

# 29<sup>th</sup> ANNUAL REPORT 2023

SIGN OF PROTECTION



**SHAHEEN INSURANCE COMPANY LIMITED**

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# COMPANY INFORMATION

## BOARD OF DIRECTORS

### CHAIRMAN

Air Marshal Muhammad Arif Pervaiz (Retd.)

### DIRECTORS

Air Vice Marshal Muhammad Qaiser Janjua (Retd.)

Air Commodore Tausif Sadiq (Retd.)

Air Commodore Wasim Ahmed Khan (Retd.)

Mr. Adeel Ali

Ms. Farrah Azeem Khan

Mr. Jehangir Shah



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## CHIEF EXECUTIVE OFFICER

Mr. Rizwan Akhtar

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## CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Nisar Ahmed Almani

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## AUDIT COMMITTEE

Ms. Farrah Azeem Khan

Chairperson

Air Commodore Wasim Ahmed Khan (Retd.)

Member

Mr. Adeel Ali

Member

Mr. Muhammad Junaid

Secretary (Acting)

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## INVESTMENT COMMITTEE

Air Marshal Muhammad Arif Perviaz (Retd.)

Chairman

Air Vice Marshal Muhammad Qaiser Janjua (Retd.)

Member

Mr. Adeel Ali

Member

Mr. Rizwan Akhtar

Chief Executive Officer

Mr. Nisar Ahmed Almani

Chief Financial Officer

Mr. Muhammad Nasir Jamal

Secretary

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## ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE

Ms. Farrah Azeem Khan

Chairperson

Mr. Adeel Ali

Member

Mr. Rizwan Akhtar

Member

Mr. Nisar Ahmed Almani

Secretary



#### **BANKS CONVENTIONAL**

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

#### **BANKS TAKAFUL**

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

#### **LEGAL ADVISOR**

Allied Law Group

#### **AUDITORS**

BDO Ebrahim & Co.  
Chartered Accountants

#### **SHARIAH ADVISOR**

Mufti Muhammad Hanif

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

Mr. Abdul Hamid

#### **SHARIAH COMPLIANCE OFFICER**

Mr. Zafar Husnain

#### **COMPLIANCE OFFICER**

Mr. Kashif Naeem

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

Mr. Muhammad Junaid (Acting)

#### **INTERNAL AUDITOR**

Arqum Naveed & Co.  
Chartered Accountants

#### **REGISTERED OFFICE**

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

#### **HEAD OFFICE**

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

#### **SHARE REGISTRAR**

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



# COMPANY PROFILE



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

**Shaheen Insurance** is one of the most reputable and brightest names in the insurance sector. Its sustained growth over the years has secured it prominent place among the reputed insurers of Pakistan. SICL also commenced Takaful operations in 2018 through its Window Takaful Operations (WTO) under the guidelines of Shariah Board having vast experience and knowledge about Islamic Banking, Finance & Takaful.

**Shaheen Insurance** underwrites all classes of general insurance & general takaful. The Company provides a full range of insurance services through its branch network spread across all Pakistan to meet the needs of business fraternity, banks, financial institutions, corporate, commercial and individual clients. Our product portfolio includes:

- Fire and Property Damage
- Marine, Aviation and Transport
- Motor Vehicles (Personal & Commercial)
- Health
- Miscellaneous Classes
- Window Takaful Operations (full range of takaful products)

The Company's financial results are consistently improving; Authorized Capital of the Company is Rs.1 billion, while Paid-Up Capital will grow to Rs.645 million after approval of Bonus Share @7.50%. Shareholder's Equity has also grown to Rs.844.61 million as at December 31, 2023. Strong backing of sponsors, capital base, prudent underwriting, efficient claims management, strong reinsurance & retakaful arrangements and sound financial position place Shaheen Insurance at par with any quality insurer in Pakistan.

In addition, rating of the Company was reaffirmed to "A+" with 'Stable' outlook by PACRA which denotes "Strong capacity to meet policy holders and contractual obligations. Risk factors are low, and the impact of any adverse business and economic factors is expected to be small."

**Shaheen Insurance** has excellent reinsurance & retakaful treaty arrangements with sound & well reputed international reinsurer. Besides treaty backup, the Company has back to back arrangements with foreign and domestic "A" rated insurers, reinsurers and world renowned brokers for placements of large and specialized risks abroad and also locally on facultative basis.

The Company is managed by a team of professionals who are fully equipped with technical and managerial skills for smooth operations for both traditional and specialized insurance & takaful covers.

**Shaheen Insurance** is fully geared up to take on challenges with a vision to play its role in the development of insurance industry, country's economy and to be recognized as one of the most professional, preferred and reputed insurance Company of Pakistan.



## PACRA maintains IFS Rating of Shaheen Insurance Company Limited at

# A+

★★★★ Outlook Stable ★★★★★

The rating denotes “Strong capacity to meet policy holders and contract obligations. Risk factors are low, and the impact of any adverse business and economic factors is expected to be small”.



# VISION

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

# MISSION

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

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

# DIRECTOR'S PROFILE



## Air Marshal Muhammad Arif Pervaiz (Retd.)

### Chairman

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

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

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

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

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

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

## Air Vice Marshal Muhammad Qaiser Janjua (Retd.)

Air Vice Marshal Muhammad Qaiser Janjua, HI(M) (Retd.) is currently serving as Deputy Managing Director of Shaheen Foundation, PAF. He has spent almost 40+ years in the PAF. During his vast stay in the PAF he held various Command and Staff appointment including managed Flying operations, Air Traffic Control operations, Met operations, Fire services, Officers' Mess management and spearheaded multiple indigenous projects at tri-services level to promote indigenization in Pakistan. A confident and capable fighter pilot on various fighter aircraft with vast instructional experience on various fighter / trainer aircraft. Alongside, having vast experience in planning and handling Security concerns (terrorist threats, Operational planning / execution), Human Resource Management and Administration. The officer is a recipient of Hilal-i-Imtiaz (Military), Sitara-i-Imtiaz (Military), Tamgha-i-Imtiaz (Military), 02 x Chief of the Air Staff Commendation Certificate.



The Air Officer is a Graduate of BSc (Aero Sciences) from Peshawar University and BSc (lions) War Studies from Air War College, PAF Base, Faisal. Master of Science in Strategic Studies from National Defence University, Islamabad, where as he did Master of Science in Defence Analysis (Irregular Warfare) from Naval Post Graduate School, Monterey, California, USA.

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



# DIRECTORS PROFILE



## Air Commodore Tausif Sadiq (Retd.)

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

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

Holding Masters degree in National Security Management and War Studies he also have first-hand experience in supervision and maintenance of aircraft and electronic systems and logistic support. In recognition of his meritorious services he was awarded Sitara-i-Imtiaz (Military) and "03" Chief of Air Staff Commendation Certificates. He has attended Director's Training program from Institute of Business Administration (IBA) Karachi.

## Air Commodore Wasim Ahmed Khan (Retd.)

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

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



## Mr. Adeel Ali

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

# DIRECTORS PROFILE



## Ms. Farrah Azeem Khan

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

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



She has worked at various senior level positions that include;

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



## Mr. Jehangir Shah

Mr. Jehangir Shah has over forty years of experience in commercial banking, private & personal banking and leasing. He has had overseas work experience in UAE, Egypt and Brazil, and served as Deputy Managing Director (2008 - 2023), Pak Oman Investment Company Limited, a joint venture between the Government of Pakistan and Sultanate of Oman. Previously, he has served as Country Manager-Pakistan of Oman International Bank SAOG and as Managing Director and CEO of Capital Assets Leasing Corporation Limited (Calcorp). His former employments include those at Habib Credit and Exchange Bank and Bank of Credit and Commerce International.

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

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

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

## CODE OF CONDUCT AND ETHICS

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The Code of Conduct and Ethics (Code) establishes the standards that govern the way we deal with each other, our customers, shareholders, governments, suppliers, competitors and the public at large.

Complying with the Code is a part of the terms and conditions of employment with Shaheen Insurance Company Limited.

## ANTI FRAUD PROGRAM & WHISTLE BLOWING POLICY

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

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



# Our Services

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



## General Insurance (Conventional)

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

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



## General Takaful (Islamic)

Takaful is an Islamic form of Insurance. Based on principle of cooperation mutual assistance shared responsibility and is growing steadily. Shaheen Insurance commenced its Window Takaful Operations in April 2018 under the guidance of renowned, qualified and certified Sharia Board.

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

# FIRE & PROPERTY INSURANCE

## Fire & Allied Perils Insurance

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

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

## Consequential Loss Due to Fire

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



# MARINE CARGO INSURANCE

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

# MOTOR INSURANCE

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

## Comprehensive Motor Policy (Private Vehicles)

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

## Commercial Vehicles

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

## Third Party Liabilities Insurance

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

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

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



# AVIATION INSURANCE

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

# ENGINEERING INSURANCE

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

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



# BONDS & SURETY INSURANCE

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

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

# MISCELLANEOUS & OTHERS

A wide range of products available under Miscellaneous & Other insurance that includes, liability Insurance like Products Liability Insurance, Professional Indemnity Insurance, Employer's Legal Liability Insurance, Public Liability Insurance, Third Party Liability Insurance, Directors & Officers Liability Insurance, Group / Personal Accident Insurance, Workmen Compensation Insurance, Fidelity Guarantee Insurance, Travel Insurance, All Risks Insurance, House-breaking & Burglary Insurance, Money Insurance (Cash in Safe & Cash in transit), Group Health Insurance, Plate Glass Insurance, Travel Insurance, Workmen Compensation, Boat Insurance etc.



# MANAGEMENT TEAM

**Mr. Jamil Ahmed**  
Incharge I.T.

**Mr. Muhammad Ali**  
Incharge Admin & HR

**Syed Jamal Ahmed**  
Head of Compliance

**Ms. Sumbul Faraz**  
Head of Underwriting

**Mr. M. Imran**  
Head of Claim

**Mr. M. Nasir Jamal**  
Head of  
Treasury & Investments



**Mr. Nisar Ahmed Almani**  
Chief Financial Officer

**Mr. Rizwan Akhtar**  
Chief Executive Officer





## CHAIRMAN'S REVIEW

I am pleased to present the 29th Annual Report of Shaheen Insurance for the year ended December 31, 2023. The overall performance of the company is very satisfactory.

As you are well aware that economic scenario of Pakistan has remained shaky during the FY2023. The Country faced unprecedented challenges due to political uncertainty, fiscal mismanagement, energy crisis, governance matters, infrastructure deficiencies, security concerns and trade imbalances. Business development in this scenario was quite challenging and despite all you will be pleased to know that the FY2023 proved to be another year of excellence & turnaround, wherein despite tough conditions, Company demonstrated robust across all key indicators.

The overall business underwritten by the Company grew by 73% to Rs 899.22 million (takaful: Rs 72.95 million) from Rs 519.23 million (takaful: Rs 33.63 million) during preceding year. Net Premium Revenue grew by 47% Rs 443.68 million compared with Rs 300.87 million in 2022. Underwriting profit for the year was Rs 22.23 million as compared to the loss of Rs 35.57 million last year.

Investment, Rental and Other Income of the Company increased by 34% during FY2023 mainly due to increase in the policy rate by the State Bank of Pakistan. Moreover, Window Takaful Operations also contributed profit before tax of Rs 9.93 million during 2023 (2022: Rs 3.51 million). Company earned Net Profit Before Tax Rs 163.82 million in 2023 (2022: Rs.77.79 million) and net profit after tax stood at Rs116.22 million (2022: Rs 53.38 million) depicting a healthy increase of 118% from 2022.

The overall performance of the Company is quite satisfactory with significant improvements both in its top line and bottom line while its market share is increasing steadily.

This year, on behalf of the board, I extend warm welcome to the new director Air Vice Marshal Muhammad Qaiser Janjua (Retd.) joining the board. I also wish to place on record my appreciation for the outgoing director Air Vice Marshal Salman Ahsan Bokhari (Retd.) for his invaluable contributions. The Board discharges its duties carefully with due assistance from its Committees providing guidance and oversight to the management's initiatives & overall performance of the Company.

The Directors reviewed and discussed the Annual Report for the year 2023 in their meeting held on March 22, 2024 and expressed their satisfaction with the overall results and recommended 10% payouts (2.50% Cash Dividend and 7.50% Bonus Shares) for approval by shareholders in its forthcoming Annual General Meeting. Paid Up Capital of the Company will accordingly enhance to Rs 645 million.

I am confident that the Company will grow further in the years to come, and all necessary steps are being taken towards increasing our market share.

I wish to place on record my highest gratitude to the Securities and Exchange Commission of Pakistan (SECP), the Reinsurers and Brokers for their continued support and guidance. I would like to thank our valued customers for their patronage and unflinching trust.

I would also like to extend my appreciation for our employees and business partners for their dedication and hard work. I am also grateful to the Board members for their commitment and shareholders for their confidence in the Company.

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

Karachi, March 22, 2024

## چیمبر مین کی جائزہ رپورٹ

یہ میرے لیے مسرت کی بات ہے کہ میں کمپنی کی ۲۹ ویں سالانہ رپورٹ 31 دسمبر، 2023 کو ختم ہونے والے سال کے لیے پیش کر رہا ہوں۔

جیسا کہ آپ بخوبی واقف ہوں گے کہ مالی سال 2023 کے دوران پاکستان کا معاشی منظر نامہ بدستور متزلزل رہا، پاکستان کو سیاسی غیر یقینی صورتحال، مالیاتی بدانتظامی، توانائی کے بحران، گورننس کے معاملات، انفراسٹرکچر کی خرابیوں، سیکورٹی خدشات اور تجارتی عدم توازن کی وجہ سے بے شمار چیلنجز کا سامنا تھا۔ اس منظر نامے میں کاروبار کی ترقی کافی چیلنجنگ تھی اور آپ کو یہ جان کر خوشی ہوگی کہ مالی سال 2023 بہترین اور تبدیلی کا ایک اور سال ثابت ہوا جس میں سخت حالات کے باوجود آپ کی کمپنی نے تقریباً تمام اہم اہداف میں بڑھوتری کا مظاہرہ کیا۔

کمپنی کے قلمز دکردہ مجموعی کاروبار گزشتہ سال کے 519.23 ملین روپے (تکافل: 33.63 ملین روپے) سے 73 فیصد بڑھ کر 899.22 ملین روپے (تکافل:

72.95 ملین روپے) ہو گیا۔ خالص پریمی آمدنی 2022 میں 300.87 ملین روپے کے مقابلے میں 47 فیصد بڑھ کر 443.68 ملین روپے رہی۔ جبکہ گزشتہ سال کے 35.57 ملین روپے کے نقصان کے مقابلے میں سال 2023 کا انڈر رائٹنگ منافع 22.23 ملین روپے ہے۔

2023 کے دوران کمپنی کی سرمایہ کاری اور خالص دیگر آمدنی میں بھی 34 فیصد اضافہ ہوا جس کی بنیادی وجہ اسٹیٹ بینک آف پاکستان کی پالیسی ریٹ میں اضافہ ہے۔ 2023 میں تکافل آپریشنز سے کنٹریبیوشن آنا شروع ہو گیا جس کی وجہ سے کمپنی نے 2023 میں 163.82 ملین روپے ٹیکس سے قبل خالص منافع کمایا (2022: 77.79 ملین روپے) اور ٹیکس کے بعد خالص منافع میں 116.22 ملین روپے (2022: 53.38 ملین روپے) جو کہ 2022 کے مقابلے میں 118 فیصد ہے۔ ونڈو تکافل آپریشنز کے ٹیکس سے پہلے منافع بھی 2023 کے دوران 9.39 ملین روپے کا کنٹریبیوشن کیا (2022: 3.51 ملین روپے)۔

کمپنی کی مجموعی کارکردگی ٹاپ لائن اور باٹم لائن دونوں میں نمایاں بہتری کے ساتھ کافی تسلی بخش ہے جبکہ اس کا مارکیٹ شیئر بتدریج بڑھ رہا ہے۔

اس سال بورڈ کی جانب سے میں نئے ڈائریکٹرز و انس مارشل محمد قیصر جنجوعہ (ریٹائرڈ) کو بورڈ میں شامل ہونے پر خوش آمدید کہتا ہوں۔ میں سبکدوش ہونے والے ڈائریکٹر ایئر و انس مارشل سلمان احسن بخاری (ریٹائرڈ) کو ان کی گراں قدر خدمات کے لیے سراہنا بھی چاہتا ہوں۔ بورڈ انتظامیہ کے اقدامات اور کمپنی کی مجموعی کارکردگی کے لیے رہنمائی اور نگرانی فراہم کرنے والی کمیٹیوں سے مناسب مدد کے ساتھ اپنے فرائض کو احتیاط سے ادا کرتا ہے۔

ڈائریکٹرز نے 22 مارچ 2024 کو ہونے والی اپنی میٹنگ میں سال 2023 کی سالانہ آڈٹ شدہ رپورٹ کا جائزہ لیا اور اس پر تبادلہ خیال کیا اور مجموعی نتیجہ پر اطمینان کا اظہار کیا اور سال کے لیے 10 فیصد ادائیگیوں (2.50 فیصد کیش ڈیویڈنڈ اور 7.50 فیصد بونس شیئرز) سال 2023 کی منظوری کی سفارش کی جس سے 22 اپریل 2024 کو ہونے والے اس کی آئندہ سالانہ جنرل میٹنگ میں شیئرز ہولڈرز کی منظوری کے بعد کمپنی کا ادا شدہ سرمایہ بڑھ کر 645 ملین روپے ہو جائے گا۔

مجھے یقین ہے کہ کمپنی آنے والے سالوں میں مزید ترقی کرے گی، اور ہمارے مارکیٹ شیئر کو بڑھانے کے لیے تمام ضروری اقدامات کیے جا رہے ہیں۔

مجھے یقین ہے کہ کمپنی آنے والے سالوں میں مزید ترقی کرے گی اور ہمارے مارکیٹ شیئر کو بڑھانے کے لیے تمام ضروری اقدامات کیے جا رہے ہیں۔ آپ کی کمپنی کا انتظام

معروف بیمہ پیشہ ور افراد کر رہے ہیں۔

میں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی)، ری انشورز اور بروکرز کا مسلسل تعاون اور رہنمائی کے لیے شکر یہ ادا کرنا چاہتا ہوں۔ میں اپنے قابل قدر صارفین کی سرپرستی، غیر متزلزل اعتماد شکر یہ ادا کرنا چاہتا ہوں۔

میں اپنے ملازمین اور کاروباری شراکت داروں کو ان کی لگن اور محنت کے لیے خراج تحسین پیش کرنا چاہتا ہوں۔ میں بورڈ ممبران کا ان کے عزم اور کمپنی پر اعتماد کے لیے شکر ہولڈرز کا بھی شکر گزار ہوں۔



ایئر مارشل محمد عارف پرویز (ریٹائرڈ)

چیمبر مین

کراچی، 22 مارچ، 2024



## DIRECTORS' REPORT

The Directors of the Company are pleased to present the 29th Annual Report together with the Audited Financial Statements and Auditor's Report thereon for the year ended December 31, 2023.

### GENERAL ECONOMIC REVIEW OF PAKISTAN

Pakistan faced unprecedented challenges during FY23 due to political uncertainty and legacy issues like fiscal mismanagement, energy crisis & governance matters, infrastructure deficiencies, security concerns and trade imbalances. In addition, the Ukraine-Russia war severely disrupted the global demand-supply balance which led to a commodity super-cycle resulting in slow down of the global economic growth. Inability of authorities in finalizing agreement with IMF compounded difficulties faced by the economy. Consequently, there was immense pressure on foreign exchange reserves resulting in significant depreciation of Pak Rupee and rising inflation for an import driven economy.

The government has taken tough decisions including restricting non-essential imports to tackle macroeconomic imbalances and reduction in fiscal deficit. Restructuring of deposits from China and Saudi Arabia along with securing Saudi oil facility relieved some pressure on foreign exchange reserves. Inflows from new Ijara sukuk instruments, loans/aids from IMF, ADB and AIIB under BRACE program and loans from commercial banks were secured to support budget targets. Despite these and many other measures, GDP growth was hardly 0.29% in FY23 in nominal terms. Efforts to start barter trade and reliance on local resources for power generation were additional measures.

The Insurance industry is contributed with responsibility and provided maximum support to country's economy and performed much better viz-a-viz to the economy in these challenging conditions during the FY2023.

### COMPANY'S FINANCIAL PERFORMANCE – FY 2023

You will appreciate that the FY2023 proved to be another year of excellence wherein despite tough challenges Company's gross premium growth was over 73% from preceding year as tabulated below;

Business Segment	Gross Premium FY 2023	Gross Premium FY 2022	% age Growth
Conventional Business	826,275,033	485,601,737	70%
Takaful (WTO) Business	72,945,602	33,625,989	117%
Total Business	899,220,635	519,227,726	73%

The comparative financial performance of the Company for the year ended December 31, 2023 are as under: -

Profit & Loss Account	Year 2023 Rs (000)	Year 2022 Rs (000)	%age Inc. / (Dec.)
Gross Premium (including window takaful operations)	899,221	519,228	73%
Net Premium Income	443,681	300,868	47%
Net Incurred Claims (including IBNER)	149,422	80,080	87%
Management Expenses	189,316	198,012	(4%)
Underwriting Profits	22,296	(35,574)	163%
Profit from Window Takaful Operations	9,926	3,512	183%
Investments, Rentals & Other Income	142,505	106,668	34%
Profit before tax	163,934	77,791	111%
Profit after tax	116,304	53,376	118%
Earnings per share (EPS)	1.94	0.89	118%

You will be pleased to know that besides business acceleration during FY2023; the year also proved to be a year of turn-around because Company earned profits after long time from its core lines of business showing underwriting profit of Rs 22.30 million compared to loss of Rs 35.57 million during FY2022. Overall claims expenses increased by 87% if compared with preceding year mainly due to two large claims reported during FY2023 which has also been paid.

Investments, rentals & other Income of the Company increased by 34% during the FY2023 mainly due to increase in policy rate by the State Bank of Pakistan. Management and other expenses for the 2023 registered a decrease of 4% compared with FY2022 mainly due to no bad debts & provisions against doubtful debts needed recording during FY2023. Company earned net profit before tax Rs 163.92 million during the FY2023 (FY2022: Rs 77.79 million) and net profit after tax rose to Rs 116.30 million from Rs 53.38 showing an increase of 118% from preceding year.

#### PERFORMANCE OF WINDOW TAKAFUL OPERATIONS

Shaheen Takaful is operating under the guidance & supervision of Sharia Board comprising of qualified & certified Sharia Scholars. You will appreciate that the FY2023 also proved to be another year of excellence wherein gross contributions on this account also grew by 117% from preceding year. The comparative financial performance of the Company's WTO for the year ended December 31, 2023 is as under: -

PTF Revenue Account	Year 2023 Rs (000)	Year 2022 Rs (000)	%age Inc. / (Dec.)
Gross Contributions Underwritten	72,946	33,626	117%
Net Contributions revenue	30,026	9,365	221%
Net Incurred Claims (including IBNER)	15,967	12,316	30%
Underwriting Surplus /(Deficit)	13,620	(3,080)	542%
Investment & Net Other Incomes	4,107	2,102	95%
Net Surplus/(Deficit) for the year	17,723	(978)	1912%

Operator's Fund - OPF Account	Year 2023	Year 2022	%age Inc. / (Dec.)
Wakala Fee earned	20,716	9,442	119%
Business & Management Expenses	16,964	8,781	93%
Investment & Net Other Incomes	6,173	2,851	117%
Profit before Tax from WTO	9,926	3,512	183%



During the FY2023, Company procured business & underwrote gross contribution of Rs 72.95 million (FY2022: Rs 33.63 million) showing an increase of 117%. The net contribution revenue from takaful business increased to Rs 30.02 million during FY2023 from Rs 9.37 million during the corresponding year. Further, during the period under review Company earned surplus revenue over expenses from its operating activities of Rs 17.75 million, first time since started its operations, while last year there was deficit of Rs 0.978 million on PTF revenue account.

We are pleased to share that the Operators Fund of the Company earned profit before tax of Rs 9.93 million during FY2023 (FY 2022: Rs 3.51 million). In addition, WTO PTF has further returned back Qard-e-Hasna of Rs 7.50 million during FY 2023 to OPF (FY 2022: Rs 2.83 million) and aim to further reduce the same in coming years.

We are confident that the takaful operations will grow further in years to come in line with the government supported growth of Islamic banking and we are taking all necessary steps for increasing our market share.

The overall performance of the Company is quite satisfactory with significant improvements both in the top line and bottom line.

## INVESTMENTS

The overall investment policy of the Company by and large remains unchanged focusing on risk free highest returns based placements. Your company also generates a significant portion of its investment income from return on bank deposits. Investment portfolio of the Company has also demonstrated a growth and remain diversified as give below;

Investments	Year 2023	Year 2022
Equity securities	115,018	164,245
Debt securities	119,292	83,071
Term deposits	448,879	364,779
<b>Total Deposits</b>	<b>683,189</b>	<b>612,095</b>
Investments in TDR - OPF	30,100	27,188
Investments in properties	167,051	167,051
<b>Total Investments</b>	<b>880,340</b>	<b>806,334</b>

## CLAIMS

The Company recognize its liabilities in respect of all claims incurred up to the date of Statement of Financial Statements i.e., December 31, 2023 which is measured at the undiscounted value of the expected future payments.

In compliance with SECP Circular No.9 of 2016, the Company takes Actuarial advice for the determination of IBNER claims which have been estimated using Chain Ladder (CL) method. The Chain Ladder (CL) method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

## REINSURANCE & RETAKAFUL

Company continues to enjoy sound reinsurance arrangements with leading A Rated International Insurers. Reinsurance treaties of the Company have been placed successfully for the year 2024 as well. Underwriting capacities for core lines of business like Fire, Marine & Engineering risks has increased to Rs 1 billion per risk, enabling the Company to underwrite & participate in large risks.



The conventional treaty board of the Company consists of very well renowned reinsurers from around the world, lead by Trust Re of Bahrain which shows their continued confidence on the prudent underwriting policies. Treaty capacities are gradually growing in line with the growth of SICL in all lines of business.

The Retakaful treaty is also well placed with world renowned retakaful operators under the lead of Labuan Re, while our retakaful treaty capacity for all lines of business has also been increased for U/W year 2023-24.

We are thankful to all our reinsurance brokers and reinsurance & retakaful treaty partners for their continued support & confidence.

## APPROPRIATION OF PROFIT

The amount available for appropriation is:

	Rupees
Unappropriated profit from previous years	108,063,726
Profit after tax for the year	116,304,323
Other Comprehensive Income and Adjustment of profit not available for appropriation	(3,625,334)
	<b>220,742,715</b>

The Directors recommend that this amount be appropriated in the following manner

	Rupees
Proposed final cash dividend @ 2.5%	15,000,000
Proposed issue of Bonus Shares @ 7.5%	45,000,000
Unappropriated profit carried forward to next year	160,742,715
	<b>220,742,715</b>

## CREDIT RATING

With strong backing of sponsors, capital base, prudent underwriting and financial management the Pakistan Credit Rating Agency (PACRA) has reaffirmed the Insurer Financial Strength (IFS) rating of your Company to '**A+**' (**Single A Plus**), outlook continues to be '**Strong**'. The assigned rating denotes "strong capacity to meet policy holders and contract obligations. Risk factors are low, and the impact of any adverse business and economic factors is expected to be small."

## BOARD OF DIRECTORS

Board of Directors' of the company consists of seven directors having the knowledge, experience and skills required to provide oversight and strategic guidelines to the Company. The total number of Directors are seven (7) as per following distribution:

(a) Male	06
(b) Female	01

The composition of board is as follows: -

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

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



The following directors of the Company are male and non-executive directors;

- |  |                                   |
|--|-----------------------------------|
| 1. Air Marshal Muhammad Arif Pervaiz (Retd.)       | Chairman & Non-Executive Director |
| 2. Air Vice Marshal Muhammad Qaiser Janjua (Retd.) | Non-Executive Director            |
| 3. Air Commodore Tausif Sadiq (Retd.)              | Non-Executive Director            |
| 4. Air Commodore Wasim Ahmed Khan (Retd.)          | Non-Executive Director            |
| 5. Mr. Adeel Ali                                   | Non-Executive Director            |

The following directors of the company are male / female and are independent directors;

- |                          |        |                      |
|--------------------------|--------|----------------------|
| 1. Mr. Jehangir Shah     | Male   | Independent Director |
| 2. Ms. Farrah Azeem Khan | Female | Independent Director |

No remuneration is being paid to directors including independent directors except meeting fee.

During the year, Air Vice Marshal Muhammad Qaiser Janjua (Retd.) was appointed in place of Air Vice Marshal Salman Ahsan Bokhari (Retd.) who resigned from the Board. Board wishes Air Vice Marshal Salman Ahsan Bokhari (Retd.) best of luck in his future endeavors.

## BOARD MEETINGS

Board of Directors held 4 meetings in 2023. Attendance of directors is indicated below;

Name of Director	No. of meetings attended
Air Marshal Muhammad Arif Pervaiz (Retd.)	4
Air Vice Marshal Salman Ahsan Bokhari (Retd.) (resigned in December 2023)	4
Air Vice Marshal Muhammad Qaiser Janjua (Retd.) (appointed in December 2023)	-
Air Commodore Tausif Sadiq (Retd.)	4
Air Commodore Wasim Ahmed Khan (Retd.)	4
Mr. Adeel Ali	4
Mr. Jehangir Shah	3
Ms. Farrah Azeem Khan	3

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

## EARNINGS PER SHARE

Basic and Diluted Earnings per Share of the Company for the year ended December 31, 2023 is **Rs 1.94 per share** (FY 2022: Rs 0.89 per share).

## CONTRIBUTORY PROVIDENT FUND

The value of investment including accrued income of provident fund on the basis of unaudited accounts as on December 31, 2023 is as follows;

Value of investments Rs 26.66 Million



## STATUTORY PAYMENTS ON ACCOUNT OF TAXES, DUTIES

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

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

Head of Account	Rupees in Millions					
	2023	2022	2021	2020	2019	2018
Written Gross Premium including gross written contribution	<b>826.28</b>	485.60	243.00	254.00	357.00	417.00
Investment Income	<b>113.04</b>	78.38	48.00	57.00	61.00	33.00
Claims Expense	<b>149.42</b>	80.08	43.00	66.00	100.00	85.00
Net commission and other acquisition cost	<b>82.65</b>	58.35	35.00	53.00	61.00	100.00
Management and other expenses	<b>197.79</b>	204.48	147.00	152.00	139.00	133.00
Profit after tax	<b>116.30</b>	53.38	25.00	36.00	60.00	79.00
Share Holders Equity	<b>844.60</b>	731.93	689.00	656.00	621.00	574.00
Claim Outstanding	<b>207.56</b>	128.96	86.00	127.00	128.00	116.00
Insurance / Reinsurance receivables	<b>241.44</b>	122.58	145.00	178.00	252.00	272.00
Investment	<b>683.19</b>	612.10	600.00	603.00	564.00	507.00
Investment Properties	<b>167.05</b>	167.05	155.00	135.00	130.00	31.00

## DIRECTORS TRAINING PROGRAM

Air Commodore Tausif Sadiq (Retd.) have already completed Directors Training Program of the Institute of Business Administration.

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

## CORPORATE BRIEFING

Corporate Briefing session was held for Shareholders and Analysts on December 19, 2023 via video link, as per requirement of the Pakistan Stock Exchange. Senior Management, Analysts and shareholders attended the session.

## STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance set out by the regulatory authority have been duly complied with. A statement to this effect is annexed with the report.

## DIRECTOR'S REMUNARATION

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





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

### **CHAIRMAN BOARD OF DIRECTORS**

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

### **CHIEF EXECUTIVE OFFICER - CEO**

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

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

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

### **BOARD COMMITTEES**

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

The Board has constituted Audit, Investment, Ethics, Human Resource & Remuneration Committees.

### **TRAINING PROGRAM**

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

### **PATTERN OF SHARE HOLDING**

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

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

No trading in the shares of the Company was carried out by the directors, CEO, CFO and Company Secretary, their spouses or minor children.



## STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

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

## PATTERN OF SHARE HOLDING

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

## AUDITORS

M/s. BDO Ebrahim & Co. Chartered Accountants retire at the conclusion of the Annual General Meeting and being eligible, offer themselves for re-appointment for the financial year ending December 31, 2024. The Audit Committee has recommended and the Board has endorsed the appointment of M/s. BDO Ebrahim & Co., Chartered Accountants, as auditors for the year ending December 31, 2024.

## FUTURE OUTLOOK OF THE COMPANY

We are optimistic about the future business prospects and strongly believe that Shaheen Insurance will continue to grow in the years to come. The general economic environment of the country is expected to stabilize which has already been show cased.

The overall economic outlook is being shaped largely by the restoration of political stability and the continued implementation of reforms under the IMF program to stabilize the economy and restore fiscal and external buffers. The new government is in place now and we are looking forward with confidence for taking advantage from the new opportunities in the years to come.

Business development in this scenario will be quite challenging but since now our economy is getting momentum and the Company expects to get its due share for the available opportunities.



Shaheen Insurance is fully aware of the challenges & changes taking place in the economy and are fully equipped to benefit from all such environment. We are taking all necessary steps for its business expansion including development of new business, tailor-made business solutions, development of new lines of business and participation in mega projects on consortium basis with renowned insurers.

Our emphasis will remain to improve the overall risk architecture, balancing the portfolios and focus on safe and sustainable growth. Contributions from investment activities also anticipated in the wake of maintained policy rate by the SBP.

Shaheen Insurance is taking all necessary steps for increasing its market share with the care that not only the top line grows but also the bottom line to remain positive. We look forward with confidence in meeting the challenges and opportunities will arise in the market.

## ACKNOWLEDGMENTS

We would like to thank our valued customers for their continued patronage and support. We are also thankful for the cooperation and assistance extended by the Securities & Exchange Commission of Pakistan (SECP), Pakistan Reinsurance Company Ltd. (PRCL) and State Bank of Pakistan (SBP) for their guidance and support during the year.

We also would like to place on record your Director's appreciation of the efforts put in by the officers, field force and staff for their dedication, commitment, sincerity and hard work who contributed for the growth of the Company.

For and on behalf of Board

**Syed Rizwan Akhtar**  
Chief Executive Officer

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

March 22, 2024


جن میں نئے کاروبار کی ترقی، درزی سے بنائے گئے کاروبار کی حل، کاروبار کی نئی لائنوں کی ترقی اور معروف بیمہ کنندگان کے ساتھ کنسورشیم کی بنیاد پر میگا پروجیکٹس میں شرکت شامل ہے۔

ہمارا زور مجموعی رسک آرکیٹیکچر کو بہتر بنانے، محکموں کو متوازن کرنے اور محفوظ اور پائیدار ترقی پر مرکوز رہے گا۔ اسٹیٹ بینک کی جانب سے پالیسی کی شرح برقرار رکھنے کے تناظر میں سرمایہ کاری کی سرگرمیوں سے تعاون بھی متوقع ہے۔ شاہین انشورنس اپنے مارکیٹ شیئر کو بڑھانے کے لیے تمام ضروری اقدامات اس خیال کے ساتھ کر رہی ہے کہ نہ صرف ٹاپ لائن بڑھے بلکہ نیچے کی لائن بھی مثبت رہے۔ ہم اعتماد کے ساتھ چیلنجوں کا مقابلہ کرنے کے منتظر ہیں اور مارکیٹ میں مواقع پیدا ہوں گے۔


### اظہار تشکر:

ہم اپنے قابل قدر صارفین کا ان کی مسلسل تعاون اور حمایت کے لیے شکریہ ادا کرنا چاہیں گے۔ ہم سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی)، پاکستان ری انشورنس کمپنی لمیٹڈ (پی آر سی ایل) اور اسٹیٹ بینک آف پاکستان (ایس بی پی) کی طرف سے سال کے دوران ان کی رہنمائی اور تعاون کے بھی شکر گزار ہیں۔ ہم آپ کے ڈائریکٹر کی جانب سے افسران، سیلز ٹیم اور عملے کی کمپنی کی ترقی کے لیے ان کی لگن، عزم، خلوص اور محنت کے لیے کی جانے والی کوششوں کی تعریف بھی ریکارڈ پر رکھنا چاہتے ہیں جنہوں نے کمپنی کی ترقی کے لیے اپنا کردار ادا کیا۔

منجانب بورڈ آف ڈائریکٹرز

  
ایمر ریشل (ر) محمد عارف پرویز  
چیئرمین

22 مارچ، 2024

  
رضوان اختر  
چیف ایگزیکٹو آفیسر

ہے سوائے ان معاملات کے جن کو آڈیٹرز نے CCG رپورٹ میں نمایاں کیا ہے۔

## شیئر ہولڈنگ کا طریقہ کار:

شیئر ہولڈنگ کا طریقہ کار رپورٹ میں علیحدہ سے بیان کیا گیا ہے۔

## آڈیٹرز:

میسرز بی ڈی او ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہو جاتے ہیں اور اہل ہوتے ہوئے، موجودہ معاوضے پر 31 دسمبر 2024 کو ختم ہونے والے مالی سال کے لیے دوبارہ تقرری کے لیے خود کو پیش کرتے ہیں۔ آڈٹ کمیٹی نے سفارش کی ہے اور بورڈ نے 31 دسمبر 2024 کو ختم ہونے والے سال کے لیے میسرز بی ڈی او ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی بطور آڈیٹر تقرری کی توثیق کی ہے۔

## کمپنی کا مستقبل:

ہم مستقبل کے کاروباری امکانات کے بارے میں پر امید ہیں اور پختہ یقین رکھتے ہیں کہ شاہین انشورنس آنے والے سالوں میں ترقی کرتی رہے گی۔ ملک کا عمومی معاشی ماحول مستحکم ہونے کی توقع ہے جس کا پہلے ہی شوکیس ہو چکا ہے۔ سیاسی استحکام کی بحالی اور معیشت کو مستحکم کرنے اور مالیاتی اور بیرونی بفرز کو بحال کرنے کے لیے آئی ایم ایف کے پروگرام کے تحت اصلاحات کے مسلسل نفاذ سے مجموعی اقتصادی نقطہ نظر کی تشکیل ہو رہی ہے۔ نئی حکومت اب قائم ہے اور ہم آنے والے سالوں میں نئے مواقع سے فائدہ اٹھانے کے لیے اعتماد کے ساتھ منتظر ہیں۔

اس منظر نامے میں کاروبار کی ترقی کافی چیلنجنگ ہوگی لیکن چونکہ اب ہماری معیشت تیزی سے بڑھ رہی ہے اور کمپنی کو توقع ہے کہ دستیاب مواقع کے لیے اپنا مناسب حصہ ملے گا۔

شاہین انشورنس معیشت میں رونما ہونے والے چیلنجز اور تبدیلیوں سے پوری طرح آگاہ ہے اور ایسے تمام ماحول سے فائدہ اٹھانے کے لیے پوری طرح لیس ہے۔ ہم اس کے کاروبار کی توسیع کے لیے تمام ضروری اقدامات کر رہے ہیں

## کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کا بیان:

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

- (1) کمپنی کی طرف سے تیار کردہ مالیاتی بیانات، اس کی حالت، اس کے کاموں کے نتائج، کیش فلو اور ایکویٹی میں ہونے والی تبدیلیوں کو کافی حد تک پیش کرتے ہیں۔
- (2) کمپنی نے کھاتوں کی مناسب کتابیں رکھی ہیں۔
- (3) کمپنی نے مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کی مسلسل پیروی کی ہے اور اکاؤنٹنگ کے تخمینے، انٹرنل کنٹرول اور معقول فیصلے کی بنیاد پر ہیں۔
- (4) مالیاتی گوشواروں کی تیاری میں پاکستان میں لاگو بین الاقوامی اکاؤنٹنگ معیارات کی پیروی کی گئی ہے۔ اکاؤنٹنگ کے معیارات اور ایسے بین الاقوامی مالیاتی رپورٹنگ معیارات (آئی ای آر ایس) جو انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز بورڈ کے ذریعہ جاری کیے گئے ہیں جو کمپنیز ایکٹ 2017 کے تحت مطلع کیے گئے ہیں، انشورنس آرڈیننس 2017، کمپنیز ایکٹ 2017، انشورنس آرڈیننس 2017، ایس ای سی پی (بیمہ) کے تحت جاری کردہ دفعات اور ہدایات (رولز 2017 اور تکافل رولز 2012) وہاں سے کوئی بھی روانگی مناسب طور پر ظاہر کر دی گئی ہے۔
- (5) بورڈ نے اندرونی کنٹرول کا ایک نظام قائم کیا ہے، جو کمپنی کے اندر ہر سطح پر لاگو ہوتا ہے۔ کمپنی کوڈ آف کارپوریٹ گورننس برائے بیمہ کنندگان، 2016 (کوڈ) اور لسٹڈ کمپنیز کوڈ آف کارپوریٹ گورننس ریگولیشنز 2019 (ریگولیشنز) میں دیے گئے اندرونی کنٹرول کے تمام ضروری پہلوؤں کو شامل کرنے کی کوششیں اور انتظامات کر رہی ہے۔
- (6) کمپنی کے بنیادی اصول مضبوط ہیں اور اس کے جاری رہنے کی قابلیت کے بارے میں کوئی شک نہیں ہے۔
- (7) کمپنی نے کارپوریٹ گورننس کے بہترین طریقوں کی پیروی کی ہے جیسا کہ فہرست سازی کے ضوابط میں بیان کیا گیا

نافذ کرنا شامل ہے۔ وہ کمپنی کے کاروبار کے صحیح اور موثر انتظام اور طرز عمل کے لیے مجموعی کنٹرول، سمت، انتظامیہ اور نگرانی کو استعمال کرنے کا ذمہ دار ہے۔ چیئرمین اور سی ای او مسائل، مواقع اور مسائل پر تبادلہ خیال/ جائزہ لینے کے لیے باقاعدگی سے ملاقات کرتے ہیں۔

### سی ای او کی کارکردگی کا جائزہ:

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

### بورڈ کی کمیٹیاں:

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

بورڈ نے آڈٹ، سرمایہ کاری، انسانی وسائل اور معاوضے اور نامزدگی کمیٹیاں تشکیل دی ہیں۔

### ترہیتی پروگرام:

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

### شیئر ہولڈنگ کا پیٹرن:

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

### کمپنی کے حصص میں تجارت:

ڈائریکٹرز، سی ای او، سی ایف او اور کمپنی سیکرٹری، ان کی شریک حیات یا نابالغ بچوں کے ذریعے کمپنی کے شیئرز میں کوئی تجارت نہیں کی گئی۔

ضابطہ کارپوریٹ گورننس کے ضابطوں کی جو ریگولیٹری اتھارٹی کے ذریعہ وضع کی گئی ہے ان کی تعمیل کی گئی ہے۔ اس سلسلے میں ایک بیان رپورٹ کے ساتھ منسلک ہے۔

### ڈائریکٹر کا معاوضہ:

کمپنیز ایکٹ، 2017، لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 اور کمپنی کی ایسوسی ایشن کے آرٹیکلز، انڈیپنڈنٹ ڈائریکٹرز سمیت غیر ایگزیکٹو ڈائریکٹرز کے معاوضے کی پالیسی کے مطابق، کمپنی کوئی معاوضہ ادا

نہیں کرتی ہے۔ اس کے نان ایگزیکٹو ڈائریکٹرز (بشمول آزاد ڈائریکٹرز) کو صرف سہ ماہی بورڈ میٹنگز میں شرکت کے لیے میٹنگ فیس دی جاتی ہے۔

### چیئر مین اور چیف ایگزیکٹو آفیسر کا کردار:

### چیئر مین بورڈ آف ڈائریکٹرز:

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

### چیف ایگزیکٹو آفیسر - سی ای او:

بورڈ آف ڈائریکٹرز کمپنی کے چیف ایگزیکٹو آفیسر کو تین سال کی مدت کے لیے مقرر کرتا ہے۔ چیف ایگزیکٹو آفیسر تمام قانونی ذمہ داریوں کے مطابق کمپنی کی کارروائیوں اور اس کے کاروبار کے انعقاد کے لیے ذمہ دار ہے اور بورڈ کی ہدایت اور قانون کے ذریعے اس کے اختیار میں ہے۔ اس کی ذمہ داریوں میں بورڈ کی حکمت عملیوں اور پالیسیوں کو



85.00	100.00	66.00	43.00	80.08	149.42	صافی دعووں کے اخراجات
100.00	61.00	53.00	35.00	58.35	82.65	کمیشن کے صافی اور دیگر حصول کے اخراجات
133.00	139.00	152.00	147.00	204.48	197.79	انتظامی اور دیگر اخراجات
79.00	60.00	36.00	25.00	53.38	116.30	نفع / (نقصان) بعد از ٹیکس
574.00	621.00	656.00	689.00	731.93	844.60	شیر ہولڈرز کی ایکوٹی
116.00	128.00	127.00	86.00	128.96	207.56	واجب الادا دعویٰ جات
272.00	252.00	178.00	145.00	122.58	241.44	انشورنس / ری انشورنس پر بیم قابل وصولیاں
507.00	564.00	603.00	600.00	612.10	683.19	سرمایہ کاری
31.00	130.00	135.00	155.00	167.05	167.05	سرمایہ کاری کی املاک

## ڈائریکٹرز کا تربیتی پروگرام:

ایئر کموڈور توصیف صادق (ریٹائرڈ) پہلے ہی انسٹی ٹیوٹ آف بزنس ایڈمنسٹریشن سے ڈائریکٹرز تربیتی پروگرام مکمل کر چکے ہیں۔

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

## کارپوریٹ بریفنگ:

پاکستان اسٹاک ایکسچینج کے تقاضے کے مطابق 19 دسمبر 2023 کو شیر ہولڈرز اور تجزیہ کاروں کے لیے ویڈیولنک کے ذریعے کارپوریٹ بریفنگ سیشن کا انعقاد کیا گیا۔ سیشن میں سینئر مینجمنٹ، تجزیہ کار اور شیر ہولڈرز نے شرکت کی۔

کوڈ آف کارپوریٹ گورننس کے ساتھ تعمیل کی اسٹیٹمنٹس:

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

## فی شیئر آمدنی:

31 دسمبر 2023 و اختتام پزیر ہونے والے سال میں کمپنی کی فی شیئر بنیادی اور خفیف آمدنی 1.94 روپے فی شیئر ہے (جو 2022 میں 0.89 فی شیئر تھی)۔

## شراکتی پراویڈینٹ فنڈ:

پراویڈینٹ فنڈ کے 31 دسمبر 2023 کے غیر آڈٹ شدہ اکاؤنٹ کی بنیاد پر سرمایہ کاری کی رقم بشمول کی آمدنی کی تفصیل درج ذیل ہے۔

سرمایہ کاری کی قدر 26.66 ملین روپے ہے۔

## ٹیکس، ڈیوٹیز کی مد میں ادائیگی:

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

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

(روپے) ملین میں						
2018	2019	2020	2021	2022	2023	
417.00	357.00	254.00	243.00	485.60	826.28	قلمزد کردہ مجموعی پریمیم بشمول مجموعی کٹریبیوشن
33.00	61.00	57.00	48.00	78.38	113.04	سرمایہ کاری کی آمدنی

مندرجہ ذیل تمام حضرات کمپنی کے آزاد ڈائریکٹرز ہیں:

۱۔ فرح عظیم خان خاتون آزاد ڈائریکٹر

۲۔ جہانگیر شاہ مرد آزاد ڈائریکٹر

ڈائریکٹرز بشمول آزاد ڈائریکٹرز کو میٹنگ فیس کے علاوہ کوئی معاوضہ ادا نہیں کیا جا رہا ہے۔

ایئر وائس مارشل (ریٹائرڈ) محمد قیصر جنجوعہ کی تقرری دسمبر 2023 میں ایئر وائس مارشل (ریٹائرڈ) سلمان احسن بخاری کی جگہ بورڈ میں خالی آسامی پُر کرنے کے لیے ہوئی، جنہوں نے سال کے دوران بورڈ سے استعفیٰ دے دیا۔ بورڈ ایئر وائس مارشل سلمان احسن بخاری (ریٹائرڈ) کو ان کی مستقبل کے لیے نیک خواہشات کا اظہار کرتا ہے۔

بورڈ کی میٹنگز:

2023 میں بورڈ آف ڈائریکٹرز کی 4 میٹنگز منعقد ہوئیں۔ ڈائریکٹرز کی حاضری کی تفصیل درج ذیل ہے۔

ڈائریکٹرز کا نام	حاضری
ایئر مارشل (ریٹائرڈ) محمد عارف پرویز	4
ایئر وائس مارشل (ریٹائرڈ) سلمان احسن بخاری (دسمبر 2023 میں رخصت ہوئے)	4
ایئر وائس مارشل (ریٹائرڈ) محمد قیصر جنجوعہ (دسمبر 2023 میں منتخب ہوئے)	-
ایئر کموڈو (ریٹائرڈ) توصیف صادق	4
ایئر کموڈو (ریٹائرڈ) وسیم احمد خان	4
عدیل علی	4
جہانگیر شاہ	3
فرح عظیم خان	3

کے پاس نگرانی اور حکمت عملی کے رہنما خطوط فراہم کرنے کے لیے ضروری علم، تجربہ اور مہارتیں ہیں۔ مندرجہ ذیل تقسیم کے مطابق ڈائریکٹرز کی کل تعداد آٹھ (7) ہے۔

(a) مرد 06

(b) خاتون 01

بورڈ کی تشکیل حسب ذیل ہے:-

آزاد ڈائریکٹرز 2

غیر ایگزیکٹو ڈائریکٹرز 5

سی ای او- ایگزیکٹو ڈائریکٹر سمجھا جاتا ہے 1

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

مندرجہ ذیل تمام حضرات کمپنی کے نان ایگزیکٹو ڈائریکٹرز ہیں:

- |                                      |    |                                    |
|--------------------------------------|----|------------------------------------|
| ایئر مارشل (ر) محمد عارف پرویز       | ۱- | چیئر مین اور نان ایگزیکٹو ڈائریکٹر |
| ایئر وائس مارشل (ر) محمد قیصر جنجوعہ | ۲- | نان ایگزیکٹو ڈائریکٹر              |
| ایئر کموڈور (ر) توصیف صادق           | ۳- | نان ایگزیکٹو ڈائریکٹر              |
| ایئر کموڈور (ر) وسیم احمد خان        | ۴- | نان ایگزیکٹو ڈائریکٹر              |
| عدیل علی                             | ۵- | نان ایگزیکٹو ڈائریکٹر              |

## تقسیم شدہ منافع اور نفع کا استعمال:

تقسیم شدہ منافع اور نفع کا استعمال کے لیے دستیاب رقم درج ذیل ہے:

108,063,726

116,304,323

(3,625,334)

220,742,715

گزشتہ سالوں کا تقسیم شدہ منافع

نفع بعد از ٹیکس

دیگر مجموعی آمدنی اور منافع کی ایڈجسٹمنٹ جو کہ تخصیص کے لیے دستیاب نہیں ہے۔

اس رقم کو مختص کرنے کے لیے ڈائریکٹرز کی تجاویز درج ذیل ہیں۔

15,000,000

45,000,000

160,742,715

220,742,715

مجوزہ حتمی نقد ڈیویڈنڈ / ادائیگی 2.5 فیصد کی شرح پر

بونس شیئرز کا مجوزہ اجراء 7.5 فیصد کی شرح پر

اگلے سال کے لیے کیری فاروڈ کیا جانے والا تخصیص منافع

کریڈٹ ریٹنگ:

اسپانسرز کی مضبوط حمایت، کیپٹل بیس، محتاط ذمہ نویسی اور مالیاتی انتظام کے ساتھ، پاکستان کریڈٹ ریٹنگ ایجنسی (پیکرا) نے ہماری کمپنی کی انشورنس کنندہ مالیاتی طاقت (مالیاتی اداروں) کی درجہ بندی کو A+ (سنگل اے پلس) مستحکم آؤٹ لک کے ساتھ بحال کیا ہے۔ مثبت - تفویض کردہ درجہ بندی اچھے کریڈٹ کوالٹی کی نشاندہی کرتی ہے، تحفظ کے عوامل مضبوط ہیں، خطرہ معمولی ہے لیکن معیشت میں ممکنہ تبدیلیوں، پالیسی ہولڈر اور معاہدے کی ذمہ داریوں کو پورا کرنے کی اعلیٰ صلاحیت کے ساتھ مختلف ہو سکتے ہیں۔

بورڈ آف ڈائریکٹرز:

کمپنی کا بورڈ آف ڈائریکٹرز آٹھ ڈائریکٹرز پر مشتمل ہے جس میں چیف ایگزیکٹو آفیسر (سی ای او) بھی شامل ہیں جن

داری کو تسلیم کرتی ہے جس کی پیمائش مستقبل کی متوقع ادائیگیوں کی غیر رعایتی قیمت پر کی جاتی ہے۔  
2016 کے ایس ای سی پی سرکلر نمبر 9 کی مطابق، کمپنی آئی بی ان اردعوں کے تعین کے لیے ایکچوریل سے تخمینہ لیتی ہے جو کہ چین لیڈر (سی ایل) طریقے کے تحت ہوتا ہے۔ چین لیڈر (سی ایل) طریقے میں ہر مدت کے لیے ترقی کے عوامل یا ربط کے تناسب کا تعین شامل ہے۔ اس کے بعد ان کو مجموعی ترقیاتی عنصر (سی ڈی ایف) کا تعین کرنے کے لیے جوڑ دیا جاتا ہے جو دعویٰ کی مستقبل کی ترقی کی حد تک ان کی حتمی سطح تک پہنچنے کی نمائندگی کرتا ہے۔

### ری انشورنرز اور ری تکافل:

کمپنی معروف بین الاقوامی بیمہ کنندگان کے ساتھ دوبارہ بیمہ کے بہترین انتظامات سے لطف اندوز ہوتی رہتی ہے۔ سال 2024 کے لیے بھی آپ کی کمپنی کے ری انشورنس معاہدے کامیابی کے ساتھ رکھے گئے ہیں۔ فائر، میرین اور انجینئرنگ کے رسک کے لیے انڈر رائٹنگ کی صلاحیتیں بڑھ کر 1 بلین روپے فی رسک تک پہنچ گئی ہیں، جس سے کمپنی کو انڈر رائٹ کرنے اور بڑے رسک میں حصہ لینے کے قابل بنایا گیا ہے۔

کمپنی کا کنوشنل ٹریٹی بورڈ دنیا بھر کے بہت مشہور ری انشوررز پر مشتمل ہے، جس کی قیادت ٹرسٹ ری آف بحرین کر رہے ہیں جو کہ انڈر رائٹنگ پالیسیوں پر ان کے مسلسل اعتماد کو ظاہر کرتا ہے۔ معاہدے کی صلاحیتیں کاروبار کے تمام خطوط میں ایس آئی سی ایل کی ترقی کے مطابق آہستہ آہستہ بڑھ رہی ہیں۔

ری تکافل معاہدہ بھی لبنان ری کی قیادت میں عالمی شہرت یافتہ ری تکافل آپریٹرز کے ساتھ اچھی طرح سے رکھا گیا ہے جس سے 2023-24 کے انڈر رائٹنگ سال کے تمام کاروبار کے لیے ہمارے ری تکافل معاہدے کی صلاحیت میں بھی اضافہ کیا گیا ہے۔

ہم اپنے تمام ری انشورنرز بروکرز اور ری انشورنرز اور ری تکافل ٹریٹی پارٹنرز کے مسلسل تعاون اور اعتماد کے لیے ان کے شکر گزار ہیں۔

ہمیں یہ بتاتے ہوئے خوشی ہو رہی ہے کہ کمپنی کے آپریٹرز فنڈ نے مالی سال 2023 (مالی سال 2022: 3.51 ملین روپے) کے دوران 9.39 ملین روپے کا ٹیکس سے پہلے منافع کمایا۔ مزید برآں، ونڈو تکافل آپریشن کے پارٹنرسز فنڈ نے مالی سال 2023 کے دوران 7.50 ملین روپے کا قدر دہسنہ آپریٹرز فنڈ (مالی سال 2022 میں 2.83 ملین روپے) کو واپس کر دیا ہے اور آنے والے سالوں میں اسے مزید کم کرنے کے لیے پرعزم ہے۔

ہمیں یقین ہے کہ تکافل آپریشنز آنے والے برسوں میں مزید بڑھیں گے اور حکومت کی طرف سے اسلامی بینکاری کی ترقی کے ساتھ ہم آہنگ ہو جائیں گے اور ہم اپنے مارکیٹ شیئر کو بڑھانے کے لیے تمام ضروری اقدامات کر رہے ہیں۔ کمپنی کی مجموعی کارکردگی ٹاپ لائن اور باٹم لائن دونوں میں نمایاں بہتری کے ساتھ کافی تسلی بخش ہے۔

#### سرمایہ کاری:

آپ کی کمپنی کی مجموعی سرمایہ کاری کی پالیسی خطرے سے پاک، سب سے زیادہ منافع پر توجہ مرکوز کرتے ہوئے غیر تبدیل شدہ ہے۔ آپ کی کمپنی مارک اپ سے اپنی سرمایہ کاری کی آمدنی کا ایک اہم حصہ بھی پیدا کرتی ہے۔ سرمایہ کاری کے پورٹ فولیو نے بھی دستور ترقی کا مظاہرہ کیا ہے جو کہ درج ذیل ہیں۔

سرمایہ کاری	سال 2023	سال 2022
ایکویٹی سیکورٹیز	115,018	164,245
ڈیٹ سیکورٹیز	119,292	83,071
ٹرم ڈیپازٹس	448,879	364,779
مجموعی ڈیپازٹس	683,189	612,095
ٹی ڈی آر - اوپی ایف میں سرمایہ کاری	30,100	27,188
پراپرٹی میں سرمایہ کاری	167,051	167,051
مجموعی سرمایہ کاری	880,340	806,334

#### صافی دعوے:

کمپنی اسٹیٹمنٹ آف فنانشل پوزیشن کی تاریخ یعنی 31 دسمبر 2023 تک ہونے والے تمام دعووں کے سلسلے میں ذمہ

کے ونڈ وٹا کفل آپریشنز کی تقابلی مالی کارکردگی حسب ذیل ہے:-

پارٹیسپنٹسز فنڈ	سال 2023 روپے بلین میں	سال 2022 روپے بلین میں	مجموعی اضافہ/کمی
مجموعی کنٹریبوشن	72,946	33,626	117%
خالص کنٹریبوشن	30,026	9,365	221%
صافی دعوے (بشمول آئی بی ان آر)	15,967	12,316	30%
ذمہ نویسی سرپلس / خسارہ	13,620	(3,080)	542%
سرمایہ کاری اور دیگر آمدنی	4,107	2,102	95%
مالی سال کا خالص سرپلس / خسارہ	17,723	(978)	1912%

آپریٹرز فنڈ	سال 2023 روپے بلین میں	سال 2022 روپے بلین میں	مجموعی اضافہ/کمی
وکالہ فیس کی آمدنی	20,716	9,442	119%
کاروباری اور انتظامی اخراجات	16,964	8,781	93%
سرمایہ کاری اور دیگر آمدنی	6,173	2,851	117%
ونڈ وٹا کفل آپریشنز سے ٹیکس سے پہلے منافع	9,926	3,512	183%

مالی سال 2023 کے دوران، کمپنی نے کاروبار سے 72.95 بلین روپے (مالی سال 2022: 33.63 بلین روپے) کا مجموعی کنٹریبوشن انڈرائٹ کیا جو کہ 117 فیصد کا اضافہ ہے۔ مالی سال 2023 کے دوران تکافل کے کاروبار سے خالص کنٹریبوشن کی آمدنی 9.37 بلین روپے سے بڑھ کر 30.02 بلین روپے ہو گئی۔ مزید، اسی مدت کے دوران کمپنی نے اپنی کاروباری سرگرمیوں سے 17.75 بلین روپے کے اخراجات سے زائد آمدنی حاصل کی، جو کہ پہلی بار ہوا ہے جب سے تکافل کاروبار کا آغاز ہوا، جبکہ گزشتہ سال پارٹیسپنٹسز کے ریونیو کا وٹا کا خسارہ 0.978 بلین روپے تھا۔



183%	3,512	9,926	ونڈوتکافل آپریشنز سے نفع
34%	106,668	142,505	سرمایہ کاری کی آمدنی
111%	77,791	163,934	نفع قبل از ٹیکس
118%	53,376	116,304	نفع بعد از ٹیکس
118%	0.89	1.94	آمدنی فی شیئر (روپے)

آپ کو یہ جان کر خوشی ہوگی کہ مالی سال 2023 کے دوران کاروبار میں تیزی کے علاوہ؛ سال بھی بدلاؤ کا سال ثابت ہوا کیونکہ کمپنی نے طویل عرصے کے بعد اپنے بنیادی کاروبار سے منافع کمایا جو کہ مالی سال 2022 کے دوران 35.57 ملین روپے کے نقصان کے مقابلے میں 22.30 ملین روپے کا انڈر رائٹنگ کا منافع ہوا۔ مجموعی صافی دعووں کے اخراجات میں 87 فیصد کا اضافہ ہوا۔ اگر پچھلے سال سے موازنہ کیا جائے تو بنیادی طور پر مالی سال 2023 کے دوران رپورٹ ہونے والے دو بڑے صافی دعووں کی وجہ سے جن کی ادائیگی بھی کر دی گئی ہے۔

مالی سال 2023 کے دوران کمپنی کی سرمایہ کاری، کرایے اور دیگر آمدنی میں 34 فیصد اضافہ ہوا جس کی بنیادی وجہ اسٹیٹ بینک آف پاکستان کی جانب سے پالیسی ریٹ میں اضافہ ہے۔ مالی سال 2022 کے مقابلے میں 2023 کے انتظامی اور دیگر اخراجات میں 4 فیصد کمی ریکارڈ کی گئی جس کی بنیادی وجہ مالی سال 2023 کے دوران کوئی خراب قرضہ اور مشتبہ قرضوں کے خلاف پروویژنز نہیں ہونا تھا۔ مالی سال 2023 کے دوران کمپنی نے ٹیکس سے قبل خالص منافع 163.92 ملین روپے کمایا (مالی سال 2022: 77.79 ملین روپے) اور ٹیکس کے بعد خالص منافع 53.38 ہے سے بڑھ کر 116.30 ملین روپے ہو گیا جو پچھلے سال کے مقابلے میں 118 فیصد اضافے کو ظاہر کرتا ہے۔

**ونڈوتکافل آپریشنز کی کارکردگی:**

شاہین تکافل شریعہ بورڈ کی رہنمائی اور نگرانی میں کام کر رہا ہے جس میں اہل اور سند یافتہ شریعہ اسکالرز شامل ہیں۔ آپ اس بات کی تعریف کریں گے کہ مالی سال 2023 بھی ایک اور بہترین سال ثابت ہوا جس میں اس اکاؤنٹ پر مجموعی شراکت میں بھی پچھلے سال سے 117 فیصد اضافہ ہوا۔ 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے آپ کی کمپنی

بیمہ کی صنعت نے ذمہ داری کے ساتھ تعاون کیا ہے اور ملکی معیشت کو زیادہ سے زیادہ مدد فراہم کی ہے اور مالی سال 2023 کے دوران ان مشکل حالات میں معیشت کے لیے بہت بہتر کارکردگی کا مظاہرہ کیا ہے۔

## کمپنی کی کارکردگی - آپریشنل نتائج برائے سال 2023

آپ اس بات کی تعریف کریں گے کہ مالی سال 2023 ایک اور بہترین سال ثابت ہوا۔ سال 2023 سخت چیلنجوں کے باوجود کمپنی کے لیے تبدیلی کا سال ثابت ہوا۔ آپ کی کمپنی کی شرح نمو گزشتہ سال کے مقابلے میں 73 فیصد سے نمایاں تھی جیسا کہ ذیل میں ہے:

کاروبار	سال 2023	سال 2022	مجموعی اضافہ
کنونشل کاروبار	826,275,033	485,601,737	70%
ونڈ و تکافل کاروبار	72,945,602	33,625,989	117%
کل کاروبار	899,220,635	519,227,726	73%

31 دسمبر 2023 کو ختم ہونے والے سال کے لیے آپ کی کمپنی کے انشورنس کے نتائج کا خلاصہ درج ذیل ہے۔

مجموعی اضافہ/کمی	2022	2023	منافع اور نقصان کا حساب
73%	519,228	899,221	قلمزد مجموعی پر بیمہ
47%	300,868	443,681	پر بیمہ کی صافی آمدنی
87%	80,080	149,422	صافی دعوے (بشمول آئی بی این ای آر)
4%	198,012	189,316	انتظامی اخراجات
163%	(35,574)	22,296	ذمہ نویسی کا منافع

## ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز مسرت کے ساتھ 31 دسمبر 2023 و اختتام پذیر ہونے والے سال کی ۲۹ ویں سالانہ رپورٹ بمعہ آڈٹ شدہ معاشی اسٹیٹمنٹس پیش کر رہے ہیں۔

### عام معاشی جائزہ:

پاکستان کو مالی سال 2023 کے دوران سیاسی غیر یقینی صورتحال اور مالیاتی بدانتظامی، تو انائی کے بحران اور گورنمنس کے معاملات، بنیادی ڈھانچے کی خرابیوں، سیکورٹی خدشات اور تجارتی عدم توازن جیسے میراثی مسائل کی وجہ سے بے مثال چیلنجز کا سامنا کرنا پڑا۔ اس کے علاوہ، یوکریں-روس جنگ نے عالمی طلب اور رسد کے توازن کو بری طرح متاثر کیا جس کی وجہ سے اجناس کا سپر سائیکل شروع ہوا جس کے نتیجے میں عالمی اقتصادی ترقی کی رفتار کم ہو گئی۔ آئی ایم ایف کے ساتھ معاہدے کو حتمی شکل دینے میں حکام کی نااہلی نے معیشت کو درپیش مشکلات کو مزید بڑھا دیا۔ نتیجتاً، زرمبادلہ کے ذخائر پر بہت زیادہ دباؤ تھا جس کے نتیجے میں پاکستانی روپے کی قدر میں کمی اور درآمدات پر مبنی معیشت کے لیے افراط زر میں اضافہ ہوا۔

حکومت نے میکرو اکنامک عدم توازن اور مالیاتی خسارے میں کمی سے نمٹنے کے لیے غیر ضروری درآمدات کو محدود کرنے سمیت سخت فیصلے کیے ہیں۔ چین اور سعودی عرب کے ذخائر کی تنظیم نو کے ساتھ ساتھ سعودی تیل کی سہولت کو محفوظ بنانے سے زرمبادلہ کے ذخائر پر کچھ دباؤ کم ہوا۔ بجٹ کے اہداف کو پورا کرنے کے لیے نئے اجارہ سکوک آلات سے آمدنی، آئی ایم ایف، ایشیائی ترقیاتی بینک اور ایشیائی انفراسٹرکچر انویسٹمنٹ بینک سے قرضے/امدادیں اور کمرشل بینکوں سے قرضے حاصل کیے گئے۔ ان اور بہت سے دیگر اقدامات کے باوجود، مالی سال 2023 میں مجموعی گھریلو مصنوعات کی نمو بمشکل 0.29 فیصد تھی۔ بارٹریڈ شروع کرنے کی کوششیں اور بجلی کی پیداوار کے لیے مقامی وسائل پر انحصار اضافی اقدامات تھے۔



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 29th Annual General Meeting (AGM) of Shaheen Insurance Company Limited (SICL) will be held on Monday, April 22, 2024 at 11:00 a.m. at Muhammad Siddique Memon Scout Auditorium, Moulana Din Mohammad Wafai Road, Saddar, near Arts Council, Karachi with video link facility, to transact the following business;

### Ordinary Business

1. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended December 31, 2023 together with the Directors' and Auditor's Reports thereon.
2. To consider and approve the payment of cash dividend of 2.5% (Rs 0.25 per ordinary share of Rs 10/- each) and to consider and approve the issuance of bonus shares @ 7.5% i.e. 7.5 ordinary shares for every 100 ordinary shares held for the year ended December 31, 2023 as recommended by the Board of Directors of the Company.
3. To appoint Auditors of the Company for the year ending December 31, 2024 and fix their remuneration. Board of Directors on the recommendation of Audit Committee have proposed the reappointment of M/s. BDO Ebrahim & Co., Chartered Accountants as auditors of the Company for the year 2024.

Karachi: April 01, 2024

By Order of the Board

**Nisar Ahmed Almani**  
Company Secretary

### Notes:

1. The share transfer books of the Company shall remain closed from April 16, 2024 to April 22, 2024 (both days inclusive). Transfers received at M/s. Corplink (Pvt.) Ltd., Wings Arcade, 1-K, Commercial Model Town, Lahore, the Registrar and Share Registrar Office of the Company, by the close of business on April 15, 2024 will be considered in time for the purpose of Annual General Meeting.
2. In line with the clarification issued vide Circular no. 4 of 2021 by the Securities & Exchange Commission of Pakistan (SECP) for ensuring participation of the shareholders in general meeting through electronic means as a regular feature; Company has also provided the facility for attending the meeting through video link. To attend the AGM through video link, members are requested to register their following particulars by sending an e-mail at [it.incharge@shaheeninsurance.com](mailto:it.incharge@shaheeninsurance.com)

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

The video link and login credentials will be shared with shareholders whose e-mails, containing all the requested particulars, are received at the given e-mail address by or before the close of business hours (5:00 p.m.) on April 20, 2024. For any query, the members may please contact at aforesaid email or on WhatsApp Number 03212685861.

3. In accordance with the provisions of section 242 of the Companies Act 2017, it is mandatory for a listed company to pay cash dividend to the shareholders only through electronic mode i.e. directly into the bank



account designated by the entitled shareholders. Please note that if Bank account details (IBAN) as per prescribed format have not been provided by the shareholders to the Share Registrar, their Broker (participant) or CDC, the company would be constrained to act in accordance with the provisions of the law and withhold the cash dividend.

4. Annual Report 2023 including Notice of AGM, and the annual audited financial statements, report and other material has been placed in website of the company. [www.shaheeninsurance.com](http://www.shaheeninsurance.com).
5. Members are requested to promptly notify any change in their addresses to our Registrar M/s. Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore before book closure so that the above entitlement be dispatched at the correct addresses. Shareholders maintaining their shares in electronic form should have their address updated with their participant or CDC Investor Accounts Service.
6. As per Section 72(2) of the Companies Act, 2017, every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by SECP, within a period not exceeding four (4) years from the commencement of the Act, i.e., May 30, 2017. Those Shareholders having physical shareholding are encouraged to open a CDC Sub - Account with any Broker or Investor Account directly with CDC to place their physical shares into scrip less form. This will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange Limited.
7. Pursuant to the provisions of the Finance Act, 2017 the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as Filer 15% Non-Filer 30%.
8. All shareholders who hold shares jointly are requested to provide following information regarding shareholding proportions of Principal Shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar Office M/s. Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore latest by April 15, 2024 otherwise each joint holder shall be assumed to have an equal number of shares.

Name of the Company		Shaheen Insurance Company Ltd.
Folio No. / CDS A/c. No.		
No. of Shares Held		
Principal Shareholder	Name & CNIC	
	Shareholding Proportion (No. of Shares)	
Joint Shareholder(s)	Name & CNIC	
	Shareholding Proportion (No. of Shares)	

9. The Proxy Form duly completed and signed along with attested copies of CNIC/Passport of the member, Proxy Holder and the witnesses must be deposited at the Registered Office of the Company or emailed at [cfo@shaheeninsurance.com](mailto:cfo@shaheeninsurance.com) not later than 48 hours before the time of holding of the meeting. Original CNIC/Passport will be produced by the Proxy holder at the time of the meeting.



10. No persons shall be appointed as a Proxy unless he/she is a member of the company.
11. In case of corporate entity, the Board of Director's Resolution/Power of Attorney with specimen signature of the representative shall be submitted along with Proxy Form to the Company.
12. CDC account holders and their proxies must attach attested photocopy of their CNIC/Passport with the Proxy Form.
13. **Annual Report – 2023**  
The shareholders of the Company have already approved to circulate the Annual Report of the Company to the members through QR enabled code and weblink. Therefore, the Annual Report – 2023 can be accessed through the following weblink and QR Code.

Weblink: <https://www.shaheeninsurance.com/financial-reports/>

QR Code



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

% Increase / (Decrease) over preceeding year

STATEMENT OF FINANCIAL POSITION	2023	2022	2021	2020	2023	2022	2021	2020
Property and equipment	76	55	40	22	0.38	0.38	0.81	(0.73)
Investment properties	167	167	155	135	-	0.08	0.14	0.04
Investments	-	-	-	-	-	-	-	-
Equity securities	115	164	67	63	(0.30)	1.45	0.07	0.09
Debt securities	119	83	169	167	0.43	(0.51)	0.01	1.14
Term deposits	449	365	324	373	0.23	0.13	(0.13)	(0.13)
Loans and other receivables	23	18	15	33	0.28	0.20	(0.56)	1.00
Insurance / re-insurance receivables	241	123	142	178	0.96	(0.14)	(0.20)	(0.29)
Re-insurance recoveries against outstanding claims	8	46	14	15	(0.83)	2.32	(0.04)	0.14
Salvage recoveries accrued	-	-	2	2	-	(1.00)	(0.27)	(0.51)
Deferred commission expense	38	26	16	15	0.46	0.68	-	(0.41)
Taxation-payment less provision	0	4	15	3	(1.00)	(0.73)	3.96	1.83
Prepayments	48	15	6	14	2.20	1.30	(0.54)	1.74
Cash and bank	252	106	73	15	1.38	0.46	3.94	(0.37)
Total assets of window takaful operations - Operator's Fund	84	66	57	56	0.27	0.17	0.01	0.02
<b>Total Assets</b>	<b>1620</b>	<b>1,237</b>	<b>1,094</b>	<b>1,092</b>	<b>0.31</b>	<b>0.13</b>	<b>-</b>	<b>(0.07)</b>
Share capital	600	600	600	600	-	-	-	-
Reserves	20	24	33	32	(0.17)	(0.27)	0.01	(0.03)
Unappropriated profit	224	108	55	24	1.07	0.98	1.31	(2.97)
Total Equity	844	732	687	656	0.15	0.07	0.05	0.06
Outstanding claims including IBNR	208	129	86	127	0.61	0.50	(0.33)	(0.01)
Unearned premium reserves	249	157	98	93	0.59	0.60	0.06	(0.30)
Premium deficiency reserves	0.3	-	0	1	-	-	(0.37)	1.32
Unearned reinsurance commission	3	2	1	2	0.50	0.70	(0.43)	1.26
Lease liabilities	20	19	26	17	0.05	(0.27)	0.54	(0.78)
Premium received in advance	11	1	-	2	10.00	-	(1.00)	-
Insurance / re-insurance payables	32	55	65	76	(0.42)	(0.16)	(0.15)	0.24
Other creditors and accruals	207	128	122	112	0.62	0.05	0.09	(0.23)
Unclaimed dividend	2	2	2	2	-	-	-	(0.04)
Taxation - provision less payments	22	-	-	-	-	-	-	-
Total liabilities of window takaful operations - Operator's Fund	22	12	5	4	0.83	1.35	0.31	0.57
<b>Total Equity and Liabilities</b>	<b>1620</b>	<b>1,237</b>	<b>1,092</b>	<b>1,092</b>	<b>0.31</b>	<b>2.84</b>	<b>(1.23)</b>	<b>2</b>
<b>PROFIT AND LOSS ACCOUNT</b>								
Net insurance premium	444	301	180	229	0.48	0.67	(0.21)	(0.22)
Net insurance claims	(149)	(80)	(43)	(66)	0.86	0.88	(0.35)	(0.34)
Premium deficiency - net	-	-	-	-	-	(1.00)	(1.65)	0.36
Net commission expense / acquisition cost	(83)	(58)	(35)	(53)	0.43	0.66	(0.34)	(0.13)
Management expenses	(189)	(198)	(140)	(147)	(0.05)	0.41	(0.05)	0.10
Underwriting results	22	(36)	(38)	(38)	(1.61)	(0.07)	0.01	(1.56)
Investment income	113	78	48	57	0.45	0.65	(0.16)	(0.07)
Unrealised gain on investment properties	-	12	20	5	(1.00)	(0.38)	2.94	(0.76)
Rental income	2	2	4	3	-	(0.42)	0.19	(0.03)
Other income	27	26	1	29	0.04	17.92	(0.95)	3.54
Other expenses	8	(6)	(6)	(7)	(2.33)	0.15	(0.15)	0.48
Finance charges against lease liabilities	(2)	(2)	(2)	(3)	-	0.13	(0.31)	(0.70)
Loss after tax from window takaful operations - OPF tax	10	4	(1)	(1)	1.50	(5.88)	0.39	(1.16)
Profit /(Loss) before	164	78	26	46	1.10	2.00	(0.44)	(0.43)
Provision for taxation - net	48	(24)	5	(10)	(3.00)	(5.78)	(1.49)	(0.49)
Profit /(Loss) after tax	116	53	31	36	1.19	0.72	(0.13)	(0.41)

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

STATEMENT OF FINANCIAL POSITION	2023		2022		2021		2020	
	Rupees	%	Rupees	%	Rupees	%	Rupees	%
Property and equipment	76	4.69	55	4.45	40	3.65	22	2.02
Investment properties	167	10.31	167	13.50	155	14.17	135	12.40
Investments	-	-	-	-	-	-	-	-
Equity securities	115	7.10	164	13.27	67	6.13	63	5.77
Debt securities	119	7.35	83	6.71	169	15.42	167	15.32
Term deposits	449	27.72	365	29.48	324	29.63	373	34.12
Loans and other receivables	23	1.42	18	1.42	15	1.34	33	3.06
Insurance / re-insurance receivables	241	14.88	123	9.91	142	13.00	178	16.31
Re-insurance recoveries against outstanding claims	8	0.49	46	3.74	14	1.27	15	1.33
Salvage recoveries accrued	-	-	-	-	2	0.15	2	0.20
Deferred commission expense	38	2.35	26	2.11	16	1.42	15	1.42
Taxation-payment less provision	-	-	4	0.33	15	1.41	3	0.28
Prepayments	48	2.96	15	1.18	6	0.58	14	1.25
Cash and bank	252	15.56	106	8.54	73	6.64	15	1.34
Total assets of window takaful operations - Operator's Fund	84	5.19	66	5.36	57	5.20	56	5.17
<b>Total Assets</b>	<b>1620</b>	<b>100</b>	<b>1,238</b>	<b>100</b>	<b>1,095</b>	<b>100</b>	<b>1,091</b>	<b>100</b>
Share capital	600	437.03	600	48.49	600	54.86	600	54.95
Reserves	20	1.23	24	1.93	33	2.98	32	2.95
Unappropriated profit	224	13.82	108	8.73	55	4.99	24	2.16
Total Equity	844	52.09	732	59.15	688	62.83	656	60.06
Outstanding claims including IBNR	208	12.84	129	10.42	86	7.85	127	11.66
Unearned premium reserves	249	15.37	157	12.67	98	8.97	93	8.48
Premium deficiency reserves	0.3	0.02	-	0.03	0	0.03	1	0.05
Unearned reinsurance commission	3	0.19	2	0.19	1	0.12	2	0.22
Lease liabilities	20	1.23	19	1.56	26	2.42	17	1.57
Premium received in advance	11	0.68	1	0.09	-	-	2	0.15
Insurance / re-insurance payables	32	1.97	55	4.43	65	5.94	76	7.00
Other creditors and accruals	207	12.78	128	10.35	122	11.19	112	10.28
Unclaimed dividend	2	0.12	2	0.15	2	0.17	2	0.17
Taxation - provision less payments	22	1.36	-	-	-	-	-	-
Total liabilities of window takaful operations - Operator's Fund	22	1.36	12	0.97	5	0.47	4	0.36
<b>Total Equity and Liabilities</b>	<b>1620.3</b>	<b>100</b>	<b>1,237</b>	<b>100</b>	<b>1,093</b>	<b>100</b>	<b>1,092</b>	<b>100</b>
<b>PROFIT AND LOSS ACCOUNT</b>								
Net insurance premium	444	100	301	100	180	100	229	100
Net insurance claims	(149)	(34)	(80)	(27)	(43)	(24)	(66)	(29)
Premium deficiency - net	-	-	-	-	-	-	-	-
Net commission expense / acquisition cost	(83)	(19)	(58)	(19)	(35)	(20)	(53)	(23)
Management expenses	(189)	(43)	(198)	(66)	(140)	(78)	(147)	(64)
Underwriting results	22	5	(36)	(12)	(38)	(21)	(38)	(17)
Investment income	113	25	78	26	48	26	57	25
Unrealised gain on investment properties	-	-	12	4	20	11	5	2
Rental income	2	0	2	1	4	2	3	2
Other income	27	6	26	9	1	1	29	13
Other expenses	8	2	(6)	(2)	(6)	(3)	(7)	(3)
Finance charges against lease liabilities	(2)	(0)	(2)	(1)	(2)	(1)	(3)	(1)
Loss after tax from window takaful operations - OPF tax	10	2	4	1	(1)	-	(1)	-
Profit/(Loss) before	164	37	78	26	26	14	46	20
Provision for taxation - net	48	11	(24)	(8)	5	3	(10)	(5)
Profit/(Loss) after tax	116	26	53	18	31	17	360	16



## OPERATIONAL RESULT AND FINANCIAL STRENGTHS FROM 2014 TO 2023

	Rupees in '000									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
1 Gross Direct Premium	826,275	485,602	231,254	244,386	350,295	416,938	342,923	339,503	308,988	284,182
Increase %	70	110	(5)	(30.23)	(15.98)	21.58	1.01	9.88	8.73	(17.28)
2 Net Premium	952,197	562,985	179,988	229,055	295,190	366,913	299,586	264,558	225,225	229,620
Increase %	70.00	212.79	(21)	(22.40)	(19.55)	22.47	13.24	17.46	(1.91)	(30.65)
% to 11	158.70	93.83	30	38.18	49.20	61.15	49.93	58.79	50.05	51.03
3 Claim Insured	149,422	80,080	42,706	66,080	99,575	84,888	80,411	74,311	100,355	73,395
% to 2	15.69	14.22	24	28.85	33.73	23.14	26.84	28.09	44.56	31.96
4 Commission	82,646	58,350	35,161	53,193	60,903	99,568	61,530	48,202	38,979	39,783
% to 2	8.68	10.36	20	23.22	20.63	27.14	20.54	18.22	17.31	17.33
5 Management Expenses	189,316	198,012	140,496	147,301	138,893	132,804	126,552	136,767	104,607	148,596
% to 1	22.91	40.78	61	60.27	19.19	17.37	18.98	15.56	14.67	17.04
% to 2	19.88	35.17	78	64.31	22.77	19.74	21.72	19.97	20.13	21.08
6 Investment Income/(Loss)	113,043	78,381	47,558	56,538	61,065	33,037	28,710	17,157	16,305	15,897
% to 22	12.09	10.92	8	9.16	10.40	6.27	5.32	3.43	3.58	3.39
7 Other Income	29,461	28,286	5,468	32,561	9,977	6,123	7,692	21,017	6,795	37,882
8 Provision for Taxation	47,629	24,414	5,108	10,324	20,256	19,980	10,458	2,645	20,461	2,320
9 Profit/(Loss) before Tax	163,934	77,791	25,904	45,933	80,256	98,638	73,948	42,781	5,723	11,817
10 Profit/(Loss) after Tax	116,304	53,376	31,013	35,609	60,000	78,658	63,116	40,135	26,184	12,962
% to 2	12	9	17	15.55	20.33	21.44	21.07	15.17	11.63	5.64
11 Paid-up Capital	600,000	600,000	600,000	600,000	600,000	600,000	600,000	450,000	450,000	450,000
12 General Reserves	20,237	23,863	32,605	32,200	33,102	31,367	31,042	20,000	20,000	20,000
13 Reserves for Unexpired Risks	249,264	156,749	98,158	92,606	133,134	147,009	144,520	149,407	145,921	89,867
14 Unappropriate Profit/(Loss)	224,368	108,064	54,687	23,618	(11,991)	56,991	(135,649)	(63,596)	(103,731)	(129,916)
15 Capital Available for Shares	844,605	731,927	687,292	655,809	621,112	547,376	495,394	406,403	366,268	340,132
16 Total Net Outstanding Claims	207,559	128,963	85,850	127,306	128,203	116,033	114,520	104,234	121,436	198,615
% to 2	22	23	48	55.58	43.43	31.62	38.23	39.40	53.92	86.50
17 Other Laibilities	206,837	128,053	122,392	112,272	146,205	132,177	113,076	59,479	101,872	87,733
18 Total Equity & Laibilities	1,620,629	1,237,439	1,093,810	1,091,971	1,174,208	1,042,963	916,359	770,634	780,904	786,756
19 Land & Properties	167,051	167,051	154,950	135,385	130,423	109,653	101,133	55,275	57,115	58,955
% to 2	18	30	86	59.11	44.18	29.89	33.76	20.89	25.36	25.68
20 Cash & Bank Balances	252,188	105,705	72,588	14,686	23,319	21,238	86,080	218,256	174,423	230,399
% to 2	26	19	40	6.41	7.90	5.79	28.73	82.50	77.44	100.34
21 Investment	683,189	612,096	559,765	602,874	563,708	506,011	453,722	281,301	280,449	238,653
22 Total Cash & Investment	935,377	717,800	632,353	617,560	587,027	527,249	539,802	499,557	454,872	469,053
23 O/S Premium	20,720	21,892	83,682	107,410	166,262	188,414	147,256	77,253	87,575	127,690
% to 2	2	4	46	46.89	56.32	51.35	49.15	29.20	38.88	55.61
24 Fixed Assets	75,697	55,079	39,929	22,017	82,318	11,064	12,215	11,564	13,907	11,206
% to 2	8	10	22	9.61	27.89	3.02	4.08	4.37	6.17	4.88
25 Total Assets	1,620,629	1,237,439	1,093,810	1,091,971	1,174,208	1,042,963	916,359	770,634	780,904	786,756
26 Break-up Value Per Share	12.45	12.19	11.45	10.93	9.66	10.45	5.40	5.21	6.90	7.56
27 Earning Per Share	1.94	0.89	0.52	0.59	1.00	1.31	1.14	0.89	0.58	0.31



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## INDEPENDENT AUDITOR'S REVIEW REPORT

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance for Insurers, 2016 (the Code) and Listed Companies (Code of Corporate Governance) Regulation, 2019 (the Regulations) prepared by the Board of Directors of Shaheen Insurance Company Limited for the year ended December 31, 2023 in accordance with the requirements of regulation 36 of the Regulations and provision lxxvi of the Code.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Code and Regulations as applicable to the Company for the year ended December 31, 2023.

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



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S.No	Paragraph Reference	Description
1	11	As per the amended in Code of Cooperate Governance for Insurers 2016, S.R.O.1013(1)/2022 the clause (xixa) of the Code which is non mandatory requirement, the insurer shall ensure that by December 31, 2023 at least 50% of director on their board prescribed certification under any director training program offered by institution, local or foreign that meet the criteria specified by the commission and approved by it. One of director of company has exempt for training under section clause (xixb) whereby a person having a minimum of 14 years of education and 15 years of experience on the Board(s) of insurer shall be exempt from the director training program and one other director has obtained training during the year but we observed that company is not compliant with respect to the requirement for the other two directors.
2	23	As stated in regulation 24, which is a non-mandatory requirement, same person shall not simultaneously hold office of the chief financial officer and company secretary of a listed company. However, we have noticed that chief financial officer is also performing functions of company secretary.
3	33	As per regulation 10(3)(v) which is a non-mandatory requirement, the board of directors shall ensure that formal and effective mechanism is put in place for an annual evaluation of the board's own performance, members of the board and its sub- committees. However, we did not find any such formal and effective mechanism regarding evaluation of the performance of the board, its members and sub- committees.

**Chartered Accountants**

**Engagement Partner:**

Zulfikar Ali Causer

**Place:** Karachi

**Date:** 26 March, 2024

**UDIN:** CR2023100679kTv0mO8w



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

for the year ended December 31, 2023

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

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

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

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

2. The Company ensures representation of independent non-executive directors and facilitates directors representing minority interests on its Board of directors ("the Board"). At present the Board includes:

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

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

\*\* Approval is in process with SECP.

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

- 3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies excluding of listed subsidiaries, including this Company.
- 4. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution or, being a member of a stock exchange, has been declared as a defaulter by a stock exchange.
- 5. One casual vacancy occurring on the Board, in December 2023, was filled up within 90 days thereof.
- 6. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.



7. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. However, these policies and procedures are being further refined and strengthened gradually. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
8. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Companies Act 2017, the Code and these Regulations. Decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive directors and the key officers, have been taken by the Board.
9. The meetings of the Board were presided over the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven (7) days before the meeting. The minutes of the meeting were appropriately recorded and circulated. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
10. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code and the Regulations.
11. All the Directors have either attended the orientation course or have been provided appropriate guidelines in this regard and as such they are fully aware of their duties and responsibilities. Company has arranged director training program during the year and one of the directors, Air Commodore Tausif Sadiq (Retd.), – Non executive director, has attended the said training and Mr. Jehangir Shah – Independent Director appointed during the last year was already exempted from this requirement due to his professional education and experience. Further, Company is taking steps to ensure compliance with applicable requirements.
12. During the year the board has approved and appointed M/s. Arqum Naveed & Company, Chartered Accountants as internal auditor of the Company. No changes in appointment of Chief Financial Officer and Company Secretary were made during the year.
13. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations. The Company only pay meeting fee for attending the Board of Directors Meeting along reimbursement of actual traveling and lodging expenses.
14. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and the Regulations and fully describes the salient matters required to be disclosed.
15. The Financial Statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
16. The directors, CEO and other executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
17. The Company has complied with all the corporate and financial reporting requirements of the Code.
18. The Board has formed the following Management Committees:

#### Underwriting Committee:

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

#### Claim Settlement Committee:

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

#### Reinsurance & Co-Insurance Committee:

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

#### Risk Management & Compliance Committee:

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

19. The Board has formed the following Board Committees

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

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

#### Investment Committee

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

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

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

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

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

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

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

Name of the Member	Category
Mr. Rizwan Akhter	Chief Executive Officer (CEO)
Mr. Nisar Ahmed Almani	Chief Financial Officer and Company Secretary
Mr. Sayyam Maqsood	Head of internal audit
iBOS	Actuary
Mr. Sumbul Faraz	Head of Underwriting and Reinsurance
Mr. Muhammad Imran	Head of Claims and Grievance Function
Mr. Kashif Naeem	Compliance Officer and Risk Officer

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

24. The statutory auditors of the insurer have been appointed from the panel of auditors approved by the commission in terms of section 48 of the insurance ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the



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

25. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
26. The actuary appointed by the Company has confirmed that neither he nor his spouse and minor children hold shares of the Company.
27. The Board ensures that the Appointed actuary complies with the requirements set out for him in the Code.
28. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code.
29. The Board ensures that the risk management system of the insurer is in place as per the requirement of Code of Corporate Governance for Insurers, 2016.
30. The Company has set up a Risk Management function which carries out its tasks as covered under the code.
31. The Board ensures that as part of the risk management system, the Company gets itself rated from Pakistan Credit Rating Agency (PACRA) which is being used by its risk management function / department and the respective Committee as a risk monitoring tool. The rating assigned by the said rating agency on August 25, 2023 is A+ (ifs) with Stable Outlook.
32. The Board has set up a grievance function which fully complies with the requirement of the Code.
33. The Board is in process to develop and approve the criteria for annual evaluation of its own performance as per the requirement of the Code.
34. The Company has not obtained any exemption(s) from the SECP in respect of the requirements of the Code.
35. We confirm that all requirements of the 3, 6, 7, 8, 27, 32 and 36 of the Regulations have been complied with.
36. We confirm that all material principles contained in the Code have been complied with except for certain matters disclosed above along with reasons and explanations in clause 11, 23 and 33 toward which reasonable progress is being made by the Company to seek compliance by the next accounting year.

**Rizwan Akhtar**  
Chief Executive Officer

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

March 22, 2024





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## INDEPENDENT AUDITOR'S REPORT

To the members of Shaheen Insurance Company Limited

Report on the Audit of the Financial Statements

### Opinion

We have audited the annexed financial statements of SHAHEEN INSURANCE COMPANY LIMITED, (the Company), which comprise the statement of financial position as at December 31, 2023, and profit and loss account, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2023 and of its profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for opinion

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

### Key Audit Matters

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

Following are the key audit matters:

S. No.	Key Audit Matters	How the matters were addressed in our audit
1.	<p><b>Rights and Obligation and Valuation of Investments</b></p> <p>Refer note 4.6 and 8, 9 and 10 of the annexed financial statements. The investment of Rs. 683.189 million as at December 31, 2023 of the company constitutes a significant component of total assets of the company.</p> <p>We identified the valuation and rights obligation as key audit matter because investments constitute 42% of total assets.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of controls around recognition and measurement of investments to ensure that it is appropriately designed to ensure appropriate valuation of the investment;</li> <li>• Checked that gain / loss on disposal of investments have been recorded in accordance with the accounting and reporting standard as applicable in Pakistan;</li> <li>• Checked that net unrealized gain / loss arising on subsequent measurement of investments are appropriately accounted for in the financial statements;</li> <li>• Verified rights and obligation of investments by obtaining external statements as at December 31, 2023 and traced securities in such statements with the books and records of the company;</li> <li>• Evaluated the valuation of securities by comparing the quoted prices of Exchange; and</li> <li>• Assessing the relevant presentation and disclosures made in the financial statements to ascertain whether these are complied with accounting and reporting standards as applicable in Pakistan.</li> </ul>
2.	<p><b>Valuation of Claim liabilities</b></p> <p>Refer note 4.1.3 and 22 of the annexed financial statements The claim liabilities represent 26% of the Company's total liabilities. Valuation of these claim liabilities involves significant management judgment due to uncertainty in the estimation of claims payments and assessment of frequency and severity of claims, Claim liabilities are recognized on intimation of the insured event based on management judgment and estimation. The Company also maintains provision for claims incurred but not reported</p>	<p><b>Our audit procedures included the following:</b></p> <ul style="list-style-type: none"> <li>• Assessed the appropriateness of Company's accounting policy for recording of claims in line with requirements of applicable accounting and reporting standards;</li> <li>• Evaluated the completeness, accuracy and reliability of the underlying data utilized by the management to support the actuarial valuation;</li> <li>• Tested claim transactions on sample basis with underlying documentations to evaluate that</li> </ul>

S. No.	Key Audit Matters	How the matters were addressed in our audit
	<p>(IBNR) based on the advice of an independent actuary.</p> <p>Since, the actuarial valuation process involves significant judgement and the use of actuarial assumptions therefore we have identified valuation of claim liabilities as key audit matter</p>	<p>whether the claims reported and paid during the year are recorded in accordance with the requirements of the company's policy and insurance regulations;</p> <ul style="list-style-type: none"> <li>• Performed cut off tests on year end claim transactions;</li> <li>• Involved independent expert to verify IBNR claims; and</li> <li>• Assessed adequacy of disclosures in line with requirements of applicable accounting and reporting standards.</li> </ul>
3.	<p><b>Revenue recognition</b></p> <p>Refer note 4.12 and 21 of the annexed financial statements relating to revenue recognition.</p> <p>The Company generates its income primarily from its two main sources namely; premiums and investment income. Premiums from insurance policies comprise of 79% of total income.</p> <p>We identified revenue recognition from premium income as a key audit matter because being the key performance indicator of the Company and because of the significant risk that revenue transactions may not be recognized in appropriating accounting period.</p>	<p><b>Our audit procedures included the following</b></p> <ul style="list-style-type: none"> <li>• Obtained understanding and evaluated the design over the process of capturing, processing and recording of premiums.</li> <li>• Assessed the appropriateness of the Company's accounting policy for recording of premiums and ensured that it is in line with the requirements of applicable law, accounting and reporting standards;</li> <li>• On sampling basis tested accuracy of premiums earned from the underlying policies issued to insurance contract holders;</li> <li>• Recalculated unearned portion of premium income to ensure that appropriate amount has been recorded as provision for unearned premium written liabilities;</li> <li>• Assessed the adequacy of Company's disclosures as per relevant accounting and reporting standards.</li> </ul>



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

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

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

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

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

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

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

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

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

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

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



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Karachi-74200  
Pakistan

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

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

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

### **Report on other Legal and Regulatory requirements**

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

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



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- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

#### **Other matter**

The financial statements of the Company for the year ended December 31, 2022 were audited by another firm of Chartered Accountants, who vide their report dated April 3, 2023 issued an unqualified opinion thereon.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

#### **Chartered Accountants**

**Date:** 26 March, 2024

**Place:** Karachi

**UDIN:** AR202310067GqQpYmwyF



# STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

	Note	December 31, 2023	December 31, 2022
Rupees			
<b>ASSETS</b>			
Property and equipment	6	75,697,353	55,078,741
Investment properties	7	167,050,569	167,050,569
Investments			
Equity securities	8	115,018,363	164,245,041
Debt securities	9	119,292,049	83,071,470
Term deposits	10	448,879,290	364,779,290
Advances, deposits and other receivables	11	22,617,001	17,596,161
Insurance / re-insurance receivables	12	241,444,093	122,577,054
Re-insurance recoveries against outstanding claims		8,006,239	46,299,007
Salvage recoveries accrued		28,200	-
Deferred commission expense	23	38,205,966	26,062,948
Taxation-payment less provision		-	4,089,774
Prepayments		48,477,102	14,560,355
Cash and bank	13	252,188,790	105,704,583
Total assets of Window Takaful Operations - Operator's Fund		83,724,066	66,323,667
<b>Total Assets</b>		<b>1,620,629,081</b>	<b>1,237,438,660</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves attributable to Company's equity holders</b>			
Share capital	14	600,000,000	600,000,000
Reserves	15	20,237,792	23,863,126
Unappropriated profit		224,368,048	108,063,726
<b>Total Equity</b>		<b>844,605,840</b>	<b>731,926,852</b>
<b>Liabilities</b>			
<b>Underwriting provisions</b>			
Outstanding claims including IBNR	22	207,559,987	128,962,567
Unearned premium reserves	21	249,264,266	156,749,372
Premium deficiency reserves		337,245	337,245
Unearned reinsurance commission	23	2,880,777	2,323,817
Lease liabilities	16	19,415,330	19,315,492
Premium received in advance		11,144,220	1,095,173
Insurance / re-insurance payables	17	32,297,866	54,770,246
Other creditors and accruals	18	206,837,955	128,053,459
Unclaimed dividend		1,823,901	1,840,186
Taxation - provision less payments		22,003,846	-
Total liabilities of window takaful operations - Operator's Fund		22,457,848	12,064,251
<b>Total Liabilities</b>		<b>776,023,241</b>	<b>505,511,808</b>
<b>Total Equity and Liabilities</b>		<b>1,620,629,081</b>	<b>1,237,438,660</b>

## Contingencies and commitments

19 & 20

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

Air Marshal Muhammad Arif  
Pervaiz (Retd.) - Chairman

Air Commodore Tausif Sadiq  
(Retd) - Director

Adeel Ali  
Director

Rizwan Akhtar  
Chief Executive Officer

Nisar Ahmed Almani  
Chief Financial Officer

## STATEMENT OF PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	December 31, 2023	December 31, 2022
		Rupees	
Net insurance premium	21	443,680,886	300,867,607
Net insurance claims	22	(149,422,303)	(80,079,620)
Premium deficiency - net		-	-
Net commission expense / acquisition cost	23	(82,646,307)	(58,350,351)
Insurance claims and acquisition expenses		(232,068,610)	(138,429,971)
Management expenses		(189,316,377)	(198,011,754)
Underwriting results		22,295,899	(35,574,118)
Investment income	26	113,043,577	78,381,316
Unrealised gain on investment properties	7	-	12,100,000
Rental income	27	2,172,158	2,359,700
Other income	28	27,289,279	25,926,682
Other expenses	29	(8,470,057)	(6,467,840)
<b>Results of operating activities</b>		<b>156,330,856</b>	<b>76,725,740</b>
Finance charges against lease liabilities		(2,322,617)	(2,446,996)
Profit before tax from window takaful operations - OPF		9,925,951	3,512,085
<b>Profit before tax</b>		<b>163,934,190</b>	<b>77,790,829</b>
Provision for taxation - net	31	(47,629,868)	(24,414,459)
<b>Profit after tax</b>		<b>116,304,322</b>	<b>53,376,370</b>
Earnings per share - basic and diluted	32	1.94	0.89

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



Air Marshal Muhammad Arif  
Pervaiz (Retd.) - Chairman



Air Commodore Tausif Sadiq  
(Retd) - Director



Adeel Ali  
Director



Rizwan Akhtar  
Chief Executive Officer



Nisar Ahmed Almani  
Chief Financial Officer





## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2023

	December 31, 2023	December 31, 2022
	————— Rupees —————	
Profit after tax	<b>116,304,322</b>	53,376,370
<b>Other comprehensive income :</b>		
<b>Items that may be subsequently be classified to profit and loss account</b>		
Unrealised loss on available for sale investments	<b>(3,625,334)</b>	(8,741,633)
<b>Total comprehensive income for the period</b>	<b>112,678,988</b>	44,634,737

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

Air Marshal Muhammad Arif  
Pervaiz (Retd.) - Chairman

Air Commodore Tausif Sadiq  
(Retd.) - Director

Adeel Ali  
Director

Rizwan Akhtar  
Chief Executive Officer

Nisar Ahmed Almani  
Chief Financial Officer



## STATEMENT OF CASH FLOW

FOR THE YEAR ENDED DECEMBER 31, 2023

December 31, 2023      December 31, 2022

————— Rupees —————

### OPERATING CASHFLOW

#### a) Underwriting activities

Insurance premiums received	841,287,329	515,021,089
Reinsurance premiums paid	(467,286,707)	(209,376,774)
Claims paid	(372,483,702)	(78,333,095)
Reinsurance and other recoveries received	339,951,587	10,602,816
Commission paid	(115,176,568)	(95,741,088)
Commission received	24,073,992	8,590,201
Management expenses paid	(94,845,074)	(90,603,593)
Net cash flows generated from underwriting activities	155,520,857	60,159,556

#### b) Other operating activities

Income tax paid	(17,295,665)	(9,017,754)
Net cash flow from other operating activities	(17,295,665)	(9,017,754)
<b>Total cash generated from operating activities</b>	<b>138,225,192</b>	<b>51,141,802</b>

### INVESTMENT ACTIVITIES

Investment income received	133,466,335	67,733,843
Rentals received	2,275,586	2,453,730
Payments for investments - net	13,006,099	(10,393,985)
Fixed capital expenditure	(44,106,140)	(27,473,738)
Proceeds from disposal of property and equipment	2,580,116	3,127,301
<b>Total cash generated from investing activities / (used in) investing activities</b>	<b>107,221,996</b>	<b>35,447,151</b>

### FINANCING ACTIVITIES

Dividend Paid	(16,285)	-
Principal repayment of lease liabilities against right-of-use-assets	(14,846,696)	(12,733,014)
<b>Total cash used in financing activities</b>	<b>(14,862,981)</b>	<b>(12,733,014)</b>
<b>Net cash generated from all activities</b>	<b>230,584,207</b>	<b>73,855,939</b>
<b>Exchange gain on cash and cash equivalents</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of year	470,483,873	396,627,934
<b>Cash and cash equivalents at end of the period</b>	<b>701,068,080</b>	<b>470,483,873</b>



## STATEMENT OF CASH FLOW

FOR THE YEAR ENDED DECEMBER 31, 2023

December 31, 2023      December 31, 2022

————— Rupees —————

### Reconciliation to profit and loss account

Operating cash flows	138,225,192	51,141,802
Depreciation	(12,471,273)	(15,446,705)
Finance charges against lease liabilities	(2,322,617)	(2,446,996)
Gain on disposal of property and equipment	393,343	2,972,310
Unrealised gain on investment properties	-	12,100,000
Rental income	2,172,158	2,359,700
Increase / (decrease) in assets other than cash	120,672,934	35,180,576
(Increase) / decrease in liabilities	(253,334,943)	(114,377,718)
Investment and other income	113,043,577	78,381,316
Profit from window takaful operations - OPF	9,925,951	3,512,085
<b>Profit after tax</b>	<b>116,304,322</b>	<b>53,376,370</b>

### Definition of cash

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

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

December 31, 2023      December 31, 2022

————— Rupees —————

### Cash and other equivalents

- Cash in hand	34,756	23,508
- Policy stamps in hand	133,956	86,455
	<b>168,712</b>	<b>109,963</b>

### Current and saving accounts

- Current accounts	753,944	78,659,401
- Savings accounts	251,266,134	26,935,219
	<b>252,020,078</b>	<b>105,594,620</b>

### Deposits maturing within 1 month

Term deposits - local currency	448,879,290	364,779,291
	<b>701,068,080</b>	<b>470,483,873</b>

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

Air Marshal Muhammad Arif  
Pervaiz (Retd.) - Chairman

Air Commodore Tausif Sadiq  
(Retd) - Director

Adeel Ali  
Director

Rizwan Akhtar  
Chief Executive Officer

Nisar Ahmed Almani  
Chief Financial Officer

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2023

Attributable to equity holders of the Company

	Share capital	Revenue reserves	Unrealised (loss) / gain on available-for-sale investments	Unappropriated (loss) / profit	Total Equity
	Rupees				
<b>Balance as at January 1, 2022</b>	<b>600,000,000</b>	<b>20,000,000</b>	<b>12,604,759</b>	<b>54,687,356</b>	<b>687,292,115</b>
Profit for the year	-	-	-	53,376,370	53,376,370
Other comprehensive loss for the year	-	-	(8,741,633)	-	(8,741,633)
Total comprehensive loss for the year	-	-	(8,741,633)	53,376,370	44,634,737
<b>Balance as at December 31, 2022</b>	<b>600,000,000</b>	<b>20,000,000</b>	<b>3,863,126</b>	<b>108,063,726</b>	<b>731,926,852</b>
<b>Balance as at January 1, 2023</b>	<b>600,000,000</b>	<b>20,000,000</b>	<b>3,863,126</b>	<b>108,063,726</b>	<b>731,926,852</b>
Profit for the year	-	-	-	116,304,322	116,304,322
Other comprehensive loss for the year	-	-	(3,625,334)	-	(3,625,334)
Total comprehensive loss for the year	-	-	(3,625,334)	116,304,322	112,678,988
<b>Balance as at December 31, 2023</b>	<b>600,000,000</b>	<b>20,000,000</b>	<b>237,792</b>	<b>224,368,048</b>	<b>844,605,840</b>

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



Air Marshal Muhammad Arif Pervaiz (Retd.) - Chairman



Air Commodore Tausif Sadiq (Retd) - Director



Adeel Ali  
Director



Rizwan Akhtar  
Chief Executive Officer



Nisar Ahmed Almani  
Chief Financial Officer



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

## 1. STATUS AND NATURE OF BUSINESS

Shaheen Insurance Company Limited (the Company) was incorporated in March 1995 in Pakistan. The Company is a public limited company listed on Pakistan Stock Exchange and obtained the certificate for commencement of business in July 1995. It was registered with the Controller of Insurance in November 1995 to carry out non-life insurance business comprising fire, marine, motor, aviation, engineering, transportation, health, etc. On March 14, 2018 the Company was awarded license to commence Window Takaful Operations. Its registered office is located at 10th Floor, Shaheen Complex, Karachi. The company operates only in Pakistan through 13 Branches. Shaheen Foundation (the parent) holds approximately 69.28% (Dec 2022: 69.28%) shares in the company.

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

### Head office - registered office

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

### Branches

- Office 1001 & 1014, Block B, 10th Floor, Saima Tower, I.I Chundrigar Road, Karachi, Sindh;
- Upper 2nd Floor, House No. 75, Soldier Bazar, Hyderabad, Sindh;
- Office 4-B, 6th Floor, Shaheen Complex, Opp. PTV Station, 38 Abbott Road, Lahore, Punjab;
- Office No. 6, 6th Floor, Shaheen Complex, Opp. PTV Station, 38 Abbott Road, Lahore, Punjab;
- Office No. 23, 2nd Floor, Plot No. 14, Executive Complex, G-8 Markaz, Islamabad;
- Office 2, 4th Floor, Ahmed Plaza, Bilal Road, Civil Lines, Faisalabad, Punjab;
- Office 21, 1st Floor, Ali Arcade, near Chowk Kachary, LMQ Road, Multan, Punjab;
- Office C3, Jasmine Arcade, Fakhr-e-Alam Road, Peshawar Cantt, Khyber Pakhtunkhwa;
- Office 210, Karim Plaza, Defence Road, near Allama Iqbal Town, Sialkot, Punjab;
- Office 63, 1st Floor, Advance Book Shop, Rehman Complex, Ibne Seena Hospital Market, Kanchi More, Sarghoda Punjab;
- Ghousia Sultania Town, Sakhi Sarwar Colony, Rahim Yar Khan, Punjab;
- Banglow No. 498, Block A, Revenue Employees Co-Operatives Housing Society, Lahore, Punjab;
- Office No.110, 1st Floor, Falak Corporate, opposite Chamber of Commerce, Talpur Road, Karachi, Sindh;

## 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

### 2.1 Statement of compliance

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

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

In case the above requirements differ, the provisions and directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017 shall prevail.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2023

### 2.2 Basis of measurement

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

### 2.3 Functional and presentation currency

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

### 3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

#### 3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2023

The following standards, amendments and interpretations are effective for the year ended December 31, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	<b>Effective date (annual periods beginning on or after)</b>
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

#### 3.2 New accounting standards, amendments and interpretations that are not yet effective

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

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

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

Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants January 01, 2024

Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements January 01, 2024

Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability January 01, 2025

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

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

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

Further, IFRS 4 provides two alternative options in relation to application of IFRS 9 for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from the effective date to remove from the statement of comprehensive income the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The Company has adopted the temporary exemption which allows the Operator to defer the application of IFRS 9 until December 31, 2023.

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

### 3.2.2 Temporary exemption from application of IFRS 9

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

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

		December 31, 2023				
		Fail the SPPI test		Pass the SPPI test		
		Fair value	Change in unrealised gain / (loss)	Carrying value	Fair value	Change in unrealised gain / (loss)
	Note	----- (Rupees) -----				
Cash and bank balances	13	922,656	-	-	251,266,134	-
Equity securities	8	276,758	70,403	-	-	-
Debt securities	9	-	-	-	119,292,049	-
Term deposits	10	-	-	-	448,879,290	-
Mutual funds	8	114,741,605	(3,625,334)	-	-	-
Loan and other receivable	11	-	-	22,617,001	-	-
		<b>115,941,019</b>	<b>(3,554,931)</b>	<b>22,617,001</b>	<b>819,437,473</b>	-

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

December 31, 2022					
Fail the SPPI test		Pass the SPPI test			
Fair value	Change in unrealised gain / (loss)	Carrying value	Fair value	Change in unrealised gain / (loss)	
----- (Rupees) -----					
Cash and bank balances	13	78,769,364	-	26,935,219	-
Equity securities	8	206,355	(93,466)	-	-
Debt securities	9	-	-	83,071,470	-
Term deposits	10	-	-	364,779,290	-
Mutual funds	8	164,038,686	(8,741,633)	-	-
Loan and other receivable	11	-	-	17,596,161	-
		<b>243,014,405</b>	<b>(8,835,099)</b>	<b>17,596,161</b>	<b>474,785,979</b>

#### 4. MATERIAL ACCOUNTING POLICIES

The Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after January 01, 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Company to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 3 Material accounting policies (2022: Summary of significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

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

##### 4.1 Insurance contracts

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

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

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

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

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





## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

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

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

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

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

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

### 4.1.1 Premium income and provision for unearned premiums

Premium under a policy is recognised at the time of the issuance of insurance policy.

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

### 4.1.2 Reinsurance contracts held

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED DECEMBER 31, 2023

#### 4.1.4 Reinsurance recoveries against outstanding claims

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

#### 4.1.5 Commission expense and deferred commission expense

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

#### 4.1.6 Claims expense

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

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

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

#### 4.1.7 Administrative surcharge

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

#### 4.1.8 Expenses of management

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

#### 4.1.9 Receivables and payables related to insurance contracts

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

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

#### 4.1.10 Reinsurance expense and prepaid reinsurance premium ceded

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



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

### 4.1.11 Commission income and unearned commission income

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

### 4.1.12 Premium deficiency reserve

The Company is required under the Insurance Rules, 2017 to maintain a provision in respect of premium deficiency for the individual class of business where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired policies in that class of business at the reporting date. The movement in the premium deficiency reserve (PDR) is recognised in the profit and loss account for the year.

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

### 4.1.13 Claim and salvage recoveries

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

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

## 4.2 Creditors, accruals and provisions

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

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

## 4.3 Property and equipment

### 4.3.1 Operating fixed assets

Owned

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

Depreciation is charged using reducing balance method at the rates specified in note 5.1 to these financial statements.

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED DECEMBER 31, 2023

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

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

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

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

#### 4.3.3 Capital work in progress

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

#### 4.4 Intangible assets

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

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

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

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

#### 4.5 Investment properties

Investment properties are properties held to earn rentals.

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

#### 4.6 Investments

##### 4.6.1 Classification and recognition

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

These are recognised and classified as follows:

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

### 4.6.2 Measurement

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

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

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

### 4.6.4 Held to maturity

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

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

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

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

### 4.6.5 Available for sale

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

#### Quoted

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

#### Unquoted

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

### 4.6.6 Fair value measurements

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

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

### 4.6.7 Date of recognition

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

### 4.6.8 Recognition / de-recognition of investments

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

### 4.7 Securities under repurchase / resale agreements

Transactions of purchase under resale (reverse-repo) of marketable securities are entered into at contracted rates for specified periods of time. These securities are not recognised in the financial statements as investments, as the Company does not obtain control over the assets. Amounts paid under these agreements are included in the financial statements as balance receivables for securities purchased under resale arrangements in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from the date of reverse repurchase transaction and accrued over the period of the reverse-repo agreement.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

Transactions of sale under repurchase (repo) of marketable securities are entered into at contracted rates for specified periods of time. These securities are not derecognised from the financial statements and continue to be recognised as investments and measured in accordance with accounting policies for investment securities. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the period of the repo agreement.

### 4.8 Other receivables

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

### 4.9 Retirement benefits

#### Defined Contribution Plan (Provident Fund)

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

### 4.10 Taxation

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

#### Current

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

#### Deferred

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

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

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

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

### 4.11 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprises the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. At the time of initial recognition, all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. Any gain or loss on de-recognition of financial assets and financial liabilities are taken to the profit and loss account in the period in which financial instrument is derecognised.

### 4.12 Revenue recognition

#### i) Premium

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED DECEMBER 31, 2023

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

#### ii) Commission income

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

#### iii) Rental income

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

#### iv) Investment income

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

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

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

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

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

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

#### vi) Other income

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

#### 4.13 Off setting of financial assets and liabilities

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

#### 4.14 Impairment

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount and taken to profit and loss account. In addition impairment on available for sale investments and reinsurance assets are recognised as follows:

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

### 4.15 Foreign currency translations

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

### 4.16 Segment reporting

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

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

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

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

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

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

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

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

### 4.17 Cash and bank balance

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

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

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

### 4.19 Premiums due but not received

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

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

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

### 4.21 Dividend distributions and appropriations

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

### 4.22 Earnings per share

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



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

### 4.23 Related parties transactions

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

### 4.24 Window Takaful Operations

The accounting policies followed by Window Takaful Operations are stated in the annexed financial statements of Window Takaful Operations for the year ended December 31, 2023.

## 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended December 31, 2022.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the revision and future periods, if the revision affects both current and future periods.

The areas where assumptions and estimates are significant to the financial statements or judgment was exercised in application of accounting policies, are as follows:

	Note
- Provision for unearned premium	4.1.1
- Provision for outstanding claims (including IBNR)	4.1.3
- Re-insurance recoveries against outstanding claims	4.1.4
- Provision for premium deficiency reserves	4.1.12
- Operating fixed assets and depreciation	4.3.1
- Residual life of property and equipment	4.3.1
- Right of use assets and lease liability	4.3.2
- Classification of investments	4.6.1
- Investment properties	4.5
- Taxation	4.10
- Provision against premium due but unpaid	4.19
- Impairment	4.14

## 6. PROPERTY AND EQUIPMENT

### 6.1 Property and equipment includes:

	Note	December 31, 2023	December 31, 2022
(Rupees)			
<b>PROPERTY AND EQUIPMENT</b>			
Furniture and fixtures		3,679,819	3,771,402
Office and electrical equipment	6.2	2,470,927	1,105,801
Computer equipment		1,764,554	1,226,255
Motor vehicles		51,111,392	25,825,574
Right-of-use assets	6.3	16,515,657	16,621,709
Capital work-in-progress	6.4	155,004	6,528,000
		<b>75,697,353</b>	<b>55,078,741</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

### 6.2 Operating fixed assets

Particulars	December 31, 2023						Written down value as at December 31 2023	Depreciation rate (%)
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Depreciation for the year		
	(Rupees)							
Furniture and fixtures	17,632,430	297,170	-	17,929,600	13,861,028	388,753	3,679,819	10
Office and electrical equipment	12,693,572	1,757,100	(1,175,876)	13,274,796	11,587,771	320,338	2,470,927	15 - 20
Computer equipment	18,204,260	1,115,558	(444,397)	18,875,421	16,978,005	577,259	1,764,554	33.3
Motor vehicles	57,422,039	34,451,811	(566,500)	91,307,350	31,596,465	9,165,993	51,111,392	20
	<b>105,952,301</b>	<b>37,621,639</b>	<b>(2,186,773)</b>	<b>141,387,167</b>	<b>74,023,269</b>	<b>10,452,343</b>	<b>59,026,692</b>	
Prior Year	December 31, 2022						Written down value as at December 31 2022	Depreciation rate (%)
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Depreciation for the year		
	(Rupees)							
Furniture and fixtures	16,917,224	715,206	-	17,632,430	13,510,626	350,402	3,771,402	10
Office and electrical equipment	12,318,472	526,450	(151,350)	12,693,572	11,542,813	175,740	1,105,801	15 - 20
Computer equipment	17,296,556	921,204	(13,500)	18,204,260	16,633,415	358,090	1,226,255	33.3
Motor vehicles	39,833,073	20,982,878	(3,393,912)	57,422,039	31,602,360	3,253,594	25,825,574	20
	<b>86,365,325</b>	<b>23,145,738</b>	<b>(3,558,762)</b>	<b>105,952,301</b>	<b>73,289,214</b>	<b>4,137,826</b>	<b>31,929,032</b>	

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

### 6.2.1 Disposal of operating fixed assets - 2023

Particulars	Cost	Accumulated depreciation	Net book value	Sales Value	(Loss) / gain on disposal	Mode of disposal	Particulars of buyers along with relationship
Computer Equipment	444,397	444,397	-	2,000	2,000	Negotiated	M.Saleem -Third Party
Electrical Equipment	12,400	12,400	-	7,000	7,000	Negotiated	Sajid- Third Party
Electrical Equipment	58,289	58,289	-	14,500	14,500	Negotiated	Safullah - Third Party
Electrical Equipment	481,406	460,065	21,341	121,999	100,658	Negotiated	Faisal Brothers- Third Party
Electrical Equipment	51,500	39,140	12,360	14,500	2,140	Negotiated	Muhammad Nabeel - Third Party
Electrical Equipment	374,081	343,238	30,843	116,000	85,157	Negotiated	AA Electronics - Third Party
Electrical Equipment	51,000	43,908	7,092	7,979	887	Negotiated	Shoabi- Third Party
Office Equipment	147,200	147,200	-	1,000	1,000	Negotiated	M.Saleem - Third Party
Motor	500,000	500,000	-	150,000	150,000	Negotiated	Ejaz Ahmed - Employee
Motor	66,500	66,500	-	66,500	66,500	Negotiated	Khurram Shahzad - Employee
	<b>2,186,773</b>	<b>2,115,137</b>	<b>71,636</b>	<b>501,478</b>	<b>429,842</b>		

### Disposal of operating fixed assets - 2022

Particulars	Cost	Accumulated depreciation	Net book value	Sales Value	(Loss) / gain on disposal	Mode of disposal	Particulars of buyers along with relationship
Computer Equipment	13,500	13,500	-	1,300	1,300	Negotiated	Gulam Shabbir-Third party
Electrical Equipment	64,000	64,000	-	11,000	11,000	Negotiated	Mirza Umer Baig-Third party
Electrical Equipment	63,350	63,350	-	9,000	9,000	Negotiated	Mirza Umer Baig-Third party
Electrical Equipment	24,000	3,432	20,568	1,250	- 19,318	Negotiated	Gulam Shabbir-Third party
Motor Vehicle	1,761,050	1,761,050	-	1,494,000	1,494,000	Negotiated	Muhammad Saleem-Third party
Motor Vehicle	745,180	745,180	-	600,000	600,000	Negotiated	Muhammad Ejaz- Third party
Motor Vehicle	842,682	708,259	134,423	1,000,000	865,577	Negotiated	Manzoor Khan-Third party
Motor Vehicle	45,000	45,000	-	10,000	10,000	Negotiated	Ahtsham haider-Third party
	<b>3,558,762</b>	<b>3,403,771</b>	<b>154,991</b>	<b>3,126,550</b>	<b>2,971,559</b>		

6.2.2 Fixed assets include fully depreciated items having cost of Rs 64.79 million (December 31, 2022: Rs 64.79 million).

	Note	December 31, 2023	December 31, 2022
----- (Rupees) -----			
<b>6.3 Right-of-use assets</b>			
Buildings			
Opening balance		<b>16,621,709</b>	24,653,059
Increase during the period / year		<b>12,836,233</b>	885,673
Impact of modification of leases		<b>(151,306)</b>	2,391,856
Depreciation expense		<b>(12,790,979)</b>	(11,308,879)
Closing balance		<b>16,515,657</b>	16,621,709
<b>6.3.1</b>	Lease assets comprises of branches with a lease term of 3 to 5 years.		
<b>6.4 Capital work-in-progress</b>			
Advances to suppliers		<b>155,004</b>	6,528,000

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

	Note	December 31, 2023	December 31, 2022
----- (Rupees) -----			
<b>7. INVESTMENT PROPERTIES</b>			
Opening net book value / cost as at January 01			
Unrealised fair value gain		<b>167,050,569</b>	1 154,950,569
Closing net book value as at December 31	7.1	-	12,100,000
		<b>167,050,569</b>	167,050,569

7.1 Investment properties consists of the following:

Particulars	Location	Fair Value as at December 31, 2023	Unrealised Gain for December 31, 2023	Fair value as at December 31, 2022	Unrealised gain for December 31, 2022
----- (Rupees) -----					
Freehold Land	Islamabad	<b>19,775,000</b>	-	<b>19,775,000</b>	<b>625,000</b>
Shop Premises	Lahore	<b>90,894,150</b>	-	<b>90,894,150</b>	<b>4,375,000</b>
Office Premises	Karachi	<b>56,381,419</b>	-	<b>56,381,419</b>	<b>7,100,000</b>
		<b>167,050,569</b>	-	<b>167,050,569</b>	<b>12,100,000</b>

7.2 The fair value of investment properties was determined by Anderson Consulting (Pvt.) Ltd, who is external independent property valuer having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

7.3 The fair value measurement for all of the investment properties has been categorised as a level 2 fair value based on the inputs to the valuation techniques used. The inputs used to the valuation techniques are average rental growth rate, yield on property, current market rates, occupancy rate and rent free period of the properties.

7.4 The Company earned rental income from the above mentioned properties amounting to Rs 2.172 million (December 31, 2022: Rs 2.35 million).

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

### Valuation technique

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

7.6 The cost of freehold land, shop premises and office premises is amounting to Rs 14.02 million (December 31, 2022: Rs 14.02 million), Rs 33.95 million (December 31, 2022: Rs 33.95 million) and Rs 2.85 million (December 31, 2022: Rs 2.85 million) respectively.

7.7 As at December 31, 2023, the fair values of the investment properties approximate its market values.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

## 8. INVESTMENT IN EQUITY SECURITIES

	Note	December 31, 2023			December 31, 2022		
		Cost	Impairment	Carrying value	Cost	Impairment	Carrying value
		----- (Rupees) -----			----- (Rupees) -----		
<b>Available for sale</b>							
<i>Listed shares</i>							
- First Capital Equities Limited	8.1	188,000,000	(188,000,000)	-	188,000,000	(188,000,000)	-
Unlisted shares							
Mutual funds	8.2	114,503,813	-	114,741,605	160,175,558	-	164,038,686
		<u>302,503,813</u>	<u>(188,000,000)</u>	<u>114,741,605</u>	<u>348,175,558</u>	<u>(188,000,000)</u>	<u>164,038,686</u>
Investment at fair value through profit or loss							
<i>Listed shares</i>							
- Summit Bank Limited		206,355	-	276,758	299,821	-	206,355
		<u>302,710,168</u>	<u>(188,000,000)</u>	<u>115,018,363</u>	<u>348,475,379</u>	<u>(188,000,000)</u>	<u>164,245,041</u>

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

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

## 8.2 Mutual funds

Name of Fund	Units		December 31, 2023		December 31, 2022	
	December 31, 2023	December 31, 2022	Cost	Carrying Value	Cost	Carrying Value
	----- (Number) -----		----- (Rupees) -----			
Pakistan Cash Management Fund	-	2,857,470	-	-	144,142,119	144,210,222
Faysal Saving Growth Fund	-	10,235	-	-	860,248	1,124,764
ABL Income Fund	-	183,435	-	-	1,545,115	1,845,206
HBL Cash Fund	500	30,783	50,970	51,578	2,691,389	3,153,277
Lakson Money Market Fund	-	7,380	-	-	651,750	757,945
HBL Money Market Fund	-	11,519	-	-	962,723	1,269,901
Pakistan Income Fund	-	188,650	-	-	8,812,672	11,020,144
Atlas Islamic Income Fund	-	1,212	-	-	509,541	657,223
HBL Islamic Money Market Fund	1,131,715	-	114,452,843	114,690,026	-	-
	<u>1,132,215</u>	<u>3,290,684</u>	<u>114,503,813</u>	<u>114,741,604</u>	<u>160,175,558</u>	<u>164,038,682</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

### 9. INVESTMENTS IN DEBT SECURITIES

	December 31, 2023			December 31, 2022		
	Cost	Provision	Carrying Value	Cost	Provision	Carrying Value
----- (Rupees) -----						
<b>Held to maturity</b>						
Government securities						
Pakistan Investment Bonds						
- Pledged	60,587,150	-	64,348,271	60,587,150	-	63,440,329
	-	-	-	16,868,540	-	19,631,141
- Non Pledged	52,587,656	-	54,943,778	-	-	-
	<b>113,174,806</b>	<b>-</b>	<b>119,292,049</b>	<b>77,455,690</b>	<b>-</b>	<b>83,071,470</b>

Name of investment	Face value	Number of certificates	Profit rate	Profit payment	Maturity date	December 31, 2023		December 31, 2022	
						Cost	Carrying Value	Cost	Carrying Value
(Rupees)	(Rupees)		(%)			----- (Rupees) -----			
5 Years Pakistan Investment Bonds	65,000,000	650,000	11.35	Semi annually	19-Sep-24	60,587,150	64,348,271	60,587,150	63,440,329
5 Years Pakistan Investment Bonds	-	-	12.7	Semi annually	12-Jul-23	-	-	16,868,540	19,631,141
3 Years Pakistan Investment Bonds	62,000,000	620,000	19.01	Semi annually	04-Aug-25	52,587,656	54,943,778	-	-
	<u>127,000,000</u>	<u>1,470,000</u>				<u>113,174,806</u>	<u>119,292,049</u>	<u>77,455,690</u>	<u>83,071,470</u>

The rate of return of PIBs is between 11.35% to 19.01% (December 31, 2022: 8% to 9.5%) per annum. They are pledged with the State Bank of Pakistan under the provisions of Insurance Rules 2017.

10. INVESTMENTS IN TERM DEPOSITS	Note	December 31,	December 31,
		2023	2022
----- (Rupees) -----			
<b>Held to maturity</b>			
Deposits maturing within one months	10.1	<u>448,879,290</u>	<u>364,779,290</u>

**10.1** The balance includes term deposits with various commercial banks having maturities within 01 month (i.e. upto January 06, 2024). The rate of return on these term deposits range between 15% to 20.75% (December 31, 2022: 10% to 16%) per annum.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

	Note	December 31, 2023	December 31, 2022
----- (Rupees) -----			
<b>11. ADVANCES, DEPOSITS AND OTHER RECEIVABLES</b>			
<b>Unsecured, Considered good</b>			
Accrued investment income		<b>12,475,406</b>	5,608,885
Other receivables	11.1	<b>1,427,719</b>	3,530,941
Security deposits	11.2 & 11.3	<b>8,096,898</b>	7,579,357
Advances		<b>616,978</b>	876,978
		<b>22,617,001</b>	17,596,161

**11.1** This includes balance receivable from Window takaful operations against common expenses amounting to Rs 0.73 million (December 31, 2022: Rs 0.73 million).

**11.2** This includes Rs 3.3 million (December 31, 2022: Rs 3.3 million) in respect of security deposits paid against rental arrangements to Shaheen foundation (the Parent Undertaking).

**11.3** This includes a sum of Rs 2.53 million deposited with the District and Session Judge, Multan as security deposit, in respect of an Insurance Appeal filed by the Company in the Lahore High Court Multan Bench.

	Note	December 31, 2023	December 31, 2022
----- (Rupees) -----			
<b>12. INSURANCE / RE-INSURANCE RECEIVABLES</b>			
<b>unsecured, considered good</b>			
Due from insurance contract holders	12.1 & 12.5	<b>20,816,504</b>	27,392,481
Less: Provision for impairment	12.3	<b>(96,219)</b>	(5,500,000)
		<b>20,720,285</b>	21,892,481
Due from other insurers / reinsurers	12.2	<b>247,337,682</b>	127,298,447
Less: Provision for impairment	12.4	<b>(26,613,874)</b>	(26,613,874)
		<b>220,723,808</b>	100,684,573
		<b>241,444,093</b>	122,577,054

**12.1** This includes premium due but unpaid from Shaheen Foundation (Parent Undertaking) of Rs 18.779 million (2022: Rs 10.8 million).

**12.2** The Company has entered into coinsurance and reinsurance arrangements with various insurance companies as at December 31, 2023, the aggregate balances due from and due to other insurers and reinsurers arising from such arrangements due from coinsurance amounts to Rs 208.5 million and reinsurance Rs 38.81 million (2022: Rs 127.3 million) & due to Rs 1.76 million coinsurance and Rs 30.52 million reinsurance (2022: Rs 54.77 million) respectively.

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

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



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

	<b>December 31, 2023</b>	December 31, 2022
	----- (Rupees) -----	
<b>12.3 Reconciliation of provision against doubtful receivables from insurance contract holders</b>		
Opening balance	<b>5,500,000</b>	5,500,000
Charge for the period / year	-	21,000,000
Balance written off during the period / year	<b>(5,403,781)</b>	(21,000,000)
Closing balance	<b>96,219</b>	5,500,000
<b>12.4 Reconciliation of provision against doubtful receivables from other insurers / re-insurers</b>		
	<b>December 31, 2023</b>	December 31, 2022
	----- (Rupees) -----	
Opening balance	<b>26,613,874</b>	4,000,000
Charge for the year	-	22,613,874
Closing balance	<b>26,613,874</b>	26,613,874
<b>12.5</b> The maximum amount outstanding at the end of any month during the year from Shaheen foundation (Parent Undertaking) aggregated to Rs 18.40 million (December 31, 2022: Rs 25.14 million).		
	<b>December 31, 2023</b>	December 31, 2022
	----- (Rupees) -----	
<b>13. CASH AND BANK</b>		
<b>Cash and cash equivalents</b>		
- Cash in hand	<b>34,756</b>	23,508
- Policy stamps and bond papers in hand	<b>133,956</b>	86,455
	<b>168,712</b>	109,963
<b>Cash at bank</b>		
- Current accounts	<b>753,944</b>	78,659,401
- Savings accounts	<b>251,266,134</b>	26,935,219
	<b>252,020,078</b>	105,594,620
	<b>252,188,790</b>	105,704,583
<b>13.1</b> These carry mark-up at rates ranging between 7% to 19.5% (December 31, 2022: 5% to 15%) per annum.		
<b>14 SHARE CAPITAL</b>		
<b>14.1 Authorized share capital</b>		
	<b>December 31, 2023</b>	December 31, 2022
	----- (Numbers) -----	
	<b>100,000,000</b>	100,000,000
	<b>1,000,000,000</b>	1,000,000,000
	----- (Rupees) -----	
Ordinary shares of Rs. 10 each		





# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

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

December 31, 2023	December 31, 2022		December 31, 2023	December 31, 2022
----- (Numbers) -----			----- (Rupees) -----	
8,000,000	8,000,000	Ordinary shares of Rs. 10 each, fully paid in cash	80,000,000	80,000,000
12,000,000	12,000,000	Ordinary shares of Rs. 10 each, issued as bonus shares	120,000,000	120,000,000
25,000,000	25,000,000	Ordinary shares of Rs. 10 each, issued as right shares fully paid in cash	250,000,000	250,000,000
15,000,000	15,000,000	Ordinary shares of Rs. 10 each, issued otherwise than right issue	150,000,000	150,000,000
<u>60,000,000</u>	<u>60,000,000</u>		<u>600,000,000</u>	<u>600,000,000</u>

## 14.3 As at December 31, 2023, details of shares held by the related parties undertaking are as follows:

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

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

		December 31, 2023	December 31, 2022
		----- (Rupees) -----	
<b>15 RESERVES</b>	Note		
General reserves		20,000,000	20,000,000
Unrealised gain on available-for-sale investments		237,792	3,863,126
		<u>20,237,792</u>	<u>23,863,126</u>
<b>16. LEASE LIABILITIES</b>			
Lease Liability - Buildings	16.1	19,415,330	19,315,492
<b>16.1</b>			
Opening balance		19,315,492	26,459,898
Increase in lease liability	16.3	12,836,233	885,673
Impact of modification of leases	16.4	(212,316)	2,255,939
Rental payments		(14,846,696)	(12,733,014)
Interest expense		2,322,617	2,446,996
Closing balance		<u>19,415,330</u>	<u>19,315,492</u>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

	December 31, 2023	December 31, 2022
Note	(Rupees)	
<b>16.2 Tenure analysis</b>		
Current period	<b>14,355,097</b>	6,831,274
Non-current period	<b>5,060,233</b>	12,484,218
	<b>19,415,330</b>	19,315,492
<b>16.3</b>	The amount represents the office space that company has acquired in Islamabad for the period of two years and for one new branch in Karachi named Karachi Corporate Branch. Further, lease of Company's head office was also extended.	
<b>16.4</b>	During the year, the rent agreement of Abbottabad Branch Office was terminated.	
<b>17. INSURANCE / RE-INSURANCE PAYABLES</b>		
Due to other insurers / re-insurers	<b>32,297,866</b>	54,770,246
	<b>32,297,866</b>	54,770,246
<b>18. OTHER CREDITORS AND ACCRUALS</b>		
Agent commission payable	<b>11,612,199</b>	8,482,410
Provincial service taxes	<b>100,675,604</b>	66,819,133
Federal insurance fee payable	<b>10,086,351</b>	7,279,640
Workers' welfare fund payable	<b>11,794,513</b>	8,515,857
Accrued expenses	<b>12,227,821</b>	13,204,100
Withholding tax payable	<b>3,606,896</b>	5,062,071
Unearned rental income	<b>1,137,793</b>	1,034,365
Payable to provident fund	<b>517,275</b>	523,397
Security deposit against bond issuance	<b>51,993,778</b>	15,504,200
Others	<b>3,185,725</b>	1,628,285
	<b>206,837,955</b>	128,053,459
<b>18.1</b>	As required by the Companies Act, 2017 these are held by the Company in a separately maintained bank account.	
<b>19. CONTINGENCIES AND COMMITMENTS</b>		
<b>19.1</b>	During the current period, the Assistant Commissioner – Sindh Revenue Board (SRB) has issued an Order under section 3,8,9,17,30,43 and 44 of Sindh Sales Tax on Services Act, 2011 and 11,12,13,14 and 31 of the Sindh Sales Tax on Services Rules, 2011 and has created a demand of Rs 9,232,204 by charging sales tax on re-insurance premium ceded and commission received by the Company during the period from January 2015 to December 2015. The Company has filed an appeal against the Order with Commissioner – SRB which is pending adjudication. Based on the tax advisor's opinion, the management is confident of a favorable outcome of the appeal. Hence, no provision has been made in these financial statements.	
<b>19.2</b>	M/s. New Lal Enterprise (Private) Limited and M/s. Zahid Enterprises (Private) Limited filed four suits against the Company in the Insurance Tribunal, Karachi in March 10, 2016. Three suits pertain to claim of damages on delayed	



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

claims settlement, while one suit relates to recovery of marine claim. Total amount involved is approximately Rs. 28 million. The management based on its legal advisor opinion, is confident of a favourable outcome.

- 19.3** The income tax assessments of the Company have been finalised up to and including the assessment year 2022-23 (financial year ended December 31, 2022), unless amended. However, assessments for tax years 2004, 2006 and 2007 had been amended by the taxation officer, against which the Company had preferred an appeal before the Commissioner Inland Revenue (Appeal) (CIR(A)). Subsequently, CIR(A) maintained the order of taxation officer, against which the Company preferred to file an appeal before the Appellate Tribunal Inland Revenue (ATIR). ATIR decided the case in favor of the Company. Case was decided in favor of the Company in High Court as well, through the order dated September 05, 2013. However in January 02, 2014, taxation officer filed civil petition against the order with the Supreme Court of Pakistan; the decision of which is pending. The demand raised was of Rs 2.045 million for the tax year 2004, Rs. 8.220 million for the tax year 2006, and Rs 9.689 million for tax year 2007 against apportionment of expenditure. Based on expert advice the matter will be decided in favor of the Company, therefore no provision has been made in these financial statements. Further, the Company has received notice to amend assessments for the tax years 2015 and 2016 under section 122 (9) read with 122(5A) of the Income Tax Ordinance 2001 creating a demand of Rs. 1.490 million and Rs. 2.700 million respectively. The Company filed appeals against these orders with CIR (A), who vacated the order of taxation officer. Taxation Officer filed appeal with the ATIR against decision of CIR(A). Proceedings in this regard have not started yet.
- 19.4** The Company also received a notice for further amending the assessment for the tax year 2011 under Section 122 (9) read with section 122(5A) of the Income Tax Ordinance 2011 against which a Constitutional Petition was filed in the High Court of Sindh. High Court through its order dated January 27, 2020 disposed off the same with directions to the respondent to examine the contention of the company in accordance with the law.
- 19.5** Proceedings were also initiated by the taxation officer for the rectification of mistakes under section (u/s) 221 of the Income Tax Ordinance 2001 (Ordinance) in respect of tax years 2017, 2018 and 2019 by determining tax liabilities of Rs. 0.31 million, Rs. 6.12 million and Rs 13.59 million respectively, through disallowing refund adjustment from prior years in the deemed assessment order. Aggrieved with the orders of the taxation officer, the company filed an appeal before Commissioner Inland Revenue, Appeals(CIR-A). CIR(A) however, remanded back the orders with strict direction to the taxation officer for processing the application(s) under section 170(1) of the Ordinance.
- 19.6** Taxation officer also issued notice for amending the assessment u/s 122(9) read with section 122(5A) of Ordinance with regard to tax year 2018. The matter is in hearing / compliance stage.

### 20. Commitments

There are no commitments as at December 31, 2023 (2022: Nil).

### 21. NET INSURANCE PREMIUM

Written gross premium

Add: Unearned premium reserve opening

Less :Unearned premium reserve closing

**Premium earned**

Re-insurance premium ceded

Add: Prepaid reinsurance premium opening

Less: Prepaid reinsurance premium closing

**Re-insurance expense**

**December 31,  
2023**

December 31,  
2022

----- (Rupees) -----

826,275,033	485,601,738
156,749,372	98,158,900
249,264,266	156,749,372
<b>733,760,139</b>	427,011,265
<b>323,996,000</b>	134,387,069
14,560,355	6,316,945
48,477,102	14,560,355
<b>290,079,253</b>	126,143,659
<b>443,680,886</b>	300,867,607



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

	Note	December 31, 2023	December 31, 2022
		(Rupees)	
<b>22. NET INSURANCE CLAIMS</b>			
Claims paid		<b>372,483,702</b>	78,333,095
Less: Outstanding claims including IBNR opening		<b>128,962,567</b>	85,850,667
Add: Outstanding claims including IBNR closing	22.1	<b>207,559,987</b>	128,962,567
<b>Claims expense</b>	22.2	<b>451,081,122</b>	121,444,995
Re-insurance and other recoveries received		<b>339,951,587</b>	10,602,816
Less: Re-insurance and other recoveries receivable in respect of outstanding claims opening		<b>46,299,007</b>	15,536,448
Add: Re-insurance and other recoveries receivable in respect of outstanding claims closing		<b>8,006,239</b>	46,299,007
<b>Re-insurance and other recoveries revenue</b>		<b>301,658,819</b>	41,365,375
<b>Net claims expense</b>		<b>149,422,303</b>	80,079,620

**22.1** Outstanding claims include amounts in relation to unpaid reported claims, provision for claims incurred but not reported (IBNR) and expected claims settlement costs. Provision for IBNR to account for the cost of settling claims incurred but not reported as at reporting date on the basis of actuarial valuation amounts to Rs 12.43 million (2022: Rs 5.858 million). The latest valuation was carried out as of December 31, 2023.

**22.2** This includes accrued salvage recoveries amounting to Rs 22.90 million (2022: Rs 13.50 million).

### 22.3 Claim development

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

Accident year	2019 & Prior	2020	2021	2022	2023	Total
(Rupees)						
Gross estimate of ultimate claims cost	65,808,600	106,853,217	78,832,482	178,879,045	233,442,499	663,815,843
At the end of accident year	291,191,449					
One year later	667,855,603	6,851,902	19,636,804	139,144,772	-	828,503,593
Two year later	41,621,473	1,812,216	9,818,402	-	-	53,252,091
Three year later	26,564,912	906,108	-	-	-	27,471,020
Four year later	137,554	-	-	-	-	137,554
Five Year later	-	-	-	-	-	-
Six Year later	-	-	-	-	-	-
Current estimate of cumulative claims	26,564,912	906,108	9,818,402	139,144,772	233,442,499	404,891,204
Less: cumulative payments to date	85,067	371,178	9,050,456	130,640,361	62,169,643	202,316,706
<b>Liability recognised in the statement of financial position</b>	<b>26,479,845</b>	<b>534,930</b>	<b>767,946</b>	<b>8,504,411</b>	<b>171,272,856</b>	<b>207,559,987</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2023



	Note	December 31, 2023	December 31, 2022
----- (Rupees) -----			
<b>23. NET COMMISSION EXPENSE / ACQUISITION COST</b>			
Commission paid or payable		118,306,357	76,539,272
Add: Deferred commission expense opening		26,062,948	15,505,767
Less: Deferred commission expense closing		38,205,966	26,062,948
Net Commission		106,163,339	65,982,091
Less: Commission received or recoverable		24,073,992	8,590,201
Add: Unearned reinsurance commission opening		2,323,817	1,365,356
Less: Unearned reinsurance commission closing		2,880,777	2,323,817
Commission from reinsurers		23,517,032	7,631,740
		<u>82,646,307</u>	<u>58,350,351</u>
<b>24. PREMIUM DEFICIENCY - NET</b>			
Premium deficiency reserve - opening		337,245	337,245
Premium deficiency reserve - closing		337,245	337,245
Premium deficiency reserve	24.1	-	-
24.1		The independent actuary has determined the closing premium deficiency reserve of Rs. 0.34 million as at December 31, 2023 (2022 : Rs. 0.34 million).	
	Note	December 31, 2023	December 31, 2022
----- (Rupees) -----			
<b>25. MANAGEMENT EXPENSES</b>			
Employee benefit cost	25.1	96,239,626	86,560,478
Travelling and entertainment		6,179,574	4,040,041
Advertisement and sales promotion		32,406,229	12,482,683
Printing and stationery		6,063,152	5,109,292
Depreciation	25.2	23,243,265	15,446,705
Legal and professional charges		2,120,600	1,573,550
Utilities		7,679,434	6,293,368
Repair and maintenance		4,421,857	4,413,012
Bank charges		265,539	214,297
Annual supervision fees SECP		-	616,900
Newspaper and periodicals		-	-
Insurance expense		4,593,120	2,390,833
Provision for doubtful debts against insurers / reinsurers	12.4	-	22,613,874
Due from insurance contract holders written off	12.3	-	33,465,978
Software maintenance		1,595,000	983,609
Co Insurance Surcharge		2,018,987	830,044
Directors Meeting Fee		310,000	150,000
Miscellaneous		2,179,994	1,127,117
		<u>189,316,377</u>	<u>198,311,781</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

25.1 This amount includes Rs. 1.854 million (2022: Rs 2.204 million) of provident fund contribution.

25.2 This includes depreciation on operating fixed assets and right of use assets amounting to Rs 10.452 and Rs. 12.790 million (2022 : Rs 4.137 million and Rs 11.308 million) respectively.

	Note	December 31, 2023	December 31, 2022
----- (Rupees) -----			
<b>26. INVESTMENT INCOME</b>			
<b>Income from equity securities</b>			
Available for sale investments			
Dividend income on securities		16,640,286	10,031,657
Realised gain on sale of equity investments		14,908,322	10,530,728
		<b>31,548,608</b>	20,562,385
<b>Income from debt securities</b>			
Held to maturity			
Income from term deposits		67,201,313	42,703,190
Return on Pakistan Investment Bonds		14,223,253	15,209,207
		<b>81,424,566</b>	57,912,397
Investment related expenses		-	-
Unrealised gain on revaluation of FVTPL		70,403	(93,466)
Realized gain on sale of investment		-	
		<b>113,043,577</b>	78,381,316
<b>27. RENTAL INCOME</b>			
Rental income		2,172,158	2,359,700
<b>28. OTHER INCOME</b>			
Return on bank balances		26,696,024	5,700,360
Gain on sale of operating fixed assets		393,343	2,972,310
Exchange gain		139,035	125,242
Liabilities written back		-	15,834,885
Miscellaneous		60,877	1,293,885
		<b>27,289,279</b>	25,926,682
<b>29. OTHER EXPENSES</b>			
Fee and subscription		3,721,806	3,135,722
Auditors' remuneration	29.1	1,469,906	1,469,906
Workers' welfare fund		3,278,345	1,862,212
		<b>8,470,057</b>	6,467,840



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

December 31, 2023      December 31, 2022  
----- (Rupees) -----

## 29.1 AUDITORS' REMUNERATION

Annual audit fee	719,906	719,906
Interim review fee	175,000	175,000
Certification fees and review of statement of compliance with the Code of Corporate Governance	225,000	225,000
Other professional services	100,000	100,000
Out of pocket expenses	250,000	250,000
	<u>1,469,906</u>	<u>1,469,906</u>

## 30. PROFIT BEFORE TAX FROM WINDOW TAKAFUL OPERATIONS - OPF

Wakala fee	20,716,362	9,441,925
Investment Income	4,600,285	3,041,860
Other income	1,860,973	374,802
Management expenses	(5,893,720)	(3,758,924)
Commission expenses	(11,069,733)	(5,022,473)
Direct expenses	(621,310)	(742,233)
Modarib's fee	333,094	177,128
Tax expense	-	-
Profit for the year	<u>9,925,951</u>	<u>3,512,085</u>

## 31. PROVISION FOR TAXATION - NET

Current	(47,629,868)	(24,414,459)
Prior period	-	-
Deferred	-	-
	<u>(47,629,868)</u>	<u>(24,414,459)</u>

### 31.1 Deferred

Net deferred tax asset on deductible temporary differences amounting to Rs 63.867 million (December 31, 2022: Rs 63.10 million) has not been recognized in view of the uncertainty about its realisation.

### 31.2 Relationship between tax expense and accounting profit:

	Percentage	December 31, 2023	December 31, 2022
----- (Rupees) -----			
Profit before taxation		163,934,190	77,790,829
Tax at the applicable rate	29%	47,540,915	22,559,340
Prior years tax	-	-	-
Tax effect of others	2%	88,953	1,855,119
		<u>47,629,868</u>	<u>24,414,459</u>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

### 32. EARNINGS PER SHARE - BASIC AND DILUTED

	December 31, 2023	December 31, 2022
	----- (Rupees) -----	
Profit after tax (Rupees)	116,304,322	53,376,370
Weighted average number of ordinary shares (Numbers)	60,000,000	60,000,000
Basic earnings per share (Rupees)	<u>1.94</u>	<u>0.89</u>

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

### 33. REMUNERATION OF DIRECTORS AND EXECUTIVES

	Chief Executive officer		Directors		Executives	
	2023	2022	2023	2022	2023	2022
	----- (Rupees) -----					
Fees	-	-	310,000	150,000	-	-
Managerial remuneration	9,370,337	9,386,400	-	-	8,400,000	8,470,760
Defined contribution plan	336,000	56,000	-	-	336,000	71,138
Others	-	-	-	-	-	-
	<u>9,706,337</u>	<u>9,442,400</u>	<u>310,000</u>	<u>150,000</u>	<u>8,736,000</u>	<u>8,541,898</u>
	----- (Numbers) -----					
Persons	<u>1</u>	<u>1</u>	<u>7</u>	<u>7</u>	<u>2</u>	<u>2</u>

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

### 34. RELATED PARTY TRANSACTIONS

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

Name	Relationship	Nature of transactions	December 31, 2023	December 31, 2022
			----- (Rupees) -----	
Shaheen Foundation	Parent Undertaking	Premium written	28,189,282	49,673,610
Shaheen Foundation	Parent Undertaking	Claim expense	442,961	1,507,248
Shaheen Foundation	Parent Undertaking	Premium due but unpaid	18,779,284	10,797,116
Shaheen Foundation	Parent Undertaking	Premium receivable written off	-	-
Shaheen Foundation	Parent Undertaking	Outstanding claims	91,250	507,452
Shaheen Foundation	Parent Undertaking	Commission payable	-	-
Shaheen Foundation	Parent Undertaking	Commission no more payable	-	-
Shaheen Foundation	Parent Undertaking	Security deposits	3,317,246	3,317,246
Shaheen Foundation	Parent Undertaking	Rent of premises	9,959,515	9,547,356
Shaheen Foundation	Parent Undertaking	Advertisement expenses	468,959	269,800
Shaheen Foundation	Parent Undertaking	Rent payable	-	-
Contribution to provident fund	Others	Contribution	1,854,270	2,204,323
Air Eagle (Private) Limited	Associated Company	Premium written	76,530,156	1,059,409
Air Eagle (Private) Limited	Associated Company	Premium due but unpaid	-	-

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2023

### 35. SEGMENT INFORMATION

Following segment information prepared in accordance with the requirements of Insurance Ordinance, 2000 and the Insurance Rules, 2017 for class of business wise revenues, results, assets and liabilities:

The class wise revenues and results are as follows:

	December 31, 2023					
	Fire and property damages	Marine, aviation & transport	Motor	Accident and health	Miscellaneous	Total
	--- (Rupees) ---					
<b>Premium receivable / received ( inclusive of Federal excise duty, Federal insurance fee and administrative surcharge)</b>	<b>326,253,385</b>	<b>291,822,435</b>	<b>211,286,785</b>	<b>1,902,723</b>	<b>120,995,640</b>	<b>952,260,968</b>
Less: Federal excise duty	(20,506,911)	(36,045,424)	(21,980,924)	-	(37,784,723)	(116,317,982)
Less: Federal insurance fee	(1,495,856)	(2,968,464)	(1,509,561)	(18,858)	(3,675,214)	(9,667,953)
<b>Gross written premium ( inclusive of administrative Surcharge)</b>	<b>304,250,618</b>	<b>252,808,547</b>	<b>187,796,300</b>	<b>1,883,865</b>	<b>79,535,703</b>	<b>826,275,033</b>
Gross direct premium	140,425,582	246,192,250	140,242,561	1,878,865	69,879,423	598,618,681
Facultative Inward Premium	161,988,007	6,062,249	43,776,726	-	7,801,310	219,628,292
Administrative surcharge	1,837,029	554,048	3,777,013	5000	1,854,970	8,028,060
Insurance premium earned	256,501,015	217,277,664	186,014,928	1,723,866	72,242,666	733,760,139
Less: Insurance premium ceded to reinsurers	67,329,666	191,336,797	25,154,878	-	6,257,913	290,079,254
<b>Net insurance premium</b>	<b>189,171,349</b>	<b>25,940,867</b>	<b>160,860,050</b>	<b>1,723,866</b>	<b>65,984,753</b>	<b>443,680,885</b>
Add: Commission income	594,796	17,470,663	5,432,057	-	19,516	23,517,033
<b>Net underwriting income (A)</b>	<b>189,766,145</b>	<b>43,411,529</b>	<b>166,292,107</b>	<b>1,723,866</b>	<b>66,004,270</b>	<b>467,197,918</b>
Insurance claims	125,182,707	234,632,216	85,950,478	1,720,734	3,594,986	451,081,121
Less: Insurance claims recovered from reinsurance	53,481,974	232,857,284	15,319,561	-	-	301,658,819
<b>Net claim</b>	<b>71,700,733</b>	<b>1,774,932</b>	<b>70,630,918</b>	<b>1,720,734</b>	<b>3,594,986</b>	<b>149,422,302</b>
Commission expense	53,574,087	13,803,331	23,380,808	187,887	15,217,225	106,163,338
Management expenses	64,140,342	60,165,376	46,514,674	431,068	18,064,916	189,316,377
Premium deficiency expense	-	-	-	-	-	-
<b>Net insurance claims and expenses (B)</b>	<b>189,415,162</b>	<b>75,743,639</b>	<b>140,526,400</b>	<b>2,339,689</b>	<b>36,877,127</b>	<b>444,902,018</b>
<b>Underwriting result C=A-B</b>	<b>350,983</b>	<b>(32,332,110)</b>	<b>25,765,707</b>	<b>(615,823)</b>	<b>29,127,142</b>	<b>22,295,900</b>
						December 31, 2023
						--- (Rupees) ---
Net investment income						113,043,577
Rental income						2,172,157
Other income						27,289,279
Other expenses						(8,470,057)
Unrealised gain on investment properties						-
Finance charges on right-of-use assets						(2,322,617)
Profit before tax from window takaful operations - OPF						9,925,951
Profit before tax						<u>163,934,190</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

Prior year

December 31, 2022

	Fire and property damages	Marine, aviation & transport	Motor	Accident and health	Miscellaneous	Total (Restated)
	(Rupees)					
Premium receivable / received ( inclusive of Federal excise duty, Federal insurance fee and administrative surcharge)	155,617,239	176,244,630	190,155,474	16,972,289	23,995,710	562,985,342
Less: Federal excise duty	(10,235,024)	(36,722,025)	(20,045,533)	-	(3,654,097)	(70,656,679)
Less: Federal insurance fee	(764,313)	(3,932,577)	(1,461,963)	(168,342)	(399,730)	(6,726,925)
Gross written premium ( inclusive of administrative Surcharge)	144,617,902	135,590,028	168,647,978	16,803,947	19,941,883	485,601,738
Gross direct premium	71,335,832	128,623,705	129,443,242	16,793,947	10,840,636	357,037,361
Facultative Inward Premium	72,316,381	5,292,988	35,290,445	-	8,977,757	121,877,572
Administrative surcharge	965,689	1,673,335	3,914,291	10,000	123,490	6,686,805
Insurance premium earned	105,389,759	127,626,731	154,182,507	18,021,518	21,790,751	427,011,266
Less: Insurance premium ceded to reinsurers	26,480,508	75,751,868	17,832,843	-	6,078,440	126,143,659
Net insurance premium	78,909,251	51,874,863	136,349,664	18,021,518	15,712,311	300,867,607
Add: Commission income	723,766	4,447,989	2,510,114	-	(50,129)	7,631,740
Net underwriting income (A)	79,633,017	56,322,852	138,859,778	18,021,518	15,662,182	308,499,347
Insurance claims	47,276,103	7,137,423	60,253,438	2,996,729	3,781,302	121,444,995
Less: Insurance claims recovered from reinsurance	30,629,452	913,275	9,907,046	-	(84,398)	41,365,375
Net claim	16,646,651	6,224,148	50,346,392	2,996,729	3,865,700	80,079,620
Commission expense	24,864,456	15,916,309	20,499,204	467,825	4,234,297	65,982,091
Management expenses	49,644,846	59,182,497	71,496,823	8,880,148	8,807,440	198,011,754
Premium deficiency expense	-	-	-	-	-	-
Net insurance claims and expenses (B)	91,155,953	81,322,954	142,342,419	12,344,702	16,907,437	344,073,465
Underwriting result C=A-B	(11,522,936)	(25,000,102)	(3,482,641)	5,676,816	(1,245,255)	(35,574,118)

December 31,  
2022

--- (Rupees) ---

Net investment income	78,381,316
Rental income	2,359,700
Other income	25,926,682
Other expenses	(6,467,840)
Unrealised gain on investment properties	12,100,000
Finance charges on right-of-use assets	(2,446,996)
Profit before tax from window takaful operations - OPF	3,512,085
Profit before tax	77,790,829

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023



## 35.1 Segment Assets & Liabilities

	December 31, 2023					
	Fire & Property Damage	Marine, Aviation & Transport	Motor	Accident and Health	Miscellaneous	Total
	(Rupees)					
<b>SEGMENT ASSETS</b>						
Segment assets	123,781,272	102,852,587	76,403,016	766,431.09	32,358,293	336,161,599
Segment assets - Takaful OPF	5,101,101	778,238	9,102,310	-	802,482	15,784,131
Unallocated assets - Takaful OPF						64,578,834
Unallocated corporate assets						1,204,104,517
Total assets						<u>1,620,629,081</u>
<b>SEGMENT LIABILITIES</b>						
Segment liabilities	181,165,083	150,534,062	111,822,722	1,121,742	47,359,287	492,002,896
Segment liabilities - Takaful OPF	3,573,816	545,231	6,377,052	-	562,216	11,058,315
Unallocated liabilities - Takaful OPF						11,399,533
Unallocated corporate liabilities						261,562,497
Total liabilities						<u>776,023,241</u>
	December 31, 2022					
	Fire & Property Damage	Marine, Aviation & Transport	Motor	Accident and Health	Miscellaneous	Total
	(Rupees)					
<b>SEGMENT ASSETS</b>						
Segment assets	79,728,803	74,751,677	92,976,743	9,264,125	10,994,092	267,715,440
Segment assets - Takaful OPF	2,694,775	711,214	5,530,550	-	537,025	9,473,564
Unallocated assets - Takaful OPF						56,850,103
Unallocated corporate assets						903,399,553
Total assets						<u>1,237,438,660</u>
<b>SEGMENT LIABILITIES</b>						
Segment liabilities	103,864,691	97,380,865	121,123,111	12,068,607	14,322,276	348,759,550
Segment liabilities - Takaful OPF	1,719,285	453,760	3,528,530	-	342,625	6,044,200
Unallocated liabilities - Takaful OPF						6,020,051
Unallocated corporate liabilities						144,688,007
Total liabilities						<u>505,511,808</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

### 36. PROVIDENT FUND RELATED DISCLOSURE

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

	(Un-audited) December 31, 2023	(Un-Audited) December 31, 2022
Size of the fund - Net assets (Rupee)	26,662,592	20,941,375
Cost of the investment made (Rupee)	26,662,592	20,941,375
Percentage of the investment made (%)	100.00%	100.00%
Fair value of the investment made (Rupee)	26,662,592	20,941,375

The breakup of fair value of the investment is:

	December 31, 2023		December 31, 2022	
	(Rupees)	(%)	(Rupees)	(%)
Bank balances	26,662,592	100	20,941,375	100
	<u>26,662,592</u>	<u>100</u>	<u>20,941,375</u>	<u>100</u>

### 37. MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Fair value through P&L	Total
	(Rupees)			
<b>At beginning of previous year</b>	492,682,174	66,783,451	299,821	559,765,446
Additions / re-investment - net	40,739,812	159,327,792	-	200,067,604
Disposals (sale and redemptions)	(87,000,000)	(53,330,924)	-	(140,330,924)
Amortisation of premium / discount	1,428,774	-	-	1,428,774
Fair value gains - net of loss	-	1,789,095	(93,466)	1,695,629
Realised Gain on sale of investment	-	(10,530,728)	-	(10,530,728)
<b>At beginning of current year</b>	<u>447,850,760</u>	<u>164,038,686</u>	<u>206,355</u>	<u>612,095,801</u>
<b>Opening</b>				
Additions / re-investment - net	114,334,110	156,340,592	-	270,674,702
Disposals (sale and redemptions)	-	(205,598,705)	-	(205,598,705)
Amortisation of premium / discount	5,709,711	-	-	5,709,711
Fair value gains - net	-	237,790	70,403	308,193
<b>At end of current year</b>	<u>567,894,581</u>	<u>115,018,363</u>	<u>276,758</u>	<u>683,189,702</u>

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

#### 38.1 INSURANCE RISK

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

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



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED DECEMBER 31, 2023

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

#### a) Geographical concentration of insurance risk

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

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

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

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

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

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

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

#### b) Frequency and severity of claims

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED DECEMBER 31, 2023

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. For the estimation of provision of claims incurred but not reported (IBNR), the Company follows the recommendation of actuary to apply month wise factor based on analysis of the past claim reporting pattern. For this purpose, the claim chain-ladder method is used for each class of business. The month wise factor is applied on claims incurred to determine the amount of IBNR.

There are several variable factors which affect the amount and timing of recognised claim liabilities. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from initial recognized amount. Similarly, the provision for IBNR is based on historic reporting pattern of the claims, hence actual amount of IBNR may differ from the amount estimated.

#### Key assumptions

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

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

Class	December 31, 2023		December 31, 2022	
	Assumed net loss ratio			
	(%)			
Fire and property	37.90	37.90	20.66	20.66
Marine, aviation and transport	6.84	6.84	12.00	12.00
Motor	43.91	43.91	36.92	36.92
Accident and health	99.82	99.82	15.65	15.65
Miscellaneous	5.45	5.45	29.93	29.93

#### Change in assumption:

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

#### Sensitivity analysis

As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, if the claims had (decreased) / increased by 10% with all other variables held constant, as at December 31, 2023 it would have increased / (decreased) the equity and profit or loss by Rs 10.608 million (2022: Rs 8.008 million).

## 38.2 REINSURANCE RISK

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Salvage recoveries accrued	Prepaid reinsurance premium ceded	December 31, 2023	December 31, 2022
	(Rupees)					
<b>Rating</b>						
A- or above including Pakistan Reinsurance Company Limited	208,519,184	-	-	26,844,548	235,363,732	138,256,998
BBB Others	38,818,498 -	8,006,239 -	28,200 -	- -	46,852,937 -	49,900,811 -
	<u>247,337,682</u>	<u>8,006,239</u>	<u>28,200</u>	<u>26,844,548</u>	<u>282,216,669</u>	<u>188,157,809</u>

## 38.3 Financial risk management

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

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

### 38.3.1 Credit risk

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

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

	December 31, 2023	December 31, 2022
	(Rupees)	
Advances, deposits and other receivables	22,000,023	16,719,183
Insurance/ re-insurance receivables	268,154,186	122,577,054
Term deposits	448,879,290	364,779,290
Reinsurance recoveries against outstanding claims	8,006,239	46,299,007
Salvage recoveries accrued	28,200	-
Bank balances	252,020,078	105,594,620
	<u>999,088,017</u>	<u>655,969,154</u>

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

	December 31, 2023	December 31, 2022
	----- (Rupees) -----	
Upto 1 year	18,927,970	4,430,810
1 - 2 years	1,792,637	560,510
2 - 3 years	(322)	6,279,890
Over 3 years	-	5,324,155
	<u>20,720,285</u>	<u>16,595,365</u>

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

	December 31, 2023	December 31, 2022
	----- (Rupees) -----	
Upto 1 year	-	10,797,116
1 - 2 years	-	-
2 - 3 years	-	-
	<u>-</u>	<u>10,797,116</u>

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

Bank	December 31, 2023			December 31, 2023	December 31, 2022
	Rating agency	Short term	Long term	----- (Rupees) -----	
JS Bank Limited	PACRA	A-1+	AA-	83,985,743	13,540,272
Bank Alfalah Limited	PACRA	A-1+	AA+	8,648	14,732,217
Bank Al Habib Limited	PACRA	A-1+	AAA	47,865	377,878
MCB Bank Limited	PACRA	A-1+	AAA	2,208,812	922,905
Allied Bank Limited	PACRA	A-1+	AAA	241,549	212,465
Soneri Bank Limited	PACRA	A-1+	AA-	93,208	4,211,295
Bank of Punjab	PACRA	A-1+	AA+	2,863	2,963
Faysal Bank Limited	PACRA	A-1+	AA	127,789	127,512
Askari Bank Limited	PACRA	A-1+	AA+	-	6,072,375
Summit Bank Limited	VIS	Nil	Nil	106,225	86,128
Dubai Islamic Bank	VIS	A-1+	AA	161,235,357	60,435,598
National Bank of Pakistan	PACRA	A-1+	AAA	790,742	4,873,012
Bank Islami Pakistan Limited	PACRA	A1	AA-	3,171,278	-

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

The credit quality of amount due from insurers / reinsurers and reinsurance recoveries against outstanding claims can be assessed from external rating disclosed in note 38.2.

### 38.3.2 Liquidity risk

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





## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

	December 31, 2023			Total
	Within one year	One year to five years	Over five years	
----- (Rupees) -----				
<b>Financial liabilities</b>				
Outstanding claims including IBNR	207,559,987	-	-	207,559,987
Insurance/ reinsurance payables	32,297,866	-	-	32,297,866
Lease liabilities	14,355,097	5,060,233	-	19,415,330
Other creditors and accruals	79,019,523	-	-	79,019,523
Unclaimed dividend	1,823,901	-	-	1,823,901
	<u>335,056,374</u>	<u>5,060,233</u>	<u>-</u>	<u>340,116,607</u>
----- (Rupees) -----				
December 31, 2022				
	Within one year	One year to five years	Over five years	Total
----- (Rupees) -----				
<b>Financial liabilities</b>				
Outstanding claims including IBNR	128,962,567	-	-	128,962,567
Insurance/ reinsurance payables	54,770,246	-	-	54,770,246
Lease liabilities	6,831,274	12,484,218	-	19,315,492
Other creditors and accruals	38,818,995	-	-	38,818,995
Unclaimed dividend	1,840,186	-	-	1,840,186
	<u>231,223,268</u>	<u>12,484,218</u>	<u>-</u>	<u>243,707,486</u>

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by maintaining sufficient cash and bank balances and term deposit receipts.

### 38.3.3 Market risk

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

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company invests in securities and has deposits that are subject to interest / mark-up rate risk. The Company limits interest / mark-up rate risk by monitoring changes in interest / mark-up rates in the currencies in which its cash and investments are denominated.

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2023

	Interest / Markup bearing			Non- interest / Non - markup bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
----- (Rupees) -----							
<b>FINANCIAL ASSETS</b>							
Investments	568,171,339	-	568,171,339	115,018,363	-	115,018,363	683,189,702
Advances, deposits and other receivables	-	-	-	22,617,001	-	22,617,001	22,617,001
Insurance/ reinsurance receivables	-	-	-	241,444,093	-	241,444,093	241,444,093
Reinsurance recoveries against outstanding claims	-	-	-	8,006,239	-	8,006,239	8,006,239
Salvage recoveries accrued	-	-	-	28,200	-	28,200	28,200
Cash and bank balances	251,266,134	-	251,266,134	922,656	-	922,656	252,188,790
<b>December 31, 2023</b>	<b>819,437,473</b>	<b>-</b>	<b>819,437,473</b>	<b>388,036,553</b>	<b>-</b>	<b>388,036,553</b>	<b>1,207,474,026</b>
<b>FINANCIAL LIABILITIES</b>							
Outstanding claims including IBNR	-	-	-	207,559,987	-	207,559,987	207,559,987
Lease liabilities	14,355,097	5,060,233	19,415,330	-	-	-	19,415,330
Insurance/ reinsurance payables	-	-	-	38,818,995	-	38,818,995	38,818,995
Other creditors and accruals	-	-	-	79,019,523	-	79,019,523	79,019,523
Unclaimed dividend	-	-	-	1,823,901	-	1,823,901	1,823,901
<b>December 31, 2022</b>	<b>14,355,097</b>	<b>5,060,233</b>	<b>19,415,330</b>	<b>327,222,406</b>	<b>-</b>	<b>327,222,406</b>	<b>346,637,736</b>
<b>Interest risk sensitivity gap</b>	<b>805,082,376</b>	<b>(5,060,233)</b>	<b>800,022,143</b>	<b>60,814,147</b>	<b>-</b>	<b>60,814,147</b>	<b>860,836,290</b>

### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit and loss account.

### Cash Flow sensitivity analysis for variable rate instruments

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

	Change in basis points	Effect on profit and loss before tax	Effect on shareholders' equity
		----- (Rupees) -----	
<b>December 31, 2023</b>	100	7,001,454	4,971,033
	(100)	(7,001,454)	(4,971,033)



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

## 38.3.4 Currency risk

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

## 38.3.5 Other price risk

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

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

The following table summarises the Company's other price risk as of December 31, 2023 and 2022. It shows the effects of an estimated increase of 5% in the market prices as on those dates. A decrease of 5% in the fair values of the quoted securities would affect profit and equity of the Company in a similar but opposite manner.

	Price change	Fair value	Effect on fair value
	%	----- (Rupees) -----	
December 31, 2023	5%	115,018,363	5,750,918
December 31, 2022	5%	164,245,041	8,212,252

## 39 CAPITAL RISK MANAGEMENT

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

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

In accordance with the requirements of the Insurance Rules, 2017 issued by the SECP, minimum paid up capital requirement to be complied with insurance/ takaful companies as at December 31, 2017 and for subsequent years is Rs 500 million. As at December 31, 2023 the company's paid up capital is in excess of the prescribed limit.

## FAIR VALUE OF FINANCIAL AND NON-FINANCIAL ASSETS

### Fair value hierarchy

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

December 31, 2023

	Carrying value					Fair value measurement			
	Available for-sale	Held-to-maturity	Loan and other receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3
----- (Rupees) -----									
<b>Financial assets measured at fair value</b>									
<b>Investments</b>									
Equity securities	114,741,605	-	-	276,758	-	115,018,363	115,018,363	-	-
Debt securities	-	119,292,049	-	-	-	119,292,049	-	-	-
Term deposits	-	448,879,290	-	-	-	448,879,290	-	-	-
Advances, deposits and other receivables*	-	-	22,617,001	-	-	22,617,001	-	-	-
Insurance / re-insurance receivables*	-	-	241,444,093	-	-	241,444,093	-	-	-
Reinsurance recoveries against outstanding claims*	-	-	8,006,239	-	-	8,006,239	-	-	-
Salvage recoveries accrued	-	-	-	-	-	-	-	-	-
Deferred commission expense	-	-	-	-	-	-	-	-	-
Taxation-payment less provision	-	-	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-
Cash and bank	-	-	-	252,188,790	-	252,188,790	-	-	-
	<b>114,741,605</b>	<b>568,171,339</b>	<b>272,067,333</b>	<b>252,465,548</b>	<b>-</b>	<b>1,207,445,825</b>	<b>115,018,363</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>									
Outstanding claims including IBNR*	-	-	-	-	(207,559,987)	(207,559,987)	-	-	-
Insurance / re-insurance payables*	-	-	-	-	(32,297,866)	(32,297,866)	-	-	-
Other creditors and accruals*	-	-	-	-	(206,837,955)	(206,837,955)	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(446,695,808)</b>	<b>(446,695,808)</b>	<b>-</b>	<b>-</b>	<b>-</b>

December 31, 2022

	Carrying value					Fair value measurement			
	Available for-sale	Held-to-maturity	Loan and other receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3
----- (Rupees) -----									
<b>Financial assets measured at fair value</b>									
<b>Investments</b>									
Equity securities	164,038,686	-	-	206,355	-	164,245,041	164,245,041	-	-
Debt securities	-	83,071,470	-	-	-	83,071,470	-	77,493,110	-
Term deposits	-	364,779,290	-	-	-	364,779,290	-	-	-
Advances, deposits and other receivables*	-	-	16,719,183	-	-	16,719,183	-	-	-
Insurance / re-insurance receivables*	-	-	122,577,054	-	-	122,577,054	-	-	-
Reinsurance recoveries against outstanding claims*	-	-	46,299,007	-	-	46,299,007	-	-	-
Salvage recoveries accrued	-	-	-	-	-	-	-	-	-
Deferred commission expense	-	-	-	-	-	-	-	-	-
Taxation-payment less provision	-	-	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-
Cash and bank	-	-	-	105,704,583	-	105,704,583	-	-	-
	<b>164,038,686</b>	<b>447,850,760</b>	<b>185,595,244</b>	<b>105,910,938</b>	<b>-</b>	<b>903,395,628</b>	<b>164,245,041</b>	<b>77,493,110</b>	<b>-</b>
Outstanding claims including IBNR*	-	-	-	-	(128,962,567)	(128,962,567)	-	-	-
Insurance / re-insurance payables*	-	-	-	-	(54,770,246)	(54,770,246)	-	-	-
Other creditors and accruals*	-	-	-	-	(128,053,459)	(128,053,459)	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(311,786,272)</b>	<b>(311,786,272)</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2023

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

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

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

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

The Company engages external, independent and qualified valuers to determine the fair value of the investment properties at the end of every financial year. As at 31 December 2023, the fair values of the investment properties have been determined by Anderson Consulting (Pvt.) Ltd. The latest independent valuation exercise of these land and buildings has been undertaken as at December 31, 2023.

Available for sale investments are stated at market value in accordance with the requirements of the Insurance Rules, 2017 as disclosed in note 4.6.5 to these financial statements. Fair value through profit or loss investments are stated at quoted market prices as disclosed in notes Further, investment properties are stated at market value as disclosed in note 4.5 Further, investment properties are stated at market value as disclosed in note 7.1 to these financial statements.

December 31, 2023      December 31, 2022  
----- (Rupees) -----

### 41. STATEMENT OF SOLVENCY

#### Total assets

Property and equipment	<b>75,697,353</b>	55,078,741
Investment properties	<b>167,050,569</b>	167,050,569
Investments		
Equity securities	<b>115,018,363</b>	164,245,041
Debt securities	<b>119,292,049</b>	83,071,470
Term deposits	<b>448,879,290</b>	364,779,290
Loans and other receivables	<b>22,617,001</b>	17,596,161
Insurance / Reinsurance receivables	<b>241,444,092</b>	122,577,054
Reinsurance Recoveries against Outstanding claims	<b>8,006,239</b>	46,299,007
Salvage recoveries accrued	<b>28,200</b>	-
Deferred Commission Expense	<b>38,205,966</b>	26,062,948
Deferred taxation	-	-
Taxation-payment less provision	-	4,089,774
Prepayments	<b>48,477,102</b>	14,560,355
Cash & Bank	<b>252,188,790</b>	105,704,583
Total assets of takaful operations - operator's fund	<b>83,724,066</b>	66,323,667
Total Assets (A)	<b>1,620,629,080</b>	1,237,438,660

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED DECEMBER 31, 2023



December 31, 2023      December 31, 2022  
----- (Rupees) -----

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

(h) Insurance/ reinsurance receivables	20,571,599	21,667,686
(k) Security deposits & other receivables	57,821,051	4,407,919
(U)-(i) Vehicles	51,111,392	25,825,574
(U)-(ii) Office Equipments	2,470,927	1,105,801
(U)-(iii) Furniture and fixture which are not immovable property	3,679,819	3,771,402
Advance to Suppliers	155,004	6,528,000
(U)-(iv) Computer equipment	1,764,556	1,226,255
Window Takaful	-	-
(v)-(i) Equity investment	29,665,999	-
(v)-(ii) ROUA	16,515,657	16,621,709
Total of In-admissible assets (B)	183,756,004	81,154,346
Total Admissible Assets (C=A-B)	1,436,873,076	1,156,284,314

### Total Liabilities

Underwriting Provisions	207,559,987	128,962,567
Outstanding claims including IBNR	249,264,266	156,749,372
Unearned premium reserves	337,245	337,245
Premium deficiency reserves	2,880,777	2,323,817
Unearned commission income	19,415,330	19,315,492
Lease liabilities	11,144,220	1,095,173
Premium received in advance	32,297,866	54,770,246
Insurance / Reinsurance Payables	206,837,955	128,053,459
Other Creditors and Accruals	1,823,901	1,840,186
Unclaimed dividend	22,003,846	-
Taxation - provision less payments	22,457,848	12,064,251
Total liabilities of takaful operations - operator's fund	776,023,240	505,511,808
Total Liabilities (D)	660,849,836	650,772,506
Total Net Admissible Assets (E=C-D)	150,000,000	150,000,000
Minimum Solvency Requirement (higher of following)	150,000,000	150,000,000
Method A - U/s 36(3)(a)	88,736,177	60,173,521
Method B - U/s 36(3)(b)	79,729,248	46,191,979
Method C - U/s 36(3)(c)	-	-
Excess in Net Admissible Assets over Minimum Requirements	510,849,836	500,772,506



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED DECEMBER 31, 2023

	December 31, 2023	December 31, 2022
<b>42. NUMBER OF EMPLOYEES</b>	----- (Rupees) -----	
At the year end	<u>135</u>	<u>130</u>
Average during the year	<u>119</u>	<u>117</u>

### 43. CORRESPONDING FIGURES

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

### 44. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on March 22, 2024 by the Board of Directors of the Company.

### 45. GENERAL

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

Air Marshal Muhammad Arif  
Pervaiz (Retd.) - Chairman

Air Commodore Tausif Sadiq  
(Retd) - Director

Adeel Ali  
Director

Rizwan Akhtar  
Chief Executive Officer

Nisar Ahmed Almani  
Chief Financial Officer



SHAHEEN FOUNDATION  
PAKISTAN AIR FORCE



تکافل  
S H A H E E N

WINDOW TAKAFUL OPERATIONS

# Window Takaful Operations Financial Statements





# WINDOW TAKAFUL OPERATIONS

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

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

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

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

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

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

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

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



## STATEMENT OF COMPLIANCE WITH THE SHAHRIAH PRINCIPLES

For the Year ended December 31, 2023

The financial arrangements, contracts and transactions, entered into by Shaheen Insurance Company Limited Window Takaful Operations of ("the Company") for the year ended December 31, 2023 are in compliance with the Takaful Rules, 2012.

### Further, we confirmed that:

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

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

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

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

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

**Rizwan Akhter**

Chief Executive Officer

Karachi: March 22, 2024



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**INDEPENDENT REASONABLE ASSURANCE REPORT  
TO THE BOARD OF DIRECTORS OF THE COMPANY  
ON THE STATEMENT OF MANAGEMENT'S ASSESSMENT OF COMPLIANCE  
WITH THE TAKAFUL RULES, 2012 - FOR THE YEAR ENDED DECEMBER 31, 2023**

**Scope**

We have been engaged by Shaheen Insurance Company Limited (the Operator) to perform a 'reasonable assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on the management's assessment of compliance of the Window Takaful Operations (Takaful Operations) of the Operator, as set out in the annexed Statement of Compliance (the Statement) prepared by the management for the year ended December 31, 2023 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express an opinion on this information.

**Criteria applied by the management**

In preparing the Subject Matter, the management applied the criteria in accordance with the Takaful Rules, 2012 (Criteria).

**The Management's responsibilities**

The management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

**BDO's responsibilities**

Our responsibility is to express an opinion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000'), and the terms of reference for this



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engagement as agreed with the Operator on June 20, 2023. Those standards require that we plan and perform our engagement to obtain reasonable assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

#### **Our Independence and Quality Management**

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

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

#### **Description of procedures performed**

- We checked that all the products and policies have been approved by Shariah Advisor and observed that the Operator has developed and implemented all the policies and procedures in accordance with the Takaful Rules, 2012 and Shariah Rules and Principles as determined by Shariah Advisor.
- We checked that the assets and liabilities of Window Takaful Operations (Participants' Takaful Fund and Operator's fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.
- We reviewed training certificates and attendance sheets to evaluate that the Operator has imparted necessary trainings and orientations to maintain the adequate level of awareness, capacity, and sensitization of the staff and management.
- We have designed and performed following verification procedures (including but not limited to) on various financial arrangements, based on judgmental and systematic samples with regard to the compliance with



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#### Takaful Rules, 2012 and Shariah Rules and Principles:

- We obtained details of investments made and checked that all investments made in Shariah Compliant stocks as determined by Shariah Advisor;
- We inquired regarding other investments like fixed deposits to confirm that all such contracts are executed with Islamic Financial Institutions;
- We reviewed re-takaful and co-takaful parties along with arrangements / contracts entered into by Window Takaful Operations to assess compliance with Shariah Advisor guidelines and Takaful Rules, 2012; and
- We re-calculated Operator's profit share and Wakalah fee income to confirm that approved percentage are applied on income from investments and contribution respectively.

The procedures selected by us for the engagement depended on our judgment, including the assessment of the, risks of the Operator's material non-compliance with the Takaful Rules 2012, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Operator's compliance with the Takaful Rules, 2012, in order to design assurance procedures that are appropriate in the circumstances but not for the purpose of expressing a conclusion as to the effectiveness of the Operator's internal control over the Takaful Operations' compliance with the Takaful Rules, 2012. A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with the Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with the Takaful Rules, 2012 will be met. Further, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

In performing our audit procedures necessary guidance on Shariah matters was provided by the internal Shariah experts.

#### Opinion

In our opinion, the Statement of Compliance of the Takaful Operations of the Operator as of December 31, 2023 is presented, in all material respects, in accordance with Takaful Rules, 2012.

**Place:** Karachi  
**Dated:** March 26, 2024

**BDO EBRAHIM & CO.**  
**CHARTERED ACCOUNTANTS**  
Engagement Partner: Zulfikar Ali Causer



## SHARIAH BOARD REPORT TO THE BOARD OF DIRECTORS

For the Year ended December 31, 2023

In the name of Allah, the Beneficent, the Merciful

During the year under review, the Shariah Advisory Board reviewed General Takaful products including all ancillary documents. Moreover, we have reviewed the Participant Takaful Fund, Investment Policy, Re-takaful arrangements and all related transactions of Shaheen Insurance Company Limited - Window Takaful Operations in compliance with the Takaful Rules 2012 and Shariah Guidelines issued by the Shariah Advisory Board (hereafter referred to as "Company/Window Takaful Operator") for the year ended 31 December 2023.

The core objective of this report is to express the Company's compliance with the Takaful Rules 2012 along with Shariah Guidelines. Furthermore, it also comprises the basis of the appropriate evidence of transactions undertaken by the Company throughout the year 2023.

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

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

During the year 2023, Shariah Advisory Board offered Shariah assistance to the Company on regular basis and to the best of our understanding based on the provided information and explanations, we are of the opinion that:

- Financial transactions and relevant documentations & procedures, undertaken by the Company for the year ended 31 December 2023 were in accordance with guidelines issued by the Shariah Advisory Board as well as Takaful Rules 2012.
- The Shariah Screening Criteria in the Investment Guidelines were properly followed in all kind of Investment & financial transactions of the Window Takaful Operator Fund as well as Participant Takaful Fund (PTF).
- During the year, no amount had been realized as non-Shariah Compliant income to be credited to the charity account being managed for the said purpose.
- It is appreciable that multiple in-house Takaful training sessions have been conducted for Window Takaful distribution force as well as for back office staff. However, it is advised that regular training sessions should be conducted to ensure that the Takaful knowledge graph remains upward.



- It is necessary to report that the management has performed their duties by following Takaful Rules 2012 and Shariah Guidelines issued by the Shariah Advisory Board.
- Consequently, we have found the Company is in accordance with the Takaful Rules 2012 and Shariah rules & principles with respect to the relevant transactions.

“And Allah knows best “

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

**Mufti Muhammad Hanif**  
Shariah Advisor & Shariah Board Member  
Shaheen Insurance Company Ltd.  
Window Takaful Operations

**Mufti Muhammad Zahid**  
Shariah Board Member  
Shaheen Insurance Company Ltd.  
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## INDEPENDENT AUDITOR'S REPORT

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

### Introduction

We have audited the annexed financial statement of SHAHEEN INSURANCE COMPANY LIMITED (WINDOW TAKAFUL OPERATION) ("the Operator") as at December 31, 2023, which comprise the statement of financial position as at December 31, 2023, and the profit and loss account, the statement of comprehensive income, the statement of changes in funds and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Operator's affairs as at December 31, 2023 and of the profit, other comprehensive income, the changes in funds and its cash flows for the year then ended.

### Basis for Opinion

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

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

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

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





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

### **Responsibilities of Management and Board of Directors for the Financial Statements**

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

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

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

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

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

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



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

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

### Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

**BDO EBRAHIM & CO.**  
**CHARTERED ACCOUNTANTS**

**Date:** 26 March, 2023

**Place:** Karachi

**UDIN:** AR202310067GbmUpeas



# STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

	Note	Operator's Fund (OPF)		Participants' Takaful Fund (PTF)	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
(Rupees)					
<b>ASSETS</b>					
Qard-e-Hasna to Participants' Takaful Fund	6	12,500,000	20,000,000	-	-
Property and equipment	7	560,316	700,395	-	-
Investments in TDRs	9	30,100,000	27,188,360	21,700,000	20,000,000
Other receivables	10	1,289,212	605,520	2,953,130	704,862
Takaful / retakaful receivables	11	-	-	33,256,315	14,242,912
Retakaful recoveries against outstanding / benefits	21	-	-	172,841	493,159
Deferred commission expense	26	4,365,156	3,084,232	-	-
Receivable from PTF	12	13,217,811	6,389,333	-	-
Deferred wakala fee	19	-	-	10,357,962	6,044,200
Taxation less provision	-	-	1,021,712	1,282,444	675,633
Prepaid retakaful contribution ceded	13	-	-	285,951	53,471
Cash and bank	14	21,691,571	7,334,115	10,664,610	3,682,548
		<b>71,224,066</b>	<b>46,323,667</b>	<b>80,673,254</b>	<b>45,896,785</b>
<b>TOTAL ASSETS</b>		<b>83,724,066</b>	<b>66,323,667</b>	<b>80,673,254</b>	<b>45,896,785</b>
<b>FUNDS AND LIABILITIES</b>					
Operator's Fund					
Statutory fund		50,000,000	50,000,000	-	-
Accumulated profit / deficit		11,266,218	4,259,416	-	-
		<b>61,266,218</b>	<b>54,259,416</b>	<b>-</b>	<b>-</b>
<b>WAQF / PARTICIPANTS' TAKAFUL FUND</b>					
Ceded money		-	-	500,000	500,000
Accumulated profit / deficit		-	-	2,881,618	(14,845,071.400)
Qard-e-Hasna from Operator's Fund	6	-	-	3,381,618	(14,345,071)
		<b>-</b>	<b>-</b>	<b>12,500,000</b>	<b>20,000,000</b>
<b>LIABILITIES</b>					
PTF Underwriting provisions					
Outstanding claims including IBNR	21	-	-	12,792,820	11,587,681
Unearned contribution reserve	18	-	-	29,302,317	15,120,790
Reserve for unearned retakaful rebate	20	-	-	68,558	10,600
Contribution received in advance		-	-	509,149	32,006
Takaful / retakaful payables	15	-	-	5,242,858	5,895,224
Unearned wakala fee		10,357,962	6,044,200	-	-
Payable to OPF	12	-	-	13,217,811	6,389,333
Other creditors and accruals	16	11,164,449	6,020,051	3,658,124	1,206,222
Taxation less provision		935,437	-	-	-
		<b>22,457,848</b>	<b>12,064,251</b>	<b>64,791,636</b>	<b>40,241,856</b>
<b>TOTAL LIABILITIES</b>		<b>22,457,848</b>	<b>12,064,251</b>	<b>64,791,636</b>	<b>40,241,856</b>
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>83,724,066</b>	<b>66,323,667</b>	<b>80,673,254</b>	<b>45,896,785</b>

## CONTINGENCIES AND COMMITMENTS

The annexed notes from 1 to 40 form an integral part of these financial statements.

Air Marshal Muhammad Arif  
Pervaiz (Retd.) - Chairman

Air Commodore Tausif Sadiq  
(Retd) - Director

Adeel Ali  
Director

Rizwan Akhtar  
Chief Executive Officer

Nisar Ahmed Almani  
Chief Financial Officer



## STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	December 31, 2023	December 31, 2022
		----- (Rupees) -----	
<b>PTF revenue account</b>			
Contributions earned		38,047,713	15,196,523
Less: Re-takaful contribution ceded		(8,067,171)	(5,880,694)
Net contributions revenue	18	29,980,542	9,315,829
Retakaful rebate earned	20	18,238	49,123
Net underwriting income		29,998,780	9,364,952
Net claims reported / settled - IBNR	21	(15,967,999)	(12,316,486)
Other direct expenses	23	(410,658)	(128,912)
Surplus/(Deficit) before investment income		13,620,123	(3,080,446)
Investment Income	24	3,330,940	1,771,276
Other income	25	1,108,720	508,205
Less: Modarib's share of investment income		(333,094)	(177,128)
Surplus / (Deficit) for the period transferred to accumulated surplus		17,726,689	(978,093)
<b>Operator's Fund (OPF)</b>			
Wakala fee		20,716,362	9,441,925
Commission expense	26	(11,069,733)	(5,022,473)
Management expense	27	(5,893,720)	(3,758,924)
		3,752,909	660,528
Modarib's share of PTF investment income		333,094	177,128
Investment Income	24	4,600,285	3,041,860
Direct Expenses	28	(621,310)	(742,233)
Other Income	25	1,860,973	374,802
<b>Profit before taxation</b>		9,925,951	3,512,085
Taxation		(2,919,149)	(1,010,125)
<b>Profit after taxation</b>		7,006,802	2,501,960

The annexed notes from 1 to 40 form an integral part of these financial statements.

Air Marshal Muhammad Arif  
Pervaiz (Retd.) - Chairman

Air Commodore Tausif Sadiq  
(Retd) - Director

Adeel Ali  
Director

Rizwan Akhtar  
Chief Executive Officer

Nisar Ahmed Almani  
Chief Financial Officer



## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2023

	December 31, 2023	December 31, 2022
	----- (Rupees) -----	
<b>PARTICIPANTS' TAKAFUL FUND</b>		
Surplus / (deficit) during the period	17,726,689	(978,093)
Other comprehensive income for the period	-	-
Total comprehensive income / (loss) for the period	<u>17,726,689</u>	<u>(978,093)</u>
<b>OPERATORS' FUND</b>		
Profit after tax for the period	7,006,802	2,501,960
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>7,006,802</u>	<u>2,501,960</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.

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## STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2023

	Operator's Fund (OPF)		Participants' Takaful Fund (PTF)	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
----- (Rupees) -----				
<b>OPERATING ACTIVITIES</b>				
a) Takaful activities				
Contribution received	-	-	54,096,165	21,506,281
Re-takaful contributions paid	-	-	(8,952,017)	(5,458,336)
Claims paid / benefits paid	-	-	(15,224,462)	(6,068,538)
Commissions paid	(8,947,932)	(4,244,599)	-	-
Re-takaful rebate / commissions received	-	-	76,196	40,011
Re-takaful and other recoveries received	-	-	781,921	2,118,542
Wakala fees received	17,919,112	8,570,000	-	-
Wakala fees paid	-	-	(17,919,112)	(8,570,000)
Modarib share received	615,629	-	-	-
Modarib share paid	-	-	615,629	-
Net cash generated from underwriting activities	9,586,809	4,325,401	13,474,320	3,567,960
b) Other operating activities				
Management and other expenses paid	(4,650,130)	(3,951,392)	(381,440)	(429,530)
Taxes Paid	(1,149,370)	(685,517)	(962,680)	(58,902)
Net cash used in other operating activities	(5,799,500)	(4,636,909)	(1,344,120)	(488,432)
Total cash (used in) / generated from operating activities	3,787,309	(311,508)	12,130,200	3,079,528
<b>INVESTING ACTIVITIES</b>				
Profit / return received	5,981,787	3,436,171	4,051,861	2,295,097
Addition to equipment	-	(790,000)	-	-
Total cash generated from investing activities	5,981,787	2,646,171	4,051,861	2,295,097
<b>FINANCING ACTIVITIES</b>				
Grad-e-hasna received / (repaid)	7,500,000	2,827,311	(7,500,000)	(2,827,311)
Total cash generated from financing activities	7,500,000	2,827,311	(7,500,000)	(2,827,311)
Net increase in cash and cash equivalents	17,269,096	5,161,974	8,682,062	2,547,314
Cash and cash equivalents at the beginning of period	34,522,475	29,360,501	23,682,548	21,135,234
Cash and cash equivalents at end of the period	51,791,571	34,522,475	32,364,610	23,682,548
<b>Reconciliation to profit and loss account</b>				
Operating cash flows	3,787,308	(311,508)	12,130,201	3,079,528
Increase / (decrease) in assets other than cash	7,291,913	6,531,716	25,706,608	17,013,598
Increase / (decrease) in liabilities	(10,393,597)	(7,045,305)	(24,549,780)	(23,350,700)
Depreciation / amortisation expense	(140,080)	(89,605)	-	-
Investment and other income - net	6,461,258	3,416,662	4,439,660	2,279,481
Surplus / (Deficit) for the period	7,006,802	2,501,960	17,726,689	(978,093)

The annexed notes from 1 to 40 form an integral part of these financial statements.

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## STATEMENT OF CHANGES IN OPERATOR'S FUND AND PARTICIPANTS' TAKAFUL FUND FOR THE YEAR ENDED DECEMBER 31, 2023

### Operator's Fund

	Statutory fund	Accumulated Profit / (loss)	Total
	----- (Rupees) -----		
Balance as at January 01, 2022	50,000,000	1,757,456	51,757,456
Profit / (Loss) after tax for the year	-	2,501,960	2,501,960
Other comprehensive profit / (loss) for the year	-	-	-
Balance as at December 31, 2022	<u>50,000,000</u>	<u>4,259,416</u>	<u>54,259,416</u>
Balance as at January 01, 2023	50,000,000	4,259,416	54,259,416
Profit / (Loss) after tax for the year	-	7,006,802	7,006,802
Other comprehensive profit / (loss) for the year	-	-	-
Balance as at December 31, 2023	<u>50,000,000</u>	<u>11,266,218</u>	<u>61,266,218</u>

### Participants' Takaful Fund

	Cede Money	Accumulated Surplus / (Deficit)	Total
	----- (Rupees) -----		
Balance as at January 01, 2022	500,000	(13,866,978)	(13,366,978)
Deficit for the year	-	(978,093)	(978,093)
Other comprehensive profit / (loss) for the year	-	-	-
Balance as at December 31, 2022	<u>500,000</u>	<u>(14,845,071)</u>	<u>(14,345,071)</u>
Balance as at January 01, 2023	500,000	(14,845,071)	(14,345,071)
Surplus for the year	-	17,726,689	17,726,689
Other comprehensive profit / (loss) for the year	-	-	-
Balance as at December 31, 2023	<u>500,000</u>	<u>2,881,618</u>	<u>3,381,618</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.

Air Marshal Muhammad Arif  
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(Retd.) - Director

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Chief Financial Officer



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

### 1. STATUS AND NATURE OF BUSINESS

Shaheen Insurance Operator Limited (the Operator) has been authorised to undertake Window Takaful Operations (WTO) on March 14, 2018 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan.

For the purpose of carrying on the takaful business, the Operator has formed a Waqf (Participants' Takaful Fund (PTF)) on March 20, 2018 under the Waqf Deed with a Cede money of Rs. 500,000. The Waqf Deed and PTF Policies (Waqf Rules) govern the relationship of Operator, Waqf and Participants for management of Takaful operations, investment of Waqf and Operator's Fund as approved by the Shariah Advisor of the Operator. The accounts of the Waqf are maintained by the Operator in a manner that the assets and liabilities of PTF remain separately identifiable. The financial statements of the Operator are prepared in such a manner that the financial position and results from the operations of PTF and the Operator are shown separately.

### 2. STATEMENT OF COMPLIANCE

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

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

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

### 3. BASIS OF PREPARATION

The financial statements is prepared on new format as prescribed by Insurance Accounting Regulations 2017 except for the necessary modifications in the light of Takaful Rules 2012 and based on the advice of Sharia Advisor of the Company.

#### 3.1 Basis of measurement

These financial statements have been prepared on the basis of historical cost basis, except as disclosed in accounting policies relating to financial instruments, investments, investment property, borrowings, lease liabilities, retirement





## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

benefits obligation and insurance liabilities etc.

### 3.2 Functional and presentation currency

These financial statements are presented in Pakistani Rupees ('Rupees' or 'Rs.') which is also the Company's functional and presentation currency.

### 3.3 New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2023

The following amendments and improvements are effective for the year ended December 31, 2023. These amendments and improvements are either not relevant to the Company's operations or are not expected to have significant impact on the WTO financial statements other than certain additional disclosures.

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

Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

### 3.4 New accounting standards, amendments and IFRS interpretations that are not yet effective

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

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2023

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

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

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

Further, IFRS 4 provides two alternative options in relation to application of IFRS 9 for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from the effective date to remove from the statement of comprehensive income the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The Operator has adopted the temporary exemption which allows the Operator to defer the application of IFRS 9 until December 31, 2023.

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

#### 3.4.2 Temporary exemption from application of IFRS 9

As an insurance Operator, the management has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance.

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

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

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

December 31, 2023				
Operator's Fund (OPF)				
Fail the SPPI test		Pass the SPPI test		
Fair value	Change in unrealised gain or (loss) during the year	Carrying value	Fair value	Change in unrealised gain or (loss) during the period
----- (Rupees) -----				
Investments in TDRs	-	30,100,000	-	-
Accrued profit on bank deposits	706,659	-	-	-
Receivable from PTF	13,217,811	-	-	-
Cash and bank	-	21,691,571	-	-
	<b>13,924,470</b>	<b>51,791,571</b>	-	-



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

Gross carrying amounts of debt instrument that pass the SPPI test	
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	Rating	(Rupees)
Investments in term deposits - OPF	A+	30,100,000
Investments in term deposits - PTF	A+	21,700,000

### 3.5 Use of estimates and judgments

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

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

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements or judgments were exercised in application of accounting policies, are as follows:

- Provision for claims
- Impairment of assets
- Equipments - useful lives and salvage value
- Estimation of technical reserves and underlying actuarial assumption

**Note**  
4.7  
4.20  
4.21  
4.24

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 4.1 Takaful contracts

Takaful model is based on the principles of Wakala and Waqf. Takaful contracts are centered around the concepts of Ta'awun (mutual cooperation) and Tabarru (donation) with the overall objective of compensating losses on mutual cooperation basis. For achieving the above objectives, a separate Waqf is formed which owns Participants Takaful Fund (PTF) whereby Participants' contributions, net of government taxes (if any) received from its members (participants/policyholders) are credited. The Operator donates the cede money for the formation of Waqf in its separate capacity and acts as a Wakeel (Agent) against wakala fees for the services rendered. By virtue of being PTF members, the policyholders are provided membership benefits if a specified uncertain future event related to the covered benefits occurs which adversely affect the policyholders.

The Operator underwrites non-life takaful membership benefits that can be categorised into fire and property damage, marine, aviation and transport, motor, accident and health and miscellaneous contracts as per Waqf Deed and Rules. PTF membership tenure may be agreed for a fixed term of one year, or less than one year. However, most of the membership tenures are for twelve months duration.

Fire takaful provides coverage against damages caused by fire, riot and strike explosion, earthquake, atmospheric damage, flood, electric fluctuation and other related perils.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

Marine, aviation and transport takaful provides coverage against cargo risk, terminals damages occurred in between the points of origin and final destination and other related perils.

Motor takaful provides comprehensive car coverage, indemnity against third party loss and other related covers.

Health takaful provides basic hospital care and major medical care including maternity care and outpatient care.

Miscellaneous takaful provides cover against burglary, loss of cash in safe and cash in transit, money, engineering losses, travel and other coverage.

These membership contracts are provided to individuals as well as commercial organizations with various tenures according to the nature and terms of the contract and the needs of the member.

### 4.2 Membership contribution

Members contribute in the form of donation to PTF. Once donated to PTF, members cannot claim the amount contributed. In order to determine the performance of PTF for a given time period, contribution is recognised on accrual basis (i.e. over the policy period).

Membership contribution net of Wakala fee under a policy is recognised over the period of Takaful coverage from the date of inception of the membership policy to which it relates to its expiry evenly over the period of the policy.

Administrative surcharge is recognised as contribution over the policy / period to which it relates and agreed with the members in schedules. Contribution due but unpaid represents the amount due from participants on account of PTF membership. Contribution are stated on gross basis and exclusive of taxes and duties levied on contributions.

### 4.3 Unearned contribution reserve

The unearned contribution reserve is the unexpired portion of the contribution including administrative surcharge which relates to business in force at the financial statement date. Unearned contribution has been calculated by applying 1/365th method as specified in the Insurance Rules, 2017.

Wakala fee on the portion of membership contribution relating to the unexpired period of takaful coverage is recognised as unearned Wakala fee by the Operator. This liability of the Operator is calculated by applying the aforesaid 1/365th method.

The related deferred portion of re-takaful contribution is recognised as a prepayment calculated by using the aforesaid 1/365th method.

### 4.4 Receivables and payables related to takaful contribution

Receivables and payables relating to takaful contribution are recognised when due. These include contribution due but unpaid and claims payable to PTF members/policyholders. If there is objective evidence that any contribution due but unpaid is impaired, the Operator reduces the carrying amount of that membership contribution receivable in PTF statement and reduces equivalent Wakala fee from the statement of comprehensive income (PTF).

Provision for impairment in contribution receivables is estimated on a systematic basis after analysing the receivables as per their ageing.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### 4.5 Re-takaful contracts

The Operator, on behalf of PTF, enters into re-takaful arrangements in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward re-takaful contribution is accounted for in the same period as the related contribution for the direct or accepted re-takaful business being ceded to re-takaful operator.

Re-takaful coverage is recognised as per respective re-takaful arrangement in the period of coverage. The unexpired portion of re-takaful contribution is shown as prepayment in PTF accounts which is calculated in the same manner as of unearned contribution.

Re-takaful liabilities represent balances due to re-takaful companies. Amounts payable are calculated in a manner consistent with the related re-takaful arrangement. Re-takaful assets represent balances due from re-takaful companies in PTF accounts. Amounts recoverable from re-takaful operators are calculated in a manner consistent with the provision for outstanding claims or settled claims associated with the re-takaful policies and are in accordance with the related re-takaful arrangements.

Amount due from other takaful/re-takaful are carried at cost less provision for impairment, if any. If there is objective evidence that the amount due from re-takaful is impaired, the Operator reduces the carrying amount of the re-takaful receivable to its recoverable amount and recognises that impairment loss in the statement of comprehensive income (PTF).

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

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

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

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

### 4.7 Claims

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

A liability for outstanding claims is recognised in respect of all claims incurred up to the financial statement date which is measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to claims reported but not settled, claims incurred but not reported (IBNR) and expected claims settlement costs.

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

The provision for claims incurred but not reported (IBNR) is made at the financial statement date. In accordance with SECP circular no. 9 of 2016, the Operator has changed its method of estimation of IBNR. The Operator now takes actuarial advice for the determination of IBNR claims. IBNR claim have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

### 4.8 Re-takaful recoveries against outstanding claims

Claims recoveries receivable from re-takaful operators are recognised as an asset in PTF accounts at the same time as the claims which give rise to the right of recovery are recognised as a liability and are measured at the amount expected to be received.

### 4.9 Commissions

Commission expense and other acquisition costs are charged to the statement of comprehensive income (OPF) over the policy to which it relates. Commission income from re-takaful operators is recognised over policy period. These are deferred and brought to account as income in accordance with the pattern of recognition of the contribution to which they relate.

### 4.10 Wakala & Mudarib fees

The shareholders of the Operator manage the general takaful operations for the participants and charge 35% for all class of contribution except contribution from health. For health maximum 20% charge on yearly gross contribution written as wakala fee against the services.

The Operator manages the PTF operations for the participants and charges a percentage of gross membership contribution including administrative surcharge as wakala fee against the services. Wakala fee is recognised on the same basis on which the related contribution is recognised. Unexpired portion of wakala fee is recognised as a liability of the Operator and an asset of PTF.

The shareholders of the Operator manage the participants' investments as a Mudarib and charge 10% as Mudarib's share of PTF investment income.

### 4.11 Management expenses

Expenses allocated to the PTF represent directly attributable expenses and these are allocated to various revenue accounts on equitable basis.

### 4.12 Segment information

An operating segment is a component of the Operator that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Operator's other components. All operating segments' results are reviewed regularly by the Operator to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

The Operator presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, Takaful Rules, 2012 and the Insurance Rules, 2017, General Takaful Accounting Regulations, 2019 as the primary reporting format.

The Operator has four primary business segments for reporting purposes namely, fire and property damage, marine, aviation and transport, motor and miscellaneous. The nature and business activities of these segments are disclosed in note 33.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned accordingly while the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on premium written basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

### 4.13 Creditors, accruals and provisions

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

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

### 4.14 Takaful surplus

PTF surplus, if any, is attributable to the participants, after settlement of all claims and liabilities, is calculated after charging all direct cost and setting aside various reserves.

### 4.15 Qard-e-Hasna

Qard-e-Hasna is provided by Operator to the PTF in case of deficit to keep it solvent. Operator would recover this Qard amount without any additional profit from the PTF once PTF recovers and is in surplus.

### 4.16 Revenue recognition

#### i) Underwriting result - PTF

The earned contribution less reinsurance, claims, commission and other acquisition cost and allocable expenses of management are reflected in the statement of comprehensive income (PTF) as the underwriting result for each class of takaful business undertaken.

#### ii) Rebate from re-takaful

Rebate from re-takaful operators is deferred and recognised as revenue in accordance with the pattern of recognition of the re-takaful contribution to which it relates.

#### iii) Investment income

Profit on investments, profit on profit and loss sharing accounts and bank deposits are recognised on accrual basis.

### 4.17 Cash and cash equivalents

Cash and cash equivalents consist of balances with bank and term deposits maturing within twelve months of the year end that are convertible to known amount of cash and are subject to in significant risk of change in value.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### 4.18 Financial instruments

Financial instruments include cash and bank balances, investments, contributions due but unpaid, amount due from other takaful operators / re-takaful operators, accrued profit on bank deposits, re-takaful recoveries against outstanding claims, outstanding claim liabilities, amount due to other takaful operators / re-takaful operators, accrued expenses, agents balances and other creditors.

All the financial assets and liabilities are recognised at the time when the Operator or PTF becomes a party to the contractual provisions of the instrument and de-recognised when the Operator or PTF loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of financial assets and financial liabilities is taken to income directly.

### 4.19 Investments

#### 4.19.1 Recognition

All investments are initially recognised at cost, being the fair value of the consideration given and include transaction costs, except for investment at fair value through profit or loss in which case transaction costs are charged to the statement of comprehensive income. All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Operator commits to purchase or sell the investment.

#### 4.19.2 Measurement

##### 4.19.2.1 At fair value through profit or loss - held for trading

These are classified as 'at fair value through profit or loss' if (a) acquired or incurred principally for the purpose of selling or re-purchasing in the near term; (b) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking; or (c) a derivative (except for a derivative that is a designated and effective hedging instrument).

Upon initial recognition these are designated by the Operator as 'at fair value through profit or loss' except for equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. At subsequent reporting dates, these investments are measured at fair value and any gains, and losses arising from the changes in fair value are included in the statement of comprehensive income for the period in which they arise.

##### 4.19.2.2 Held to maturity

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Operator has the positive intent and ability to hold to maturity other than at fair value through profit or loss, available for sale and loans and receivables.

Held to maturity investments are subsequently measured at amortised cost less provision for impairment in value if any using the effective interest method.

These are reviewed for impairment at year end and any losses arising from impairment in values are charged to the statement of comprehensive income.

##### 4.19.2.3 Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not (a) loans and receivables, (b) held to maturity investments, or (c) financial assets at fair value through profit or loss.

Quoted investments are initially recognised at cost inclusive of transaction costs. Unquoted investments are recorded at cost less impairment, if any.





## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Changes in the fair value of financial instruments classified as available-for-sale are recognised in other comprehensive income until derecognised or impaired, when the accumulated adjustments recognised in profit or loss are included in the statement of comprehensive income.

Unquoted investments are carried at cost less impairment in value, if any. Investments other than shares are stated at their principal amounts less provision for amounts considered doubtful.

These are reviewed for impairment at each reporting date and any losses arising from impairment in values are charged to the statement of comprehensive income.

### 4.19.2.4 De-recognition

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Operator has transferred substantially all risks and rewards of ownership.

### 4.20 Impairment

A financial asset is assessed at each financial statement date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if there is objective evidence that one or more events have had a negative effect on the estimated future cash flows of that asset.

The carrying amount of non financial assets is reviewed at each financial statement date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such asset is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

All impairment losses are recognised in the statement of comprehensive income. Provisions for impairment are reviewed at each financial statement and are adjusted to reflect the current best estimates. Changes in the provisions are recognised as income or expense.

### 4.21 Equipment

4.21.1 These are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged over the estimated useful life of the asset on a systematic basis to income applying reducing balance method method. Depreciation is charged from the month the asset is available for intended use while, no depreciation is charged from the month of disposal of the asset.

Rates of depreciation: (%)

- Computer equipment 33.3

Depreciation is charged using reducing balance method at the rates specified in note 7 to these financial statements. Depreciation on additions is charged from the month the asset is available for use till the date the asset is disposed off.

Normal repairs and maintenance are charged to the statement of comprehensive income (OPF) as and when incurred; major renewals and replacements are capitalised.

Gain or loss on disposal of equipment is taken to the statement of comprehensive income (OPF).



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

### 4.22 Intangibles

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

The carrying amounts are reviewed at each reporting date to assess whether these are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amounts.

### 4.23 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements only when there is legally enforceable right to set off the recognised amount and the Operator intends either to settle on a net basis or realize the assets and settle the liabilities simultaneously.

### 4.24 Contribution deficiency reserve

According to the requirements of the Insurance Rules, 2017, a contribution deficiency reserve needs to be created where the unearned contribution for any class of business is not sufficient to cover the liability after re-takaful from claims, and other supplementary expenses expected to be incurred after the reporting date in respect of the policies in that class of business. Any movement in the reserve is to be charged to the statement of comprehensive income (PTF).

For this purpose, loss ratios for each class, excluding health are estimated based on historical claim development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, contribution deficiency is determined. The liability of contribution deficiency in relation to Health and Personal accident takaful is calculated in accordance with the advice of actuary.

As at year end, a provision is created in respect of contribution deficiency reserve for those classes of business where it is estimated that the unearned contribution for that class will not be sufficient to provide for the expected losses and expenses attributable to the unexpired periods of policies in force at the reporting date.

No provision has been made as the unearned premium reserve for each class of business as at the year end is adequate to meet the expected future liability after reinsurance from claims and other expenses, expected to be incurred after the reporting date in respect of policies in force at reporting date.

### 4.25 Unearned contribution reserves

Reserve for unearned contribution is calculated by applying 1/365th method, except marine takaful for which unearned contribution is calculated by applying 1/6th method as specified in the Insurance Rules, 2017.

#### Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The current tax also includes adjustment where considered necessary relating to prior years which arise from assessments framed / finalised during the year or required by any other reason.

#### Deferred

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

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



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2023

#### Deferred commission expense

Commission expense incurred in obtaining and recording takaful policies are deferred and recognised as an asset. These costs are charged to the statement of comprehensive income on the pattern of recognition of contribution revenue.

#### 5. CRITICAL ACCOUNTING ESTIMATES

In preparing these condensed interim financial statements, the management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Fund's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the financial statements for the year ended December 31, 2023.

	December 31, 2023	December 31, 2022
	----- (Rupees) -----	
<b>6. QARD-E-HASNA TO PARTICIPANTS' TAKAFUL FUND</b>		
Opening balance of Qard-e-Hasna	<b>20,000,000</b>	22,827,311
Qard-e-Hasna returned by PTF during the period	<b>(7,500,000)</b>	(2,827,311)
Closing balance of Qard-e-Hasna	<b><u>12,500,000</u></b>	<u>20,000,000</u>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2023

#### 7. PROPERTY AND EQUIPMENT

Particulars	----- Cost -----			----- Depreciation -----			Rate	
	As at January 01, 2023	Additions / (Disposals)	As at December 31, 2023	As at January 01, 2023	Depreciation for the period	As at December 31, 2023		Written down value as at December 31, 2023
	----- (Rupees) -----						%	
Motor Vehicle	790,000	-	790,000	89,605	140,079	229,684	560,316	20
Computer hardware	25,000	-	25,000	25,000	-	25,000	-	33.33
	815,000	-	815,000	114,605	140,079	254,684	560,316	

Particulars	----- Cost -----			----- Depreciation -----			Rate	
	As at January 01, 2022	Additions / (Disposals)	As at December 31, 2022	As at January 01, 2022	Depreciation for the period	As at December 31, 2022		Written down value as at December 31, 2022
	----- (Rupees) -----						%	
Motor Vehicle	-	790,000	790,000	-	89,605	89,605	700,395	20
Computer hardware	25,000	-	25,000	25,000	-	25,000	-	33.33
	25,000	790,000	815,000	25,000	89,605	114,605	700,395	

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

### 8. INTANGIBLE ASSETS

Particulars	Cost			Depreciation			Rate
	As at January 01, 2023	Additions / (Disposals)	As at December 31, 2023	As at January 01, 2023	Depreciation for the period	As at December 31, 2023	
	(Rupees)			(Rupees)			%
Computer Software	200,000	-	200,000	200,000	-	200,000	-
							33.33
	-----			-----			-----
	(Rupees)			(Rupees)			%

Particulars	Cost			Depreciation			Rate
	As at January 01, 2022	Additions / (Disposals)	As at December 31, 2022	As at January 01, 2022	Depreciation for the period	As at December 31, 2022	
	(Rupees)			(Rupees)			%
Computer Software	200,000	-	200,000	200,000	-	200,000	-
							33.33
	-----			-----			-----
	(Rupees)			(Rupees)			%



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2023

	OPF		PTF	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
<b>9. INVESTMENTS IN TDRS</b>				
<b>Held to maturity</b>				
Deposits maturing within 1 months	9.1 <b>30,100,000</b>	27,188,360	<b>21,700,000</b>	20,000,000
9.1	This includes term deposits with an Islamic Bank having maturities within 1 months (i.e. upto January 31, 2023). The rate of return on these term deposits is 15.25% to 20.75% (December 31, 2022: 7.25% to 15.25%) per annum.			
	OPF		PTF	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	(Rupees)			
<b>10. OTHER RECEIVABLES</b>				
Sindh sales tax receivable	<b>564,380</b>	377,010	-	-
Accrued profit on bank deposits	<b>706,659</b>	227,190	<b>554,922</b>	167,123
Federal sales tax receivable	-	-	<b>446,568</b>	90,698
Others	<b>18,173</b>	1,320	<b>1,951,640</b>	447,041
	<b>1,289,212</b>	605,520	<b>2,953,130</b>	704,862
<b>11. TAKAFUL / RE-TAKAFUL RECEIVABLES</b>				
Due from takaful participant holders	-	-	<b>57,715</b>	148,989
Due from other takaful / retakaful	-	-	<b>33,198,600</b>	14,093,923
	-	-	<b>33,256,315</b>	14,242,912
<b>12. RECEIVABLE / PAYABLES FROM / TO PTF/OPF</b>				
Wakala Fee	<b>12,884,717</b>	5,773,704	<b>12,884,717</b>	5,773,704
Modarib Fee	<b>333,094</b>	615,629	<b>333,094</b>	615,629
	<b>13,217,811</b>	6,389,333	<b>13,217,811</b>	6,389,333
<b>13. PREPAID RETAKAFUL CONTRIBUTION CEDED</b>				
Prepaid Re-Takaful Contribution Ceded	-	-	<b>285,951</b>	53,471
<b>14. CASH AND BANK</b>				
Savings accounts	<b>21,691,571</b>	7,334,115	<b>10,664,610</b>	3,682,548
14.1	These carry mark-up at rates ranging between 10% to 18.5% (December 31, 2022: 3% to 5%) per annum.			

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2023

	December 31, 2023	December 31, 2022
	----- (Rupees) -----	
<b>15. TAKAFUL / RE-TAKAFUL PAYABLES</b>		
Due to re-takaful operators	<u>5,242,858</u>	<u>5,895,224</u>

	OPF		PTF	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Note	----- (Rupees) -----			
<b>16. OTHER CREDITORS AND ACCRUALS</b>				
Federal Insurance fee payable	-	-	233,998	67,360
FED payable	-	-	2,965,771	709,725
Sales tax on services	568,642	285,778	-	-
Commission payable	7,244,716	3,841,992	-	-
Auditors fee	565,783	414,856	-	-
Others creditors	2,785,308	749,638	458,355	429,137
Payable against common expenses - Conventional	-	727,787	-	-
	<u>11,164,449</u>	<u>6,020,051</u>	<u>3,658,124</u>	<u>1,206,222</u>

### 17. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as on December 31, 2023 and as at December 31, 2022.

		PTF	
		December 31, 2023	December 31, 2022
Note		----- (Rupees) -----	
<b>18. CONTRIBUTION EARNED</b>			
<b>Written gross contribution</b>		<u>72,945,602</u>	33,625,989
Wakala fee	19	<u>(20,716,362)</u>	(9,441,925)
<b>Contribution net of wakala fee</b>		<u>52,229,240</u>	24,184,064
Unearned contribution reserve opening		15,120,790	6,133,249
Unearned contribution reserve closing		<u>(29,302,317)</u>	(15,120,790)
<b>Contribution earned</b>		<u>38,047,713</u>	15,196,523
<b>Less: Re-takaful Contribution ceded</b>		<u>8,299,651</u>	5,752,882
Prepaid re-takaful contribution opening		53,471	181,283
Prepaid re-takaful contribution closing		<u>(285,951)</u>	(53,471)
<b>Re-takaful expense</b>		<u>8,067,171</u>	5,880,694
<b>Net contribution revenue</b>		<u>29,980,542</u>	<u>9,315,829</u>



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2023

	PTF	
	December 31, 2023	December 31, 2022
<b>19. WAKALA EXPENSE</b>		
Gross wakala fee	25,030,124	13,194,727
Add: Deferred wakala opening	6,044,200	2,291,398
Less: Deferred wakala closing	(10,357,962)	(6,044,200)
Wakala expense	<u>20,716,362</u>	<u>9,441,925</u>
<b>20. RE-TAKAFUL REBATE EARNED</b>		
Re-takaful rebate received	76,196	40,011
Add: Unearned re-takaful rebate opening	10,600	19,712
Less: Unearned re-takaful rebate closing	(68,558)	(10,600)
Re-takaful rebate earned	<u>18,238</u>	<u>49,123</u>
<b>21. NET CLAIMS REPORTED / SETTLED - IBNR</b>		
Claims paid	15,224,462	6,068,538
Less: Outstanding claims including IBNR opening balance	(11,587,681)	(2,736,126)
Add: Outstanding claims including IBNR closing balance	12,792,820	11,587,681
Claims expense	<u>16,429,601</u>	<u>14,920,093</u>
Less:		
Re-Takaful and Other Recoveries received	781,920	2,118,542
Less: Re-Takaful and other recoveries receivable in respect of outstanding claims opening balance	(493,159)	(8,094)
Add: Re-Takaful and other recoveries receivable in respect of outstanding claims closing balance	172,841	493,159
Re-Takaful and other recoveries revenue	461,602	2,603,607
Net Claims Expense	<u>15,967,999</u>	<u>12,316,486</u>

21.1 This includes salvage recoveries amounting to Nil (December 31, 2022 : Rs. 0.6 million).



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

### 22. BENEFIT / CLAIM DEVELOPMENT

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

	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023	Total
	----- (Rupees) -----						
<b>Accident year</b>							
Gross estimate of ultimate claims cost							
At the end of accident year	-	1,201,878	2,897,383	5,649,683	12,070,791	<b>20,111,405</b>	<b>41,931,140</b>
One year later	1,540,161	3,501,639	1,390,939	5,629,380	13,609,190	-	<b>12,062,119</b>
Two year later	1,620,681	334,910	76,277	5,332,777	-	-	<b>2,031,868</b>
Three year later	448,521	81,250	76,277	-	-	-	<b>529,771</b>
Four year later	398,521	94,810	-	-	-	-	<b>398,521</b>
Five Year later	398,521	-	-	-	-	-	-
Current estimate of cumulative claims	398,521	94,810	76,277	5,332,777	13,609,190	<b>20,111,405</b>	<b>39,622,980</b>
Less: cumulative payments to date	(386,572)	(90,120)	(64,986)	(5,331,587)	(13,376,410)	<b>(7,580,485)</b>	<b>(26,830,160)</b>
Liability recognised in the statement of financial position	<u>11,949</u>	<u>4,690</u>	<u>11,291</u>	<u>1,190</u>	<u>232,780</u>	<u><b>12,530,920</b></u>	<u><b>12,792,820</b></u>

22.1 The provision for IBNR on the basis of actuarial valuation carried out as at December 31, 2023 amounted to Rs. 3.261 million (December 31, 2022: Rs. 2.228 million).

	<b>PTF</b>	
	<b>December 31, 2023</b>	December 31, 2022
	----- (Rupees) -----	
<b>23. OTHER EXPENSES</b>		
Co-insurance surcharge	<b>380,482</b>	67,217
Others	<b>30,176</b>	61,695
	<u><b>410,658</b></u>	<u>128,912</u>

23.1 This is the service charges deducted by coinsurers at 2.5% of gross premium revenue on policies in which the Operator is a coinsurer.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	OPF		PTF	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
(Rupees)					
<b>24. INVESTMENT INCOME</b>					
Debt Instrument					
Return on term deposits		<b>4,600,285</b>	3,041,860	<b>3,330,940</b>	1,771,276
<b>25. OTHER INCOME</b>					
Return on bank balances	14.1	<b>1,860,973</b>	374,802	<b>1,102,216</b>	495,040
Others		-	-	<b>6,504</b>	13,165
		<b>1,860,973</b>	374,802	<b>1,108,720</b>	508,205
<b>26. COMMISSION EXPENSES</b>					
Commission paid or payable				<b>12,350,657</b>	7,075,622
Add: Deferred commission opening				<b>3,084,232</b>	1,031,083
Less: Deferred commission closing				<b>(4,365,156)</b>	(3,084,232)
Commission expense				<b>11,069,733</b>	5,022,473
<b>27. MANAGEMENT EXPENSES</b>					
Salaries, wages and benefits				<b>1,835,778</b>	1,471,800
Depreciation / amortization				<b>140,079</b>	89,605
Shariah advisory fee				<b>1,133,340</b>	1,133,333
Software maintenance				<b>1,075,000</b>	830,000
Business acquisition cost				<b>858,604</b>	159,946
Others				<b>850,919</b>	74,240
				<b>5,893,720</b>	3,758,924
<b>28. DIRECT EXPENSES</b>					
Auditor's remuneration	28.1			<b>419,483</b>	419,483
Sharia Audit Fee				<b>154,325</b>	308,650
Printing and stationery				<b>45,850</b>	14,100
Others				<b>1,652</b>	-
				<b>621,310</b>	742,233



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### OPF

December 31, 2023	December 31, 2022
----------------------	----------------------

(Rupees)

#### 28.1 AUDITOR'S REMUNERATION

Annual audit fee	214,000	214,000
Interim review fee	89,100	89,100
Certification fees	50,000	50,000
Out of pocket expenses	35,310	35,310
Sales Tax @ 8%	31,073	31,073
	<u>419,483</u>	<u>419,483</u>

#### 29 MODARIB'S FEE

The shareholders of the company manage the participants' investment as a Modarib and charge 10% Modarib's share of PTF investment income.

### Operator's Fund

December 31, 2023	December 31, 2022
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(Rupees)

#### 30. PROVISION FOR TAXATION

Current tax for the year	<u>2,919,149</u>	<u>1,010,125</u>
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30.1 The relationship between tax expense and accounting profit has not been presented in these financial statements as the income of the provision for taxation has been recorded under section 113 of the Income Tax Ordinance, 2001.

### Head of Window takaful operations

December 31, 2023	December 31, 2022
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(Rupees)

#### 31. COMPENSATION OF HEAD OF WINDOW TAKAFUL

Managerial remuneration	498,600	375,200
Fees	-	-
Leave encashment	-	-
Bonus	-	-
Ex-gratia allowance	-	-
Rent and house maintenance	518,200	525,280
Medical	41,272	37,520
Retirement benefits	-	-
Conveyance	138,600	126,000
Utilities	-	-
Defined benefit plan and others	84,500	51,520
	<u>1,281,172</u>	<u>1,115,520</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### 32. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies entities under common control, entities with common directors, major shareholders, directors, key management personnel and funded employee retirement benefit scheme.

The Operator has not incurred any transactions with related parties during the year.

### 33. SEGMENT REPORTING

Segment information is prepared in accordance with the requirements of Insurance Ordinance, 2000 and General Takaful Accounting Regulations, 2019 for class wise revenues, results, assets and liabilities:

The class wise revenues and results are as follows:

	December 31, 2023 - PTF					Aggregate
	Fire and property damages	Marine, aviation & transport	Motor	Accident and Health	Miscellaneous	
	(Rupees)					
<b>Participants' Takaful Fund</b>						
Written gross contribution (inclusive of federal excise duty, federal insurance fee, and administrative surcharge)	27,385,492	4,277,242	42,542,991	1,099,747	5,582,439	80,887,911
Less : Federal excise duty	(1,771,169)	(434,014)	(4,486,740)	(125,393)	(543,455)	(7,360,771)
Less : Federal insurance fee	(125,070)	(92,631)	(306,422)	(9,796)	(47,619)	(581,538)
Gross written contribution (inclusive of Administrative Surcharges)	25,489,253	3,750,597	37,749,829	964,558	4,991,365	72,945,602
Gross contribution direct	11,436,930	2,949,085	29,194,777	959,270	3,564,557	48,104,619
Facultative Inward Contribution	13,901,513	703,148	7,944,420	-	1,272,054	23,821,135
Admin surcharge	150,810	98,364	610,632	5,288	154,754	1,019,848
Written gross contribution	25,489,253	3,750,597	37,749,829	964,558	4,991,365	72,945,602
Takaful contribution earned	19,568,254	3,712,892	31,364,917	464,725	3,653,288	58,764,075
Wakala expense	(6,694,932)	(1,046,832)	(11,266,183)	(92,230)	(1,616,184)	(20,716,362)
	12,873,322	2,666,060	20,098,734	372,495	2,037,103	38,047,713
Re-takaful contribution ceded	(3,066,829)	(1,692,917)	(2,884,194)	-	(423,230)	(8,067,171)
Net takaful contribution	9,806,493	973,142	17,214,540	372,495	1,613,873	29,980,542
Re-takaful rebate earned	21,064	-	(2,825)	-	-	18,238
Operation income	9,827,557	973,142	17,211,715	372,495	1,613,873	29,998,781
Claim expense	(3,819,789)	(187,484)	(12,385,513)	(46,472)	9,657	(16,429,601)
Re-takaful & other recoveries revenue	103,370	-	358,232	-	-	461,602
Net claims reported / settled - IBNR	(3,716,419)	(187,484)	(12,027,281)	(46,472)	9,657	(15,967,999)
Other Expenses	(136,748)	(25,947)	(219,186)	(3,248)	(25,530)	(410,658)
Surplus/(deficit) before investment income	5,974,389	759,712	4,965,248	322,775	1,598,000	13,620,124
Net investment income						3,330,940
Other income						1,108,720
Less: Modarib's share of investment income						(333,094)
Deficit for the period						17,726,689
The following presents segments assets and liabilities as at December 31, 2023						
Segment assets	14,877,241	2,157,898	22,660,737	539,372	3,379,031	43,614,278
Unallocated assets						37,058,976
						80,673,254
Segment liabilities	15,838,388	1,535,976	25,164,008	743,938	4,480,676	47,762,985
Unallocated liabilities						17,028,651
						64,791,636



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2023

	December 31, 2023 - OPF					
	Fire and property damages	Marine, aviation & transport	Motor	Accident and Health	Miscellaneous	Aggregate
	----- (Rupees) -----					
<b>Operator's Fund</b>						
Wakala fee income	6,694,932	1,046,832	11,266,183	92,230	1,616,184	20,716,362
Commission expense	(5,317,857)	(1,057,200)	(3,975,015)	(31,204)	(688,457)	(11,069,733)
Management expense	(1,962,590)	(372,383)	(3,145,732)	(46,609)	(366,405)	(5,893,720)
						3,752,909
Modarib's share of PTF investment income						333,094
Investment income						4,600,285
Direct expenses						(621,310)
Other Income						1,860,973
Profit before taxation						9,925,951
Provision for taxation						(2,919,149)
Profit after tax						7,006,802
The following presents segments assets and liabilities as at December 31, 2023						
<b>Segment assets</b>	<b>6,143,983</b>	<b>904,052</b>	<b>9,099,302</b>	<b>-</b>	<b>1,203,130</b>	<b>17,350,466</b>
<b>Unallocated assets</b>						<b>66,373,600</b>
						<b>83,724,066</b>
<b>Segment liabilities</b>	<b>3,256,549</b>	<b>447,979</b>	<b>5,450,372</b>	<b>99,624</b>	<b>1,103,439</b>	<b>10,357,962</b>
<b>Unallocated liabilities</b>						<b>12,099,886</b>
						<b>22,457,848</b>

### 33.1 SEGMENT REPORTING

	December 31, 2022 - PTF					
	Fire and property damages	Marine, aviation & transport	Motor	Accident and Health	Miscellaneous	Aggregate
	----- (Rupees) -----					
<b>Participants' Takaful Fund</b>						
Written contribution (inclusive of federal excise duty, federal insurance fee, and administrative surcharge)	10,257,496	2,901,054	21,942,099	-	2,187,680	37,288,329
Less : Federal excise duty	(648,594)	(275,570)	(2,161,180)	-	(255,547)	(3,340,891)
Less : Federal insurance fee	(43,921)	(101,059)	(150,480)	-	(25,989)	(321,449)
Gross written contribution (inclusive of Administrative Surcharges)	9,564,981	2,524,425	19,630,439	-	1,906,144	33,625,989
Gross contribution direct	4,093,947	1,958,699	13,451,897	-	1,566,266	21,070,809
Facultative Inward Contribution	5,392,835	489,027	5,768,086	-	266,061	11,916,009
Admin surcharge	78,199	76,699	410,456	-	73,817	639,171
Written gross contribution	9,564,981	2,524,425	19,630,439	-	1,906,144	33,625,989
Takaful contribution earned	5,829,597	2,102,866	15,603,195	-	1,102,790	24,638,448
Wakala expense	(2,213,124)	(799,002)	(5,985,701)	-	(444,098)	(9,441,925)
	3,616,473	1,303,864	9,617,494	-	658,692	15,196,523
Re-takaful contribution ceded	(2,567,211)	(1,378,699)	(1,488,307)	-	(446,477)	(5,880,694)
Net takaful contribution	1,049,262	(74,835)	8,129,187	-	212,215	9,315,829
Re-takaful rebate earned	24,984	-	24,139	-	-	49,123
Net Underwriting income	1,074,246	(74,835)	8,153,326	-	212,215	9,364,952
Claim expense	(4,953,567)	(308,335)	(9,419,826)	-	(238,365)	(14,920,093)
Re-takaful & other recoveries revenue	-	-	2,603,607	-	-	2,603,607
Net claims reported / settled - IBNR	(4,953,567)	(308,335)	(6,816,219)	-	(238,365)	(12,316,486)
Direct Expense	(128,912)	-	-	-	-	(128,912)
Net takaful claim & expense	(5,082,479)	(308,335)	(6,816,219)	-	(238,365)	(12,445,398)
Surplus/(deficit) before investment income	(4,008,233)	(383,170)	1,337,107	-	(26,150)	(3,080,446)
Net investment income						
Other income						1,771,276
Less: Modarib's share of investment income						508,205
Deficit for the period						(177,128)
						(978,093)
The following presents segments assets and liabilities as at December 31, 2022						
Segment assets	5,770,710	1,523,028	11,843,367	-	1,150,008	20,287,113
Unallocated assets						25,609,672
						45,896,785
Segment liabilities	8,037,136	1,471,336	16,397,150	-	1,499,724	27,405,346
Unallocated liabilities						12,836,510
						40,241,856

	December 31, 2022 - OPF					
	Fire and property damages	Marine, aviation & transport	Motor	Accident and Health	Miscellaneous	Aggregate
	(Rupees)					
<b>Operator's Fund</b>						
Wakala fee income	2,213,124	799,002	5,985,701	-	444,098	9,441,925
Commission expense	(2,015,128)	(555,611)	(2,169,386)	-	(282,348)	(5,022,473)
Management expense	(889,383)	(320,820)	(2,380,476)	-	(168,245)	(3,758,924)
						660,528
Modarib's share of PTF investment income						177,128
Investment income						3,041,860
Direct expenses						(742,233)
Other Income						374,802
Profit before taxation						3,512,085
Provision for taxation						(1,010,125)
Profit after tax						2,501,960
The following presents segments assets and liabilities as at December 31, 2023						
<b>Segment assets</b>	<b>2,694,775</b>	<b>711,214</b>	<b>5,530,550</b>	<b>-</b>	<b>537,025</b>	<b>9,473,564</b>
<b>Unallocated assets</b>						<b>56,850,103</b>
						<b>66,323,667</b>
<b>Segment liabilities</b>	<b>1,719,285</b>	<b>453,760</b>	<b>3,528,530</b>	<b>-</b>	<b>342,625</b>	<b>6,044,200</b>
<b>Unallocated liabilities</b>						<b>6,020,051</b>
						<b>12,064,251</b>

	(OPF)	(PTF)
	(Rupees)	
<b>34. MOVEMENT IN INVESTMENTS</b>		
Held to Maturity		
<b>At beginning of previous year</b>	27,000,000	20,000,000
Additions	189,376,720	180,000,000
Disposals	(189,188,360)	(180,000,000)
At beginning of current year	27,188,360	20,000,000
Additions	284,365,000	205,885,000
Disposals	(281,453,360)	(204,185,000)
Closing balance	30,100,000	21,700,000

### 35. MANAGEMENT OF TAKAFUL AND FINANCIAL RISK

#### 35.1 Takaful risk

The principal risk that is faced under takaful contracts is the possibility that the covered event occurs, the uncertainty of the amount of the resulting claims i.e. the frequency and severity of claims and that the actual claims and benefit payments exceed the carrying amount of the takaful liabilities. By the very nature of the takaful contract, this risk is random and therefore unpredictable. The objective of the Operator is to ensure that sufficient reserves are available to cover these liabilities.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

The Operator manages these risks through its underwriting strategy, adequate re-takaful arrangements and proactive claims handling. The underwriting strategy aims to minimise takaful risks with a balanced mix and spread of business classes and by observing underwriting guidelines and limits. The Operator underwrites mainly fire & property, motor, marine cargo and transportation, health and other miscellaneous business. These classes of takaful are generally regarded as short term takaful contracts where claims are normally intimated and settled within a short time span, usually one year. This helps to mitigate takaful risk.

Underwriting limit are in place to enforce appropriate risk selection criteria. For example, the Operator has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. For large risks, particularly in property segment of business, risk inspections are carried out before accepting the risks. Similarly, in case of large risks, annual renewals are also preceded by on-site surveys. Where needed, risk mitigation measures are identified and communicated to the clients to improve the risk to an acceptable level.

Re-takaful arrangements in place include treaty and facultative arrangements, on non-proportional basis and also include catastrophe cover. The effect of such re-takaful arrangements is that the PTF may not suffer ultimate net takaful losses beyond the PTF's risk appetite in any one year.

The Operator's arrangement of re-takaful is diversified such that it is neither dependent on a single re-takaful operator nor the operations of the Operator are substantially dependent upon any single re-takaful contract. The Operator obtains re-takaful cover only from companies with sound financial health.

### 35.1.1 Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical, atmospheric disturbances, natural disasters, concentration of risks, civil riots etc. The Operator manages these risk through the measures described above. The Operator has limited its exposure to catastrophic and riot events by use of re-takaful arrangements.

The Operator monitors concentration of takaful risks primarily by class of business. The table below sets out the concentration of claims and contribution liabilities (in percentage terms) by class of business at the reporting date.

Class	Gross claim liabilities		Net claim liabilities		Gross contribution liabilities		Net contribution liabilities	
	2023	2022	2023	2022	2023	2022	2023	2022
	------(Percentage)-----							
Fire and property damage	48%	45%	51%	59%	36%	30%	36%	30%
Marine, aviation and transport	1%	1%	1%	1%	2%	4%	2%	4%
Motor	50%	53%	47%	39%	53%	61%	53%	61%
Miscellaneous	1%	1%	1%	1%	5%	5%	5%	5%

The Operator also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighboring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk.





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

The Operator evaluates the concentration of exposures to individual and cumulative takaful risks and establishes its re-takaful policy to reduce such exposures to levels acceptable to the Operator.

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

Class	December 31, 2023	December 31, 2022
	----- (Rupees) -----	
Fire and property damage	591,829,366	460,000,000
Marine, aviation and transport	343,985,522	299,000,249
Motor	35,000,000	31,500,000
Miscellaneous	50,000,000	36,000,000

Since the Operator operates in Pakistan only, hence, all the takaful risks relate to policies written in Pakistan.

### 35.1.2 Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the reporting date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. Considerable judgment by management is required in the estimation of amounts due to contract holders arising from claims made under takaful contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming and economic conditions. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the reporting date. The details of estimation of outstanding claims (including IBNR) are given under note 4.6.

### 35.1.3 Process used to decide on assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Operator, in which case information about the claim event is available. The Operator has taken actuarial advice for the determination of IBNR claims which has been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

The contribution liabilities have been determined such that the total contribution liability provisions (unearned contribution reserve and contribution deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of reporting date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2023

#### 35.1.4 Sensitivity analysis

The Operator believes that the claim liabilities under takaful contracts outstanding at the period end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The impact on the PTF surplus of the changes in the claim liabilities net of re-takaful is analysed below. The sensitivity to changes in claim liabilities net of re-takaful is determined separately for each class of business while keeping all other assumptions constant.

	December 31, 2023 Revenue	December 31, 2022 Revenue	December 31, 2023 Equity	December 31, 2022 Equity
----- (Rupees) -----				
<b>Impact of change in net claim liabilities by + 10%</b>				
Fire and property damage	(570,432)	(522,964)	(570,432)	(522,964)
Marine, aviation and transport	(11,494)	(7,737)	(11,494)	(7,737)
Motor	(602,276)	(668,242)	(602,276)	(668,242)
Miscellaneous	(9,141)	(9,141)	(9,141)	(9,141)
	<u>(1,193,343)</u>	<u>(1,208,084)</u>	<u>(1,193,343)</u>	<u>(1,208,084)</u>
<b>Impact of change in net claim liabilities by - 10%</b>				
Fire and property damage	570,432	522,964	570,432	522,964
Marine, aviation and transport	11,494	7,737	11,494	7,737
Motor	602,276	668,242	602,276	668,242
Miscellaneous	9,141	9,141	9,141	9,141
	<u>1,193,343</u>	<u>1,208,084</u>	<u>1,193,343</u>	<u>1,208,084</u>

#### 35.2 Financial risk

The Operator's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (comprising of currency risk, profit rate risk and other price risk). The Operator's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Operator's financial performance.

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

##### 35.2.1 Credit risk

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The management monitors exposure to credit risk through regular review of credit exposure, undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

The carrying amounts of the following financial assets represent the Operator's maximum exposure to credit risk:

	OPF		PTF	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	----- (Rupees) -----			
<b>Financial assets:</b>				
Investments in TDRs	30,100,000	27,188,360	21,700,000	20,000,000
Other receivables	1,289,212	227,190	2,953,130	704,862
Takaful / re-takaful receivables	-	-	33,256,315	14,242,912
Bank balances	21,691,571	7,334,115	10,664,610	3,682,548
	<u>53,080,784</u>	<u>34,749,665</u>	<u>68,574,055</u>	<u>38,630,322</u>

The credit quality of Operator's bank balances and deposits can be assessed with reference to external credit ratings.

Bank	Rating Agency	December 31, 2023	
		Short term	Long term
Meezan Bank Limited	VIS	A-1+	AAA
Bank Islami Pakistan Limited	PACRA	A1	AA-
Dubai Islamic bank	VIS	A-1+	AA

The credit quality of claim recoveries from takaful / re-takaful operators can be assessed with reference to external credit ratings as follows:

	OPF		PTF	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	----- (Rupees) -----			
<b>Takaful / re-takaful receivables</b>				
A or above	-	-	33,198,600	14,093,923

As at December 31, 2023, the amount due from takaful / re-takaful operator includes amount receivable within one year amounting to Rs.25.37 and above one year amounting to Rs. 7.82 million (December 31, 2022: Rs. 14.09 million)

### 35.2.2 Capital Management

The operator's objectives when managing capital or to safeguard operator's ability to continue as going concern in order to provide returns for operator or participants and to offer benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the amount of return paid to operators or to participants may be adjusted.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2023

#### 35.2.3 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market profit rates. The Operator has securities and deposits that are subject to profit rate risk. The Operator limits profit rate risk by monitoring changes in profit rates in the currencies in which its financial assets are denominated.

The table below provides the maturity analysis of the Operator's liabilities as at reporting date. All liabilities are presented on a contractual cash flow basis except for the provision of outstanding claims (including IBNR), which are presented with their expected cash flows.

December 31, 2023 - OPF	Mark-up bearing		Non mark-up bearing		Total
	Maturity upto one year	Maturity after one year	Maturity upto one year	Maturity after one year	
<b>Financial assets</b>					
Card-e-Hasna to Participants' Takaful Fund	-	-	12,500,000	-	12,500,000
Investments in TDRs	30,100,000	-	-	-	30,100,000
Other receivables	-	-	706,659	706,659	706,659
Receivable from PTF	-	-	13,217,810	-	13,217,810
Bank balances	21,691,571	21,691,571	-	-	21,691,571
	51,791,571	51,791,571	26,424,469	26,424,469	78,216,040
<b>Financial liabilities</b>					
Other creditors and accruals	-	-	11,164,449	-	11,164,449
	-	-	11,164,449	-	11,164,449
<b>Total yield / mark-up rate risk sensitivity gap</b>	<b>51,791,571</b>	<b>-</b>	<b>15,260,020</b>	<b>-</b>	<b>67,051,591</b>
December 31, 2023 - PTF	Mark-up bearing		Non mark-up bearing		Total
Effective yield / mark-up rate %	Maturity upto one year	Maturity after one year	Maturity upto one year	Maturity after one year	
<b>Financial assets</b>					
Investments in TDRs	15.25 - 20.75	21,700,000	-	-	21,700,000
Takaful / re-takaful receivables	-	-	33,256,315	-	33,256,315
Other receivables	-	-	554,922	-	554,922
Bank balances	10 - 18.5	10,664,610	-	-	10,664,610
		32,364,610	33,811,237	-	66,175,847
<b>Financial liabilities</b>					
Card-e-hasna from Operator's fund	-	-	12,500,000	-	12,500,000
Provision for outstanding claims (including IBNR)	-	-	12,792,820	-	12,792,820
Takaful / re-takaful payables	-	-	5,242,858	-	5,242,858
Payable to OPF	-	-	13,217,811	-	13,217,811
Other creditors and accruals	-	-	3,658,124	-	3,658,124
	-	-	47,411,613	-	47,411,613
<b>Total yield / mark-up rate risk sensitivity gap</b>		<b>32,364,610</b>	<b>(13,600,376)</b>	<b>-</b>	<b>18,764,234</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2023

#### 35.2.4 Profit rate risk ( Prior year)

The table below provides the maturity analysis of the Operator's liabilities as at reporting date. All liabilities are presented on a contractual cash flow basis except for the provision of outstanding claims (including IBNR), which are presented with their expected cash flows.

December 31, 2022 - OPF	Mark-up bearing			Non mark-up bearing			Total
	Effective yield / mark-up rate %	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	
----- (Rupees) -----							
Financial assets							
Qard-e-Hasna to Participants' Takaful Fund		-	-	-	20,000,000	-	20,000,000
Investments in TDRs	11.9	27,188,360	-	27,188,360	-	-	27,188,360
Other receivables		-	-	-	227,190	-	227,190
Receivable from PTF		-	-	-	6,389,333	-	6,389,333
Bank balances	3 - 5	7,334,115	-	7,334,115	-	-	7,334,115
		34,522,475	-	34,522,475	26,616,523	-	26,616,523
Financial liabilities							
Other creditors and accruals		-	-	-	5,734,273	-	5,734,273
		-	-	-	5,734,273	-	5,734,273
Total yield / mark-up rate risk sensitivity gap		34,522,475	-	34,522,475	20,882,250	-	20,882,250
							55,404,725
----- (Rupees) -----							
December 31, 2022 - PTF							
Financial assets							
Investments in TDRs	11.9	20,000,000	-	20,000,000	-	-	20,000,000
Takaful / re-takaful receivables		-	-	-	14,242,912	-	14,242,912
Other receivables		-	-	-	167,123	-	167,123
Bank balances	3 - 5	3,682,548	-	3,682,548	-	-	3,682,548
		23,682,548	-	23,682,548	14,410,035	-	14,410,035
Financial liabilities							
Qard-e-Hasna to Participants' Takaful Fund		-	-	-	20,000,000	-	20,000,000
Provision for outstanding claims (including IBNR)		-	-	-	11,587,681	-	11,587,681
Takaful / re-takaful payables		-	-	-	5,895,224	-	5,895,224
Payable to OPF		-	-	-	6,389,333	-	6,389,333
Other creditors and accruals		-	-	-	429,137	-	429,137
		-	-	-	44,301,375	-	44,301,375
Total yield / mark-up rate risk sensitivity gap		23,682,548	-	23,682,548	(29,891,339)	-	(29,891,340)
							(6,208,792)



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2023

#### Sensitivity analysis

As on December 31, 2023, the Company had no financial instruments valued at fair value through profit or loss. For cash flow sensitivity analysis of variable rate instruments, a hypothetical change of 100 basis points in interest rates during the year would have decreased / increased profit for the year by the amounts shown below.

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

	OPF			PTF		
	Change in basis points	Effect on profit and loss before tax	Effect on shareholders' equity	Change in basis points	Effect on profit and loss before tax	Effect on shareholders' equity
	--- (Rate) ---	----- (Rupees) -----	-----	--- (Rate) ---	----- (Rupees) -----	-----
<b>December 31, 2023</b>	<b>100</b>	<b>517,916</b>	<b>517,916</b>	<b>100</b>	<b>323,646</b>	<b>323,646</b>
	<b>(100)</b>	<b>(517,916)</b>	<b>(517,916)</b>	<b>(100)</b>	<b>(323,646)</b>	<b>(323,646)</b>

#### Sensitivity analysis

As on December 31, 2022, the Window Takaful Operations had no financial instruments valued at fair value through profit or loss nor any variable rate instrument. It is therefore the Window Takaful Operations is not exposed to profit rate risk.

	OPF			PTF		
	Change in basis points	Effect on profit and loss before tax	Effect on shareholders' equity	Change in basis points	Effect on profit and loss before tax	Effect on shareholders' equity
	--- (Rate) ---	----- (Rupees) -----	-----	--- (Rate) ---	----- (Rupees) -----	-----
<b>December 31, 2022</b>	<b>100</b>	<b>345,225</b>	<b>345,225</b>	<b>100</b>	<b>236,825</b>	<b>168,146</b>
	<b>(100)</b>	<b>(345,225)</b>	<b>(345,225)</b>	<b>(100)</b>	<b>(236,825)</b>	<b>(168,146)</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

### 35.2.5 Liquidity risk

Liquidity risk is the risk that the Operator will encounter difficulty in meeting its obligations associated with financial liabilities. In respect of major loss event, there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected re-takaful recoveries.

The objective of the Operator's liquidity management process is to ensure, as far as possible, that it will always have sufficient liquidity to meet its claim and other liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Operator's reputation. It includes measuring and monitoring the future cash flows on daily, monthly and quarterly basis, maintaining sufficient cash reserves in bank accounts and a portfolio of highly marketable financial assets that can be easily liquidated in the event of an unforeseen interruption to cash flows.

The table below provides the maturity analysis of the Operator's liabilities as at the reporting date. All liabilities are presented on a contractual cash flow basis except for the provision of outstanding claims (including IBNR), which are presented with their expected cash flows.

	December 31, 2023					
	OPF			PTF		
	Carrying amount	Upto one year	Greater than one year	Carrying amount	Upto one year	Greater than one year
----- (Rupees) -----						
<b>Financial liabilities</b>						
Outstanding benefits including IBNR	-	-	-	12,792,820	12,792,820	-
Takaful / re-takaful payables	-	-	-	5,242,858	5,242,858	-
Payable to OPF	-	-	-	13,217,811	13,217,811	-
Other creditors and accruals	10,595,807	10,595,807	-	458,355	458,355	-
	<b>10,595,807</b>	<b>10,595,807</b>	<b>-</b>	<b>31,711,844</b>	<b>31,711,844</b>	<b>-</b>

	December 31, 2022					
	OPF			PTF		
	Carrying amount	Upto one year	Greater than one year	Carrying amount	Upto one year	Greater than one year
----- (Rupees) -----						
<b>Financial liabilities</b>						
Outstanding benefits including IBNR	-	-	-	11,587,681	11,587,681	-
Takaful / re-takaful payables	-	-	-	5,895,224	5,895,224	-
Payable to OPF	-	-	-	6,389,333	6,389,333	-
Other creditors and accruals	5,734,273	5,734,273	-	429,137	429,137	-
	<b>5,734,273</b>	<b>5,734,273</b>	<b>-</b>	<b>24,301,375</b>	<b>24,301,375</b>	<b>-</b>

### 35.2.6 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices such as profit rates, foreign exchange rates and equity prices. The Operator limits market risk by investing only in term deposit receipts.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### 35.2.7 Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of financial instrument will fluctuate because of changes in foreign exchange rates. The Operator, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pakistani Rupees.

### 35.3 Fair value of financial instruments

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

The fair values of all the financial instruments are estimated to be not significantly different from their carrying values.

The Operator's accounting policy on fair value measurements of its investments is discussed in note 4.19 to these financial statements.

The Operator measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

As at December 31, 2022 and 2021 there were no financial assets or liabilities which can be classified under the above levels. The carrying value of financial instruments approximate their fair values.

### 35.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Operator's operations either internally within the Operator or externally at the Operator's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Operator's activities.

The Operator's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for stakeholders.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Senior management ensures that the Operator's staff have adequate training and experience and fosters effective communication related to operational risk management.





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

	December 31, 2023 (Rupees)	
<b>36. STATEMENT OF SOLVENCY</b>		
<b>Assets</b>		
Equipment - OPF		-
Intangible assets - OPF		-
Investments in term deposits		21,700,000
Other receivables		2,953,130
Takaful / re-takaful receivables		33,256,315
Re-takaful recoveries against outstanding benefits		172,841
Receivable from PTF		-
Deferred wakala fee		10,357,962
Deferred commission expense		-
Advance tax		1,282,444
Prepayments		285,951
Bank balances		10,664,610
<b>Total Assets (A)</b>		<b>80,673,253</b>
<b>In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000</b>		
Contribution due for more than 3 months		82,253
GST receivable claims		446,568
Advance Tax		1,282,444
<b>Total of In-admissible assets (B)</b>		<b>1,811,265</b>
<b>Total Admissible Assets (C=A-B)</b>		<b>78,861,988</b>
<b>Total Liabilities</b>		
Outstanding benefits including IBNR		12,792,820
Unearned contribution reserve		29,302,317
Unearned commission income		68,558
Unearned wakala fees		-
Contribution received in advance		509,149
Takaful / re-takaful payables		5,242,858
Payable to OPF		13,217,811
Other creditors and accruals		3,658,124
<b>Total Liabilities (D)</b>		<b>64,791,637</b>
<b>Total Net Admissible Assets (E=C-D)</b>		<b>14,070,351</b>
<b>Excess of Net Admissible Assets over Liabilities</b>		<b>14,070,351</b>
	<b>December 31, 2023</b>	December 31, 2022
	----- (Number) -----	
<b>37. NUMBER OF EMPLOYEES</b>		
Total employees of Operator at year end	<b>2</b>	2
Average employees of Operator during the year	<b>2</b>	2



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### 38. DATE OF AUTHORISATION OF ISSUE

These financial statements have been authorised for issue on March 22, 2024 by the Board of Directors of the Operator.

### 39. CORRESPONDING FIGURES

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

### 40. GENERAL

40.1 All amount have been rounded off to the nearest rupees.

Air Marshal Muhammad Arif  
Pervaiz (Retd.) - Chairman

Air Commodore Tausif Sadiq  
(Retd) - Director

Adeel Ali  
Director

Rizwan Akhtar  
Chief Executive Officer

Nisar Ahmed Almani  
Chief Financial Officer



# HEAD OFFICE & BRANCH NETWORK

## Head Office

10th Floor, Shaheen Complex M. R. Kayani Raod, Karachi-74200  
Tel. 32630370-75, 322139850-51 Fax. 32626674  
Email: info@shaheeninsurance.com  
URL: www.shaheeninsurance.com

## Karachi Main Branch

Branch Head - Mr. Sohail N. Kidwai, Chief Marketing Officer  
Office No. 1001, 1014, Block B, 10th Floor,  
Saima Trade Tower, I.I Chundrigar Road, Karachi  
Tel: 021 32650031-3  
Email: sohail.kidwai@shaheeninsurance.com

## Lahore Branch

Branch Head - Mr. Ahsan ul Haq  
Office No. 4-B, 6th Floor, Shaheen Complex,  
38 Abbott Road, Lahore.  
Tel. 042-36376270, 36376274, 36376278, 36376279  
Fax. 042-36376276  
Email: lhr\_zone@shaheeninsurance.com

## Multan

General Manager Marketing - Mr. Muhammad Naeem Baig  
Office no 21, 1st Floor, Nadra Office, Ali Arcade,  
Court Kachery Road, Multan  
Phone: 061-4580190-92  
Email: naeem.baig@shaheeninsurance.com

## Sialkot

Branch Manager - Mr. Faisal Jamil  
Office No. 210, Karim Plaza, Defence Road,  
Near Allama Iqbal Town, Sialkot  
Tel. (052) 3250982, 3550131  
Fax. (052) 3257412  
Email: sil@shaheeninsurance.com

## Faisalabad

Branch Manager - Mr. Mohsin Khan  
Office No. 2, 4th Floor, Ahmed Plaza, Bilal Road,  
Civil Lines, Faisalabad.  
Tel. (041) 2614112, 2621370, 2634658  
Fax. (041) 2613514  
Email: fsd@shaheeninsurance.com

## Rahim Yar Khan

Branch Manager - Mr. Muhammad Naveed  
Ghousia Sultania Town, Sakhi Sarwar Colony,  
Rahim Yar Khan, Punjab, Pakistan.  
Email: naveed.hussain@shaheeninsurance.com

## Lahore -2 Branch

Marketing Manager - Mr. Hassan Ali Jathol  
House No. 498-A, Revenue Employees Social Society,  
Johar Town, Lahore.  
Mobile No. 0300-8642477  
Email: lahore2.branch@shaheeninsurance.com

## Hyderabad

Branch Manager - Mr. Shakir Ali  
Upper 2nd Floor, House No. 75, Soldier Bazar, Hyderabad.  
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Fax # (022) 2720489  
Email: hyd@shaheeninsurance.com

## Lahore Corporate Branch

EVP & Country Business Head - Mr. Sohaib Ansar Khan  
Office No. 6, 6th Floor, Shaheen Complex, Opp. PTV  
Station Opp. PTV Station, 38 Abbott Road,  
Tel. 042-36370384, 36370741, 36370742  
Fax. 042-36370385  
Email: lhr\_corporate@shaheeninsurance.com

## Peshawar

Branch Manager - Mr. Gauhar Aziz  
Office No. C3, Jasmine Arcade, Fakhr-e-Alam,  
Road, Peshawar Cantt.  
Tel: 091 5273122, Mobile # 0333 9201088  
Email: psw@shaheeninsurance.com

## Islamabad

Branch Manager - Mr. Abdul Hameed  
Office No. 23, 2nd Floor, Plot No. 14,  
Executive Complex, G-8 Markaz, Islamabad  
Mobile No. 0333-51533001  
Email: abdul.hameed@shaheeninsurance.com

## Sargodha

Branch Manager - Mr. Nadeem Awan  
Office No. 63, 1st Floor, Advance Book shop, Rehman  
Complex, Ibne Seena Hospital Market, Kanchi More,  
Sargodha.  
Mobile No. 0300-8602723  
Email: nadeemawan1975@gmail.com

## Karachi Corporate Branch

Office No.110, 1st floor, Falak Corporate opposite  
Chamber of Commerce, Talpur Road, Karachi.



## PATTERN OF SHARE HOLDING HELD BY THE SHARE HOLDERS

AS AT DECEMBER 31, 2023

4. No. of Shareholders	From	To	Total Shares Held
145	1	100	1,983
149	101	500	60,677
122	501	1,000	91,788
192	1,001	5,000	431,365
42	5,001	10,000	341,207
28	10,001	15,000	365,165
9	15,001	20,000	162,000
7	20,001	25,000	168,000
5	25,001	30,000	141,000
3	30,001	35,000	98,500
3	35,001	40,000	113,500
2	40,001	45,000	87,083
3	45,001	50,000	147,500
4	50,001	55,000	210,500
1	60,001	65,000	63,500
3	70,001	75,000	218,000
1	80,001	85,000	85,000
1	85,001	90,000	90,000
4	95,001	100,000	400,000
1	100,001	105,000	104,500
1	110,001	115,000	110,500
1	115,001	120,000	117,500
1	125,001	130,000	126,000
1	145,001	150,000	150,000
1	210,001	215,000	212,500
1	220,001	225,000	225,000
1	270,001	275,000	272,000
1	305,001	310,000	307,500
1	315,001	320,000	315,500
1	395,001	400,000	400,000
1	830,001	835,000	834,000
1	2,495,001	2,500,000	2,500,000
1	3,135,001	3,140,000	3,136,963
1	6,345,001	6,350,000	6,345,296
1	41,565,001	41,570,000	41,565,973
740			60,000,000



## CATEGORIES OF SHARE HOLDERS AS REQUIRED UNDER (CCG) AS ON DECEMBER 31, 2023

Name	Holding	% AGE
<b>2.3 Categories of shareholders</b>	<b>Share held</b>	<b>Percentage</b>
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	3,000	0.0050%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	44,065,973	73.4433%
2.3.3 NIT and ICP	0	0.0000%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	0	0.0000%
2.3.5 Insurance Companies	0	0.0000%
2.3.6 Modarabas and Mutual Funds	0	0.0000%
2.3.7 Shareholders holding 10% or more	47,911,269	79.8521%
2.3.8 General Public		
a. Local	5,166,459	8.6108%
b. Foreign	0	0.0000%
2.3.9 Others (to be specified)		
- <b>Foreign Companies</b>	6,345,296	10.5755%
- <b>Joint Stock Companies</b>	4,419,272	7.3655%



## NAME OF SHAREHOLDERS 10% OR MORE OF TOTAL CAPITAL AS ON DECEMBER 31, 2023

Name	Holding	% AGE
Shaheen Foundation PAF	41,565,973	69.2766%
Hollard Company Limited	6,345,296	10.5755%
	<u>47,911,269</u>	<u>79.8513</u>

## INFORMATION AS REQUIRED UNDER CODE OF CORPORATE GOVERNANCE CATEGORIES OF SHAREHOLDER AS AT DECEMBER 31, 2023

Name	Holding	% AGE
<b><u>DIRECTORS, CEO THEIR SPOUSES &amp; MINOR CHILDREN</u></b>		
Air Marshal Muhammad Arif Pervaiz (Retd.)	500	0.0008%
Air Vice Marshal Muhammad Qaiser Janjua (Retd.)	-	0.0000%
Air Commodore Tausif Sadiq (Retd.)	500	0.0008%
Air Cdre. Wasim Ahmed Khan (Retd.)	500	0.0008%
Mr. Adeel Ali	500	0.0008%
Ms. Farrah Azeem Khan	500	0.0008%
Mr. Jehangir Shah	500	0.0008%
	<u>3,000</u>	<u>0.0050%</u>

### **ASSOCIATED COMPANIES, UNDERTAKING & RELATED PARTIES:**

Shaheen Foundation PAF	41,565,973	69.2766%
Central Non Public Fund PAF	2,500,000	4.1667%
	<u>44,065,973</u>	<u>73.4433%</u>



## PROXY FORM

I/We \_\_\_\_\_ of \_\_\_\_\_  
being member of Shaheen Insurance Company Limited and holder of \_\_\_\_\_  
ordinary shares as per Share Register Folio No. \_\_\_\_\_ and/or CDC Participant ID  
No. \_\_\_\_\_ and Account/Sub-Account No. \_\_\_\_\_  
hereby appoint \_\_\_\_\_ of \_\_\_\_\_ as  
my /our proxy to attend and vote for me/ us and on my/our behalf at the Annual General Meeting (AGM)  
of the Company to be held on Monday, April 22, 2024 at 11:00 a.m. at Muhammad Siddique Memon Scout  
Auditorium, Moulana Din Mohammad Wafai Road, Saddar, near Arts Council, Karachi and at any adjournment  
thereof.

Signed this \_\_\_\_\_ day of, \_\_\_\_\_ 2024.

Witness: 1

Signature \_\_\_\_\_

Name \_\_\_\_\_

CNIC No. \_\_\_\_\_

Address \_\_\_\_\_

Signature on  
Revenue  
Stamp of Rs. 5/-

Witness: 2

Signature \_\_\_\_\_

Name \_\_\_\_\_

CNIC No. \_\_\_\_\_

Address \_\_\_\_\_

### Notes:

1. The Proxy Form duly completed and signed along with attested copies of CNIC/Passport of the member, Proxy holder and the witnesses must be deposited at the Registered Office of the Company not later than 48 hours before the time of holding of the meeting. Original CNIC/Passport will be produced by the Proxy holder at the time of the meeting.
2. No persons shall be appointed as a Proxy unless he/she is a member of the company.
3. In case of corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signature of the representative shall be submitted along with Proxy Form to the Company.
4. CDC account holders and their proxies must attach attested photocopy of their CNIC/Passport with the Proxy Form.

## مختار نامہ

میں / ہم \_\_\_\_\_ کا / کے \_\_\_\_\_  
 بحیثیت رکن شاہین انشورنس کمپنی لمیٹڈ اور حاصل حصص، \_\_\_\_\_ بمطابق شیئرز رجسٹرڈ فولیو نمبر \_\_\_\_\_ اور / یا سی  
 ڈی سی پارٹیسپنٹ (شرکت) آئی ڈی نمبر \_\_\_\_\_ اور اکاؤنٹ (کھاتہ) سب اکاؤنٹ (ذیلی کھاتہ) نمبر \_\_\_\_\_  
 محترم / محترمہ \_\_\_\_\_ کا / کے \_\_\_\_\_  
 کو اپنے / ہمارے ایما پر بروز پیر مورخہ 22 اپریل، 2024، بوقت صبح 11:00 بجے کو بمقام محمد صدیق مین اسکاؤٹ آڈیٹوریم، مولانا دین محمد وفائی روڈ، صدر، نزد آئرس کونسل،  
 کراچی پر منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے یا کسی بھی التوا کی صورت میں اپنا / ہمارا مختار (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

آج بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_ 2024 و دستخط کیے گئے۔

گواہان

پانچ روپے مالیت کے رسیدی ٹکٹ پر دستخط

۱- دستخط: \_\_\_\_\_  
 نام: \_\_\_\_\_  
 پتہ: \_\_\_\_\_

دستخط کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں

کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر: \_\_\_\_\_  
 ۲- دستخط: \_\_\_\_\_  
 نام: \_\_\_\_\_  
 پتہ: \_\_\_\_\_  
 کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر: \_\_\_\_\_

نوٹ

- ۱- اس فارم کو پُر اور دستخط کر کے ممبر، پراکسی (مختار) اور گواہان کے کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ کی مصدقہ نقول کے ہمراہ اجلاس شروع ہونے سے کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرڈ پتے پر جمع کرایا جائے۔ مختار (پراکسی فارم) کو اصل شناختی کارڈ / پاسپورٹ اجلاس کے وقت پیش کرنا ہوگا۔
- ۲- کسی بھی شخص کو مختار (پراکسی) مقرر نہیں کیا جاسکتا الا یہ کہ وہ کمپنی کارکن ہو۔
- ۳- کارپوریٹ ادارہ ہونے کی صورت میں مختار نامہ (پراکسی فارم) کے ہمراہ بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ اور نمائندے کے دستخط کے نمونہ بھی جمع کرائے جائیں گے۔
- ۴- سی ڈی سی اکاؤنٹ ہولڈر اور ان کے مختار کیلئے ضروری ہے کہ مختار نامہ (پراکسی فارم) کے ہمراہ اپنے کمپیوٹرائزڈ شناختی کارڈ / پاسپورٹ کی مصدقہ نقول بھی جمع کرائیں۔





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(9221) 32213950-51 (02 Lines)

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