 31, 2023

21 SEGMENT REPORTING

PARTICIPANTS RETAKAFUL FUND

Segment Current Year	Period ended March 31, 2022 (Un-Audited)				TOTAL
	Fire and property damage	Marine	Accident	Treaty	
			Rupees		
Gross written Contribution	19,808,888	177,384	2,035,376	260,357,122	282,378,770
Unearned-Opening	24,440,157	69,993	2,798,933	362,358,163	389,667,246
Unearned-Closing	22,015,729	15,582	2,991,609	400,276,989	425,299,909
Contribution Earned	22,233,316	231,795	1,842,700	222,438,296	246,746,107
Retakaful-Ceded	-	-	-	-	-
Prepaid Retakaful-Opening	-	-	-	76,368,848	76,368,848
Prepaid Retakaful-Closing	-	-	-	50,228,677	50,228,677
Retakaful Expenses	-	-	-	26,140,171	26,140,171
Net insurance Contribution	22,233,316	231,795	1,842,700	196,298,125	220,605,936
Rebate	-	-	-	-	-
Net underwriting income	22,233,316	231,795	1,842,700	196,298,125	220,605,936
Insurance claims paid	699,649	-	-	30,447,648	31,147,297
Outstanding-opening	70,940,750	136,745	4,902,131	238,169,749	314,149,375
Outstanding-closing	63,392,347	113,958	4,197,672	343,100,054	410,804,031
Insurance claims expenses	(6,848,754)	(22,787)	(704,459)	135,377,953	127,801,953
Retakaful Recoveries Received	-	-	-	-	-
Recovery-opening	-	-	-	29,382,727	29,382,727
Recovery-closing	-	-	-	29,382,727	29,382,727
Insurance claims recovered from reinsurers	-	-	-	-	-
Net claims	(6,848,754)	(22,787)	(704,459)	135,377,953	127,801,953
Wakala Fee	4,446,663	46,359	368,540	44,487,659	49,349,221
Mangement expense	-	-	-	-	-
Preium deficiency expense	-	-	-	-	-
Net insurance claims and expenses	(2,402,091)	23,572	(335,919)	179,865,612	177,151,174
Underwriting results	24,635,407	208,223	2,178,619	16,432,513	43,454,762
Profit on bank deposits					10,672,196
Dividend income					859,424
Modarib Fee					(2,882,905)
Profit before tax					52,103,477
Segment Assets	63,392,347	113,958	4,197,672	393,328,731	461,032,708
Unallocated Assets					858,836,194
					1,319,868,901
Segment Liabilites	89,811,222	132,656	7,787,603	823,432,441	921,163,922
Unallocated Liabilitied					3,378,894
					924,542,816

OPERATORS FUND

Segment Current Year	Period ended March 31, 2022 (Un-Audited)				TOTAL
	Fire and property damage	Marine	Accident	Treaty	
			Rupees		
Wakala Fee	4,446,663	46,359	368,540	44,487,659	49,349,221
Commission	(2,156,957)	(25,483)	(92,366)	(46,358,376)	(48,633,182)
Management Expenses	(203,081)	(2,117)	(16,831)	(2,031,766)	(2,253,795)
Segment Results	2,086,625	18,759	259,343	(3,902,483)	(1,537,756)
Profit on bank deposits					1,362,377
Dividend income					138,614
Modarib Fee					2,882,905
Profit before tax					2,846,140
Segment Assets	268,675	198,444	198,444	8,862,378	9,527,941
Unallocated Assets					454,748,319
					464,276,260
Segment Liabilites	4,403,146	3,116	598,322	80,055,398	85,059,982
Unallocated Liabilitied					20,960,727
					106,020,709

PAKISTAN REINSURANCE COMPANY LIMITED - WINDOW RETAKAFUL OPERATIONS
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
FOR THE PERIOD ENDED MARCH 31, 2023

22 CAPITAL MANAGEMENT

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

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

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

Amount of Rs. 300 million is deposited as statutory fund to comply with provisions of paragraph 4 of circular no. 8 of 2014 read with section 11(1)(c) of Takaful Rules, 2012 issued by SECP, which states that 'every insurer who is interested to commence Window Takaful business shall transfer an amount of not less than Rs. 50 million to be deposited in a separate bank account for Window Takaful business duly maintained in a scheduled bank.

The Company monitors capital using a ratio of "net debt" to "equity". Net debt is calculated as total liabilities (as shown in statement of financial position) less cash and cash equivalents. Equity comprises all components of Operator' and Participant' Retakaful Fund

23 DATE OF AUTHORIZATION FOR ISSUE

12.7 APR 2023

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

24 GENERAL

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

CFO

CEO

DIRECTOR

DIRECTOR

CHAIRMAN