



Century Insurance Company Limited

A Lakson Group Company

Your Trust Our **Assurance**



Annual Report 2022



Century Insurance at a Glance

- Century Insurance is a Lakson Group Company.
- Operating since 1989, dealing in all areas of general insurance and takaful business.
- One of the premier general insurance companies of Pakistan.
- Rated "AA" with a stable outlook by VIS Credit Rating Co. Limited, signifying a 'very strong capacity to meet policyholders' and contractual obligations.
- Total equity in excess of Rs. 2.4 billion.
- Twice awarded 'Top 25 Companies Award' by the Karachi Stock Exchange.
- Very strong reinsurance treaty arrangements with highly rated international reinsurers.
- Broad client base consisting of individuals as well as some of the most prestigious local and multinational companies.

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Form of Proxy

Ballot Paper for Voting through Post



Our Vision

To be an organization known for integrity and ethical behavior and fully dedicated to its Clients, Business Partners, Shareholders and Employees, providing exceptional quality service and committed to achieving excellence in all areas of its operations.

Our Mission

- To become a company of choice for its valued Clients, Stockholders and Employees.
- To ensure continued growth of the financial strength and resilience of the company so that it may be able to withstand any unexpected shocks or cyclical economic downturns.
- The Company culture to be known for Integrity and Ethical behavior.
- The Company to be known as one of the best insurance companies of the country.





Corporate Information

Board of Directors

Mr. Iqbal Ali Lakhani – Chairman
Mr. Amin Mohammed Lakhani
Ms. Anushka Lakhani
Mr. Aftab Ahmad
Mr. Sadrudin Ismail Mohamed
Mr. Akber Dawood Vazir
Mr. Mohammad Hussain Hirji – Chief Executive Officer

Advisor

Mr. Sultan Ali Lakhani

Chief Financial Officer

Mr. Sabza Ali Pirani

Company Secretary

Mr. Mansoor Ahmed

Audit Committee

Mr. Sadrudin Ismail Mohamed – Chairman
Mr. Amin Mohammed Lakhani
Mr. Aftab Ahmad

Investment Committee

Mr. Iqbal Ali Lakhani – Chairman
Mr. Aftab Ahmad
Mr. Mohammad Hussain Hirji
Mr. Sabza Ali Pirani

Ethics, Human Resource & Remuneration Committee

Mr. Sadrudin Ismail Mohamed – Chairman
Mr. Amin Mohammed Lakhani
Mr. Akbar Dawood Vazir
Mr. Mohammad Hussain Hirji

External Auditors

M/s. EY Ford Rhodes
Chartered Accountants

Shares Registrar

M/s. FAMCO Associates (Pvt.) Ltd.
8-F, Near Hotel Faran, Nursery,
Block-6, P.E.C.H.S., Shahra-e-Faisal,
Karachi.
Tel: (021) 3438 0101-2
Fax: (021) 3438 0106
Email: info.shares@famco.com.pk
Website: www.famco.com.pk

Bankers

Al Baraka Bank (Pakistan) Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
NRSP Microfinance Bank Limited
Silkbank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Telenor Microfinance Bank Limited
U Microfinance Bank Limited
United Bank Limited

Registered & Corporate Office

Lakson Square, Building No. 2,
Sarwar Shaheed Road, Karachi-74200.

Head Office

11th Floor, Lakson Square, Building No. 3,
Sarwar Shaheed Road, Karachi-74200.

Website: www.cicl.com.pk
UAN: 111-111-717
NTN: 0710008-6





Products & Services





Fire Insurance

Your corporate offices, factories and facilities are the primary sources of your income and revenue. Century Insurance understands the importance and value of your business property and operations. So we will work with you to help you prevent losses, protect what matters and help you stay in business. Property insurance solutions include:

- Fire and Allied Perils
- Consequential Loss
- Property All Risk
- Comprehensive Machinery Insurance
- Terrorism Insurance (Property insurance policies in Pakistan now exclude Terrorism including any Riot & Strikes resulting from a terrorist act. These are now covered under a separate Terrorism policy).



Marine Insurance

We offer our clients tailored solutions for their international and domestic marine exposures. The two standard product lines are:

- Marine Cargo including Inland Transit
- Marine Hull

Marine cargo insurance covers the risks of physical loss or damage to goods and merchandise while in transit by any method of conveyance anywhere in the world. Inland Transit policies cover transit by road and/or rail within the country.

Marine hull provides coverage for all types of vessels and their machinery while navigating anywhere in the world. In addition we can cover ship beaching risks for the ship breaking industry as well as Fire and Allied Perils for the beached vessel.

Losses occurring anywhere in the world are promptly investigated and equitably settled through our international claims settling agents.



Motor Insurance

Private Car Insurance

People love their cars, but insuring them can be a chore. At Century Insurance, with fast, fair and convenient services and cover you can depend on, we'll be there for you when it matters. We settle bills with a very wide network of repairers directly – so no waiting for that check in the mail. And because we don't force you to use any particular repairer you are free to take your car to the workshop of your choice. You may opt for comprehensive coverage including own damage, theft and third party legal liability or just third party legal liability coverage to meet the requirements of law.

If you would like to have the added assurance of a good vehicle tracking service, substantial discounts are available on the premium you pay. Or if you would like us to arrange the tracking service for you we can do that too as a complimentary service at economical rates.

Commercial Vehicle Insurance

Whatever your business, if you have your own commercial vehicles we know how important these vehicles are to your business. No matter how many commercial vehicles you have, we've got a plan to suit you. From fleets of trucks to just one or two pickups, we can tailor the right insurance package for you. If you are insuring many vehicles, our fleet policy can cover them all in a single policy.



Engineering Insurance

Our qualified engineers can cater to all of your engineering insurance needs. At Century Insurance, we can help by sharing insights, insurance solutions and risk engineering services. From construction related insurances to erection of machinery to electronic equipment, we have the right solution for you. With us, you'll work with specialized underwriting, risk engineering and claims professionals who understand the challenges you face and can deliver quality service when you need it.

Engineering insurance solutions include:

- Contractor's All Risk (CAR) insurance offers comprehensive protection for contract works, construction plant and equipment as well as for Third Party claims.
- Contractor's Plant & Equipment (CP&E).
- Erection All Risk (EAR) for plant and machinery in the course of erection.
- Machinery Breakdown covers sudden and unforeseen loss or damage to machinery.
- Advance Loss of Profits (ALOP) also known as Delayed Startup to cover loss of gross profits arising from a CAR or EAR loss.
- Electronic Equipment Insurance for computers and other electronic equipments.
- Deterioration of stock.
- Boiler and Pressure Vessels.



Travel Insurance

Whether you are travelling for business or pleasure, unfortunate surprises can occur either before or during your trip. Medical emergencies or accidents can result in costly trip cancellations or medical bills leaving the traveler stranded in an unfamiliar country. Children may be left unattended with perhaps no one to accompany them on their return back home. Loss of baggage or mere flight delay may also result in unexpected and unbudgeted expenses. Our 24 hour, 7days of the week hotline will be available to assist you no matter where you are or what language you are comfortable communicating in.

Century Insurance provides the best available travel insurance plans for you and your family, to suit every budget and need. We also have special plans available for senior citizens no matter where in the world they may be planning to travel to. Claims can be paid directly to hospitals in most instances, anywhere in the world. So the next time you travel, give up your worries and get the best travel insurance solution from Century Insurance.



Accident & health Insurance

In today's competitive marketplace, employers know that their true competitive advantage frequently lies in their human capital. A good employer will therefore always try to take care of its employees. One of the key variables in an employee's benefit structure is the health insurance provided by the employer.

Century Insurance provides the best possible corporate health insurance packages available in the market. We care for your employees and make every effort to ensure that they receive the best possible care based on the benefits chosen for them by their employer. Whether they need expert advice and guidance related to medical admissions and treatment or whether they just want a better understanding of the benefits available under their policy, we provide service with a smile and a caring attitude. We liaise closely with the hospitals to ensure that your employees receive the care and treatment that they need in the most timely and efficient manner possible.

We also work closely with the Human Resource department of our clients to make sure that they are fully informed of developments involving major hospitalizations of their employees or of the dependents of their employees. We also pay extra attention to ensure that all paperwork, health cards, payments, etc are made correctly and on time. With all of the topmost hospitals on our panel we ensure a smooth and cashless service for your employees so that they are not made to fret and worry about these matters during the difficult time they may be facing on account of either their own hospitalization or that of a loved one.

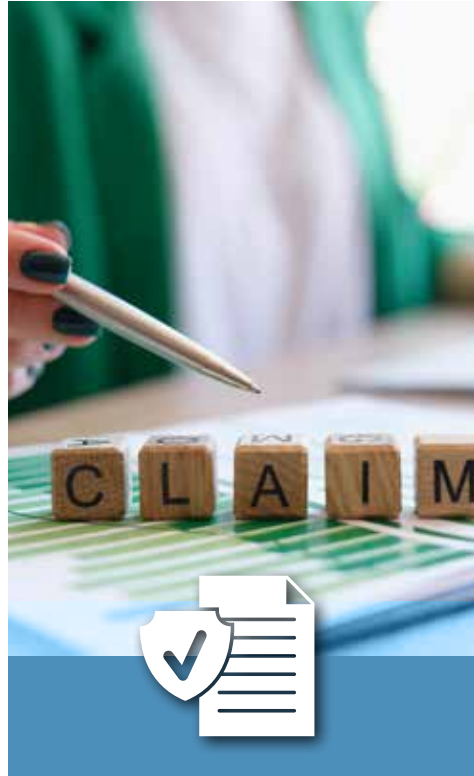
Personal Accident provides 24/7 worldwide cover for accidental bodily injury to the insured person resulting in death or permanent disablement.



Miscellaneous Insurance

This is a broad category and includes any insurance product or service that does not fall into any of the above categories. The most important of these include the following:

- General or Public Liability to protect you and or your business against liability to third parties for accidental bodily injury or property damage, such as when they come upon your business premises.
- Professional Indemnity to protect you and/or your business against liability that may be incurred in the course of discharging your professional duties, whether you are a doctor, lawyer or architect or in any other profession.
- Product Liability to protect you and/or your business against any liability for injury or damage that may arise from the use of a defective product that your company may have provided.
- Employer's Liability provides protection to you and/or your business against liability to your employees for bodily injury or property damage occurring in the course of their employment.
- Workmen's Compensation provides protection for accidents to workmen in your employ resulting in death or disablement that may occur in the course of their employment.
- Cash on Premises indemnifies you and/or your business for cash belonging to the business that may be stolen from the business premises consequent upon forcible entry or under the threat of force.
- Cash in Transit indemnifies you and/or your business for loss of cash stolen forcibly during transit between specific points during normal business hours.
- Fidelity Guarantee indemnifies you and/or your business for loss sustained on account of fraud or theft conducted by your employees.



Claim Service

For us, every customer claim is an opportunity to deliver when it matters and to differentiate the Century Insurance customer experience. As soon as you report a claim, our team will come into action, delivering swift and transparent claims assistance wherever you need it. Our team consists of experienced claims professionals dedicated to fairness and transparency in the handling of all claims.

Combining international experience and local knowledge, we will partner with you to give you the assistance you need while helping you to reduce your overall claim costs over time.



Risk Management

Working closely with you, our underwriters and risk engineers can identify and control risk in a broad range of environments, both in the manufacturing and service sectors. With Century Insurance's specialized underwriting knowledge, experienced risk assessments and excellent claims handling, we'll be there to support you should a claim occur.

Our Risk Engineers identify, assess and guide you to improve risks helping you reduce losses and the overall risk to your business.

Core Values



Code of Conduct

1. RELATIONSHIP WITH EMPLOYEES

- Century Insurance Company Limited (CICL) takes pride in the strong personal commitment of its people towards the progress and success of the Company. CICL's policy is to treat individuals in all aspects of employment solely on the basis of merit irrespective of race, religion, color, age, gender, and marital status. CICL believes in individual's respect and their rights.

The Company is committed to the growth of its employees. This is achieved through building a culture of mutual trust, learning and motivation.

- CICL's vision is based on inspiring and developing individuals as their success depends on their ability to make meaningful contributions to the progress of the Company.

2. RELATIONSHIP WITH COMPANY

- The employees of the Company strive to adhere to its guidelines and objectives and to give their best efforts to improve its performance. They recognize the trust placed by the Company in them and act with integrity and honesty in all situations - to preserve that trust and confidence. They avoid conflicts of interest and other situations that are potentially harmful to the progress of the Company.
- The employees of the Company use its assets, facilities and services only for lawful, proper and authorized purposes. They intend to make best use of the Company's equipment, systems and technology in order to have fast and reliable communication and a strong MIS system to further the aims and objectives of the Company.

3. RELATIONSHIP WITH BUSINESS COMMUNITY

- Each employee is responsible for how he or she is perceived by clients and other business partners; it is essential that they maintain the Company's reputation for honesty and fair dealing with these people and organizations.
- It is CICL's policy to respect the trade secrets and proprietary information of others. This is particularly pertinent if one has knowledge of trade secrets and proprietary information of a former employer.

4. RELATIONSHIP WITH CLIENTS

- CICL's reputation has been built upon the trust and quality service it is providing. Our commitment to excellence in quality of service and building strong client relationships is essential to the continued growth and success of the Company. Also, vital for success is to meet the challenges of the highly competitive market with our expertise, innovative and creative marketing.

CICL's motto: "Customer satisfaction is our top priority"

5. RELATIONSHIP WITH GOVERNMENT AND THE LAW

- CICL supports free enterprise and a competitive market system. The Company's policy is to comply fully with all applicable laws irrespective to the extent to which they are enforced. The Company cooperates fully with all government and regulatory bodies and is committed to high standards of corporate governance. Penalties for non-compliance can be severe and can involve criminal proceedings.

- CICAL's financial policies for conducting business are based on trust, transparency, integrity, and following the principles of accounting and finance as approved by regulations and applicable accounting codes. Any unsupportive or false entry, infringement of accounts for individual or Company gain is contrary to our business codes and ethics.

6. RELATIONSHIP WITH SOCIETY

- CICAL strives to operate as a responsible corporate citizen within both the local and global communities.
- CICAL is an equal opportunity employer for all levels of employees irrespective of color, race, gender, age, ethnicity or religious beliefs.
- CICAL provides a safe and healthy workplace, protecting human health and the environment.
- CICAL pays its employees a remuneration that enables them to meet at least their basic needs, and provides employees the opportunity to improve their skills and capabilities.
- CICAL respects employees' freedom of association.
- CICAL works with governments and the communities in which we do business to improve the educational, cultural, economic and social wellbeing of those communities.

7. RELATIONSHIP WITH THE ENVIRONMENT

- Protecting the world in which we live is a vital concern and a continuing commitment. CICAL is dedicated to contributing to the overall quality of life. We recognize and constantly reaffirm the value of a healthy and clean environment.

8. RELATIONSHIP WITH THE SHAREHOLDERS

- CICAL strives to serve the best interests of its shareholders to provide consistent growth and a fair rate of return on their investment and to maintain its position and reputation as one of the leading insurance companies, dedicated to protecting shareholders' investments and providing full and timely information. By conducting our business in accordance with the principles of fairness, decency and integrity set forth here we help to build shareholders' value.

9. RESPONSIBILITY FOR COMPLIANCE

- In accepting employment with the Company, each of us becomes accountable for compliance with these standards of conduct and with all laws and regulations. Managers are responsible for communicating these standards to employees to ensure that they understand and abide by them, and for creating a climate where employees can discuss ethical and legal issues freely.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 37th Annual General Meeting of Century Insurance Company Limited will be held on Thursday, April 27, 2023 at 03:00 p.m. at Avari Towers Hotel, Fatima Jinnah Road, Karachi as well as through Electronic means/Video link facility to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2022 together with the Directors' and Auditors' reports thereon.
2. To declare final dividend in cash @ 25% i.e. Rs. 2.50 per share of Rs. 10.00 each as recommended by the Board of Directors.
3. To appoint Auditors and fix their remuneration.

The retiring auditors M/s. EY Ford Rhodes, Chartered Accountants, have been auditors of the Company for a period of two years. The Board, on the recommendation of the Audit Committee of the Company has proposed the appointment of M/s. BDO Ebrahim & Co., Chartered Accountants, as auditors for the year ending December 31, 2023.

SPECIAL BUSINESS

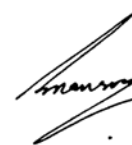
4. To consider, and if thought fit, to pass with or without modification the following resolutions as Special Resolution.

Special Resolutions

- a) **"RESOLVED** that the transactions carried out in normal course of business with associated companies/related parties as disclosed in Note No.34 of the audited financial statements for the year ended December 31, 2022 be and are hereby ratified and approved."
- b) **"FURTHER RESOLVED** that the Chief Executive Officer of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with associated companies/related parties during the ensuing year ending December 31, 2023 and in this connection the Chief Executive Officer be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company."

Statement under Section 134 of the Companies Act, 2017 in the above matter mentioned in item No.4 is annexed.

By Order of the Board



(MANSOOR AHMED)

Company Secretary

Karachi: March 28, 2023

Notes:

1. The share transfer books of the Company will remain closed from April 19, 2023 to April 27, 2023 (both days inclusive). Transfers received in order by the Shares Registrar of the Company, M/s. FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi up to the close of business on April 18, 2023 will be treated in time for entitlement of the dividend.

2. Participation in the AGM proceedings via physical presence or through video link facility:

The arrangement for attending the AGM through electronic means will be as under:

1. To facilitate our members who want to attend AGM through Zoom application - a video link facility will be provided.
2. Shareholders interested in attending the AGM through Zoom application are hereby requested to get themselves registered with the Company Secretary office by providing the following details at the earliest but not later than 48 hours before the time of AGM (i.e. before 03.00 p.m. on April 25, 2023) through following means:

a) Mobile/WhatsApp: 0315 5008228

b) E-mail: mansoor@lakson.com.pk

Shareholders are advised to mention Name, CNIC Number, Folio/CDC Account Number, cell number and email ID for identification.

Upon receipt of the above information from the interested shareholders, the Company will send the login credentials at their e-mail address. On the date of AGM, shareholders will be able to login and participate in the AGM proceedings through their smartphone/computer devices.

In view of the above, the Shareholders can also provide their comments/suggestions for the proposed agenda items of the AGM by using the aforesaid means.

3. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her, and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the meeting as are available to a member. A proxy must be a member of the Company. A corporate entity, being a member, may appoint any person, regardless whether they are a member or not, as its proxy. In case of corporate entities, a resolution of the Board of Directors/Power of Attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted to the Company along with a completed proxy form. The proxy holders are requested to produce their national CNICs or original passports at the time of the meeting.
4. Forms of proxy, in order to be valid must be properly filled-in/executed and received at the registered office of the Company situated at Lakson Square, Building No. 2, Sarwar Shaheed Road, Karachi not later than 48 hours before the time of the meeting excluding holidays.
5. Members holding shares in physical form are requested to promptly notify Shares Registrar of the Company of any change in their addresses. Shareholders maintaining their shares in electronic form should have their address updated with their participant or CDC Investor Accounts Service.
6. A member, who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her participant's ID number and CDC account/sub-account number along with original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.
7. Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

In order to receive dividends directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the registrar of the Company M/s. FAMCO Associates (Private) Limited, in case of physical shares.

In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services. No further action is required if IBAN has already been incorporated/updated in the CDC account or physical folio of the shareholder.

In case of non-receipt of IBAN information, the Company will be constrained to withhold payment of dividend to shareholders.

8. Pursuant to Notification vide SRO.787(1)/2014 of September 08, 2014, the Securities & Exchange Commission of Pakistan (SECP) has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. www.cicl.com.pk. Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 1 MB file in size. Further, it is the responsibility of the member to timely update the Shares Registrar of any change in the registered e-mail address.
9. The rates of deduction of income tax from dividend payments under section 150 of the Income Tax Ordinance, 2001 shall be as follows:
 1. Shareholders appearing in Active Taxpayers List (ATL): 15%
 2. Shareholders not appearing in Active Taxpayers List (ATL): 30%
 - (i) To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered in ATL before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.
 - (ii) Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate or stay order from a competent court of law is made available to FAMCO Associates (Private) Limited, by the first day of Book Closure.
 - (iii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

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

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

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

- (iv) For any query/problem/information, the investors may contact the Company Secretary at phone: 3840 0000 and email address: mansoor@lakson.com.pk and/or FAMCO Associates (Private) Limited at phone: 3438 0101-5 and email address: info.shares@famco.com.pk.

- (v) Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or FAMCO Associates (Private) Limited. Shareholders while sending NTN or NTN certificates, as the case may be, must quote Company name and their respective folio numbers. Without the NTN Company would not be in a position to check filer status on the ATL and hence higher tax of 30% may be applied in such cases.
10. Non-resident individual shareholders shall submit declaration or undertaking with copy of valid passport under definition contained in Section 82 of the Income Tax Ordinance, 2001 for determination of residential status for the purposes of tax deduction on dividend to the Shares Registrar M/s. FAMCO Associates (Private) Limited at 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shahr-e-Faisal, Karachi or email at info.shares@famco.com.pk at the latest by April 19, 2023. The copy of declaration form can be downloaded at Shares Registrar website: <https://famco.com.pk/share-registration-services/>.

In order to claim exemption from compulsory deduction of Zakat, shareholders are requested to submit a notarized copy of Zakat Declaration Form "CZ-50" on NJSP of Rs. 50/- to the Share Registrar, M/s. FAMCO Associates (Private) Limited, of the Company by first day of book closure. In case shares are held in scripless form such Zakat Declaration Form (CZ -50) must be uploaded in the CDC account of the shareholder, through their participant/Investor Account Services. Further, Non-Muslim shareholders are also required to file Solemn Affirmation (available on <https://famco.com.pk/share-registration-service/>) with the Shares Registrar of the Company in case of shares are held in physical certificates or with CDC Participant / Investor Account Services in case shares are in scripless form. No exemption from deduction of zakat will be allowed unless the above documents are complete in all respects have been made available as above.

Members can exercise their right to demand a poll subject to meeting requirements of Section 143 to Section 145 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations, 2018, amended as on December 05, 2022. Members will be allowed to exercise their right to vote through postal ballot, that is voting by post and any electronic mode in accordance with the requirements and procedure contained in the aforesaid Regulations.

11. Members are requested to have their updated email and cell number incorporated in their physical folio with the Share Registrar of the Company and with their Participant or Broker / CDC Investor Account Services where their shares are held in electronic form.
12. An updated list for unclaimed dividend/shares of the Company is available on the Company's website www.cicl.com.pk. These are unclaimed dividend/shares which have remained unclaimed or unpaid for a period of three years from the date these have become due and payable.

Claims can be lodged by shareholders on Claim Forms as are available on the Company's website. Claim Forms must be submitted to the Company's Shares Registrar for receipt of dividend/shares.

13. The Securities and Exchange Commission of Pakistan has issued a letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021 addressed to all listed companies drawing attention towards the provision of Section 72 of the Companies Act, 2017 (Act) which requires all companies to replace shares issued by them in physical form with shares to be issued in the Book-Entry-form within a period not exceeding four years from the date of the promulgation of the Act.

In order to ensure full compliance with the provisions of the aforesaid Section 72 and to benefit from the facility of holding shares in the Book-Entry-Form, the shareholders who still hold shares in physical form are requested to convert their shares in the Book-Entry-Form.

14. Form of Proxy and Postal Ballot Paper are enclosed.

STATEMENT OF MATERIAL FACTS CONCERNING SPECIAL BUSINESS PURSUANT TO SECTION 134 OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning Special Business, given in agenda items No. 4 of the Notice which will be considered to be passed by the members. The purpose of the Statement is to set forth the material facts concerning such Business.

Agenda Item No.4(a) of the Notice – Transactions carried out with associated companies/related parties during the year ended December 31, 2022 to be passed as a Special Resolution.

The transactions carried out in normal course of business with associated companies/related parties were being approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to Clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2019.

During the Board meeting it was pointed out by the Directors that as the majority of Company Directors were interested in these transactions due to their common directorship and holding of shares in the associated companies/related parties, the quorum of directors seemingly could not be formed for approval some of these transactions specifically, therefore, these transactions have to be approved by the shareholders in the General Meeting.

In view of the above, the transactions conducted during the financial year ended December 31, 2022 with associated companies/related parties shown in Note No.34 of the audited financial statements are being placed before the shareholders for their consideration and approval/ratification.

Agenda Item No.4(b) of the Notice – Authorization to the Chief Executive Officer for the transactions carried out and to be carried out with associated companies/related parties during the ensuing year ending December 31, 2023 to be passed as a Special Resolution.

The Company would be conducting transactions with associated companies/related parties in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship and shareholding in the associated companies/related parties. Therefore, such transactions with associated companies/related parties have to be approved by the shareholders.

The shareholders may authorize the Chief Executive Officer to approve transactions carried out and to be carried out in normal course of business with associated companies/related parties during the ensuing year ending December 31, 2023.

The Directors are interested in the above item to the extent of their common directorships and shareholding in the associated companies/related parties and the privileges attached thereto only.

Corporate Calendar

25

February 25, 2022

Audit Committee meeting to consider accounts of the Company for the year ended December 31, 2021

28

February 28, 2022

Board of Directors' meeting to consider accounts of the Company for the year ended December 31, 2021

25

April 25, 2022

Audit Committee meeting to consider accounts of the Company for the quarter ended March 31, 2022

27

April 27, 2022

Board of Directors' meeting to consider accounts of the Company for the quarter ended March 31, 2022

28

April 28, 2022

Annual General Meeting of shareholders to consider accounts of the Company for the year ended December 31, 2021

23

August 23, 2022

Audit Committee meeting to consider accounts of the Company for the half year ended June 30, 2022

25

August 25, 2022

Board of Directors' meeting to consider accounts of the Company for the half year ended June 30, 2022

25

October 25, 2022

Audit Committee meeting to consider accounts of the Company for the quarter ended September 30, 2022

26

October 26, 2022

Board of Directors' meeting to consider accounts of the Company for the quarter ended September 30, 2022

Access to Reports and Enquiries

Annual Report

Annual report 2022 may be downloaded from the Company's website: www.cicl.com.pk or printed copies obtained by writing to:

The Company Secretary
Century Insurance Company Limited
Registered & Corporate Office
Lakson Square Building No. 2, Sarwar Shaheed
Road, Karachi-74200, Pakistan.

Quarterly Reports

The Company publishes interim reports at the end of first, second and third quarters of the financial year. The interim reports for the year 2022 can be accessed from Century Insurance website: www.cicl.com.pk or printed copies can be obtained by writing to the Company Secretary.

Shareholders' Enquiries

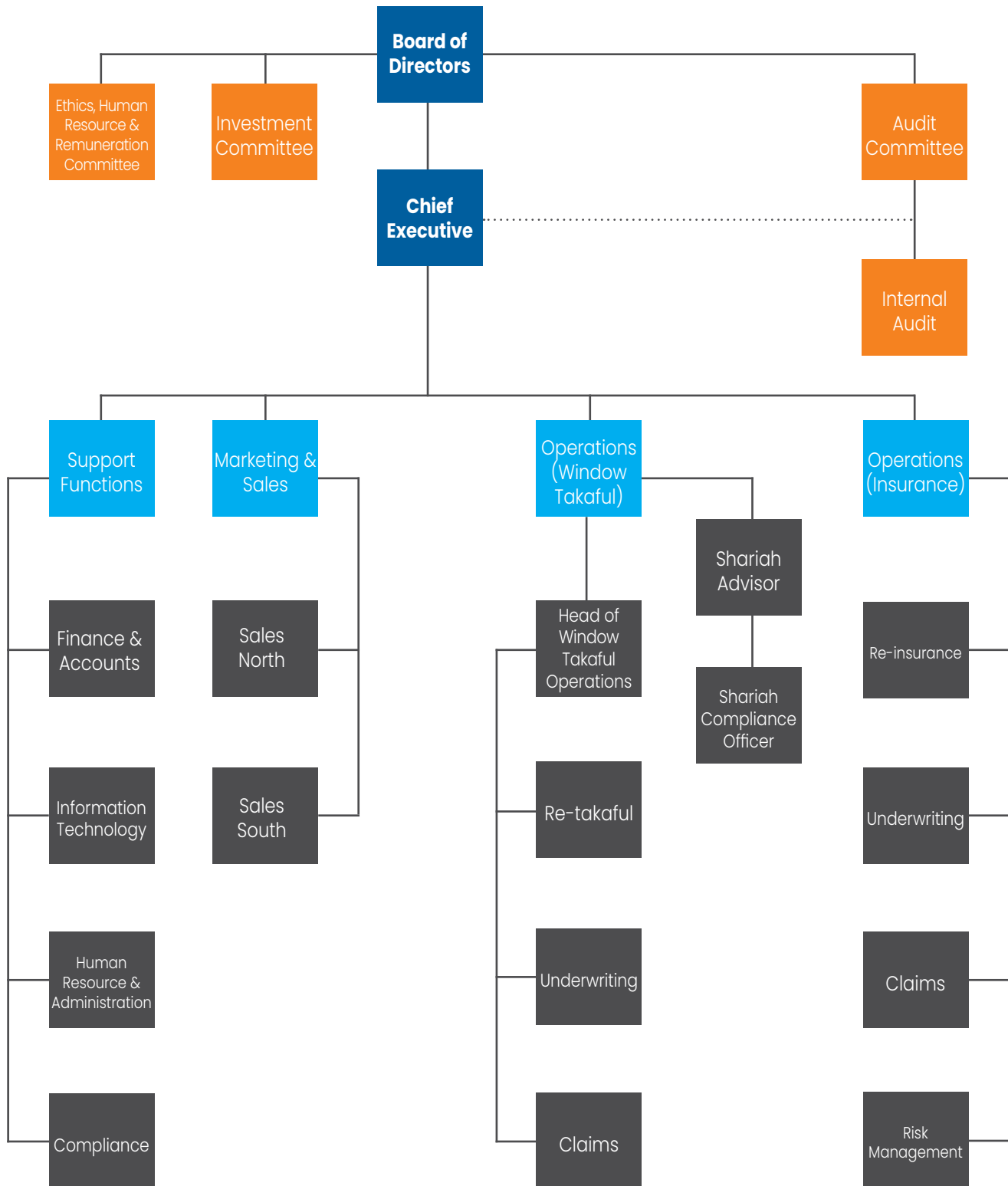
Shareholders' enquiries about their holding, dividends or share certificates should be directed either to Company's registered office or shares registrar at the following address:

M/s. FAMCO Associates (Private) Limited
8-F, Near Hotel Faran, Nursery, Block-6,
P.E.C.H.S., Shakra-e-Faisal, Karachi.

Stock Exchange Listing

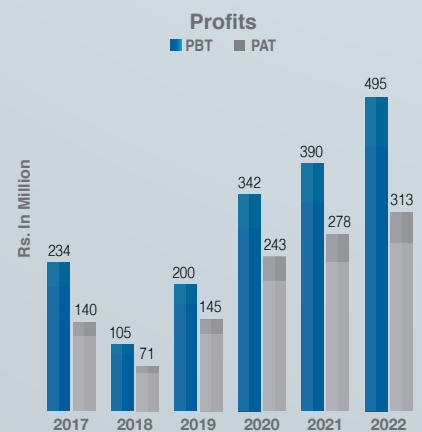
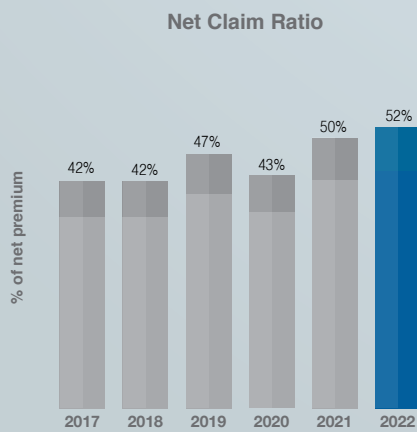
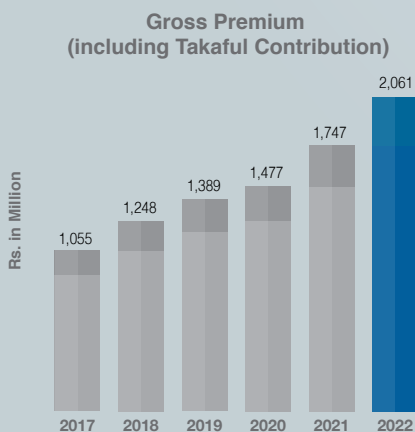
Shares of Century Insurance Company Limited are listed on Pakistan Stock Exchange Limited. The symbol code for dealing in shares of the Company is **CENI**.

Organisation Chart



Performance Highlights

(Rupees in million)

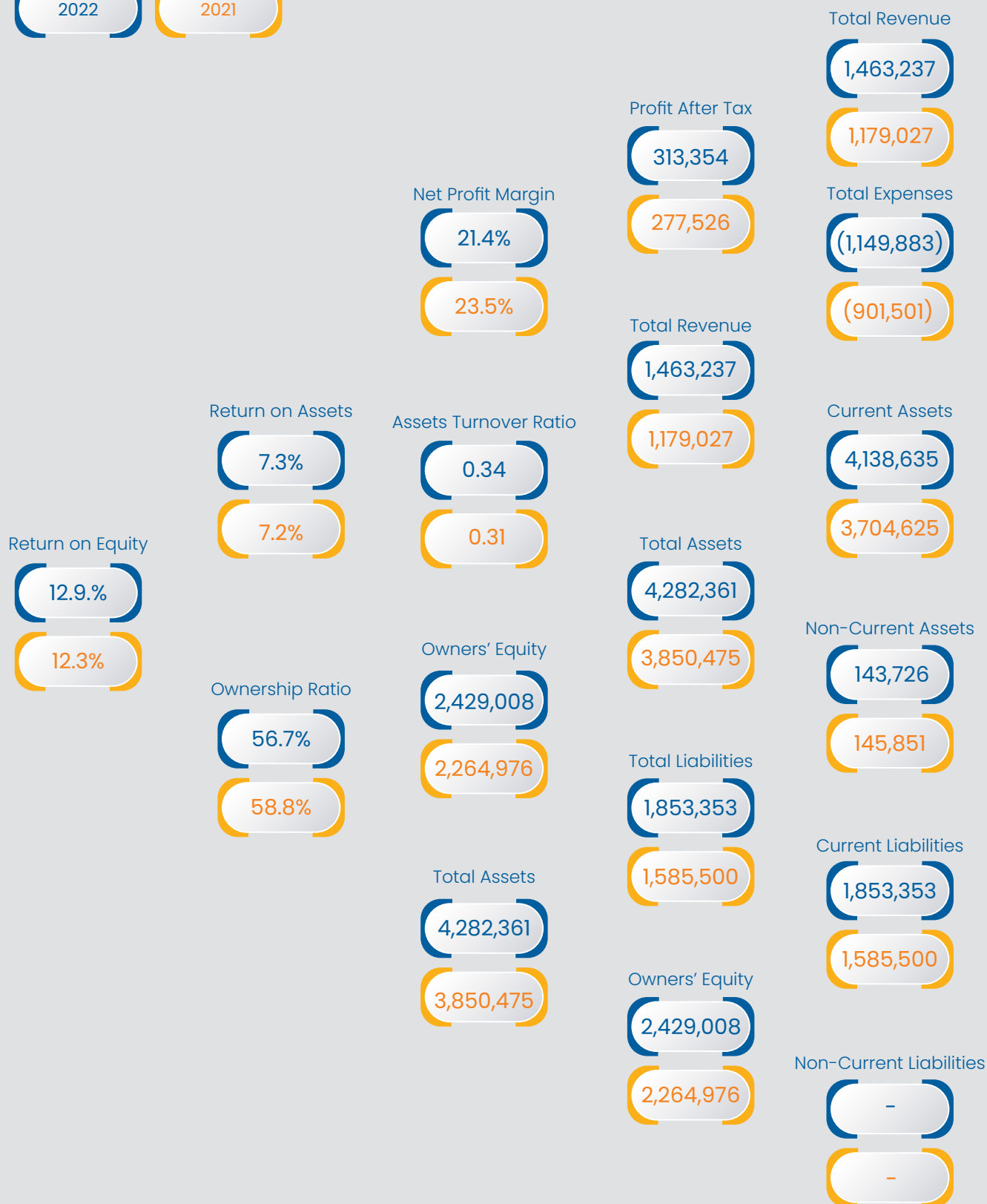


DuPont Analysis

Rs. in '000

2022

2021



Horizontal Analysis

	2022		2021		2020		2019		2018		2017	
	(Rupees)	%	(Rupees)	%	(Rupees)	%	(Rupees)	%	(Rupees)	%	(Rupees)	%
STATEMENT OF FINANCIAL POSITION												
Assets												
Property & equipment	121,843,946	-3.0%	125,567,780	3.6%	121,150,269	-6.8%	129,993,035	79.7%	72,325,607	10.1%	65,669,519	-7.5%
Intangible assets	840,250	100.0%	-	-	-	-100.0%	9,741	-63.1%	26,407	-94.4%	472,587	-54.7%
Investment in associates	67,361,755	11.0%	60,681,713	21.5%	49,959,574	26.8%	39,404,247	-12.7%	45,144,162	7.1%	42,137,247	10.1%
Investments	2,175,900,143	20.4%	1,807,801,451	7.7%	1,678,815,338	1.3%	1,657,439,548	22.0%	1,359,046,751	-8.0%	1,476,998,539	-25.1%
Loan and other receivable	46,624,061	10.3%	42,277,283	0.0%	42,262,996	13.0%	37,416,224	81.8%	20,585,208	-91.4%	238,537,198	1198.9%
Insurance / reinsurance receivable	766,758,124	41.7%	541,142,145	-2.4%	554,679,355	10.9%	500,355,096	10.5%	452,631,626	6.1%	426,728,740	8.5%
Reinsurance recoveries against outstanding claims	193,417,129	56.9%	123,311,654	-1.6%	125,342,540	28.4%	97,581,839	-2.4%	100,016,385	33.5%	74,912,821	22.4%
Salvage recoveries accrued	8,213,493	2.9%	7,985,000	187.7%	2,775,000	-30.7%	4,005,000	0.8%	3,975,000	63.8%	2,426,000	-44.6%
Deferred commission expense	31,438,864	8.7%	28,909,708	12.7%	25,643,610	-27.3%	35,271,269	6.7%	33,060,770	2.6%	32,232,773	4.6%
Deferred taxation	21,041,768	3.7%	20,282,884	-42.0%	34,941,495	-17.7%	42,441,773	-20.3%	53,228,969	50.9%	35,264,815	-
Prepayments	250,467,869	5.9%	236,618,982	13.0%	209,416,425	12.9%	185,447,129	3.2%	179,614,482	5.2%	170,714,966	-1.9%
Cash and bank deposits	426,475,752	-41.2%	725,474,690	59.7%	454,365,700	70.2%	267,024,544	-39.4%	440,366,476	277.1%	116,781,242	7.5%
Total assets of Window Takaful Operation's - Operator's Fund	171,977,536	31.9%	130,422,076	26.0%	103,495,918	15.2%	89,831,932	28.8%	69,721,881	32.2%	52,755,690	-
Total assets	4,282,360,690	11.2%	3,850,475,366	13.2%	3,402,848,220	10.3%	3,086,221,377	9.1%	2,829,743,724	3.4%	2,735,632,137	-4.8%
Equity and Liabilities												
Ordinary share capital	553,264,840	10.0%	502,968,030	0.0%	502,968,030	0.0%	502,968,030	0.0%	502,968,030	0.0%	502,968,030	10.0%
Share premium	254,024,260	0.0%	254,024,260	0.0%	254,024,260	0.0%	254,024,260	0.0%	254,024,260	0.0%	254,024,260	0.0%
Reserves	202,008,210	-10.3%	225,233,575	23.9%	181,840,187	46.0%	124,545,934	39.1%	89,518,648	9.4%	81,818,834	-69.4%
Unappropriated profit	1,419,710,349	10.7%	1,282,749,800	15.5%	1,110,233,075	16.2%	955,159,703	9.3%	873,893,357	-2.0%	891,722,749	1.4%
Outstanding claims including IBNR	391,209,002	32.7%	294,800,833	13.3%	260,105,733	26.1%	206,337,532	7.0%	192,759,004	16.4%	165,560,979	0.5%
Unearned premium reserve	737,791,111	15.0%	641,585,269	23.1%	521,370,886	5.5%	494,320,532	12.5%	439,281,123	14.7%	383,008,819	13.6%
Unearned reinsurance commission	56,532,968	4.2%	54,234,596	16.1%	46,716,196	16.4%	40,139,097	2.4%	39,191,757	1.7%	38,529,301	-10.7%
Retirement benefit obligations	18,659,835	92.9%	9,672,912	114.0%	4,519,519	-12.1%	5,141,096	-0.4%	5,162,059	-0.2%	5,171,457	3.8%
Premiums received in advance	4,343,566	45.6%	2,982,677	57.7%	1,891,673	84.8%	1,023,802	78.6%	573,295	-28.8%	804,781	297.8%
Insurance / reinsurance payables	317,525,344	3.9%	305,654,671	30.2%	234,715,482	-3.5%	243,253,439	4.8%	232,154,530	3.1%	225,151,644	-13.6%
Other creditors and accruals	175,701,035	12.5%	156,238,398	2.3%	152,676,442	-19.0%	188,481,027	21.0%	155,776,279	15.1%	135,345,022	22.2%
Taxation - provision less payments	85,084,215	18.7%	71,686,314	-26.0%	96,880,283	130.4%	42,056,608	43.7%	29,269,328	-39.0%	47,993,747	61.5%
Total liabilities of Window Takaful Operation's - Operator's Fund	66,505,955	36.7%	48,644,031	39.4%	34,906,454	21.3%	28,770,317	89.6%	15,172,054	329.5%	3,532,514	-
Total Equity and Liabilities	4,282,360,690	11.2%	3,850,475,366	13.2%	3,402,848,220	10.3%	3,086,221,377	9.1%	2,829,743,724	3.4%	2,735,632,137	-4.8%
PROFIT AND LOSS ACCOUNT												
Net insurance premium	1,072,368,413	19.5%	897,582,289	6.1%	846,099,290	8.5%	779,722,143	13.0%	690,289,955	16.4%	593,051,035	-10.0%
Net insurance claims	(561,534,977)	24.9%	(449,747,549)	24.9%	(360,165,103)	-0.7%	(362,676,565)	25.8%	(288,198,657)	16.7%	(246,956,137)	-36.8%
Net commission and other acquisition costs	100,119,141	23.6%	81,025,464	100.2%	40,466,589	213.1%	12,925,559	12.4%	11,496,471	-50.5%	23,239,805	5.6%
Management expenses	(389,981,028)	21.3%	(321,553,976)	-3.3%	(332,547,935)	12.8%	(294,771,909)	3.8%	(283,862,979)	0.0%	(283,801,639)	12.7%
Investment income / (loss)	182,150,156	57.0%	116,008,967	45.9%	79,513,925	184.0%	27,995,256	-151.5%	(54,336,292)	-136.9%	147,055,769	-34.2%
Other income	65,274,944	23.6%	52,809,245	-16.9%	63,515,340	35.0%	47,039,373	65.3%	28,462,180	431.8%	5,352,382	-35.1%
Other expenses	(11,809,889)	-5.2%	(12,463,122)	12.3%	(11,102,156)	13.5%	(9,779,320)	-6.6%	(10,466,253)	21.7%	(8,598,215)	1.7%
Finance costs - Lease liabilities	(4,730,239)	-16.0%	(5,634,194)	-9.7%	(6,240,748)	2.4%	(6,095,558)	0.0%	-	-	-	-
Share of profit of associates	8,280,916	-36.2%	12,986,965	4.7%	12,408,460	79.4%	6,918,238	64.2%	4,212,621	-23.2%	5,482,214	134.8%
(Impairment) in value of investment in associates	-	-	-	-	-	-100.0%	(11,079,350)	0.0%	-	-	-	-
Profit / (loss) from Window Takaful Operations	35,043,112	88.3%	18,614,324	77.8%	10,469,119	10.7%	9,456,795	27.4%	7,422,950	-702.6%	(1,231,819)	-
Income tax expense	(181,826,566)	62.2%	(112,102,655)	12.3%	(99,814,471)	83.3%	(54,458,305)	61.6%	(33,693,272)	-64.0%	(93,587,119)	18.8%
Profit after tax	313,353,983	12.9%	277,525,758	14.4%	242,602,310	67.1%	145,196,357	103.6%	71,326,724	-49.1%	140,006,276	-24.7%

Vertical Analysis

	2022		2021		2020		2019		2018		2017	
	(Rupees)	%	(Rupees)	%	(Rupees)	%	(Rupees)	%	(Rupees)	%	(Rupees)	%
STATEMENT OF FINANCIAL POSITION												
Assets												
Property & equipment	121,843,946	2.8%	125,567,780	3.3%	121,150,269	3.6%	129,993,035	4.2%	72,325,607	2.6%	65,669,519	2.4%
Intangible assets	840,250	0.0%	-	0.0%	-	0.0%	9,741	0.0%	26,407	0.0%	472,587	0.0%
Investment in associates	67,361,755	1.6%	60,681,713	1.6%	49,959,574	1.5%	39,404,247	1.3%	45,144,162	1.6%	42,137,247	1.5%
Investments	2,175,900,143	50.8%	1,807,801,451	47.0%	1,678,815,338	49.3%	1,657,439,548	53.7%	1,359,046,751	48.0%	1,476,998,539	54.0%
Loan and other receivable	46,624,061	1.1%	42,277,283	1.1%	42,262,996	1.2%	37,416,224	1.2%	20,585,208	0.7%	238,537,198	8.7%
Insurance / reinsurance receivable	766,758,124	17.9%	541,142,145	14.1%	554,679,355	16.3%	500,355,096	16.2%	452,631,626	16.0%	426,728,740	15.6%
Reinsurance recoveries against outstanding claims	193,417,129	4.5%	123,311,654	3.2%	125,342,540	3.7%	97,581,839	3.2%	100,016,385	3.5%	74,912,821	2.7%
Salvage recoveries accrued	8,213,493	0.2%	7,985,000	0.2%	2,775,000	0.1%	4,005,000	0.1%	3,975,000	0.1%	2,426,000	0.1%
Deferred commission expense	31,438,864	0.7%	28,909,708	0.8%	25,643,610	0.8%	35,271,269	1.1%	33,060,770	1.2%	32,232,773	1.2%
Deferred taxation	21,041,768	0.5%	20,282,884	0.5%	34,941,495	1.0%	42,441,773	1.4%	53,228,969	1.9%	35,264,815	1.3%
Prepayments	250,467,869	5.8%	236,618,982	6.1%	209,416,425	6.2%	185,447,129	6.0%	179,614,482	6.3%	170,714,966	6.2%
Cash and bank deposits	426,475,752	10.0%	725,474,690	18.8%	454,365,700	13.4%	267,024,544	8.7%	440,366,476	15.6%	116,781,242	4.3%
Total assets of Window Takaful Operation's - Operator's Fund	171,977,536	4.0%	130,422,076	3.4%	103,495,918	3.0%	89,831,932	2.9%	69,721,881	2.5%	52,755,690	1.9%
Total assets	4,282,360,690	100.0%	3,850,475,366	100.0%	3,402,848,220	100.0%	3,086,221,377	100.0%	2,829,743,724	100.0%	2,735,632,137	100.0%
Equity and Liabilities												
Ordinary share capital	553,264,840	12.9%	502,968,030	13.1%	502,968,030	14.8%	502,968,030	16.3%	502,968,030	17.8%	502,968,030	18.4%
Share premium	254,024,260	5.9%	254,024,260	6.6%	254,024,260	7.5%	254,024,260	8.2%	254,024,260	9.0%	254,024,260	9.3%
Reserves	202,008,210	4.7%	225,233,575	5.8%	181,840,187	5.3%	124,545,934	4.0%	89,518,648	3.2%	81,818,834	3.0%
Unappropriated profit	1,419,710,349	33.2%	1,282,749,800	33.3%	1,110,233,075	32.6%	955,159,703	30.9%	873,893,357	30.9%	891,722,749	32.6%
Outstanding claims including IBNR	391,209,002	9.1%	294,800,833	7.7%	260,105,733	7.6%	206,337,532	6.7%	192,759,004	6.8%	165,560,979	6.1%
Unearned premium reserve	737,791,111	17.2%	641,585,269	16.7%	521,370,886	15.3%	494,320,532	16.0%	439,281,123	15.5%	383,008,819	14.0%
Unearned reinsurance commission	56,532,968	1.3%	54,234,596	1.4%	46,716,196	1.4%	40,139,097	1.3%	39,191,757	1.4%	38,529,301	1.4%
Retirement benefit obligations	18,659,835	0.4%	9,672,912	0.3%	4,519,519	0.1%	5,141,096	0.2%	5,162,059	0.2%	5,171,457	0.2%
Premiums received in advance	4,343,566	0.1%	2,982,677	0.1%	1,891,673	0.1%	1,023,802	0.0%	573,295	0.0%	804,781	0.0%
Insurance / reinsurance payables	317,525,344	7.4%	305,654,671	7.9%	234,715,482	6.9%	243,253,439	7.9%	232,154,530	8.2%	225,151,644	8.2%
Other creditors and accruals	175,701,035	4.1%	156,238,398	4.1%	152,676,442	4.5%	188,481,027	6.1%	155,776,279	5.5%	135,345,022	4.9%
Taxation - provision less payments	85,084,215	2.0%	71,686,314	1.9%	96,880,283	2.8%	42,056,608	1.4%	29,269,328	1.0%	47,993,747	1.8%
Total liabilities of Window Takaful Operation's - Operator's Fund	66,505,955	1.6%	48,644,031	1.3%	34,906,454	1.0%	28,770,317	0.9%	15,172,054	0.5%	3,532,514	0.1%
Total Equity and Liabilities	4,282,360,690	100.0%	3,850,475,366	100.0%	3,402,848,220	100.0%	3,086,221,377	100.0%	2,829,743,724	100.0%	2,735,632,137	100.0%
PROFIT AND LOSS ACCOUNT												
Net insurance premium	1,072,368,413	100.0%	897,582,289	100.0%	846,099,290	100.0%	779,722,143	100.0%	690,289,955	100.0%	593,051,035	100.0%
Net insurance claims	(561,534,977)	-52.4%	(449,747,549)	-50.1%	(360,165,103)	-42.6%	(362,676,565)	-46.5%	(288,198,657)	-41.8%	(246,956,137)	-41.6%
Net commission and other acquisition costs	100,119,141	9.3%	81,025,464	9.0%	40,466,589	4.8%	12,925,559	1.7%	11,496,471	1.7%	23,239,805	3.9%
Management expenses	(389,981,028)	-36.4%	(321,553,976)	-35.8%	(332,547,935)	-39.3%	(294,771,909)	-37.8%	(283,862,979)	-41.1%	(283,801,639)	-47.9%
Investment income / (loss)	182,150,156	17.0%	116,008,967	12.9%	79,513,925	9.4%	27,995,256	3.6%	(54,336,292)	-7.9%	147,055,769	24.8%
Other income	65,274,944	6.1%	52,809,245	5.9%	63,515,340	7.5%	47,039,373	6.0%	28,462,180	4.1%	5,352,382	0.9%
Other expenses	(11,809,889)	-1.1%	(12,463,122)	-1.4%	(11,102,156)	-1.3%	(9,779,320)	-1.3%	(10,466,253)	-1.5%	(8,598,215)	-1.4%
Finance costs - Lease liabilities	(4,730,239)	-0.4%	(5,634,194)	-0.6%	(6,240,748)	-0.7%	(6,095,558)	-0.8%	-	0.0%	-	0.0%
Share of profit of associates	8,280,916	0.8%	12,986,965	1.4%	12,408,460	1.5%	6,918,238	0.9%	4,212,621	0.6%	5,482,214	0.9%
(Impairment) in value of investment in associates	-	0.0%	-	0.0%	-	0.0%	(11,079,350)	-1.4%	-	0.0%	-	0.0%
Profit / (loss) from Window Takaful Operations	35,043,112	3.3%	18,614,324	2.1%	10,469,119	1.2%	9,456,795	1.2%	7,422,950	1.1%	(1,231,819)	-0.2%
Income tax expense	(181,826,566)	-17.0%	(112,102,655)	-12.5%	(99,814,471)	-11.8%	(54,458,305)	-7.0%	(33,693,272)	-4.9%	(93,587,119)	-15.8%
Profit after tax	313,353,983	29.2%	277,525,758	30.9%	242,602,310	28.7%	145,196,357	18.6%	71,326,724	10.3%	140,006,276	23.6%

Share Price & Volume Analysis

The Company's share prices & volume on the PSX in the year 2022.

Month	Highest --- (Rupees per Share) ---	Lowest	Average of Volume -- No of Shares --
January	19.85	18.00	90,594
February	19.55	18.06	3,778
March	23.00	20.51	9,167
April	26.90	18.80	13,200
May	18.95	17.30	1,357
June	19.40	16.62	5,750
July	17.01	16.00	500
August	21.00	17.14	1,750
September	18.00	15.51	1,600
October	17.18	16.05	4,727
November	18.93	17.00	1,667
December	16.67	16.01	1,500

Share Price Sensitivity Analysis

The Company's share price is sensitive to the following factors:

- Country's economic conditions.
- Political scenario.
- Stock market sentiments.
- Company's performance.
- Dividend announcements.
- Change in government policies and regulations relating to insurance business.
- Company's Financial Strength Rating.

Market Capitalization

Particulars	Years					
	2022	2021	2020	2019	2018	2017
Number of Shares outstanding (in million)	55.3	50.3	50.3	50.3	50.3	50.3
Market closing price of share as on December 31 (PSX) (Rs.)	16.01	19.00	22.75	20.00	23.10	27.30
Market Share Capitalisation (Rs. in million)	885	956	1,144	1,006	1,162	1,373

Chairman's Review

On behalf of the Board of Directors, it is my pleasure to present to you, the Annual Report and performance review of the Company for the year ended December 31, 2022.

Review of the Economy

The economy grew by a healthy 6% in FY22 with the outlook looking fairly bright for FY23. However, the economy was buffeted by a number of shocks around the start of the fiscal year. First, unprecedented flooding left millions of people homeless across the country. Second, the war in Ukraine resulted in a sharp increase in commodity and energy prices putting pressure on the PKR and the balance of payments. The resultant shortage in foreign currency reserves led to a curtailment of imports and a slow-down in business activity. CPI Inflation surged to 31.5% after which the State Bank of Pakistan (SBP) raised interest rates by 300 basis points to 20% in March 2023. This has had a further dampening effect on the growth rate, now projected at 2% for FY23.

The high growth rate of 6% in FY22 was driven by a 4.4% growth in agriculture, 7.2% in industry and 6.2% in the services sector. However, this growth rate is not sustainable during FY23 as there has been significant damage to crops on account of unprecedented flooding as well as a slowdown in industrial production. Large Scale Manufacturing (LSM) has contracted by 3.6% during the first five months of FY23 on account of lower demand due to an increase in prices and interest rates.

Recent fiscal measures by the Government, including an increase in GST and excise duties, reduction in subsidies and adjustments in energy prices are expected to help contain the widening fiscal deficit. The fiscal deficit for HIFY23 was Rs. 1,683 billion, an increase of 23% as compared to HIFY22. Tax collections increased by 17% in HIFY23 while current expenditure increased by 30%.

CPI inflation surged to 31.5 percent y/y, while core inflation rose to 17.1 percent in urban and 21.5 percent in rural baskets in February 2023. In response, the SBP has followed a tight monetary policy, increasing the policy rate by 100 basis points in January 2023 and a further 300 basis points in March 2023, bringing the policy rate to 20%. The Monetary Policy Committee emphasized that anchoring inflation expectations is critical and warrants a strong policy response. SBP expects that the hike in the policy rate will help anchor inflation expectations and steer inflation towards the medium-term target of 5 ~ 7 percent by end FY25.

On the external side, HIFY23 exports have fallen by 5% to USD 17,737 million. Imports have also declined by 19.9% to USD 33,393 million. The Current Account Deficit (CAD) reduced to USD 3,667 million during HIFY23 as compared to USD 9,091 million during HIFY22. Despite the reduction in the CAD, pressure on foreign exchange reserves remains strong due to debt repayments and lower financial inflows. Gross foreign exchange reserves were just under USD 10,000 million at the start of March 2023 as compared to a little under USD 23,000 million as at the start of March 2022.

Company Performance Highlights

2022 has been another good year for Century Insurance Company Limited. All insurance classes of business showed growth and there was an increase in underwriting income. Investment & Other Income also increased as compared to last year on account of a prudent balance between equity and fixed income investments

The comparative financial highlights for the years 2022 and 2021 are presented as follows:

Rs. In Millions (except as otherwise stated)

Description	2022	2021	Increase / (Decrease)	
			Amount	%
Gross Written Premium (including Takaful Contribution)	2,061	1,747	314	18
Net Premium	1,072	898	174	19
Underwriting results	221	207	14	7
Investment & other income	256	182	74	41
Profit from Window Takaful Operations	35	19	16	84
Profit before tax	495	390	105	27
Profit after tax	313	278	35	13
Earnings per share (Rs.) - restated	5.66	5.02	0.64	13
Total assets	4,282	3,850	432	11
Paid-up capital	553	503	50	10
Total equity	2,429	2,265	164	7

During the year under review, gross premium (including Takaful Contribution) increased by 18 percent from Rs. 1,746.6 million in 2021 to Rs. 2,060.7 million in 2022. Net premium increased by 19 percent from Rs. 897.6 million last year to Rs. 1,072.4 million in 2022 whereas net claims increased by 25 percent from Rs. 449.7 million last year to Rs. 561.5 million in 2022. The Underwriting result increased by 7 percent from Rs. 207.3 million in 2021 to Rs. 221.0 million in 2022.

Window Takaful Operations

The overall Takaful performance was satisfactory.

Participant Takaful Fund (PTF)

The Gross Written Contribution for FY2022 was Rs. 213.5 million as compared to Rs. 145.3 million last year. Net contribution revenue was Rs. 45.0 million as compared to Rs. 37.0 million last year and surplus for FY2022 was Rs. 8.6 million as compared to Rs. 8.5 million in the previous year.

Operator's Fund (OPF)

Gross Wakala Fee for FY2022 was Rs. 80.5 million whereas Net Wakala Fee was Rs. 69.8 million. Profit before tax was Rs. 35.0 million.

Segments at a Glance

All classes of business produced satisfactory results as given below:

Fire & Property Damage

Fire & Property Damage class of business accounted for 25 percent of the total premium

portfolio. Gross premium underwritten (including Takaful contribution) during the year was Rs. 517.7 million as compared to Rs. 470.1 million in 2021, an increase of 10 percent. Net premium stood at Rs. 28.4 million as against Rs. 37.5 million in 2021, decreasing by 24 percent. Net claim to net premium ratio for the year under review was 53 percent.

Marine, Aviation and Transport

Marine, Aviation & Transport class of business accounted for 23 percent of the total premium portfolio. Gross premium underwritten (including Takaful contribution) during the year was Rs. 466.8 million as compared to Rs. 369.1 million in 2021, an increase of 26 percent. Net premium stood at Rs. 252.6 million as against Rs. 196.5 million in 2021, an increase of 29 percent. The net claim to net premium ratio for the year under review was 15 percent.

Motor

Motor class of business accounted for 26 percent of the total premium portfolio. Gross premium underwritten (including Takaful contribution) during the year was Rs. 525.6 million as compared to Rs. 478.8 million in 2021, an increase of 10 percent. Net premium stood at Rs. 380.4 million as against Rs. 346.5 million in 2021, an increase of 10 percent. The net claim to net premium ratio for the year under review was 45 percent.

Accident and Health

Accident and Health class of business accounted for 22 percent of the total premium portfolio.

Gross premium underwritten (including Takaful contribution) during the year was Rs. 447.4 million as compared to Rs. 353.8 million in 2021, an increase of 26 percent. Net premium stood at Rs. 389.3 million as against Rs. 301.3 million in 2021, an increase of 29 percent. The net claim to net premium ratio for the year under review was 84 percent.

Miscellaneous

Miscellaneous class of business accounted for 5 percent of the total premium portfolio. Gross premium underwritten (including Takaful contribution) during the year was Rs. 103.2 million as compared to Rs. 74.8 million in 2021, an increase of 38 percent. Net premium stood at Rs. 21.7 million as against Rs. 15.8 million in 2021, an increase of 37 percent. The net claim to net premium ratio for the year under review was 37 percent.

Investment & Other Income

The overall Investment and Other Income for the year under review was Rs. 255.7 million as against Rs. 181.8 million in 2021, an increase of 41 percent.

The realized gain from sale of shares, mutual funds and debt securities was Rs. 53.3 million, dividend income from shares was Rs. 30.3 million and returns earned on government & fixed income securities was Rs. 109.5 million. Other income, including interest on bank deposits was Rs. 61.0 million.

Management's policy is to make diversified and secure investments while ensuring safety and a sound balance between risk and return.

Claim Settlement

Prompt settlement of claims and customer satisfaction is the company's highest priority as it helps build the trust of its valued clients and earns their goodwill.

Board Performance Evaluation

For the Financial year ended December 31, 2022, the Board's overall performance and effectiveness has been assessed as satisfactory. Improvements are an ongoing process leading to action plans. The overall assessment is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitoring financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's responsibility.

Note: To read urdu translation of the above Chairman's review please refer pages 35 to 32

Reinsurance

The company has strong reinsurance arrangements with some of the best and most highly rated reinsurers in the international market who have full faith and confidence in its underwriting practices. We are thankful to all our reinsurers for their unwavering support and continue cooperation.

Insurer Financial Strength Rating (IFSR)

VIS Credit Rating Company Limited has reaffirmed the Insurer Financial Strength rating the company at 'AA' with Stable outlook. The IFSR rating denotes very strong capacity to meet policy holders and contract obligations.

Human Resource Initiatives

The management is of the firm belief that complete alignment of the human resource strategy with overall corporate goals is vital for the success and growth of any organization. In today's competitive environment, we realize that it is important to place emphasis on recruiting new talent while retaining and developing existing staff and implementing effective performance reviews. During the year under review, your company has been successful in hiring quality professionals particularly in the area of business development. Our continued focus on creating a meritocratic work environment with equal opportunity for all and a clear career path help in maintaining a pool of knowledgeable, experienced and motivated employees who remain our most valuable asset.

Acknowledgments

On behalf of the directors of the company, we wish to place on record our appreciation of the efforts of all the employees of the company in enabling its growth and success. We are also grateful to our clients for their patronage, to the Securities & Exchange Commission of Pakistan (SECP) for its guidance as regulator of the insurance industry and to our reinsurers and shareholders for their trust and confidence in the company.



Iqbal Ali Lakhani

Chairman

Karachi: March 17, 2023

افرادى وسائل كے منصوبے

اعتراف

میں ادارے کی ترقی اور کامیابی کو ممکن بنانے کے لیے تمام ملازمین کی کوششوں پر انہیں کمپنی ڈائریکٹرز کی جانب سے سراہنا چاہتا ہوں۔ ہم اپنے شانہ بشانہ رہنے پر تمام کلائنٹس، انشورنس انڈسٹری میں ریگولیٹر کی حیثیت سے رہنمائی کرنے پر سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور کمپنی پر بھروسہ و اعتماد کرنے پر اپنے شیئر ہولڈرز کے بھی شکر گزار ہیں۔

ادارے کی انتظامیہ یقیناً کامل رکھتی ہے کہ کسی بھی ادارے کے مجموعی اہداف کے کامیابی سے حصول کے لیے افرادی وسائل کی حکمت عملی سے مکمل ہم آہنگی ضروری ہے۔ آج کے مسابقتی ماحول میں ہم سمجھتے ہیں کہ موجودہ عملے کو برقرار رکھنا اور ترقی و کارکردگی کے موثر جائزے پیش کرنا اہم ہے۔ مذکورہ سال میں آپ کے ادارے نے بالخصوص بزنس ڈیولپمنٹ کے شعبے میں معیاری ماہرین کو کامیابی سے حاصل کیا۔ ہماری مسلسل توجہ اہلیت پر مبنی کام کا ماحول تخلیق کرنے پر مرکوز ہے کہ جہاں سب کے لیے یکساں مواقع ہوں اور زیرک، تجربہ کار اور ماہر ملازمین کے مجموعے کو برقرار رکھنے کے لیے کیریئر کا واضح راستہ ہو کیونکہ وہ ہمارا سب سے قابل قدر اثاثہ ہیں۔



اقبال علی لاکھانی
چیئر مین

کراچی: 17 مارچ 2023ء

شعبہ جات پر ایک نظر

کاروبار کے تمام شعبوں نے بہترین کارکردگی پیش کی جو کہ مندرجہ ذیل ہے۔

آتش زنی اور املاک کو نقصان / فائر اور پراپرٹی

آتش زنی اور املاک کے نقصان کا شعبہ کل پریمیئم پورٹ فولیو کا 25 فیصد رہا۔ سال بھر میں کل بیمہ پریمیئم (بشمول تکافل حصہ) 2021ء کے 470.1 ملین روپے کے مقابلے میں 517.7 ملین روپے رہا، جو کہ 10 فیصد اضافہ ہے۔ خالص پریمیئم 2021ء کے 37.5 ملین روپے کے مقابلے میں 24 فیصد کمی کے ساتھ 28.4 ملین روپے رہا۔ جائزے کے سال کے لیے خالص پریمیئم پر خالص کلیم کا تناسب 53 فیصد تھا۔

بحری، ہوا بازی اور نقل و حمل

بحری، ہوا بازی اور نقل و حمل کاروباری شعبے کے کل پریمیئم پورٹ فولیو 23 فیصد حصہ رہا۔ کل بیمہ پریمیئم (بشمول تکافل حصہ) 2021ء کے 369.1 ملین روپے کے مقابلے میں سال بھر میں 466.8 ملین روپے رہا، جو 26 فیصد اضافہ ہے۔ خالص پریمیئم 2021ء کے 196.5 ملین روپے کے مقابلے میں 252.6 ملین روپے رہا جو 29 فیصد اضافہ ہے۔ جائزے کے سال کے لیے خالص پریمیئم پر خالص کلیم کا تناسب 15 فیصد تھا۔

موٹر

موٹر کاروبار کا شعبہ کل پریمیئم پورٹ فولیو کا 26 فیصد ہے۔ کل بیمہ پریمیئم (بشمول تکافل حصہ) 2021ء کے 478.8 ملین روپے کے مقابلے میں سال بھر میں 525.6 ملین روپے رہا، جو 10 فیصد اضافہ ہے۔ خالص پریمیئم 10 فیصد اضافہ کے ساتھ 2021ء کے 346.5 ملین روپے کے مقابلے میں 380.4 ملین روپے رہا۔ جائزے کے سال میں خالص پریمیئم پر خالص کلیم کا تناسب 45 فیصد تھا۔

حادثات اور صحت

کاروبار کا حادثات و صحت شعبہ کل پریمیئم پورٹ فولیو کے 22 فیصد پر مشتمل ہے۔ کل بیمہ پریمیئم (بشمول تکافل حصہ) سال بھر میں 447.4 ملین روپے رہا جو 2021ء میں 353.8 ملین روپے تھا یعنی 26 فیصد اضافہ ہوا۔ خالص پریمیئم 2021ء کے 301.3 ملین روپے کے مقابلے میں 389.3 ملین روپے رہا یعنی 29 فیصد اضافہ ہے۔ جائزے کے سال میں خالص پریمیئم پر خالص کلیم کا تناسب 84 فیصد تھا۔

متفرق

کاروبار کا متفرق حصہ کل پریمیئم پورٹ فولیو کے 5 فیصد پر مشتمل ہے۔ سال بھر میں کل بیمہ پریمیئم (بشمول تکافل حصہ) 2021ء میں 74.8 ملین روپے کے مقابلے میں 38 فیصد اضافہ کے ساتھ 103.2 ملین روپے تھا۔ خالص پریمیئم 37 فیصد اضافہ کے ساتھ 2021ء کے 15.8 ملین روپے کے مقابلے میں 21.7 ملین روپے رہا۔ جائزے کے سال کے لیے خالص پریمیئم پر خالص کلیم کا تناسب 37 فیصد تھا۔

سرمایہ کاری و دیگر آمدنی

زیر جائزہ سال کے لئے مجموعی طور پر سرمایہ کاری اور دیگر آمدنی میں 255.7 ملین روپے کا منافع ہوا، جو کہ 2021ء میں 181.8 ملین روپے کے مقابلے میں 41 فیصد اضافہ ہے۔

حصص اور میمورنڈم فنڈز کی فروخت سے نفع 53.3 ملین روپے تھا، حصص سے ڈیویڈنڈ آمدنی 30.3 ملین روپے تھی اور سرکاری و طے شدہ انکم سکیورٹیز پر حاصل کردہ آمدنی 109.5 ملین روپے تھی۔ دیگر آمدنیاں، بشمول بینک ڈپازٹس پر سود، 61.0 ملین روپے رہیں۔

انتظامیہ کی پالیسی ہے کہ خطرات اور منافع جات میں محفوظ اور مستحکم توازن یقینی بناتے ہوئے متنوع اور محفوظ انویسٹمنٹس کی جائیں۔

کلیم ادائیگی

کلیمز کی فوری ادائیگی اور صارف کا اطمینان ادارے کی اولین ترجیح ہے کیونکہ یہ صارفین کا اعتماد اور ان کی خوشنودی حاصل کرنے میں مدد دیتا ہے۔

بورڈ کارکردگی کا جائزہ

مالی سال برائے 31 دسمبر 2022ء کے لیے بورڈ کی مجموعی کارکردگی اور افادیت اطمینان بخش قرار پائی ہے۔ بہتری ایک مستقل جاری رہنے والا عمل ہے جس کی مدد سے عملی منصوبہ بندیوں کو ممکن بنایا جاتا ہے۔ مجموعی جائزہ ضروری اجراء کے انفرادی جائزے پر منحصر ہے جن میں دور اندیشی، نصب العین اور اقدار، حکمت عملی کے بنانے میں کردار، پالیسیز کی تشکیل، کمپنی میں جاری کاروباری سرگرمیوں کی نگرانی، مالیاتی وسائل کے انتظام کی، موثر ٹیلی گرانے، بورڈ کے کاروبار کو پورا کرنے میں ملازمین کے ساتھ منصفانہ سلوک اور بورڈ کی ذمہ داریوں کو کرنا شامل ہے۔

ری انشورنس

کمپنی چند بہترین اور بین الاقوامی مارکیٹ میں عمدہ ساکھ رکھنے والے ری انشوررز کے ساتھ مضبوط ری انشورنس انتظامات رکھتی ہے۔ جنکا بیمہ کاری کے عمل پر مکمل یقین اور اعتماد ہے۔ ہم مستقل مدد اور مسلسل تعاون پر تمام ری انشوررز کے شکر گزار ہیں۔

انشورر فائنانشل اسٹریٹجی ریٹنگ (IFSR)

VIS کریڈٹ ریٹنگ کمپنی لیٹڈ نے مستحکم آؤٹ لک کے ساتھ کمپنی کی درجہ بندی کو مالیاتی بنیاد پر "AA" پر دوبارہ تصدیق کی ہے۔ IFS کی درجہ بندی پالیسی ہولڈرز اور معاہدہ کی ذمہ داریوں کو پورا کرنے کی بہت مضبوط صلاحیتوں کی نشاندہی کرتی ہے۔ گنجائش کو ظاہر کرتا ہے۔

2022ء اور 2021ء کے سالوں کے لیے مسابقتی مالیاتی جھلکیاں مندرجہ ذیل ہیں۔

(روپے ملین میں علاوہ دیگر بیانیہ)

بیان	2022ء	2021ء	رقم اضافہ/(کمی) فیصد
تحریر شدہ مجموعی پریمیئم (بشمول تکافل حصہ)	2,061	1,747	314
خالص پریمیئم	1,072	898	174
انڈر رائٹنگ نتائج	221	207	14
سرمایہ کاری و دیگر آمدنی	256	182	74
ونڈو تکافل آپریشن سے منافع	35	19	16
منافع قبل از ٹیکس	495	390	105
منافع بعد از ٹیکس	313	278	35
آمدنی فی حصص (روپے) - تصحیح شدہ	5.66	5.02	0.64
کل اثاثہ جات	4,282	3,850	432
ادا شدہ سرمایہ	553	503	50
کل ایکویٹی	2,429	2,265	164

جائزے کے سال میں مجموعی پریمیئم (بشمول تکافل حصہ) 2021ء میں 1,746.6 ملین روپے سے بڑھ کر 2,060.7 ملین روپے ہوا، جو 18 فیصد اضافہ ہے۔ خالص پریمیئم گزشتہ سال میں 897.6 ملین روپے کے مقابلے میں 19 فیصد اضافے کے ساتھ 2022ء میں 1,072.4 ملین روپے ہو گیا۔ جبکہ خالص کلیمز 2021ء میں 449.7 ملین روپے کے مقابلے میں 561.5 ملین روپے کا اضافہ ہوا، جو کہ 25 فیصد ہے۔ انڈر رائٹنگ نتیجہ 7 فیصد بہتری کے ساتھ 2021ء کے 207.3 ملین روپے کے مقابلے میں سال 2022ء کے اختتام پر 221.0 ملین روپے تک پہنچا۔

ونڈو تکافل آپریشن

مجموعی تکافل کارکردگی کافی اطمینان بخش تھی۔

پارٹیسپنٹ تکافل فنڈ (PTF)

مالی سال 2022ء کے لیے مجموعی تحریر شدہ حصہ داری گزشتہ سال میں 145.3 ملین روپے کے مقابلے میں 213.5 ملین روپے تھی۔ خالص حصہ داری آمدنی گزشتہ سال 37.0 ملین روپے کے مقابلے میں 45.0 ملین روپے تھی اور مالی سال 2022ء کے لیے گزشتہ سال میں سرپلس 8.5 ملین کے مقابلے میں 8.6 ملین روپے تھا۔

آپریٹرز فنڈ (OPF)

مالی سال 2022ء کے لیے کل وکالہ فیس 80.5 ملین روپے اور خالص وکالہ فیس 69.8 ملین روپے تھی۔ منافع قبل از ٹیکس 35.0 ملین روپے تھا۔

چیسر مین کا جائزہ

31 دسمبر 2022ء کو ختم ہونے والے سال کے لیے بورڈ آف ڈائریکٹرز کی جانب سے سالانہ رپورٹ اور ادارے کی کارکردگی کا جائزہ پیش کرنا میرے لیے خوشی کا باعث ہے۔

معیشت کا جائزہ

فروری 2023ء میں سال بہ سال سی پی آئی افراط زر بڑھ کر 31.5 فیصد سالانہ تک پہنچ گیا جبکہ بنیادی افراط زر شہری علاقوں میں 17.1 فیصد اور دیہی علاقوں میں 21.5 فیصد تک پہنچ گیا۔ جس کے نتیجے میں اسٹیٹ بینک نے سخت مالیاتی پالیسی پر عمل کرتے ہوئے جنوری 2023ء میں پالیسی ریٹ میں 100 بیسیس پوائنٹس اور مارچ 2023ء میں مزید 300 بیسیس پوائنٹس کا اضافہ کر دیا، یوں پالیسی ریٹ 20 فیصد تک پہنچ گیا۔ مانیٹری پالیسی کمیٹی نے اس بات پر زور دیا کہ افراط زر کی توقعات کو برقرار رکھنا بہت ضروری ہے اور ایک مضبوط پالیسی رد عمل کا تقاضا کرتا ہے۔ اسٹیٹ بینک امید کرتا ہے کہ پالیسی ریٹ میں اضافے سے افراط زر کی توقعات پوری کرنے میں مدد ملے گی اور مالی سال 2025ء کے اختتام تک افراط زر کو 5 سے 7 فیصد کے درمیانی مدت کے ہدف تک لانے میں مدد ملے گی۔

بیرونی سطح پر دیکھیں تو مالی سال 2023ء کی پہلی ششماہی میں برآمدات 5 فیصد کم ہو کر 17,737 ملین ڈالر رہ گئیں۔ درآمدات بھی 19.9 فیصد کم ہو کر 33,393 ملین ڈالر ہوئیں۔ رواں مالی سال کی پہلی ششماہی کے دوران (CAD) کرنٹ اکاؤنٹ خسارہ کم ہو کر 3,667 ملین ڈالر ہوا جو مالی سال 2022ء کی پہلی ششماہی کے دوران 9,091 ملین ڈالر تھا۔ سی اے ڈی (CAD) میں کمی کے باوجود قرضوں کی ادائیگی اور بیرون ملک سے سرمایہ آنے میں کمی کی وجہ سے زرمبادلہ کے ذخائر پر دباؤ بدستور سخت رہا۔ مارچ 2023ء کے آغاز پر مجموعی زرمبادلہ کے ذخائر صرف 10,000 ملین ڈالر سے بھی کم تھے جبکہ مارچ 2022ء کے آغاز میں یہ 23,000 ملین ڈالر سے کچھ کم تھے۔

ادارے کی کارکردگی کی جھلکیاں

2022ء سچری انشورنس کمپنی لمیٹڈ کے لیے ایک اور اچھا سال رہا۔ کاروبار کے تمام انشورنس شعبوں نے نمو اور مجموعی طور پر منافع ظاہر کیا۔ گذشتہ سال کے مقابل ہمیں سرمایہ کاری اور دیگر آمدنی میں اضافہ ہوا ہے، جسکی وجہ پورٹ فولیو میں لیکویڈٹی اور فکسڈ انکم میں محتاط سرمایہ کاری ہے۔

مالی سال 2022ء میں معیشت میں صحت مند 6 فیصد اضافہ ہوا اور مالی سال 2023ء کے لیے آؤٹ لک کافی روشن نظر آ رہا تھا۔ تاہم، مالی سال کے ابتدائی میں معیشت کو کئی جھٹکے لگے۔ سب سے پہلے، غیر معمولی سیلاب نے ملک بھر میں لاکھوں افراد کو بے گھر کر دیا۔ دوسرا، یوکرین جنگ کے نتیجے میں اجناس اور توانائی کی قیمتوں میں زبردست اضافہ ہوا جس سے پاکستانی روپیہ اور ادائیگیوں کا توازن دباؤ کا شکار رہا۔ غیر ملکی کرنسی کے ذخائر میں کمی کے نتیجے میں درآمدات میں کمی اور کاروباری سرگرمیوں میں کمی آئی۔ CPI افراط زر 31.5 فیصد تک بڑھ گیا جس کے بعد اسٹیٹ بینک آف پاکستان (SBP) نے مارچ 2023ء میں شرح سود میں 300 بیسیس پوائنٹس بڑھا کر 20 فیصد کر دیا۔ اس سے شرح نمو پر مزید گہرا اثر پڑا ہے، جو اب مالی سال 2023ء کے لیے 2 فیصد پر متوقع ہے۔

مالی سال 2022ء میں 6 فیصد کی بلند شرح نمو کا سبب زراعت میں 4.4 فیصد، صنعت میں 7.2 فیصد اور خدمات کے شعبے میں 6.2 فیصد اضافہ ہوا۔ تاہم، یہ شرح نمو مالی سال 2023ء کے دوران پائیدار نہیں ہے کیونکہ غیر معمولی سیلاب اور صنعتی پیداوار میں سست روی کی وجہ سے فصلوں کو نمایاں نقصان پہنچا ہے۔ قیمتوں اور شرح سود میں اضافے کی وجہ سے طلب میں کمی کی وجہ سے مالی سال 2023ء کے پہلے پانچ مہینوں کے دوران بڑے پیمانے پر مینوفیکچرنگ (LSM) میں 3.6 فیصد کمی واضح ہوئی ہے۔

حکومت کے حالیہ مالیاتی اقدامات بشمول جی ایس ٹی اور ایکسائز ڈیوٹی میں اضافہ، سبسڈی میں کمی اور توانائی کی قیمتوں میں ایڈجسٹمنٹ سے بڑھتے ہوئے مالیاتی خسارے کو روکنے میں مدد ملے گی۔ 2023ء کی پہلی ششماہی کے لیے مالیاتی خسارہ 1,683 بلین روپے تھا۔ جو کہ 2022ء کی پہلی ششماہی کے مقابلے میں 23 فیصد کا اضافہ ہے۔ مالی سال 2023ء کی پہلی ششماہی میں ٹیکس وصولیوں میں 17 فیصد اضافہ ہوا جبکہ جاریہ اخراجات میں 30 فیصد

Directors' Report

The directors of Century Insurance Company Limited (the Company) take pleasure in presenting their report together with the annual audited financial statements and auditors' report thereon for the year ended December 31, 2022.

Appropriation of Profit

Profits for the year ended December 31, 2022 has been appropriated as follows:

	(Rupees)
Balance brought forward from previous years	1,119,285,070
Total comprehensive income for year	<u>300,425,279</u>
Amount available for appropriations	1,419,710,349
Appropriations:	
Proposed final cash dividend @ 25% i.e. Rs. 2.50 per share (2021: @ 22.5% i.e. Rs. 2.25 per share)	<u>138,316,210</u>
Un-appropriated amount carried forward	<u>1,281,394,139</u>

Earnings per Share

Your Company has earned a profit after tax of Rs. 313.4 million which translates into earnings per share of Rs. 5.66 as compared to Rs. 5.02 (restated) for the previous year.

Paid-up Capital

Your Company has a strong financial base with a paid-up capital of Rs. 553.3 million. Factoring in retained earnings and reserves, the total equity as at December 31, 2022 stood at Rs. 2,429.0 million. The larger equity base will enhance the financial strength and underwriting capabilities of the Company.

Auditors

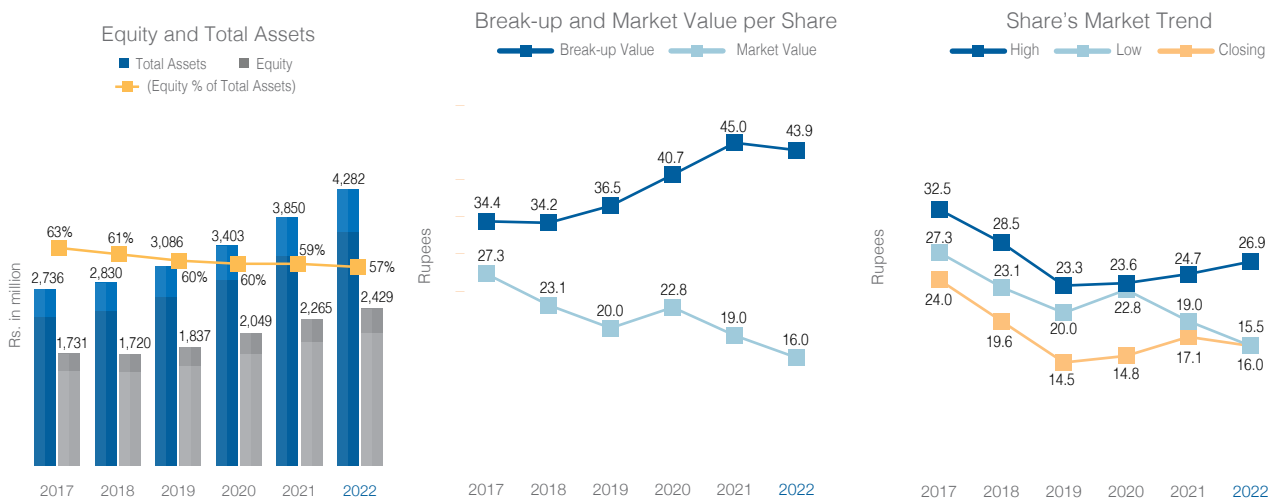
M/s EY Ford Rhodes, Chartered Accountants will retire at the conclusion of Annual General Meeting. The Board of Directors, upon recommendation of the Audit Committee, has recommended M/s BDO Ebrahim & Co, Chartered Accountants as the statutory auditors of the Company for the year ending December 31, 2023, subject to the approval of the Shareholders at the forthcoming Annual General Meeting of the Company.

The audit firm has confirmed that it has been awarded a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the guidelines of the International Federation of Accountants (IFAC) on the code of ethics, as adopted by the ICAP.

Corporate Social Responsibility

Your Company believes in regulating its own behavior to ensure that it stays at all times within both the letter and spirit of the law and adheres to the highest ethical standards and norms within the insurance industry. Moreover, your company strives to make an actual social contribution whenever possible by supporting institutions working for the betterment of underprivileged sections of society in the areas of health, education and culture.

Your Company is also active in promoting insurance awareness and understanding in the country by participating in activities and projects undertaken by the Insurance Association of Pakistan.



Internal Financial Controls

The directors are aware of their responsibility with respect to internal financial controls. Through discussions with the management and auditors (both internal and external), they confirm that adequate controls have been implemented by the Company.

Contribution to National Exchequer

Your Company has contributed an amount of Rs. 435.47 million to the Government Treasury on account of taxes, levies and federal excise duty.

Principle Risks and Uncertainties

The Company is exposed to certain risks and uncertainties. However, we consider the following as key areas of consideration:

- Political and economic uncertainties
- New channels of distribution
- Not keeping pace with advancement in information technology
- Underwriting and credit risk
- Equity market and interest rate risk
- Cybersecurity risk
- Liquidity and cash flow risk

The Company works with internal and external entities to address the above.

Compliance with the Code of Corporate Governance

The Statement of Compliance with the Code of Corporate Governance is annexed with the report.

Composition of the Board

The board consists of 6 male directors and 1 female director with following composition:

Independent Directors	2
Non-executive Directors	4
Executive Director	1
Total number of Directors	7

Remuneration Policy of Directors

In order to comply with Companies Act 2017, Listed Companies (Code of Corporate Governance) Regulation 2019 and Article of Association of the

Company, the company has policy with respect to the remuneration of Chief Executive, Non-executive, Executive and independent Directors.

The fees payable to the non-executive and independent directors for attending the Board and Committee meetings of the Company are determined by the Board from time to time.

The detail of the remuneration paid to the directors and Chief Executive of the company is as follows:

Directors	Meeting Fees	Managerial Remuneration	Bonus	Medical Expense	Total
Mr. Mohammad Hussain Hirji (Chief Executive Officer)	-	18.85	3.05	1.30	23.20
Mr. Sadrudin Ismail Mohamed	0.38	-	-	-	0.38
Mr. Akbar Dawood Vazir	0.18	-	-	-	0.18

Board of Directors' Meetings

Four board meetings were held during the year. The number of meetings attended by each director is given hereunder:

Name of Directors	No. of Meetings Attended
Mr. Iqbal Ali Lakhani (Chairman)	4
Mr. Amin Mohammed Lakhani	4
Ms. Anushka Lakhani	2
Mr. Sadrudin Ismail Mohamed	4
Mr. Akbar Dawood Vazir	4
Mr. Aftab Ahmad	4
Mr. Mohammad Hussain Hirji (Chief Executive)	4

Chief Executive Officer (CEO) Performance Review

The Ethics, Human Resource & Remuneration Committee of the Board sets operational, financial and strategic objectives to evaluate the performance of the Chief Executive Officer of the Company and to review and monitor it on an annual basis.

Board Committees

During the year, four (04) meetings each of the Board Audit Committee and Investment Committee were held and one (01) meeting was held of Ethics,

Human Resource & Remuneration Committee. The names of the members of the board committees and their terms of reference are given in the annexure to this report. The Chairman of the board Audit Committee and Ethics, Human Resource & Remuneration Committee is an independent director.

Management Committees

The Company has three management committees, which cover the core areas of business. The Committees' names, number of meetings, names of members and terms of references are given in the annexure to this report.

Code of Conduct

The Board has adopted a code of conduct for all employees, who have in turn been informed of this code. All employees understand that they are required to observe these rules of conduct at all times.

Statement of Directors' Responsibilities

The Directors are pleased to state that the Company is compliant with the financial reporting framework of the Code of Corporate Governance as required by the Securities & Exchange Commission of Pakistan (SECP).

Following are the statements on Corporate and Financial Reporting Framework:

- The financial statements together with the notes thereon have been drawn up by the management in conformity with the Insurance Ordinance, 2000 and Companies Act, 2017. These Statements present fairly the Company's state of affairs, the results of its operations, cash flow and changes in equity.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements except those as disclosed in the financial statements, if applicable. Accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards, International Financial Reporting Standards and any other regulation or law as applicable in Pakistan, have been followed in the preparation of these financial statements.
- The system of internal control is sound in design. The system is being continuously monitored by an internal audit function and through other such monitoring procedures. The process of monitoring internal controls will continue as an ongoing

process with the objective to further strengthen the controls and bring in improvements in the system.

- There are no doubts upon the Company's ability to continue as a going concern.
- There has been no departure from the best practices of corporate governance.
- The key operating and financial data for the last six years is annexed.
- Information about taxes and levies is given in the notes to and forming part of financial statements.
- The majority of Directors has either completed the Director's Certification from authorized institutions or has the prescribed qualification and experience pursuant to Regulation 19 of the CCG.
- The value of investments in respect of retirement benefit funds based on their respective accounts as on December 31, 2022 is as follows:

Provident Fund: Rs. 71.777 million

Gratuity Fund: Rs. 60.101 million

Pattern of Shareholding

A statement showing pattern of shareholding of the Company and additional information as at December 31, 2022 is annexed with the report.

The Board has determined the threshold under clause xvi (i) of CCG-2012 in respect of trading of Company's shares by executives and employees at an annual basic salary of Rs. 2 million or above.

There have been no transactions carried out by the Directors, Chief Executive, Chief Financial Officer, Company Secretary and/or their spouses and minor children in the shares of the Company during the year.

Subsequent Events

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year and the date of this report.

Future Outlook

We are optimistic about the future outlook of Century Insurance Company Limited, though the country is going through challenging times. We aim to grow in terms of premium income and also in terms of market share. We will look to develop a full range of insurance products to cater to the commercial and retail segments and also develop micro-insurance and digital/internet based products.

Your company will continue to grow and train its field force, especially with respect to serving the corporate sector. Moreover, it will focus on developing new channels of digital distribution so as to effectively penetrate the retail and micro-insurance markets. It will also explore coordinating with banks and other entities to develop new and cost-effective distribution channels.



Mr. Iqbal Ali Lakhani
Chairman

Karachi: March 17, 2023

With the recent rise in interest rates to record levels, fixed income investments provide an attractive risk-free return. Your Company will seek to take advantage of fixed income investment opportunities while also maintaining a balanced, blue chip equity portfolio.



Mr. Mohammad Hussain Hirji
Director & Chief Executive

Note: To read urdu translation of the above Directors' Report please refer pages 43 to 40

شیئر ہولڈنگ کا نمونہ

مستقبل کا منظر نامہ

آپ کا ادارہ سچری انشورنس کمپنی لمیٹڈ کے مستقبل کے منظر نامے کے بارے میں پُر امید ہے۔ ہمارا ہدف پُر یکم آمدنی کے علاوہ پارکیٹ شیئر کے اعتبار سے بھی آگے بڑھنا ہے۔ ہماری نظریں کمرشل اور ریمیل شعبوں کی ضروریات پوری کرنے کے لیے انشورنس مصنوعات کی مکمل رینج تیار کرنے پر ہوں گی اور معاشرے کے کم آمدنی والے طبقات کے لیے مائیکرو-انشورنس مصنوعات بھی تیار کریں گے۔

آپ کا ادارہ اپنی فیلڈ فورس کی تربیت اور صلاحیتوں میں اضافہ جاری رکھے گا، بالخصوص کارپوریٹ شعبے کی خدمات کے حوالے سے۔ مزید برآں، ہماری توجہ ڈیجیٹل تقسیم کے نئے چینل تیار کرنے پر ہوگی تاکہ ریمیل اور مائیکرو انشورنس مارکیٹوں میں مؤثر انداز میں داخل ہو سکیں۔ ہم نئے اور مؤثر تقسیم کاری چینلوں کی تیاری کے لیے بینکوں اور دیگر اداروں کے ساتھ مل کر بھی امکانات تلاش کریں گے۔

آپ کا ادارہ ایجوکیشنل مارکیٹوں کی نگرانی بھی کرے گا تاکہ پرکشش مارکیٹ منافع کا فائدہ اٹھا سکیں لیکن پورٹ فولیو کیساتھ کام اور تنوع کو برقرار رکھنے کے لئے تحقیق پر زور دینگے۔

Mohammad Hussain Virji

جناب محمد حسین ہیرجی
ڈائریکٹر و چیف ایگزیکٹو

جناب اقبال علی لاکھانی
چیئر مین

کراچی: 17 مارچ 2023ء

31 دسمبر 2022ء کے مطابق شیئر ہولڈنگ کے نمونے اور اضافی معلومات کی نشاندہی کرنے والا ایک گوشوارہ رپورٹ کے ساتھ منسلک ہے۔

بورڈ نے (2012-CCG کی شق (I) xvi کے تحت ایسے ایگزیکٹو اور ملازمین پر جو سالانہ (02) دو ملین روپے یا اس سے زیادہ بنیادی تنخواہ وصول کر رہے ہیں، ادارے کے شیئرز کی خرید و فروخت کی حد مقرر کر رکھی ہے۔

ڈائریکٹرز، چیف ایگزیکٹو، CFO، کمپنی سیکریٹری اور/یا ان کے شریک حیات اور چھوٹے بچوں کی جانب سے اس سال کے دوران ادارے کے تھخص کی صورت میں کوئی لین دین نہیں کیا گیا۔

بعد ازاں رونما ہوئے واقعات

مالیاتی سال کے اختتام اور اس رپورٹ کی تاریخ کے دوران کوئی ایسی اہم تبدیلیاں اور معاہدات نہیں ہوئے جو ادارے کی مالیاتی حالت پر اثر انداز ہو سکیں۔

کارپوریٹ اور مالیاتی رپورٹنگ ڈھانچے پر بیانات مندرجہ ذیل ہیں:

مالیاتی گوشوارے اور ان پر موجود انتظامیہ کے حاشیے انشورنس آرڈیننس 2000ء اور کمپنیز ایکٹ 2017ء کے مطابق ہیں۔ یہ گوشوارے ادارے کے امور کی کیفیت، سرگرمیوں کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔

ادارہ اپنے اکاؤنٹس کھاتے مناسب انداز میں برقرار رکھتا ہے۔

ادارے نے مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی موزوں پالیسیوں کی پیروی کی سوائے ان کے جن کا مالیاتی گوشواروں میں اظہار ہے اگر قابل اطلاق ہو۔ اور اس کے اکاؤنٹنگ اندازے معقول اور محتاط اندازوں پر مبنی ہیں۔

ان مالیاتی گوشواروں کی تیاری میں پاکستان میں لاگو بین الاقوامی اکاؤنٹنگ، بین الاقوامی رپورٹنگ کے معیارات اور دیگر ریگولیشن / قانون کی پیروی کی گئی ہے۔

انٹرنل کنٹرول کا نظام اپنی ساخت میں مستحکم ہے۔ انٹرنل آڈٹ عمل اور نگرانی کے دیگر طریق ہائے کار کے ذریعے اس نظام کی مستقل نگرانی کی جاتی ہے۔ انٹرنل کنٹرولز کی نگرانی کا عمل ایک مسلسل عمل کے طور پر جاری رہے گا کہ جس کا مقصد کنٹرولز کو مزید مستحکم کرنا اور نظام میں بہتریاں لانا ہے۔

ادارے کو رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔

لسٹنگ کے ضوابط میں تفصیل سے موجود کارپوریٹ گورننس کی بہترین روایات سے کوئی پہلو تپتی نہیں کی گئی۔

گزشتہ چھ سال کا اہم کاروباری و مالیاتی ڈیٹامنسک ہے۔

ٹیکس اور محصولات کی معلومات حاشیوں میں دی گئی ہے اور مالیاتی گوشواروں کا بھی حصہ ہے۔

لسٹڈ کمپنیز (CCG) ریگولیشن، 19 میں طے شدہ معیارات کے مطابق ادارے کے ڈائریکٹرز کی اکثریت نے مجاز اداروں سے ڈائریکٹرز ٹریننگ پروگرام مکمل کر لیا ہے اور ادارے کے باقی ڈائریکٹرز اسکے مطابق مقررہ اہلیت اور تجربہ رکھتے ہیں۔

اپنے کھاتوں کے حساب سے ریٹائرمنٹ بینیفٹ فنڈز میں ان کی سرمایہ کاری کی قدر 31 دسمبر 2022ء کو کچھ یوں ہے:

پروویڈنٹ فنڈ: 71.777 ملین روپے
گریجویٹ فنڈ: 60.101 ملین روپے

شرکت کردہ اجلاسوں کی تعداد	ڈائریکٹرز کے نام
4	جناب اقبال علی لاکھانی (چیئرمین)
4	جناب امین محمد لاکھانی
2	محترمہ انوشکا لاکھانی
4	جناب صدر الدین اسماعیل محمد
4	جناب اکبر داود وزیر
4	جناب آفتاب احمد
4	جناب محمد حسین ہیرجی (چیف ایگزیکٹو آفیسر)

چیف ایگزیکٹو آفیسر کی کارکردگی کا جائزہ

بورڈ کی ہتھکس، ہیومن ریسورس اینڈ ریویو نیشن کمیٹی نے چیف ایگزیکٹو آفیسر کی کارکردگی کو جانچنے کے لیے عملی، مالیاتی اور حکمت عملی پر مبنی مقاصد کا تعین کیا ہے تاکہ سالانہ بنیاد پر اس کا جائزہ لیا جاسکے اور اسے مانیٹر کیا جاسکے۔

بورڈ کمیٹیاں

سال کے دوران بورڈ آڈٹ کمیٹی اور انوشٹمنٹ کمیٹی کے (04) اور دی ہتھکس، ہیومن ریسورس اینڈ ریویو نیشن کمیٹی کے (01) اجلاس منعقد ہوئے۔ بورڈ کمیٹی کے اراکین کے نام اور ان کے ٹرمز آف ریفرنس رپورٹ کے ضمیمے میں دیے گئے ہیں۔ بورڈ آڈٹ اور ہیومن ریسورس اینڈ ریویو نیشن کمیٹیوں کے چیئرمین ایک انڈیپنڈنٹ ڈائریکٹر ہیں۔

بینجمنٹ کمیٹیاں

ادارہ تین انتظامی کمیٹیاں رکھتا ہے جو کاروبار کے مرکزی شعبوں کا احاطہ کرتی ہیں۔ ان کمیٹیوں کے نام، اجلاسوں کی تعداد، اراکین کے نام اور ٹرمز آف ریفرنس اس رپورٹ کے ضمیمے میں دیے گئے ہیں۔

ضابطہ اخلاق

بورڈ نے تمام ملازمین کے لیے ایک ضابطہ اخلاق اختیار کر رکھا ہے کہ جن کو اس ضابطے سے مطلع رکھا جاتا ہے۔ تمام ملازمین کا سمجھنا ہے کہ انہیں ہمہ وقت اس ضابطہ اخلاق کی پیروی کرنے کی ضرورت ہے۔

ڈائریکٹرز کی ذمہ داریوں کا بیان

ڈائریکٹرز بخوشی بیان کرتے ہیں کہ ادارہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے تقاضوں کے مطابق کارپوریٹ گورننس کے ضابطے کے مالیاتی رپورٹنگ ڈھانچے کی پیروی کرتا ہے۔

کارپوریٹ سماجی ذمہ داری

کارپوریٹ گورننس کے ضابطے کی تعمیل

کارپوریٹ گورننس کے ضابطے کی تعمیل کا گوشوارہ رپورٹ کے ساتھ منسلک ہے۔

بورڈ کی تشکیل

بورڈ درج ذیل تشکیل کے ساتھ 6 حضرات اور 1 خاتون پر مشتمل ہے:

2	خود مختار ڈائریکٹر
4	دیگر نان ایگزیکٹو ڈائریکٹرز
1	ایگزیکٹو ڈائریکٹر
7	ڈائریکٹرز کی مجموعی تعداد

آپ کا ادارہ اپنے رویے کو خود درست رکھنے پر یقین رکھتا ہے تاکہ قانون کی لفظی و معنوی تعمیل اور اعلیٰ ترین اخلاقی معیارات اور انشورنس صنعت کے قواعد دونوں کو یقینی بنایا جائے۔ مزید برآں، آپ کا ادارہ صحت، تعلیم اور ثقافت کے شعبوں میں پسماندہ معاشرے کی بہتری کے لئے کام کرنے والے اداروں کی مدد کر کے جب بھی ممکن ہو حقیقی سماجی حصہ داری کی جدوجہد کرتا ہے۔

آپ کا ادارہ انشورنس ایسوسی ایشن آف پاکستان کی سرگرمیوں اور منصوبوں میں حصہ لے کر انشورنس کے حوالے سے شعور اور فہم اجاگر کرتا ہے۔

اندرونی مالیاتی کنٹرول

ڈائریکٹرز اندرونی مالیاتی کنٹرول سلسلے میں اپنی ذمہ داری سے بخوبی واقف ہیں۔ انتظامیہ اور آڈیٹرز (انٹرنل اور ایکسٹرنل دونوں) کے ساتھ بات چیت کے ذریعے، وہ اس بات کی تصدیق کرتے ہیں کہ کمپنی کی طرف سے مناسب کنٹرول نافذ کیے گئے ہیں۔

قومی خزانے میں حصہ داری

آپ کا ادارہ ٹیکس، لیویز اور فیڈرل ایکسائز ڈیوٹی کی مد میں سرکاری خزانے میں 435.47 ملین روپے ادا کر چکا ہے۔

بنیادی خطرات اور غیر یقینی صورتحال

کمپنی کو کچھ انہیرنٹ رسک اور غیر یقینی صورتحال کا سامنا ہے۔ تاہم، ہم مندرجہ ذیل کو غیر یقینی صورتحال کے طور پر غور کرتے ہیں:

- سیاسی اور معاشی غیر یقینی صورتحال
- تقسیم کے نئے چینلز
- انفارمیشن ٹیکنالوجی میں ترقی
- انڈورائٹنگ اور کریڈٹ رسک
- ایکویٹی مارکیٹ اور انٹرنرسٹ ریٹ کا رسک
- سائبر سیکیورٹی رسک
- لیویڈیٹی اور کیش فلو رسک

مذکورہ بالا کو حل کرنے کے لئے کمپنی اندرونی اور بیرونی اداروں کے ساتھ ملکر کام کرتی ہے۔

ڈائریکٹرز کے لئے معاوضہ کی پالیسی

کمپنی ایکٹ 2017 پر عملدرآمد کے تحت اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 اور کمپنی کے آرٹیکلز آف ایسوسی ایشن کے مطابق کمپنی نے چیف ایگزیکٹو، نان ایگزیکٹو، ایگزیکٹو اور انڈیپنڈنٹ ڈائریکٹرز کے سلسلے میں پالیسی وضع کر رکھی ہے۔

بورڈ آف ڈائریکٹرز نے بورڈ اور آڈٹ کمیٹی کے اجلاسوں میں نان-ایگزیکٹو ڈائریکٹرز اور انڈیپنڈنٹ ڈائریکٹرز کی شرکت کیلئے فیس کی منظوری دے دی ہے۔

کمپنی کے ڈائریکٹرز اور چیف ایگزیکٹو کو ادا کیے جانے والے معاوضہ کی تفصیلات مجموعی مالیاتی حسابات میں درج ذیل ہیں۔

(روپے ملین میں)

ڈائریکٹرز کے نام	اجلاس کا معاوضہ	نیجریل معاوضہ	یوٹیلیٹی اخراجات	میدیکل اخراجات	کل رقم
جناب محمد حسین ہیرجی (چیف ایگزیکٹو آفیسر)	18.85	3.05	1.30	23.20	
جناب صدر الدین اسماعیل محمد	0.38	-	-	-	0.38
جناب اکبر داود وزیر	0.18	-	-	-	0.18

بورڈ آف ڈائریکٹرز کے اجلاس

سال کے دوران بورڈ کے چار (04) اجلاس ہوئے۔ ہر ڈائریکٹر کی اجلاسوں میں حاضری کچھ یوں رہی:

ڈائریکٹرز کی رپورٹ

آمدنی فی حصص

آپ کے ادارے نے 313.4 ملین روپے کا بعد از ٹیکس منافع حاصل کیا جو گزشتہ سال کے (ریسٹٹ) 5.02 روپے کے مقابلے میں اس سال 5.66 روپے فی حصص آمدنی بنتی ہے۔

ادا شدہ سرمایہ

آپ کا ادارہ 553.3 ملین روپے کے ادا شدہ سرمائے کے ساتھ مضبوط مالی بنیاد رکھتا ہے۔ برقرار رکھی گئی اور محفوظ آمدنی کو ملا کر 31 دسمبر 2022ء کو کل لیکوئٹی 2,429.0 ملین روپے تھی۔ لیکوئٹی کی وسیع تر بنیاد مالیاتی استحکام اور ادارے کی بیمہ کاری کی صلاحیتوں کو بڑھانے کی۔

آڈیٹرز

میسرز EY Ford Rhodes، چارٹرڈ اکاؤنٹنٹس سالانہ اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے۔ بورڈ آف ڈائریکٹرز نے، آڈٹ کمیٹی کی سفارش پر، میسرز BDO ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے کمپنی کے قانونی آڈیٹرز کے طور پر سفارش کی ہے، جو کہ آنے والی کمپنی کے سالانہ اجلاس عام میں شیئر ہولڈرز کی منظوری سے مشروط ہے۔

آڈٹ فرم نے تصدیق کی ہے کہ اسے انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوائٹی کنٹرول پروگرام کے تحت ایک تسلی بخش درجہ بندی دے چکا ہے اور ادارہ ICAP کے قبول کردہ ضابطہ اخلاق پر انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کے رہنما ہدایت کو پوری طرح قبول کرنے والا ہے۔

سنجری انشورنس کمپنی لمیٹڈ (ادارے) کے ڈائریکٹرز 31 دسمبر 2022ء کو مکمل ہونے والے سال کے لیے سالانہ آڈٹ شدہ مالیاتی گوشوارے اور آڈیٹرز کی رپورٹ پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں۔

منافع کی تخصیص

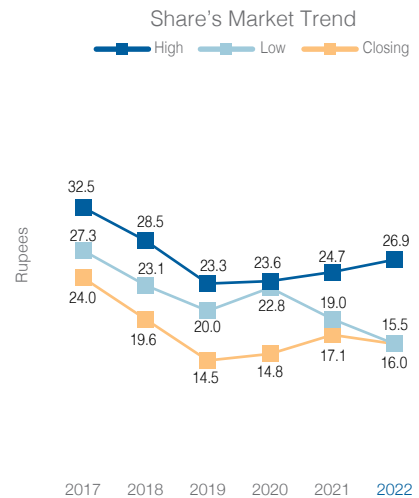
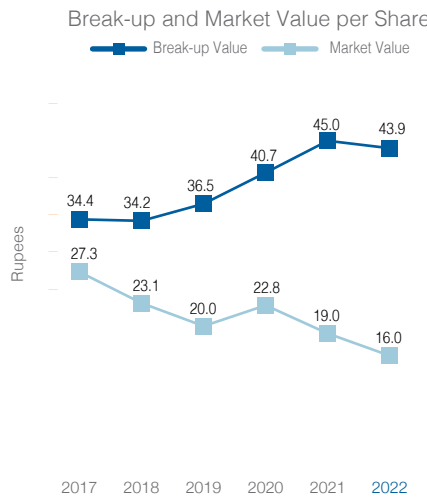
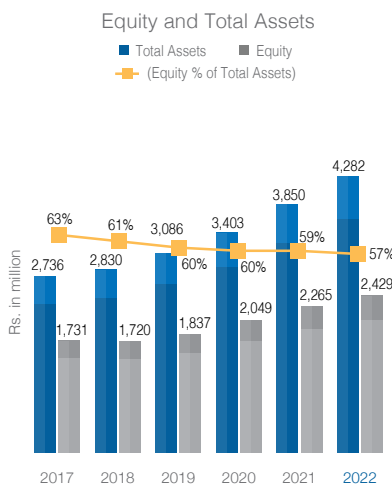
31 دسمبر 2022ء کو ختم ہونے والے سال کے لیے منافع کی تخصیص کچھ یوں ہے:

روپے
1,119,285,070
300,425,279
1,419,710,349
138,316,210
1,281,394,139

گزشتہ سالوں سے آگے منتقل ہونے والی رقم کل مجموعی آمدنی برائے سال تخصیص کے لیے دستیاب رقم تخصیص:

مجوزہ حتمی کیش ڈیویڈنڈ @ 25.0% جو کہ فی حصص 2.50 روپے (2021: 22.5% جو کہ 2.25 روپے فی حصص)

آگے منتقل کی گئی غیر تخصیص شدہ رقم



Board Committees

AUDIT COMMITTEE

Terms of Reference:

1. Determination of appropriate measure to safeguard the company's assets;
2. Review of preliminary announcements of results prior to external communication and publication;
3. Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
 - a. Major judgmental areas;
 - b. Areas of major concerns;
 - c. Significant adjustments resulting from the audit;
 - d. Going-concern assumption;
 - e. Any changes in accounting policies and practices;
 - f. Compliance with listing regulations, other statutory and regulatory requirements;
 - g. Compliance with applicable accounting standards;
 - h. Compliance with these Regulations and other statutory and regulatory requirements; and
 - i. All related party transactions.
4. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audit and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
5. Review of management letter issued by external auditor and management's response thereto;
6. Ensuring coordination between the internal and external auditor of the Company;
7. Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
8. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
9. Ascertaining that the internal control systems

including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;

10. Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
11. Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;
12. Determination of compliance with relevant statutory requirements;
13. Monitoring compliance with the best practices of corporate governance, listing regulations and identification of significant violations thereof;
14. Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
15. Recommend to the board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements. The board of directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof;
16. Consideration of any other issue or matter as may be assigned by the Board.

The Committee comprises of three members, including chairman of committee, two of them are non-executive directors and one is an independent director. Chairman of the committee is an independent director. During the year four meeting of this committee were held and the attendance of meeting is as follows:

Name of Members	Meeting attended
Mr. Sadrudin Ismail Mohamed - Chairman	4
Mr. Amin Mohammed Lakhani	4
Mr. Aftab Ahmad	4

ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE

Terms of Reference:

1. Recommend to the board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management). The definition of senior management will be determined by the board which shall normally include the first layer of management below the Chief Executive Officer level;
2. Undertaking annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging an external independent consultant and if so appointed, a statement to that effect shall be made in the directors' report disclosing the consultant's name, qualifications and major terms of appointment;
3. Recommending Human Resource Management policies to the board.
4. Recommending to the Board the selection evaluation and development, compensation (including retirement benefits) of Chief Operating Officer, Chief Financial Officer, Company Secretary, Compliance Officer and Head of Internal Audit;
5. Consideration and approval on recommendations of the Chief Executive Officer related to key management positions who report directly to Chief Executive Officer or Chief Operating Officer;
6. Proposing a remuneration framework that takes into account performance evaluations, market considerations and compensation structure.
7. This framework will be reviewed and approved on an annual basis prior to the convening of the annual general meeting for the immediate preceding year.
8. Reviewing and making recommendations to the Board of Directors regarding the specific remuneration of the Board members, the Chief Executive Officer, Chief Financial Officer, Company Secretary, Compliance Officer and Head of Internal Audit.
9. Where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company; and

10. Any additional responsibility may be assigned to the Committee by the Board.

The Committee comprises of four members, including chairman of committee. One member is non-executive director and two are independent directors. Chairman of Committee is an independent director. During the year one meeting of this committee was held and the attendance of meeting is as follows:

Name of Members	Meeting attended
Mr. Sadrudin Ismail Mohamed - Chairman	1
Mr. Amin Mohammed Lakhani	1
Mr. Akber Dawood Vazir	1
Mr. Mohammad Hussain Hirji	1

INVESTMENT COMMITTEE

Terms of Reference:

1. Review the investment policies and strategies of the Company to ensure they are consistent with the goals and objectives of the Company.
2. Determine that investment constraints are consistently followed and that procedures are in place to ensure that the investment portfolio is managed in compliance with the investment policy.
3. Review the performance of the investment portfolios of the Company and make periodic reports to the Board.
4. Review and approve the annual investment plan and budget.
5. Annually review and reassess the overall investment policy and recommend any proposed changes to the Board for approval.

The Committee comprises of four members, including chairman of committee. Two members including chairman are non-executive directors. During the year four meetings of this committee was held and the attendance of meeting is as follows:

Name of Members	Meeting attended
Mr. Iqbal Ali Lakhani - Chairman	4
Mr. Aftab Ahmad	4
Mr. Mohammad Hussain Hirji	4
Mr. Sabza Ali Pirani	4

Management Committees

UNDERWRITING, REINSURANCE & COINSURANCE COMMITTEE

Terms of Reference:

1. To review the rates and profitability of the various business sectors for each class of underwriting;
2. To review the reinsurance structure and arrangements for each class of business to ensure that the company's net exposure is within agreed limits for individual risks and also on a cumulative basis in the event of a catastrophic occurrence;
3. To review and approve underwriting proposals for high risk and complex covers;
4. To review policy terms and rating for new insurance products.

The Committee comprises of four members, including the Chairman of this committee who is an executive director.

Name of Members

Mr. Mohammad Hussain Hirji – Chairman
Mr. Aseem Ahmed
Ms. Madiha Khalid
Mr. Ali Asghar

CLAIM SETTLEMENT COMMITTEE

Terms of Reference:

1. To review and approve claim settling policy of the company;
2. To review and approve the adequacy of claim reserves;
3. To assist in resolution of disputed claims of material amount and recommend settlement strategy;
4. To oversee the implementation of the measures for combating fraudulent claims.

The Committee comprises of three members, including the Chairman of this committee who is an executive director.

Name of Members

Mr. Mohammad Hussain Hirji – Chairman
Mr. Mir Mehmood Ali (up to January 31, 2022)
Mr. Hassan Siddiqui (from February 28, 2022)
Mr. Sabza Ali Pirani

RISK MANAGEMENT & COMPLIANCE COMMITTEE

Terms of Reference:

1. The Committee shall review and identify all possible risks faced by the Company under various categories such as; operational, financial, IT systems, physical or catastrophic, etc. and make appropriate recommendations for the mitigation of these risks to the Board;
2. To identify the risks faced by the company in respect of compliance with the laws applicable to it and to setup adequate controls to mitigate the identified risks;
3. To supervise and monitor matters reported using Company's whistle-blowing or other confidential mechanisms for employees and other to report compliance concerns, potential breaches, violations or fraud; and
4. Appropriate extent of disclosure of company's risk framework and internal control system in Directors report.

The Committee comprises of five members, including the Chairman of this committee who is an executive director

Name of Members

Mr. Mohammad Hussain Hirji – Chairman
Mr. Ali Asghar
Mr. Sabza Ali Pirani
Mr. Asif Mehmood
Mr. Abdul Rasheed

Pattern of Shareholding

As at December 31, 2022

Incorporation No.K-192/8927 1985-86
CUIN Registration No.0013587

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
374	1	100	5,242
162	101	500	42,664
134	501	1,000	89,094
273	1,001	5,000	658,984
87	5,001	10,000	601,536
34	10,001	15,000	402,889
11	15,001	20,000	184,305
15	20,001	25,000	339,474
6	25,001	30,000	165,789
7	30,001	35,000	229,042
6	35,001	40,000	216,689
3	40,001	45,000	130,750
2	45,001	50,000	98,901
4	50,001	55,000	211,920
1	55,001	60,000	57,362
6	60,001	65,000	366,998
1	65,001	70,000	66,550
2	70,001	75,000	143,460
4	75,001	80,000	310,630
1	90,001	95,000	93,513
2	95,001	100,000	195,493
1	100,001	105,000	104,665
2	145,001	150,000	292,760
1	185,001	190,000	189,092
1	190,001	195,000	191,876
1	280,001	285,000	282,500
1	330,001	335,000	333,500
1	460,001	465,000	462,680
1	465,001	470,000	465,914
1	760,001	765,000	764,012
1	765,001	770,000	770,000
1	1,385,001	1,390,000	1,388,475
1	3,045,001	3,050,000	3,045,500
1	5,490,001	5,495,000	5,492,413
1	7,870,001	7,875,000	7,873,097
1	13,035,001	13,040,000	13,037,355
1	16,020,001	16,025,000	16,021,360
1,152	Total		55,326,484

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive, their spouse and minor children	8,810	0.02
Associated Companies, undertakings and related parties	42,430,360	76.69
NIT and ICP	NIL	-
Banks, Development Financial Institutions, Non-Banking Financial Institutions	1,388,475	2.51
Insurance Companies	NIL	-
Modaraba & Mutual Funds	465,914	0.84
Shareholders holding 10% or more	36,931,812	66.75
General Public	6,951,443	12.56
Others	4,081,482	7.38

NOTE: Some of the shareholders are reflected in more than one category.

Details of pattern of shareholding

As per requirement of code of corporate governance as at December 31, 2022

Categories of Shareholders	No. of Shares held
i) ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	
1. M/s. SIZA (Pvt.) Limited	7,873,097
2. M/s. SIZA Services (Pvt.) Limited	13,037,355
3. M/s. SIZA Commodities (Pvt.) Limited	5,492,413
4. M/s. Premier Fashions (Pvt.) Limited	16,021,360
5. Mr. Sultan Ali Lakhani	653
6. Mrs. Shaista Sultan Ali Lakhani	435
7. Mrs. Fatima Lakhani	217
8. Mr. Babar Ali Lakhani	1,887
9. Mr. Bilal Ali Lakhani	617
10. Mr. Danish Ali Lakhani	1,598
11. Ms. Anika Amin Lakhani	728
ii) MUTUAL FUND	
Golden Arrow Selected Stocks Fund Limited	465,914
iii) DIRECTORS, CHIEF EXECUTIVE, THEIR SPOUSE AND MINOR CHILDREN	
1. Mr. Iqbal Ali Lakhani Chairman/Director	2,020
2. Mr. Amin Mohammed Lakhani Director	1,941
3. Ms. Anushka Lakhani Director	1,773
4. Mr. Aftab Ahmad Director	550
5. Mr. Mohammad Hussain Hirji Director/Chief Executive Officer	605
6. Mr. Sadrudin Ismail Mohamed Director	605
7. Mr. Akber Dawood Vazir Director	550
8. Mrs. Ronak Iqbal Lakhani	
W/o. Mr. Iqbal Ali Lakhani	435
9. Mrs. Saira Amin Lakhani	
W/o. Mr. Amin Mohammed Lakhani	331
iv) EXECUTIVES	24,805
v) PUBLIC SECTOR COMPANIES AND CORPORATIONS	26,801
vi) BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS	1,388,475
vii) SHAREHOLDERS HOLDING 5% OR MORE	
Khadija & Kassamali Investments (Pvt) Limited (Other than those reported at (i) (1, 2, 3 & 4)	3,045,500
viii) INDIVIDUAL AND OTHER THAN THOSE MENTIONED ABOVE	7,935,819
	55,326,484

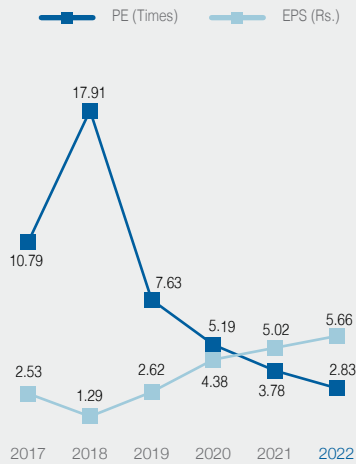
Key Operating and Financial Data

(Rupees in million)

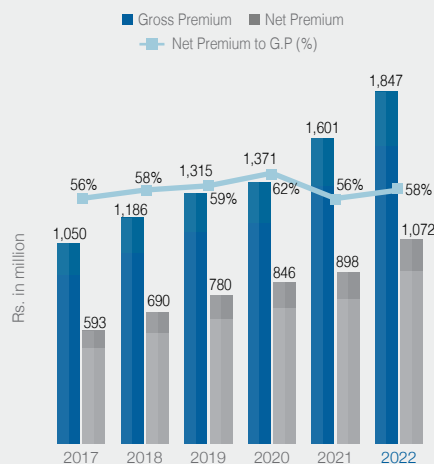
	2022	2021	2020	2019	2018	2017	2016	
FINANCIAL DATA								
Ordinary share capital	553.3	503.0	503.0	503.0	503.0	503.0	457.2	
Share premium	254.0	254.0	254.0	254.0	254.0	254.0	254.0	
Reserves & Unappropriated profit	1,621.7	1,508.0	1,292.1	1,079.7	963.4	973.6	1,146.0	
Equity	2,429.0	2,265.0	2,049.1	1,836.7	1,720.4	1,730.6	1,857.2	
Property & equipment	121.8	125.6	121.2	130.0	72.3	65.6	71.1	
Intangible assets	0.8	-	-	0.01	0.03	0.47	1.04	
Underwriting Provisions	1,185.5	990.6	828.2	740.8	671.2	587.1	545.0	
Investments	2,243.3	1,868.5	1,728.8	1,696.8	1,404.2	1,519.1	2,010.5	
Cash and bank deposits	426.5	725.5	454.4	267.0	440.4	116.8	108.6	
Total Assets	4,282.4	3,850.5	3,402.8	3,086.2	2,829.7	2,735.6	2,660.7	
OPERATING DATA								
Gross Premium	1,847.2	1,601.3	1,371.2	1,314.6	1,185.6	1,049.7	1,008.6	
Net insurance premium	1,072.4	897.6	846.1	779.7	690.3	593.1	659.3	
Net insurance claims	561.5	449.7	360.2	362.7	288.2	247.0	390.5	
Underwriting Profit	221.0	207.3	193.9	135.2	129.7	85.5	39.1	
Profit from Takaful Operations - Operator's Fund	35.0	18.6	10.5	9.5	7.4	(1.2)	-	
Investment & Other Income	255.7	181.8	155.4	70.9	(21.7)	157.9	234.1	
Profit Before Tax (PBT)	495.2	389.6	342.4	199.7	105.0	233.6	264.7	
Income tax expense	181.8	112.1	99.8	54.5	33.7	93.6	78.8	
Profit After Tax (PAT)	313.4	277.5	242.6	145.2	71.3	140.0	185.9	
CASH FLOW SUMMARY								
Operating Activities	1.8	300.8	139.9	88.0	108.9	(69.3)	19.6	
Investing Activities	(169.8)	89.0	151.0	(198.3)	302.0	157.1	442.8	
Financing Activities	(130.9)	(118.7)	(103.8)	(63.0)	(87.3)	(79.6)	(227.3)	
Cash & Cash Equivalents at the year end	425.5	724.5	453.4	266.2	439.6	116.0	407.8	
FINANCIAL RATIOS								
Profitability								
Profit Before Tax / Net Insurance Premium	(%)	46.2	43.4	40.5	25.6	15.2	39.4	40.1
Profit After Tax / Net Insurance Premium	(%)	29.2	30.9	28.7	18.6	10.3	23.6	28.2
Underwriting Results / Net Insurance Premium	(%)	20.6	23.1	22.9	17.3	18.8	14.4	5.9
Total Expenses / Gross Premium	(%)	22.0	21.2	25.5	23.6	24.8	27.9	25.8
Total Expenses / Net Insurance Premium	(%)	37.9	37.8	41.4	39.8	42.6	49.3	39.5
Net Claims / Net Insurance Premium	(%)	52.4	50.1	42.6	46.5	41.7	41.6	59.2
Combined Ratio	(%)	79.1	77.6	78.6	84.3	82.0	87.4	95.4
Return to Shareholders								
Return on Equity	(%)	12.9	12.3	11.8	7.9	4.1	8.1	10.0
Return on Assets	(%)	7.3	7.2	7.1	4.7	2.5	5.1	7.0
Return on Investment	(%)	9.7	7.6	7.5	3.7	(1.2)	8.4	11.6
Earnings per Share - restated	(Rs.)	5.66	5.02	4.38	2.62	1.29	2.53	3.36
Dividend	(%)	25.0	22.5	20.0	17.5	12.5	17.5	17.5
Dividend Yield	(%)	15.6	11.8	8.8	8.8	5.4	6.4	5.9
Dividend Payout	(%)	44.2	44.8	45.7	66.8	96.9	69.2	52.1
Bonus Share	(%)	-	10.0	-	-	-	-	10.0
Price Earning Ratio	(Times)	2.8	3.8	5.2	7.6	17.9	10.8	8.9
Market Price per Share (at Dec 31)	(Rs.)	16.01	19.00	22.75	20.00	23.10	27.30	29.78
Liquidity / Leverage								
Breck-up Value per Share	(Rs.)	43.9	45.0	40.7	36.5	34.2	34.4	40.6
Current Ratio	(Times)	3.1	3.4	3.5	3.6	4.0	4.3	4.2
Total Assets Turnover Ratio	(Times)	0.43	0.42	0.40	0.43	0.42	0.38	0.38
Total Liabilities / Equity	(Times)	0.76	0.70	0.66	0.68	0.64	0.58	0.43
Paid-up Capital / Total Assets	(%)	12.9	13.1	14.8	16.3	17.8	18.4	17.2
Equity / Total Assets	(%)	56.7	58.8	60.2	59.5	60.8	63.3	69.8

Graphical Presentation

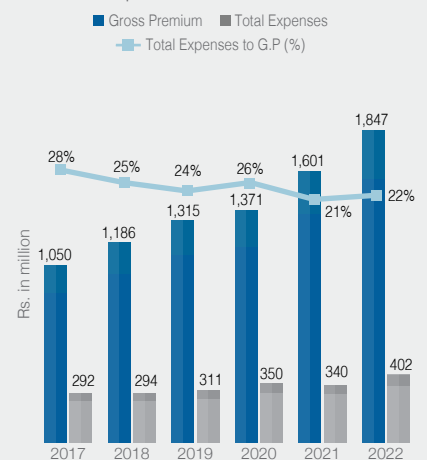
Earnings per Share (EPS) and Price Earning (PE) Ratio



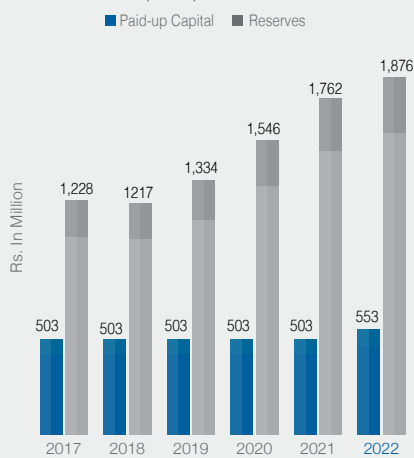
Gross Premium and Net Premium



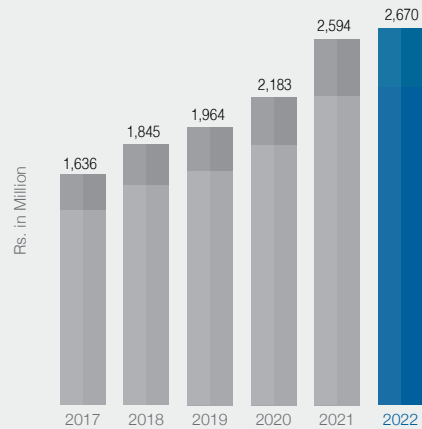
Total Expenses to Gross Premium



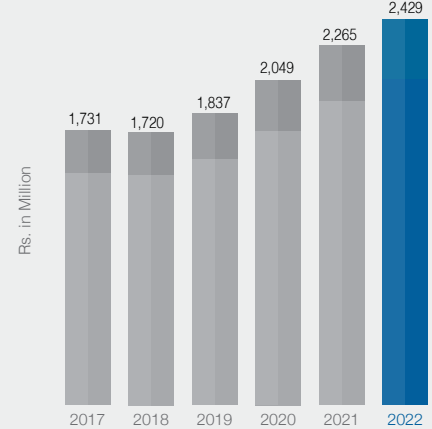
Paid-up Capital & Reserves



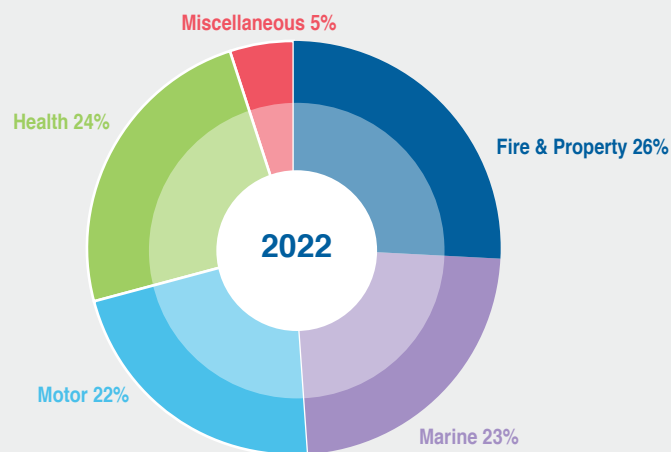
Investments (Including cash and bank)



Total Equity



Gross Premium (Class wise)



Statement of Value Addition

(Rupees in '000)

WEALTH GENERATED

Net premium (including FED & FIF)
Commission income
Investment income
Other income

2022

2021

1,283,056	1,085,814
100,119	81,025
182,150	116,009
73,556	65,796
1,638,881	1,348,645

Less: Claims and expenses (excluding employee remuneration, depreciation and donation)

(677,922)

(537,465)

Profit from Window Takaful Operations (Operator's fund)

35,043

18,614

996,002

829,794

WEALTH DISTRIBUTED

To Employees

256,959

222,943

To Government:

Company taxation

Levies (including FED & FIF)

181,828

112,103

210,688

188,232

392,515

300,334

To Society:

Donation

500

1,250

500

1,250

To Shareholders:

Cash dividend *

Stock dividend *

138,316

113,168

-

50,297

138,316

163,465

Retained in Business:

Depreciation and amortisation

Net earnings

32,674

27,741

175,037

114,061

207,711

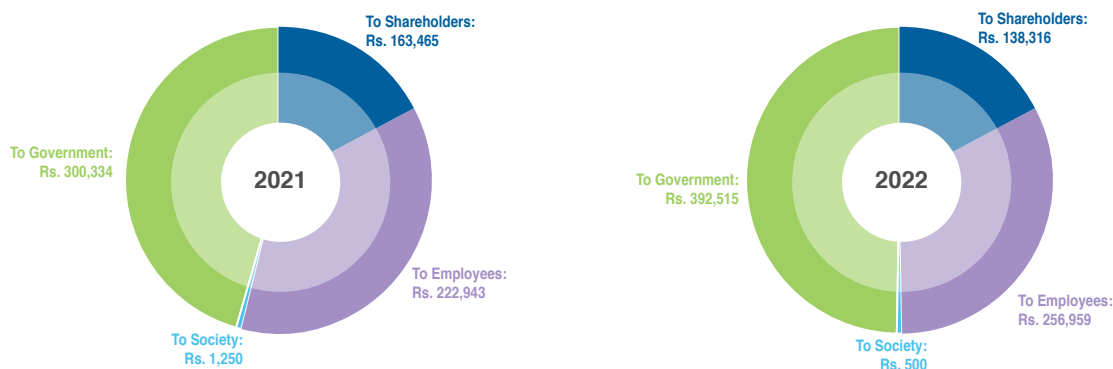
141,802

996,002

829,794

* Includes cash dividend amounting to Rs. 138.316 million (2021: Rs. 113.168 million) and bonus shares of Rs. NIL (2021: Rs. 50.297 million) proposed by the Board of Directors subsequent to the year end.

Distribution of Wealth



Statement of Compliance with the Code of Corporate Governance

for Insurers, 2016 & Listed Companies (Code Of Corporate Governance) Regulations, 2019

Name of Insurer: Century Insurance Company Limited
("the Company")

Year Ended: December 31, 2022

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (the Code) for the purpose of establishing a framework of good governance, whereby the Insurer is managed in compliance with the best practices of corporate governance and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations).

The Company has applied the principles contained in the Code and the Regulations in the following manner:

1. The total number of directors are seven (7), as per the following:

- a) Male: 6
- 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 Directors	Mr. Sadrudin Ismail Mohamed Mr. Akber Dawood Vazir
Executive Director	Mr. Mohammad Hussain Hirji
Non-Executive Directors	Mr. Iqbal Ali Lakhani Mr. Amin Mohammed Lakhani Mr. Aftab Ahmad
Female Director	Ms. Anushka Lakhani

The independent director meets the criteria of independence as laid down under the Code, Regulations and Companies Act, 2017.

3. The directors have confirmed that none of them is serving as a director in more than seven listed companies, 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. No casual vacancy occurred on the Board during the year.
6. The Company has prepared a "Code of Conduct" which has been disseminated among all directors and employees of 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. A complete record of significant policies along with the dates on which they were approved or amended has been maintained.
8. All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive directors and the key officers, have been taken by the Board. Decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
9. The meetings of the Board were presided over by the Chairman and, in 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 meetings. The minutes of the meetings were appropriately recorded and circulated.

10. The Board has a formal policy and transparent procedure for remuneration of directors in accordance with the Act and these Regulations.
11. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company includes all the necessary aspects of internal control given in the Code.
12. While almost all the directors are professionals and senior executives who possess wide experience of duties of directors, the Company apprises its directors of new laws and regulations and amendments in the existing ones. The Board has arranged one Directors' training program during the year ended December 31, 2022 as five directors have already attended the Directors' training course in previous years. Two directors possess the minimum qualification and experience criteria for exemption of DTP as stipulated in the Code of Corporate Governance (the Code).
13. There was no new appointment of Chief Financial Officer (CFO) or Company Secretary or Head of Internal Audit during the year. The Board has however, approved the remuneration of CFO and the Head of Internal Audit on the recommendation of Ethics, Human Resource & Remuneration Committee as determined by Chief Executive Officer. Mr. Mansoor Ahmed was assigned the responsibilities of the Company Secretary of Century Insurance Company Limited in addition to his responsibilities in other Group Companies.
14. The Directors' report for this year has been prepared in compliance with the requirements of the Code and the Regulations and fully describes the salient matters required to be disclosed.
15. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
16. The Directors, Chief Executive Officer and other executives do not hold any interest in the shares of the Company other than 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:
- a) Underwriting, Reinsurance and Co-insurance Committee
- | Name of Member | Category |
|----------------------------|-------------------------------|
| Mr. Mohammad Hussain Hirji | Chairman - Executive Director |
| Mr. Aseem Ahmed | Member |
| Ms. Madiha Khalid | Member |
| Mr. Ali Asghar | Member |
- b) Claim Settlement Committee
- | Name of Member | Category |
|---|-------------------------------|
| Mr. Mohammad Hussain Hirji | Chairman - Executive Director |
| Mr. Mir Mehmood Ali
(up to January 31, 2022) | Member |
| Mr. Hassan Siddiqui
(From February 28, 2022) | Member |
| Mr. Sabza Ali Pirani | Member |
- c) Risk Management & Compliance Committee
- | Name of Member | Category |
|----------------------------|-------------------------------|
| Mr. Mohammad Hussain Hirji | Chairman - Executive Director |
| Mr. Ali Asghar | Member |
| Mr. Sabza Ali Pirani | Member |
| Mr. Asif Mehmood | Member |
| Mr. Abdul Rasheed | Member |
19. The Board has formed the following Board Committees comprising of members given below;

a) Ethics, Human Resource & Remuneration Committee

Name of Member	Category
Mr. Sadrudin Ismail Mohamed	Chairman – Independent Director
Mr. Amin Mohammed Lakhani	Member – Non Executive Director
Mr. Akber Dawood Vazir	Member – Independent Director
Mr. Mohammad Hussain Hirji	Member – Executive Director

b) Investment Committee

Name of Member	Category
Mr. Iqbal Ali Lakhani	Chairman – Non Executive Director
Mr. Mohammad Hussain Hirji	Member – Executive Director
Mr. Aftab Ahmad	Member – Non Executive Director
Mr. Sabza Ali Pirani	Member

The functions of the Nomination committee are being performed by the board.

20. The Board has formed an Audit Committee. It comprises of three members, of whom one is Independent Director and two are Non-Executive Directors. The Chairman of the Committee is an Independent Director. The Composition of the Audit Committee is as follows:

Name of Member	Category
Mr. Sadrudin Ismail Mohamed	Chairman – Independent Director
Mr. Amin Mohammed Lakhani	Member – Non Executive Director
Mr. Aftab Ahmad	Member – Non Executive Director

21. The terms of references of the Committees have been formed and advice to the Committees for compliance. The frequency of meetings of the Committees as follows.

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

22. The Board has set up an effective internal audit function comprising of personnel who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

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 this Code. Moreover, the persons heading the underwriting, claims, reinsurance, risk management and grievance functions possess qualification and experience of direct relevance to their functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

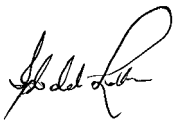
Name of person	Designation
Mr. Mohammad Hussain Hirji	Chief Executive Officer
Mr. Sabza Ali Pirani	Chief Financial Officer
Mr. Asif Mehmood	Compliance Officer
Mr. Mansoor Ahmed	Company Secretary
Mr. Muhammad Rao Shahid Mobeen	Head of Internal Audit
Mr. Aseem Ahmed	Head of Marketing & Sales
Mr. Abdul Rehman	Head of Window Takaful Operations
Mr. Rehan Fasih	Head of Marine Underwriting
Mr. Ali Asghar	Head of Fire Underwriting (Incl. Risk Management)
Mr. Abid Raza Ispani	Head of Accident and Health Underwriting
Mr. Syed Muhammad Nasim Ahmed	Head of Motor Underwriting
Mr. Mir Mehmood Ali (Up to January 31, 2022)	Head of Claims (Incl. Grievance)
Mr. Hassan Siddiqui (from February 01, 2022)	Head of Claims (Incl. Grievance)
Ms. Madiha Khalid	Head of Reinsurance

24. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000).

25. 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 or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not 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.

26. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulation, or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
27. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provision of the Code.
28. The Board ensures that the risk management system of the Company is in place as per Code.
29. The Company has set up a risk management function, which carries out its tasks as covered under the Code.
30. The Board ensures that as part of the risk management system, the Company gets itself rated from VIS Credit Rating Company Limited which is being used by its risk management function and the respective Committee as a risk monitoring tool. The rating assigned by the said rating agency on December 15, 2022 is AA with stable outlook.
31. The Board has set up a grievance department/function, which fully complies with the requirements of the Code.
32. The Company has not obtained any exemption(s) from the Securities and Exchange Commission of Pakistan (SECP) in respect of the requirements of the Code.
33. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulation and all material requirement of Code have been complied with.

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 to fulfill the requirements therefore not warrant the appointment of a third Independent Director.



Iqbal Ali Lakhani
Chairman

Karachi: March 17, 2023



Mohammad Hussain Hirji
Director & Chief Executive

Independent Auditor's Review Report

To the members of Century Insurance Company Limited (the Company)

Review Report on the Statement of Compliance contained in the Code of Corporate Governance for Insurers, 2016 and Listed Companies (Code of Corporate Governance) Regulations, 2019


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

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

As 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 Code 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, 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 as applicable to the Company for the year ended 31 December 2022.



Chartered Accountants

Place: Karachi

Date: 30 March 2023

UDIN Number: CR202210076Rz0Esdbx2

Shariah Reveiw Report to the Board of Directors

for the year ended December 31, 2022

الحمد لله رب العالمين والصلاة والسلام على سيد الانبياء والمرسلين محمد النبي الامي
وعلى آله وصحبه اجمعين، وبعد

I have reviewed the principles, policies, contract, and accompanying financial statements of **Century Insurance Company Limited- Window Takaful Operations** (hereafter referred to as "Takaful Operator") for the year ended December 31, 2022 to form an opinion as to whether the company has complied with the Shariah principles and with the Shariah rulings, decisions and guidelines issued by the undersigned.

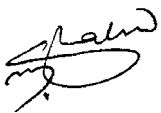
It is the responsibility of the Takaful Operator to ensure that the rules, principles and guidelines set by the Shariah Advisor are complied with, and that all the policies and services being offered are duly approved by him. As a Shariah Advisor, my responsibility is to ensure that the financial arrangements, contracts and transactions undertaken by the Takaful Operator with its participants and stakeholders are in accordance with the requirements of Shariah rules and principles.

During the year, the Shariah Advisor visited the premises to provide Shariah assistance in the business activities. Different issues were presented to the Shariah Advisor for guidance, the solutions for which were duly implemented. On that basis, Shariah compliance at the Takaful Operator level is declared as being satisfactory.

To form my opinion as expressed in this report, I have reviewed all types of business concerns of the Window Takaful Operations and in my opinion, and to the best of my understanding based on the provided information and explanations, I am of the view that:

- i. Financial transactions and relevant documentation & procedures undertaken by the Company for the year ended December 31, 2022 were in accordance with the issued Shariah guidelines, as well as the requirements of Takaful Rules 2012.
- ii. Shariah Screening Criteria has been fulfilled properly in all kinds of investment & financial transactions.
- iii. No amount has been realized as non-Shariah Compliant income which has to be credited to the relevant charity account.
- iv. Consequently, I have found that the Window Takaful Operation is not against the Shariah principles with respect to all transactions.
- v. The Takaful Operator performed its duties by following the Shariah guidelines. Few cases which were required to be consulted in accordance with the Shariah rules and market practice have been discussed and duly resolved.

"And Allah Knows Best"



Mufti Muhammad Shakir Siddiqui
Shariah Advisor

Dated: March 13, 2023

Statement of Compliance with the Shariah Principles

The financial arrangements, contracts and transactions, entered into by **Century Insurance Company Limited - Window Takaful Operations** ('the Company') for the year ended December 31, 2022 are in compliance with the Takaful Rules, 2012 and the Shariah Rules and Principles as determined by the Shariah Advisor of the Operator, (Shariah Rules and Principles).

Further we confirmed that:

- The Operator 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 sensitization of the staff, management;
- All the products and policies have been approved by Shariah Advisor and the financial arrangements including investments made, policies, contracts and transactions, entered into by Window Takaful Operations are in accordance with the polices approved by Shariah Advisor; and
- 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 duly confirmed by the Shariah Advisor of the Operator.



Mohammad Hussain Hirji
(Director & Chief Executive)

Dated: March 17, 2023

Independent Reasonable Assurance Report

to the Board of Directors on the Statement of Management's Assessment of Compliance with the Takaful Rules, 2012

Scope

We have been engaged by **Century 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 31 December 2022 (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 Annual Report of Operator, 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.

EY'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 engagement as agreed with the Operator on 27 June 2022. 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 Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, 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 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.
 - 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 Shari'ah matters was provided by the internal Shari'ah experts.

Opinion

In our opinion, the Statement of Compliance of the Takaful Operations of the Operator as of 31 December 2022 is presented, in all material respects, in accordance with Takaful Rules, 2012.



Chartered Accountants

Engagement Partner: Shaikh Ahmed Salman

Date: 30 March 2023

Karachi

Financial Statements





Independent Auditor's Report

To the members of Century Insurance Company Limited
Report on the Audit of the Financial Statements for the year ended 31 December 2022

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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



Following are the key audit matters:

Sr No.	Key audit matter(s)	How our audit addressed the key audit matter
1	<p>Revenue Recognition – Premium Earned</p> <p>Refer notes 3.12 and 24 to the financial statements relating to revenue recognition policy and net insurance premium respectively.</p> <p>The Company earns revenue primarily from premium income, which amounts to Rs. 1,072 million (2021: 898 million). This income stream comprises of five segments: (i) Fire and property damage, (ii) Marine, aviation and transport, (iii) Motor, (iv) Health and (v) Miscellaneous.</p> <p>We have identified revenue recognition from premium income as a key audit matter as it is one of the key performance indicators of the Company and hence due to risk over occurrence, revenue may not be appropriately recorded.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of, evaluated the design and tested the controls over the process of policy-writing, processing and recording of premium; • Assessed the appropriateness of the Company's accounting policy for recording of premium and in line with the requirements of applicable law, accounting and reporting standards; • Traced the premium recorded on sample basis from the underlying policies issued to insurance contract holders; • Tested the policies on sample basis where policies were written close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate accounting period; • Recalculated the unearned portion of premium income and ensured that appropriate amount has been recorded as provision for unearned premium in liabilities; • Assessed the appropriateness of disclosures in the financial statements in relation to premium income; and

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Sr No.	Key audit matter(s)	How our audit addressed the key audit matter
2	Outstanding claims including IBNR	
	<p>As disclosed in notes 3.16 and 25 to the annexed financial statements, the Company's liability relating to outstanding claims including Incurred but not reported (IBNR) aggregating to Rs. 391 million represents a material balance of its total liabilities at the reporting date.</p> <p>Valuation of these claim liabilities involves management judgement regarding uncertainty in the estimation of claim payments, and assessment of frequency and severity of claims. Claims liabilities are recognized on intimation of the insured event based on management judgement and estimation based on the advice of an independent surveyor.</p> <p>Furthermore, the Company also maintains a provision for claims including IBNR based on the advice of an independent actuary. The actuarial valuation process involves significant judgement and the use of actuarial assumptions.</p> <p>Due to the high level of judgment and estimation required to determine the obligations relating to outstanding claims including IBNR, we consider it to be a Key Audit Matter.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding and tested relevant controls over the process of capturing, processing and recording of information related to the claims, and recoveries from reinsurance arrangements; • Assessed the appropriateness of the Company's accounting policy for recording of claims in line with the requirements of applicable accounting and reporting standards; • Obtained an understanding of the work performed by the management for determining provision for claims Incurred But Not Reported and tested underlying data used; • Tested, on sample basis, claims transactions with the underlying documentation to evaluate whether the claims reported are recorded in accordance with the Company's policy and applicable insurance regulations, and assessed the sufficiency of reserving claim liabilities; • Inspected significant arrangements with reinsurers to obtain an understanding of contracts terms and tested on sample basis the recoveries from reinsurers based on their respective arrangements; • Used an external actuarial specialist to assist us in evaluation of general principles, actuarial assumptions and methods adopted for actuarial valuations by the actuary of the Company for determination of IBNR; and • Examined the adequacy of the disclosures made by the Company with regard to applicable accounting and reporting standards.

1

Sr No.	Key audit matter(s)	How our audit addressed the key audit matter
3	<p>Existence and valuation of investments</p> <p>As disclosed in notes 8, 9 and 10 to the accompanying financial statements, the Company has investments in associates, investments in quoted and unquoted equity securities and units of mutual funds and investments in debt securities amounting to Rs. 67 million, Rs. 1,084 million and Rs. 1,092 million respectively, which comprise of 52% of total assets of the Company.</p> <p>In view of the significance of the investments, we have identified the existence and valuation of Company's investments as a key audit matter.</p>	<p>Our key procedures amongst others included the following:</p> <ul style="list-style-type: none"> assessed the design and operating effectiveness of the financial reporting controls over acquisition (including board approvals), disposals and periodic valuation including model approval process; in relation to investments in quoted and unquoted equity instruments, we performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement together with related reconciliations (where applicable) and re-performance of investment valuations based on quoted market prices at the Pakistan Stock Exchange for quoted equity securities and available net asset value for unquoted investment as at 31 December 2022; in relation to investment in government securities, we obtained purchase documents to trace key inputs including acquisition cost, face value, issue date and settlement date driving computation of amortized cost recognized as of the reporting date; in relation to investments in units of mutual funds, we assessed whether investments were valued at fair value based on the last quoted market price by Mutual Fund Association of Pakistan (MUFAP) along with obtaining direct confirmations from investment managers regarding the units and net asset value of such investments; and assessed the adequacy and appropriateness of disclosures for compliance with the requirements of applicable financial reporting framework.

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

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

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



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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.



Chartered Accountants

Place: Karachi

Date: 30 March 2023

UDIN Number: AR202210076dCuerXyTb

Statement of Financial Position

As at December 31, 2022

	Note	December 31, 2022	December 31, 2021
		(Rupees)	
Assets			
Property and equipment	6	121,843,946	125,567,780
Intangible assets	7	840,250	-
Investment in associates	8	67,361,755	60,681,713
Investments			
Equity securities	9	1,083,820,780	1,224,868,654
Debt securities	10	1,092,079,363	582,932,797
Loan and other receivable	11	46,624,061	42,277,283
Insurance / reinsurance receivable	12	766,758,124	541,142,145
Reinsurance recoveries against outstanding claims	25	193,417,129	123,311,654
Salvage recoveries accrued		8,213,493	7,985,000
Deferred commission expense	26	31,438,864	28,909,708
Deferred taxation	17	21,041,768	20,282,884
Prepayments	14	250,467,869	236,618,982
Cash and bank	15	426,475,752	725,474,690
Total assets of Window Takaful Operations - Operator's fund	16	171,977,536	130,422,076
Total Assets		4,282,360,690	3,850,475,366
Equity and Liabilities			
Authorized share capital (70,000,000 Ordinary shares of Rs.10 each)		700,000,000	700,000,000
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	18	553,264,840	502,968,030
Share premium		254,024,260	254,024,260
Reserves	19	202,008,210	225,233,575
Unappropriated profits		1,419,710,349	1,282,749,800
Total Equity		2,429,007,659	2,264,975,665
Liabilities			
Underwriting Provisions			
Outstanding claims including IBNR	25	391,209,002	294,800,833
Unearned premium reserve	24	737,791,111	641,585,269
Unearned reinsurance commission	26	56,532,968	54,234,596
Retirement benefit obligations	13	18,659,835	9,672,912
Premiums received in advance		4,343,566	2,982,677
Insurance / reinsurance payables	20	317,525,344	305,654,671
Other creditors and accruals	21	175,701,035	156,238,398
Taxation - provision less payments	22	85,084,215	71,686,314
Total Liabilities		1,786,847,076	1,536,855,670
Total liabilities of Window Takaful Operations - Operator's fund	16	66,505,955	48,644,031
Total Equity and Liabilities		4,282,360,690	3,850,475,366
Contingencies and commitments	23		

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

Iqbal Ali Lakhani
Chairman

Amin Mohammed Lakhani
Director

Aftab Ahmad
Director

Mohammad Hussain Hirji
Director & Chief Executive

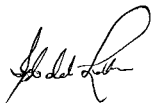
Sabza Ali Pirani
Chief Financial Officer

Profit and Loss Account

For the year ended December 31, 2022

	Note	December 31, 2022	December 31, 2021
		----- (Rupees) -----	
Net insurance premium	24	1,072,368,413	897,582,289
Net insurance claims	25	(561,534,977)	(449,747,549)
Net commission and other acquisition costs	26	100,119,141	81,025,464
Insurance claims and acquisition expenses		(461,415,836)	(368,722,085)
Management expenses	27	(389,981,028)	(321,553,976)
Underwriting results		220,971,549	207,306,228
Investment income	28	182,150,156	116,008,967
Other income	29	65,274,944	52,809,245
Other expenses	30	(11,809,889)	(12,463,122)
Results of operating activities		456,586,760	363,661,318
Finance costs - lease liabilities	21.6	(4,730,239)	(5,634,194)
Share of profit of associates	8	8,280,916	12,986,965
Profit from Window Takaful Operations - Operator's fund	16	35,043,112	18,614,324
Profit before tax		495,180,549	389,628,413
Income tax expense	31	(181,826,566)	(112,102,655)
Profit after tax		313,353,983	277,525,758
Earnings (after tax) per share of Rs. 10 each - basic	32	5.66	5.02

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



Iqbal Ali Lakhani
Chairman



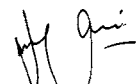
Amin Mohammed Lakhani
Director



Aftab Ahmad
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer

Statement of Comprehensive Income

For the year ended December 31, 2022

	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
Profit after tax	313,353,983	277,525,758
Other comprehensive income		
Items that will never be reclassified to profit and loss account in subsequent year - net of tax		
Remeasurement of post retirement benefits obligation	(12,733,465)	(4,424,450)
Items that will be reclassified to profit and loss account in subsequent year:		
Unrealised (diminution) / appreciation 'available for sale' investments - net of tax	(8,466,972)	60,621,567
Reclassification adjustment for net gain on available for sale investments included in profit and loss account - net of tax	(15,717,617)	(17,200,590)
	(24,184,589)	43,420,977
- Share in other comprehensive income of associates - net of tax	(195,239)	9,083
Unrealised appreciation on 'available for sale' investments of Window Takaful Operations - net of tax	965,680	6,456
Reclassification adjustment for net gain on available for sale investments included in profit and loss account of Window Takaful Operations - net of tax	(6,456)	(34,045)
	959,224	(27,589)
Total comprehensive income for the year	277,199,914	316,503,779

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


Iqbal Ali Lakhani
Chairman


Amin Mohammed Lakhani
Director


Aftab Ahmad
Director


Mohammad Hussain Hirji
Director & Chief Executive


Sabza Ali Pirani
Chief Financial Officer

Statement of Changes In Equity

For the year ended December 31, 2022

	Attributable to equity holders of the Company					Total
	Share capital Issued, subscribed and paid-up	Capital reserves Share premium	Revenue reserves General reserve	Unrealised appreciation (diminution) 'available for sale' investments	Retained earnings	
	----- (Rupees) -----					
Balance as at January 01, 2021	502,968,030	254,024,260	119,000,000	62,840,187	1,110,233,075	2,049,065,552
Total comprehensive income for the year						
Profit after tax for the year	-	-	-	-	277,525,758	277,525,758
Other comprehensive income						
Share in other comprehensive income of associates	-	-	-	-	9,083	9,083
Remeasurement of post retirement benefits obligation	-	-	-	-	(4,424,450)	(4,424,450)
Net unrealised gain arising during the year on revaluation of available for sale investments (including WTO) net of tax	-	-	-	60,628,023	-	60,628,023
Reclassification adjustment for net gain on available for sale investments included in profit and loss account (including WTO) net of tax	-	-	-	(17,234,635)	-	(17,234,635)
Total comprehensive income for the year	-	-	-	43,393,388	273,110,391	316,503,779
Transactions with owners recorded directly in equity						
Final cash dividend of Rs. 2 (20%) per share for the year ended December 31, 2020	-	-	-	-	(100,593,666)	(100,593,666)
Balance as at December 31, 2021	502,968,030	254,024,260	119,000,000	106,233,575	1,282,749,800	2,264,975,665
Total comprehensive income for the year						
Profit after tax for the year	-	-	-	-	313,353,983	313,353,983
Other comprehensive income						
Share in other comprehensive income of associates	-	-	-	-	(195,239)	(195,239)
Remeasurement of post retirement benefits obligation	-	-	-	-	(12,733,465)	(12,733,465)
Net unrealised loss arising during the year on revaluation of available for sale investments (including WTO) net of tax	-	-	-	(7,501,292)	-	(7,501,292)
Reclassification adjustment for net gain on available for sale investments included in profit and loss account (including WTO) net of tax	-	-	-	(15,724,073)	-	(15,724,073)
Total comprehensive income for the year	-	-	-	(23,225,365)	300,425,279	277,199,914
Transactions with owners recorded directly in equity						
Final cash dividend of Rs. 2.25 (22.5%) per share for the year ended December 31, 2021	-	-	-	-	(113,167,920)	(113,167,920)
Issue of bonus share at the rate of one for every ten share held	50,296,810	-	-	-	(50,296,810)	-
Balance as at December 31, 2022	553,264,840	254,024,260	119,000,000	83,008,210	1,419,710,349	2,429,007,659

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


Iqbal Ali Lakhani
Chairman


Amin Mohammed Lakhani
Director


Aftab Ahmad
Director


Mohammad Hussain Hirji
Director & Chief Executive

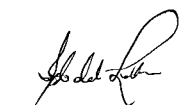

Sabza Ali Pirani
Chief Financial Officer

Cash Flow Statement

For the year ended December 31, 2022

	December 31, 2022	December 31, 2021
Note	----- (Rupees) -----	-----
Operating cash flows		
(a) Underwriting activities		
Insurance premium received	1,809,355,587	1,564,900,531
Reinsurance premium paid	(554,780,035)	(512,899,411)
Claims paid	(1,088,149,943)	(606,769,253)
Reinsurance and other recoveries received	308,145,497	273,781,311
Commission paid	(83,711,076)	(71,263,108)
Commission received	118,136,401	109,183,482
Management expenses paid	(374,098,486)	(320,948,590)
Net cash inflow from underwriting activities	<u>134,897,945</u>	<u>435,984,962</u>
(b) Other operating activities		
Income tax paid	(147,000,537)	(134,975,188)
Other operating receipt / (payments)	13,874,970	(215,825)
Net cash outflow from other operating activities	<u>(133,125,567)</u>	<u>(135,191,013)</u>
Total cash inflow from operating activities	<u>1,772,378</u>	<u>300,793,949</u>
Investment activities		
Profit / return received	129,354,627	118,107,451
Dividends received	31,783,910	33,726,773
Payments for investments	(5,697,291,988)	(1,259,940,457)
Proceeds from disposal of investments	5,376,431,420	1,221,059,839
Fixed capital expenditure	(17,134,619)	(27,741,038)
Proceeds from sale of property and equipment	7,019,007	3,790,651
Total cash (outflow) / inflow from investing activities	<u>(169,837,643)</u>	<u>89,003,219</u>
Financing activities		
Dividends paid	(112,660,353)	(100,177,007)
Lease rentals paid	(18,273,320)	(18,511,171)
Total cash outflow from financing activities	<u>(130,933,673)</u>	<u>(118,688,178)</u>
Net cash (outflow) / inflow from all activities	<u>(298,998,938)</u>	<u>271,108,990</u>
Cash and cash equivalents at beginning of the year	<u>724,474,690</u>	<u>453,365,700</u>
Cash and cash equivalents at end of the year	<u>425,475,752</u>	<u>724,474,690</u>
15.3		
Reconciliation to profit and loss account		
Operating cash flows	1,772,378	300,793,949
Depreciation / amortization expense	(32,674,486)	(27,741,249)
Profit on disposal of property and equipment	2,335,388	647,876
Profit on disposal of investments	53,249,969	32,011,001
Dividend income	30,311,734	32,637,288
Other investment income	165,461,229	111,805,206
Share of profit of associates	8,280,916	12,986,965
Increase in assets other than cash	311,873,949	38,099,010
Increase in liabilities other than running finance	(249,991,406)	(236,930,458)
Profit from Window Takaful Operations	22,734,312	13,216,170
Profit after tax	<u>313,353,983</u>	<u>277,525,758</u>

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



Iqbal Ali Lakhani
Chairman



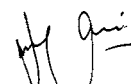
Amin Mohammed Lakhani
Director



Aftab Ahmad
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer

Notes to and Forming part of the Financial Statements

For the year ended December 31, 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

Century Insurance Company Limited (the Company) is a public limited company incorporated in Pakistan on October 10, 1985 under the Companies Act 2017. The Company is listed on the Pakistan Stock Exchange Limited and is engaged in general insurance business. The registered office of the Company is situated at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi.

The Company was granted authorization on August 07, 2017 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations by Securities and Exchange Commission of Pakistan (SECP) and under Takaful Rules, 2012 to carry on general takaful operations in Pakistan. The Company has formed a Waqf for Participants' Fund ("PTF") by executing the Waqf deed dated August 17, 2017. The Company commenced its activities of Window Takaful Operations on August 18, 2017.

1.1 The Company operates through the following locations in Pakistan;

Locations	Address
Head Office	11th Floor, Lakson Square Building No. 3, Sarwar Shaheed Road, Karachi.
Clifton Office	Office # 504-505, 5th Floor, Marine Point, DC 1, Block-9, Clifton, Karachi.
Shahrah-e-Faisal Branch	Ebrahim Estates, 2nd Floor, D/1 Union Commercial Area, Block 7 & 8, Shahrah-e-Faisal, Karachi.
Khalid Bin Waleed Road Office	Office # 901 - 902, 9th Floor, Dulara Business Centre, Plot # 19, Maniya Co-operative Housing Society, Khalid Bin Waleed Road, Karachi.
Lahore Regional Office	1st Floor, 14 Ali Block, New Garden Town, Lahore.
Lahore Gulberg Office	Office # 803-B, 8th Floor, City Towers, Main Boulevard, Gulberg - 2, Lahore.
Islamabad Office	Office # 6, Kashmir Plaza, Jinnah Avenue, Blue Area, Islamabad.
Sialkot Office	Al Khalil Centre, 1st Floor, Office # 215, Kashmir Road, Near China Chowk, Sialkot.
Gujranwala Office	2nd Floor, Gujranwala Business Centre, Opp. Gujranwala Chamber of Commercial & Industry Trust Plaza, Gujranwala.
Faisalabad Office	2nd Floor, Legacy Tower, Kohinoor City, Faisalabad.
Multan Office	Office # 55-57, 1st Floor, Business City Plaza, Bosan Road, Multan.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of compliance

These financial statements have been prepared in accordance with 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 Standard Board (IASB) as are notified under Companies Act, 2017; and
- Provision of and directive issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017, General Takaful Accounting Regulations, 2019 and Takaful Rules, 2012.

Notes to and Forming part of the Financial Statements

For the year ended December 31, 2022

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

The Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O 89(1)/2017 dated February 09, 2017 has prescribed format of the presentation of annual financial statements for general insurance companies. These financial statements have been prepared in accordance with the format prescribed by the SECP.

Total assets, total liabilities and profit of the Window Takaful Operations of the Company referred to as the Operator's Fund has been presented in these financial statements in accordance with the requirements of SRO 1416(1)/2019 issued on November 20, 2019.

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

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention except for certain investments which are stated at their fair values and staff gratuity which is stated at present value.

2.3 Functional and presentation currency

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

2.4 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on or after)
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 01, 2023
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	January 01, 2023
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Effective date (annual periods beginning on or after)

Standards

IFRS 1 First-time Adoption of International Financial Reporting Standards	January 01, 2024
IFRS 17 Insurance Contracts	January 01, 2023

The company has taken a benefit of temporary exemption of applying IFRS 9 Financial Instrument with IFRS 17 Insurance Contracts” as allowed under IFRS.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented.

3.1 Property and Equipment

3.1.1 Tangibles

These are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 6.1 to the financial statements, after taking into account residual value.

Depreciation on additions is charged from the month in which the asset is put to use whereas no depreciation is charged from the month the asset is disposed off.

Subsequent costs are included in the assets’ carrying amount or recognised as a separate asset, as appropriate, only when it is possible that the future economic benefits associated with the items will flow to the company and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to profit and loss account currently.

An item of tangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss in the year the asset is derecognised.

Depreciation methods, useful lives and residual values that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

3.1.2 Capital work-in-progress

Capital work-in-progress including advances made for capital expenditure is stated at cost less impairment, if any.

3.2 Intangibles

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Costs directly associated with identifiable software that will have probable economic benefits exceeding costs beyond one year, are recognised as an intangible asset.

Notes to and Forming part of the Financial Statements

For the year ended December 31, 2022

Indefinite Intangible

These are stated at cost less impairment, if any.

Definite Intangible

- a) These are stated at cost less accumulated amortisation and impairment, if any.
- b) Intangible assets are amortised on straight line basis over its estimated useful life(s).
- c) Amortisation on additions is charged from month in which the asset is put to use, whereas no amortisation is charged from the month the assets is disposed off.

The carrying amounts are reviewed at each reporting date to assess whether these are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets' are written down to their estimated recoverable amounts.

3.3 Leases

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

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

The Company has elected not to recognize right-of-use assets and lease liabilities for short term and low value assets. The lease payments associated with these leases are recognized as an expenses on a straight line basis over the lease term. The right-of-use assets are presented in the same line items as it presents underlying assets of the same nature that it owns.

3.4 Insurance contracts

Insurance contracts represent contracts with policy holders and reinsurers.

Those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policy holders) by agreeing to compensate the policy holders if a specified uncertain future event (the insured event) adversely affects the policy holders are insurance policy contracts. The Company enters into fire and property damage, marine, motor, health, burglary, loss of cash in transit, travel, personal accident, money, engineering losses and other insurance contracts with group companies, corporate clients and individuals residing or located in Pakistan.

Those insurance contracts that are issued by one insurer (the reinsurer) to compensate another insurer (the cedant) for losses on one or more contracts issued by the cedant are reinsurance contracts. The Company enters in to reinsurance contracts with both foreign and local reinsurers.

These reinsurance contracts includes both treaty and facultative arrangements and are classified in same categories of insurance contracts for the purpose of these financial statements. The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted reinsurance business being reinsured.

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

3.5 Deferred Commission expense / Acquisition cost

Commission expense incurred in obtaining and recording policies is deferred and recognised as an expense in accordance with pattern of recognition of premium revenue by applying the twenty-fourths method.

3.6 Unearned premium

The portion of premium written relating to the unexpired period of coverage is recognised as unearned premium by the Company. The unearned premium is calculated by applying the twenty-fourths method as specified in the Insurance Accounting Regulations, 2017.

3.7 Premium deficiency

The Company is required as per Insurance Rules, 2017 to maintain a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future liability, after reinsurance, from claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after the reporting date in respect of policies in that class of business at the reporting date. The movement in the premium deficiency reserve is recorded as an expense and the same shall be recognised as a liability.

For this purpose, loss ratios for each class are estimated based on historical claim development. Judgement 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, premium deficiency is estimated.

Based on an analysis of combined operating ratio for the expired period of each reportable segment, the management considers that the unearned premium reserve for all classes of business as at the year end is adequate to meet the expected future liability after reinsurance, from claims and other expenses, expected to be incurred after the reporting date in respect of policies in those classes of business in force at the reporting date. The liability of premium deficiency in relation to all classes of business is calculated in accordance with the advice of the actuary. Hence, no provision for the same has been made in these financial statements.

3.8 Reinsurance contracts held

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

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contract are not offset against expenses or income from related insurance assets as required by Insurance Ordinance, 2000. Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expired.

Notes to and Forming part of the Financial Statements

For the year ended December 31, 2022

The Company assesses its reinsurance assets for impairment on reporting date. If there is an objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises it as impairment loss.

3.9 Receivables and payables related to insurance contracts

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

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

3.10 Segment reporting

An operating segment is a component of the Company 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 Company's other components. All operating segments' results are reviewed regularly by the Company's chief operating decision maker 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 presents segments reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Rule, 2017. The reported operating segments are also consistent with the internal reporting provided to Board of Directors which are responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

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

The perils covered under fire insurance include damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and terrorism.

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

Motor insurance provides comprehensive car coverage and indemnity against third party loss.

Accident and health insurance provides cover to compensate personal accident, hospitalisation and outpatient medical coverage to the insured.

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

Financing, investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them. Those assets and liabilities which can not be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities. Management expenses are allocated to a particular segment on the basis of premium written.

3.11 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, policy stamps, bank balances and the term deposit receipts having a maturity of not more than three months and are subject to insignificant risk of change in value.

3.12 Revenue Recognition

a) Premiums

Premiums under a policy are recognised as revenue at the time of issuance of insurance policy / cover note. Where the pattern of incidence of risk varies over the period of the policy, premium is recognised as revenue in accordance with the pattern of the incidence of risk. Administrative surcharge is recognised as revenue at the time of issuance of insurance policy.

Revenue from premium is determined after taking into account the unearned portion of premium by applying 1/24th method as prescribed by the Insurance Rules, 2017. The unearned portion of premium income is recognised as liability.

b) Commission Income

Commission income from reinsurers is recognised at the time of issuance of the underlying insurance policy by the Company. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit / commission, if any, under the terms of reinsurance arrangements, is recognised when the Company's right to receive the same is established.

c) Investment income

- Income from held to maturity investments is recognised on a time proportion basis taking into account the effective yield on the investments. 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 from investments, other than those which are accounted for under the equity method is recognised when the Company's right to receive the payment is established.
- Gain or loss on sale of investment is included in income currently.
- Return on bank deposits is recognised on a time proportionate basis taking into account the effective yield.
- Return on fixed income securities is recognised on a time proportion basis taking into account the effective yield on the investments.

3.13 Investments

3.13.1 Classification and Recognition

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

- Investment 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 and Forming part of the Financial Statements

For the year ended December 31, 2022

3.13.2 Measurement

3.13.2.1 Investment at fair value through profit or loss

Investments which are acquired principally for the purposes of generating profit from short-term fluctuation in market price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading.

Investments which are designated at fair value through profit or loss upon initial recognition.

Subsequent to initial recognition, these investments are remeasured at fair market value. Gains or losses on investments on remeasurement of these investments are recognised in profit and loss account.

3.13.2.2 Held to maturity

Investments with fixed maturity, where 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 less provision for impairment, if any. Any premium paid or discount availed on acquisition of held to maturity investment is deferred and amortised over the term of investment using the effective yield.

3.13.2.3 Available-for-sale

Investments which are not eligible to be classified as “fair value through profit or loss” or “held to maturity” are classified as ‘available-for-sale’. These investments are intended to be held for an indefinite period of time which may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available-for-sale.

Quoted

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

Unquoted

Unquoted investments are recorded at cost less accumulated impairment losses except for Investment in Private Equity fund which is valued at Net assets value of the Fund.

3.13.2.4 Fair / market value measurements

For investments in Government securities, fair / market value is determined by reference to quotations obtained from MUFAP page (PKRV) where applicable. For investments in quoted marketable securities, other than Term Finance Certificates, fair / market value is determined by reference to Stock Exchange quoted market price at the close of business on reporting date. The fair market value of Term Finance Certificates is as per the rates issued by the Mutual Funds Association of Pakistan (MUFAP).

3.13.2.5 Investment in associates - equity method

Investments in associates, where the Company has significant influence but not control, are accounted for by using the equity method of accounting. These investments are initially recognised at cost, thereafter the Company's share of the changes in the net assets of the associates are accounted for at the end of each reporting period less impairment loss, if any. Share of profit and loss of associate is accounted for in the Company's profit and loss account, whereas changes in the associate's equity which has not been recognised in the associates profit and loss account, are recognised directly in equity of the Company.

After the application of equity method including recognising the associates losses, the Company determines whether it is necessary to recognise any additional impairment loss with respect to its net investment in associate by comparing the entire carrying amount with its recoverable amount i.e. the higher of value in use or fair market price less cost to sell. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of carrying amount that would have been determined if no impairment loss had been recognized. A reversal of impairment loss is recognized in the profit and loss account.

3.13.2.6 Date of recognition

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

3.14 Offsetting of financial assets and liabilities

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

3.15 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 services received, whether or not billed to the Company.

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

3.16 Claims expense and Provision for outstanding claims including Incurred But Not Reported (IBNR)

Insurance claims include all claims occurred, whether reported or not. 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 previous years.

Provision for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Outstanding claims

The amount of claims that have been reported and are yet unpaid or partially unpaid at the end of reporting year for a given accident year.

Notes to and Forming part of the Financial Statements

For the year ended December 31, 2022

A liability for outstanding claims (claim incurred) is recognized for all claims incurred which represents the estimates of the claims intimated or assessed before the end of the reporting period and measured at the undiscounted value of 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. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates while taking into consideration the past claims settlement experience including handling costs and the Company's reserving policy. Where applicable, deductions are made for salvage and their recoveries.

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

Incurred But Not Reported (IBNR) Claims

The losses that have incurred or are in the occurrence period at the end of reporting year and have not been intimated to the Company by that end of reporting year, or if reported, complete details are not available to the Company, so as to ascertain the amount of loss for that claim as claims outstanding.

The Company is required, as per SECP circular no. 9 of 2016 dated March 09, 2016 "Guidelines for Estimation of Incurred but not reported claims reserve, 2016" to estimate and maintain the provision for claims incurred but not reported for each class of business by using prescribed Method "Chain Ladder Method" and other alternate method as allowed under the provisions of the Guidelines. The actuarial valuation as at December 31, 2022 has been carried out by independent firm of actuaries for determination of IBNR for each class of business.

3.17 Taxation

Income tax expense comprises current and deferred tax including Window Takaful Operations. Income tax expense is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or in other comprehensive income respectively. In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

Current

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Provisions for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime and / or minimum tax liability, as applicable, after taking into account tax credits and tax rebates available, if any.

Deferred

Deferred tax is recognised using balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

The Company recognises a deferred tax asset to the extent of taxable timing differences or it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.18 Staff Retirement benefits

3.18.1 Defined benefit plan

The Company operates an approved and funded gratuity scheme for all permanent employees who attain the minimum qualification period for entitlement to gratuity. The liability / asset recognized in the balance sheet is the present value of defined benefit obligation at the reporting date less fair value of plan assets. The defined benefit obligation is calculated annually using Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income.

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognized in profit and loss account and actuarial gains / loss are recognised in other comprehensive income as they occur and are not reclassified to profit or loss in subsequent periods.

The last actuarial valuation of the Company's defined benefit plan was carried on as of December 31, 2022.

3.18.2 Defined contribution plan

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

3.18.3 Employees' compensated absences

The Company accounts for the liability in respect of eligible employees' compensated absences in the period in which they are earned.

3.19 Impairment of assets

The carrying amount of assets other than deferred tax asset 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. Impairment losses are recognised in profit and loss account. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognised. Impairment is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investments classified as available-for-sale below its cost is also considered an objective evidence of impairment. Impairment losses are reversed when there is an indication that impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. However, in case of equity securities classified as available for sale the decrease in impairment loss is not reversed.

3.20 Dividend distribution and reserve appropriation

Dividend distribution and reserve appropriations are recognized when approved.

3.21 Management expenses

These are allocated to various classes of business in proportion to the respective gross premium written during the year. Expenses not allocable to the underwriting business are charged as other expenses.

Notes to and Forming part of the Financial Statements

For the year ended December 31, 2022

3.22 Foreign currency translation

Foreign currency transactions during the period are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the reporting date. Gains and losses on translation 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 dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3.23 Financial instruments

Financial instruments carried on the reporting date include cash and bank, premiums due but unpaid, amount due from other insurers / reinsurers, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, amount due to other insurers / reinsurers, accrued expenses, other creditors and accruals, deposits and other payables and unclaimed dividends.

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 derecognized 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 derecognition of financial assets and financial liabilities is taken to income currently.

3.24 Earnings per share

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

3.25 Transaction with related parties

All the transaction involving related parties arising in the normal course of business are conducted at agreed / commercial terms and condition.

3.26 Window Takaful Operations

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Use of estimates and judgements

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

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

- a) residual values and useful lives of fixed assets (note 3.1);
- b) provision for unearned premium (note 3.6);
- c) premium deficiency reserve (note 3.7);
- d) provision for premium due but unpaid and amount due from other insurers / reinsurers (note 3.9);
- e) segment reporting (note 3.10);

- f) valuation of investments (note 3.13.2);
- g) provision for outstanding claims (including IBNR) and reinsurance recoveries there against (note 3.16);
- h) taxation (note 3.17);
- i) staff retirement benefits (note 3.18);
- j) impairment (note 3.19); and
- k) allocation of management expenses (note 3.21).

5. DISCLOSURES RELATED TO TEMPORARY EXEMPTION FROM IFRS 9

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

The debt instruments accounted for fair value through other comprehensive income under IAS 39 are potentially eligible to SPPI test whereas it is not applicable for the debt instruments accounted for fair value through profit or loss.

The tables below set out the fair values on gross basis 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, 2022				
	Fail the SPPI Test		Pass the SPPI Test		
	Fair value	Change in unrealized gain or (loss) during the year	Carrying Value	Cost less impairment	Change in unrealized gain or (loss) during the year
	----- (Rupees) -----				
Financial assets					
Investment in associate	104,243,252	-	-	-	-
Investments					
- Equity securities - available for sale	1,008,245,149	135,804,612	-	-	-
- Equity securities - held for trading	75,575,631	(1,496,855)	-	-	-
- Debt securities - held for trading	-	-	393,403,452	-	(2,677,003)
- Debt securities - available for sale	-	-	668,887,530	-	(20,251,753)
- Debt securities - held to maturity	-	-	29,788,381	-	-
Loan and other receivables*	46,624,061	-	-	-	-
Cash and bank	426,475,752	-	-	-	-
TOTAL	1,661,163,845	134,307,757	1,092,079,363	-	(22,928,756)

Notes to and Forming part of the Financial Statements

For the year ended December 31, 2022

	Gross Carrying amount of debt instruments that pass the SPPI test					
	AAA	A+	A	A-	Unrated	Total
	----- (Rupees) -----					
Investment in debt securities						
Held for trading	-	-	-	-	393,403,452	393,403,452
Available for sale	104,832,000	78,560,720	20,000,000	15,000,000	450,494,810	668,887,530
Held to maturity	-	-	-	-	29,788,381	29,788,381
	104,832,000	78,560,720	20,000,000	15,000,000	873,686,643	1,092,079,363

* The carrying amount of these financial assets measured applying IAS 39 are a reasonable approximation of the fair values.

6. PROPERTY AND EQUIPMENT	Note	December 31, 2022	December 31, 2021
		----- (Rupees) -----	
Operating assets	6.1	80,468,039	83,355,554
Right to use assets	6.2	36,183,696	35,303,605
Capital work in progress	6.3	5,192,211	6,908,621
		121,843,946	125,567,780

6.1 Operating assets

	December 31, 2022									
	Cost				Depreciation				Written down value as at December 31, 2022	Depreciation rate %
As at January 01, 2022	Additions / Transfers*	Disposals	As at December 31, 2022	As at January 01, 2022	For the year (Note 6.1.1)	Disposals	As at December 31, 2022			
	----- (Rupees) -----									
Office improvement	19,117,106	2,417,262 37,000*	2,227,001	19,307,367	14,962,619	876,067	1,659,262	14,179,424	5,127,943	10
Furniture and fixtures	18,202,261	1,027,255 443,000*	1,161,904	18,067,612	12,059,917	1,227,047	756,267	12,530,697	5,536,915	10
Office equipment	18,311,249	1,438,431	1,414,132	18,335,548	12,989,042	1,869,090	1,382,459	13,475,673	4,859,875	10 - 33
Computer and related accessories	11,074,825	2,074,881	1,105,528	12,044,178	8,753,376	1,531,491	1,105,473	9,179,394	2,864,784	33
Motor vehicles	112,849,965	11,893,200 6,327,400*	12,916,654	111,826,511	47,434,898	11,551,230	9,238,139	49,747,989	62,078,522	20 - 33
	179,555,406	18,851,029	18,825,219	179,581,216	96,199,852	17,054,925	14,141,600	99,113,177	80,468,039	

	December 31, 2021									
	Cost				Depreciation				Written down value as at December 31, 2021	Depreciation rate %
As at January 01, 2021	Additions / Transfers*	Disposals	As at December 31, 2021	As at January 01, 2021	For the year	Disposals	As at December 31, 2021			
	----- (Rupees) -----									
Office improvement	19,763,414	1,385,019	2,031,327	19,117,106	16,026,412	967,507	2,031,300	14,962,619	4,154,487	10
Furniture and fixtures	16,775,543	2,030,600	603,882	18,202,261	11,403,005	1,260,738	603,826	12,059,917	6,142,344	10
Office equipment	15,118,602	3,930,224	737,577	18,311,249	11,904,008	1,769,093	684,059	12,989,042	5,322,207	10 - 33
Computer and related accessories	9,556,021	1,548,240	29,436	11,074,825	7,833,922	948,178	28,724	8,753,376	2,321,449	33
Motor vehicles	98,697,765	12,104,555 11,459,000*	9,411,355	112,849,965	42,144,198	11,612,358	6,321,658	47,434,898	65,415,067	20 - 23
	159,911,345	32,457,638	12,813,577	179,555,406	89,311,545	16,557,874	9,669,567	96,199,852	83,355,554	

6.1.1 During the year ended December 31, 2022, an aggregate amount of Rs.1.023 million out of depreciation of Rs.17.055 million has been allocated to window takafal operations.

6.1.2 Disposal of tangible

	Cost	Accumulated depreciation	Book value	Sale proceeds	Net gain / (loss) (note 29)	Mode of disposal	Sold to
	(Rupees)						
Office improvement	568,846	210,100	358,746	580	(358,166)	Negotiation	Afaq Scrap & Waste Paper Dealer
Office improvement	1,658,155	1,449,159	208,996	190	(208,806)	Negotiation	Aslam Kabadi
Furniture and fixtures	149,728	143,005	6,723	7,000	277	Negotiation	Liaquat Bhatti
Furniture and fixtures	605,854	290,684	315,170	60,520	(254,650)	Negotiation	Afaq Scrap & Waste Paper Dealer
Furniture and fixtures	406,322	322,576	83,746	125	(83,621)	Negotiation	Aslam Kabadi
Office equipment	146,095	143,371	2,724	14,610	11,886	Negotiation	Liaquat Bhatti
Office equipment	30,000	7,500	22,500	34,200	11,700	Insurance Claim	EFU General Insurance
Office equipment	61,763	61,759	4	6,000	5,996	Negotiation	Mr. Imran
Office equipment	86,000	85,999	1	26,000	25,999	Negotiation	Technology Trading
Office equipment	38,800	38,798	2	10,000	9,998	Negotiation	Al-Rehman Traders
Office equipment	147,500	147,497	3	21,000	20,997	Negotiation	Neelam Ghar
Office equipment	717,335	710,910	6,425	93,000	86,575	Negotiation	Ahmed Engineering
Office equipment	124,759	124,754	5	500	495	Negotiation	Afaq Scrap & Waste Paper Dealer
Office equipment	61,880	61,873	7	35	28	Negotiation	Aslam Kabadi
Computer and related accessories	452,928	452,895	33	11,000	10,967	Negotiation	Star Com
Computer and related accessories	45,000	44,999	1	10,500	10,499	Insurance Claim	EFU General Insurance
Computer and related accessories	151,320	151,308	12	29,500	29,488	Negotiation	A King Computer
Computer and related accessories	350,000	349,999	1	133,000	132,999	Insurance Claim	EFU General Insurance
Computer and related accessories	106,280	106,272	8	1,250	1,242	Negotiation	Aslam Kabadi
Motor vehicles	1,787,500	1,249,286	538,214	538,214	-	As per company policy	Ms. Madiha Khalid (Executive)
Motor vehicles	575,730	345,438	230,292	570,000	339,708	Negotiation	Mr. Muhammad Danish
Motor vehicles	1,864,000	1,303,690	560,310	2,600,000	2,039,690	Negotiation	Mr. Yasir Khan
Motor vehicles	575,730	345,438	230,292	520,000	289,708	Negotiation	Mr. Muhammad Danish
Motor vehicles	1,527,000	1,157,049	369,951	369,951	-	As per company policy	Mr. Tassawer Jaffery (Executive)
Motor vehicles	2,363,000	1,716,651	646,349	646,349	-	As per company policy	Mr. Shahbaz Chaudhry (Executive)
Motor vehicles	2,302,500	1,548,017	754,483	754,483	-	As per company policy	Mr. Mohammad Hussain Hirji (Executive)
Motor vehicles	114,000	99,000	15,000	28,000	13,000	As per company policy	Mr. Fawad Afzal Shaikh (Employee)
Motor vehicles	119,000	104,000	15,000	28,000	13,000	As per company policy	Mr. Fahad Ismail (Employee)
Motor vehicles	60,256	43,999	16,257	25,000	8,743	Negotiation	Mr. Muhammad Sajid
Motor vehicles	49,500	39,500	10,000	10,000	-	Negotiation	Mr. S.M. Khan
Motor vehicles	44,000	34,000	10,000	10,000	-	Negotiation	Mr. Waheed Khan
Motor vehicles	47,448	37,448	10,000	20,000	10,000	As per company policy	Mr. Muhammad Ali Baber (Ex. Employee)
Motor vehicles	133,000	80,633	52,367	105,000	52,633	Insurance Claim	EFU General Insurance
Motor vehicles	49,000	39,000	10,000	12,000	2,000	As per company policy	Mr. Rahat Hussain (Employee)
Motor vehicles	96,400	81,400	15,000	12,000	(3,000)	As per company policy	Mr. Muhammad Imran (Employee)
Motor vehicles	119,000	104,000	15,000	25,000	10,000	As per company policy	Mr. Muhammad Shahid Haroon (Employee)
Motor vehicles	98,400	83,400	15,000	15,000	-	Negotiation	Mr. Muhammad Hashmat
Motor vehicles	43,500	28,500	15,000	11,000	(4,000)	As per company policy	Mr. Khalid Iqbal (Employee)
Motor vehicles	98,400	83,400	15,000	15,000	-	Negotiation	Mr. Muhammad Hashmat
Motor vehicles	76,900	61,900	15,000	10,000	(5,000)	As per company policy	Mr. Muhammad Jahangir (Employee)
Motor vehicles	119,000	104,000	15,000	40,000	25,000	As per company policy	Mr. Shahoor Alam Awan (Employee)
Motor vehicles	114,000	99,000	15,000	25,000	10,000	Negotiation	Mr. Hashmat
Motor vehicles	119,000	104,000	15,000	40,000	25,000	As per company policy	Mr. Imran Hussain Ansari (Employee)
Motor vehicles	119,000	104,000	15,000	40,000	25,000	Negotiation	Mr. Mansoor Sarfaraz
Motor vehicles	50,000	40,000	10,000	12,000	2,000	Negotiation	Mr. Salman
Motor vehicles	44,445	34,445	10,000	15,000	5,000	Negotiation	Mr. Muhammad Usman
Motor vehicles	43,500	28,500	15,000	10,000	(5,000)	Negotiation	Mr. Hashmat Khan
Motor vehicles	44,445	34,445	10,000	18,000	8,000	Negotiation	Mr. Bilal Ahmed
Motor vehicles	119,000	104,000	15,000	35,000	20,000	As per company policy	Mr. Kaleem Ullah (Employee)
	18,825,219	14,141,597	4,683,622	7,019,007	2,335,385		

6.1.3 Fully depreciated assets amounts to Rs. 56 million (purchase price) at year end December 31, 2022 (2021: Rs. 52 million).

6.2 Right to use assets

	Cost			Depreciation			As at December 31, 2022	Written down value as at December 31, 2022	
	As at January 01, 2022	Additions	(Disposals / written off)	As at December 31, 2022	As at January 01, 2022	For the year			(Disposals / written off)
	(Rupees)								
Property lease	72,619,967	24,058,347	22,798,407	73,879,907	37,316,362	16,606,431	16,226,582	37,696,211	36,183,696
December 31, 2021	64,064,763	8,555,204	-	72,619,967	25,139,515	12,176,847	-	37,316,362	35,303,605

6.3 Capital work-in-progress

	December 31, 2022	December 31, 2021
	(Rupees)	
Advance against purchase of vehicles	5,192,211	6,428,621
Advance against renovation of branch	-	480,000
	5,192,211	6,908,621

Notes to and Forming part of the Financial Statements

For the year ended December 31, 2022

		December 31, 2022	December 31, 2021
7. INTANGIBLE ASSETS	Note	----- (Rupees) -----	
Intangible assets	7.1	240,250	-
Capital work-in-progress	7.2	600,000	-
		840,250	-

	Cost			Amortisation			Written down			
	As at January 01, 2022	Additions	(Disposals / written off) December 31, 2022	As at January 01, 2022	For the year	(Disposals / written off) December 31, 2022	As at December 31, 2022	value as at December 31, 2022	Amortisation rate %	
7.1 Intangible assets	----- (Rupees) -----									
Computer software	7,006,837	279,000	-	7,285,837	7,006,837	38,750	-	7,045,587	240,250	33
December 31, 2021	7,006,837	-	-	7,006,837	7,006,837	-	-	7,006,837	-	33

		December 31, 2022	December 31, 2021
7.2 Capital work-in-progress		----- (Rupees) -----	
Advance against software development		600,000	-

8. INVESTMENT IN ASSOCIATES

The Company has 0.037% and 0.428% interest in Colgate Palmolive (Pakistan) Limited (CPPL) and Century Paper & Board Mills Limited (CPBML). The Company's interest in CPPL and CPBML is accounted for using the equity method in these financial statements on the basis of significant influence which is demonstrated by common representation of directors of the Company on Board of Director's of CPPL and CPBML.

	2022	2021	Face value per share (Rupees)	Quoted	Note	December 31, 2022	December 31, 2021
--- (Number of shares) ---						----- (Rupees) -----	
	30,790	26,774	10	Colgate Palmolive (Pakistan) Limited (CPPL) (Incorporated in Pakistan)	8.1	14,194,543	12,981,554
	955,573	868,703	10	Century Paper & Board Mills Limited (CPBML) (Incorporated in Pakistan)	8.1	53,167,212	47,700,159
						67,361,755	60,681,713

8.1 Movement of investment in equity accounted investees is as follows:

	December 31, 2022		
	Colgate Palmolive (Pakistan) Limited	Century Paper & Board Mills Limited	Total
	----- (Rupees) -----		
Opening balance as at January 01, 2022	12,981,554	47,700,159	60,681,713
Share of profit	2,630,857	5,650,059	8,280,916
Share of other comprehensive income	(12,233)	(183,006)	(195,239)
Dividend received	(1,405,635)	-	(1,405,635)
Closing balance as at December 31, 2022	<u>14,194,543</u>	<u>53,167,212</u>	<u>67,361,755</u>

	December 31, 2021		
	Colgate Palmolive (Pakistan) Limited	Century Paper & Board Mills Limited	Total
	----- (Rupees) -----		
Opening balance as at January 01, 2021	11,967,904	37,991,670	49,959,574
Share of profit	2,147,276	10,839,689	12,986,965
Share of other comprehensive income	7,192	1,891	9,083
Dividend received	(1,140,818)	(1,133,091)	(2,273,909)
Closing balance as at December 31, 2021	<u>12,981,554</u>	<u>47,700,159</u>	<u>60,681,713</u>

8.2 Market value of investments in associates is as follows:

	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
Quoted		
Colgate Palmolive (Pakistan) Limited	<u>56,961,500</u>	60,964,666
Century Paper & Board Mills Limited	<u>47,281,752</u>	68,714,407
	<u>104,243,252</u>	<u>129,679,073</u>

8.3 Percentage of holding of equity in associates is as follows:

	December 31, 2022	December 31, 2021
	-----(Percentage of holding)----	
Colgate Palmolive (Pakistan) Limited	0.037%	0.037%
Century Paper & Board Mills Limited	0.428%	0.428%

Notes to and Forming part of the Financial Statements

For the year ended December 31, 2022

8.4 The following is summarized financial information of CPPL and CPBML as at and for the twelve month period ended December 31, 2022. Based on their respective unaudited condensed interim financial information and quarterly financial information prepared in modified for fair value and other adjustments and differences in the Company's accounting policies:

	Colgate Palmolive (Pakistan) Limited		Century Paper & Board Mills Limited	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- (Rupees) -----				
For the period ended				
Revenues	75,516,164,000	54,756,595,000	46,010,024,000	33,112,949,000
Profit after tax	7,153,037,000	5,838,208,000	1,319,570,000	1,953,113,000
Other comprehensive income / (loss)	(33,260,000)	19,553,000	(42,741,000)	508,000
Total comprehensive income	7,119,777,000	5,857,761,000	1,276,829,000	1,953,621,000
At period end				
Non current assets	7,812,385,000	7,533,938,000	11,836,206,000	10,913,112,000
Current assets	30,577,015,000	22,959,348,000	23,538,056,000	14,521,030,000
Non current liabilities	(1,831,058,000)	(1,804,590,000)	(6,893,035,000)	(3,832,278,000)
Current liabilities	(11,831,373,000)	(7,259,736,000)	(16,063,976,000)	(10,461,442,000)
Net assets	24,726,969,000	21,428,960,000	12,417,251,000	11,140,422,000
Interest in net assets of investee at end of the year	9,094,803	7,881,766	53,167,212	47,700,159
Fair value and other adjustments at acquisition	5,099,740	5,099,833	-	-
Carrying amount of interest in equity accounted investees at end of the year	14,194,543	12,981,599	53,167,212	47,700,159

9. INVESTMENTS IN EQUITY SECURITIES

	December 31, 2022				December 31, 2021			
	Cost	Impairment on AFS	Unrealised gain / (loss) on revaluation	Carrying value	Cost	Impairment on AFS	Unrealised gain on revaluation	Carrying value
Note	----- (Rupees) -----							
Available for sale	875,251,013	(2,810,476)	135,804,612	1,008,245,149	972,045,049	-	154,616,226	1,126,661,275
Held for trading	77,072,486	-	(1,496,855)	75,575,631	104,433,344	-	(6,225,965)	98,207,379
	952,323,499	(2,810,476)	134,307,757	1,083,820,780	1,076,478,393	-	148,390,261	1,224,868,654
Available for sale								
Related parties								
Mutual funds	349,651,560	-	121,534,205	471,185,765	459,015,352	-	125,975,547	584,990,899
Others								
Listed shares	15,152,931	(2,810,476)	2,334,504	14,676,959	64,819,749	-	4,184,720	69,004,469
Unlisted shares	75,283	-	-	75,283	75,283	-	-	75,283
Mutual funds	510,371,239	-	11,935,903	522,307,142	448,134,665	-	24,455,959	472,590,624
	525,599,453	(2,810,476)	14,270,407	537,059,384	513,029,697	-	28,640,679	541,670,376
	875,251,013	(2,810,476)	135,804,612	1,008,245,149	972,045,049	-	154,616,226	1,126,661,275
Investment at fair value through profit and Loss								
Listed shares	77,072,486	-	(1,496,855)	75,575,631	104,433,344	-	(6,225,965)	98,207,379
	952,323,499	(2,810,476)	134,307,757	1,083,820,780	1,076,478,393	-	148,390,261	1,224,868,654

9.1 Related parties

December 31, 2022	December 31, 2021	Face value	Name of entity	December 31, 2022			December 31, 2021				
				Cost	Impairment on AFS	Unrealised gain / (loss) on revaluation	Carrying value	Cost	Impairment on AFS	Unrealised gain on revaluation	Carrying value
Number of units		(Rupees)		(Rupees)							
Open-end mutual funds											
1,415,023	423,135	100	Lakson Money Market Fund	143,842,084	-	1,478,091	145,320,175	42,627,519	-	166,933	42,794,452
57,443	247,537	100	Lakson Income Fund	5,809,476	-	155,168	5,964,644	25,735,524	-	404,353	26,139,877
-	1,374,642	100	Lakson Equity Fund	-	-	-	-	145,406,224	-	(996,949)	144,409,275
-	444,538	100	Lakson Tactical Fund	-	-	-	-	45,246,085	-	(1,436,587)	43,809,498
Closed-end fund											
200	200	1,000,000	Lakson Private Equity Fund	200,000,000	-	119,900,946	319,900,946	200,000,000	-	127,837,797	327,837,797
				349,651,560	-	121,534,205	471,185,765	459,015,352	-	125,975,547	584,990,899

10. INVESTMENTS IN DEBT SECURITIES

	Note	December 31, 2022			December 31, 2021		
		Cost	Unrealised gain / (loss) on revaluation	Carrying value	Cost	Unrealised gain / (loss) on revaluation	Carrying value
(Rupees)							
Held for trading							
Government securities	10.1.1	396,080,455	(2,677,003)	393,403,452	90,170,946	(2,093,235)	88,077,711
Held to maturity							
Government securities	10.1.2&10.1.3	29,788,381	-	29,788,381	54,633,134	-	54,633,134
Available for sale							
Sukuk	10.1.4	25,000,000	-	25,000,000	25,000,000	-	25,000,000
Term finance certificate	10.1.5	192,810,800	581,920	193,392,720	242,934,000	2,046,292	244,980,292
Government securities	10.1.6	471,328,483	(20,833,673)	450,494,810	177,288,516	(7,046,856)	170,241,660
		689,139,283	(20,251,753)	668,887,530	445,222,516	(5,000,564)	440,221,952
		1,115,008,119	(22,928,756)	1,092,079,363	590,026,596	(7,093,799)	582,932,797

10.1 Particulars of debt securities are as follow

10.1.1 Pakistan Investment Bonds

Type of security	Maturity date	Profit rate %	Profit payment	Face value	Carrying Value	
					December 31, 2022	December 31, 2021
-- (Rupees) --						
Pakistan Investment Bond - 5 years	September 19, 2024	9.500	Semi Annually	25,000,000	22,452,150	23,908,475
Pakistan Investment Bond - 10 years	August 22, 2029	16.540	Semi Annually	35,000,000	34,489,438	35,137,667
Pakistan Investment Bond - 10 years	August 25, 2029	16.443	Semi Annually	6,000,000	5,929,350	-
Pakistan Investment Bond - 5 years	May 06, 2026	15.73	Semi Annually	198,500,000	191,872,581	-
Pakistan Investment Bond - 10 years	November 04, 2031	15.73	Semi Annually	22,500,000	21,076,313	-
Pakistan Investment Bond - 5 years	November 17, 2026	15.73	Semi Annually	123,200,000	117,583,620	-
Pakistan Investment Bond - 3 years	September 19, 2022	9.00	Semi Annually	29,500,000	-	29,031,569
					393,403,452	88,077,711

10.1.2 Pakistan Investment Bonds

Type of security	Maturity date	Profit rate %	Profit payment	Face value	Carring Value	
					December 31, 2022	December 31, 2021
-- (Rupees) --						
Pakistan Investment Bond - 10 years	May 31, 2028	16.23	Semi Annually	30,000,000	29,788,381	29,749,184
Pakistan Investment Bond - 10 years	September 19, 2022	12.00	Semi Annually	25,000,000	-	24,883,950
					29,788,381	54,633,134

The market value of held to maturity debt securities is Rs. 29.435 million (2021: Rs. 54.882 million).

Notes to and Forming part of the Financial Statements

For the year ended December 31, 2022

10.1.3 These securities are placed with State Bank of Pakistan as statutory deposit in accordance with the requirement of clause (a) of sub section 2 of section 29 of the Insurance Ordinance, 2000.

10.1.4 Sukuk

No. of certificates		Company's name	Maturity date	Effective rate	Face value (Rupees)	Carrying Value	
December 31, 2022	December 31, 2021					December 31, 2022	December 31, 2021
5,000	5,000	Dubai Islamic Bank Pakistan Ltd	Perpetual	Kibor plus 1.75 %	5,000,000	25,000,000	25,000,000
						25,000,000	25,000,000

10.1.5 Term finance certificate

No. of certificates		Company's name	Maturity date	Effective rate	Face value (Rupees)	Carrying Value	
December 31, 2022	December 31, 2021					December 31, 2022	December 31, 2021
21,000	11,000	Bank Al Habib Limited	December 06, 2028	6 months Kibor plus 1%	4,994	104,832,000	56,980,292
4,000	4,000	Soneri Bank Limited	December 06, 2028	6 months Kibor plus 2%	5,000	20,000,000	20,000,000
1,530	1,530	JS Bank Limited	December 31, 2048	6 months Kibor plus 2.25%	100,000	53,560,720	153,000,000
150	150	NSRP Microfinance Bank Limited	July 09, 2028	3 months Kibor plus 3%	100,000	15,000,000	15,000,000
						193,392,720	244,980,292

10.1.6 Pakistan Investment Bonds / Treasury Bills

Type of security	Maturity date	Profit / yield rate %	Profit payment	Face value -- (Rupees) --	Carrying Value	
					December 31, 2022	December 31, 2021
Pakistan Investment Bond - 5 years	July 12, 2023	8.00	Semi Annually	30,000,000	28,676,280	28,614,060
Pakistan Investment Bond - 5 years	July 12, 2023	8.00	Semi Annually	50,000,000	47,793,800	47,690,100
Pakistan Investment Bond - 5 years	September 19, 2024	9.50	Semi Annually	50,000,000	44,904,300	47,816,950
Pakistan Investment Bond - 10 years *	September 19, 2029	10.00	Semi Annually	50,000,000	41,349,050	46,120,550
Treasury bill 1 year	April 20, 2023	11.82	on maturity	45,000,000	42,823,710	-
Treasury bill 1 year	April 06, 2023	11.67	on maturity	25,000,000	23,943,650	-
Treasury bill 1 year	May 04, 2023	12.17	on maturity	200,000,000	189,063,400	-
Treasury bill 1 year	May 04, 2023	12.66	on maturity	34,000,000	31,940,620	-
					450,494,810	170,241,660

* These securities are placed with State Bank of Pakistan as statutory deposit in accordance with the requirement of clause (a) of sub section 2 of section 29 of the Insurance Ordinance, 2000.

December 31,
2022

December 31,
2021

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

11. LOAN AND OTHER RECEIVABLE

Accrued investment income	22,550,329	17,683,925
Security deposits	7,988,504	6,889,003
Advance to employees	4,225,628	3,769,693
Advance against expenses	407,409	1,199,409
Receivable against sales of shares	438,702	418,208
Window Takaful Operations	10,439,162	10,314,183
Others	574,327	2,002,862
	46,624,061	42,277,283

12. INSURANCE / RE-INSURANCE RECEIVABLE		December 31, 2022	December 31, 2021
	Note	----- (Rupees) -----	-----
Due from insurance contract holders	12.1	537,348,638	433,862,590
Amounts due from other insurers / reinsurers	12.4	27,291,829	54,983,991
Reinsurance recoveries due but unpaid		<u>202,117,657</u>	<u>52,295,564</u>
		<u>766,758,124</u>	<u>541,142,145</u>
12.1 Due from insurance contract holders			
Unsecured			
Considered good	12.2	537,348,962	433,862,590
Considered doubtful		<u>24,169,529</u>	<u>24,044,806</u>
		561,518,491	457,907,396
Provision for doubtful balances	12.3	<u>(24,169,853)</u>	<u>(24,044,806)</u>
		537,348,638	433,862,590
12.2 This includes a sum of Rs. 384.930 million (December 31, 2021: Rs. 297.285 million) due from related parties.			
12.3 Provision for doubtful balances			
		December 31, 2022	December 31, 2021
		----- (Rupees) -----	-----
Opening balance		24,044,806	26,920,482
Provision made during the year		<u>1,745,918</u>	1,255,549
Recoveries during the year		<u>(1,620,871)</u>	(4,131,225)
		125,047	(2,875,676)
Closing balance		<u>24,169,853</u>	<u>24,044,806</u>
12.4 Amounts due from other insurers / reinsurers			
Unsecured			
Considered good			
Local reinsurers		55,367,674	50,316,097
Co-insurers		<u>17,936,637</u>	<u>50,680,376</u>
		73,304,311	100,996,473
Provision for doubtful balances		<u>(46,012,482)</u>	<u>(46,012,482)</u>
		27,291,829	54,983,991

13. STAFF RETIREMENT BENEFITS

Defined benefit plan - gratuity scheme

The actuarial valuations are carried out annually and contributions are made accordingly. Following were the significant assumptions used for valuation of the scheme:

- Discount rate: 14.50% (December 31, 2021: 12.25%) per annum.
- Expected rate of increase in the salaries of the employees: 14.50% (December 31, 2021: 12.25%) per annum.
- Expected interest rate on plan assets of the scheme: 14.50% (December 31, 2021: 12.25%) per annum.
- Average length of service of the employees 10.05 years (December 31, 2021: 9.37 years).

Notes to and Forming part of the Financial Statements

For the year ended December 31, 2022

13.1 Liability in statement of financial position	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
Present value of defined benefit obligations	77,783,995	64,845,800
Fair value of plan assets	<u>(59,124,160)</u>	<u>(55,172,888)</u>
	<u>18,659,835</u>	<u>9,672,912</u>
13.2 Movement in liability during the year		
Balance as at January 01	9,672,912	4,519,519
Charge to profit and loss account	5,926,370	5,248,463
Charged to other comprehensive income	12,733,465	4,424,450
Contributions to the fund during the year	<u>(9,672,912)</u>	<u>(4,519,520)</u>
Balance as at December 31	<u>18,659,835</u>	<u>9,672,912</u>
13.3 Reconciliation of the present value of defined benefit obligations		
Present value of obligations as at January 01	64,845,800	55,264,597
Current service cost	5,333,904	5,016,837
Interest cost	7,909,199	5,643,258
Benefits paid	(561,827)	(416,849)
Actuarial loss / (gain)	<u>256,919</u>	<u>(662,043)</u>
Present value of obligations as at December 31	<u>77,783,995</u>	<u>64,845,800</u>
13.4 Reconciliation of the fair value of plan assets		
Fair value of plan assets as at January 01	55,172,888	50,745,078
Expected return on plan assets	7,316,733	5,411,632
Contribution to the fund	9,672,912	4,519,520
Benefits paid	(561,827)	(416,849)
Actuarial loss	<u>(12,476,546)</u>	<u>(5,086,493)</u>
Fair value of plan assets as at December 31	<u>59,124,160</u>	<u>55,172,888</u>
13.5 Charge to profit and loss account		
Current service cost	5,333,904	5,016,837
Interest cost	7,909,199	5,643,258
Expected return on plan assets	<u>(7,316,733)</u>	<u>(5,411,632)</u>
	<u>5,926,370</u>	<u>5,248,463</u>
13.6 Remeasurements recognized in other comprehensive income, (expense) / income during the year		
Actuarial (loss) / gain on obligations	(256,919)	662,043
Actuarial loss on assets	<u>(12,476,546)</u>	<u>(5,086,492)</u>
	<u>(12,733,465)</u>	<u>(4,424,449)</u>
13.7 Expected return on plan assets		
Expected return on assets	<u>7,316,733</u>	<u>5,411,632</u>

13.8 Composition of fair value of plan assets

	2022		2021	
	Fair value -- (Rupees) --	Percentage ---- (%) ----	Fair value -- (Rupees) --	Percentage ---- (%) ----
Funds - related party	25,732,734	43	29,843,456	54
Government securities	18,755,779	31	23,461,648	43
Term deposit certificate	13,900,000	23	-	-
Cash and bank balances	1,712,593	3	1,867,784	3
Fair value of plan assets	<u>60,101,106</u>	<u>100</u>	<u>55,172,888</u>	<u>100</u>

13.9 Historical data of the fund

	2022	2021	2020	2019	2018
	----- (Rupees) -----				
Present value of defined benefit obligations	77,783,995	64,845,800	55,264,597	44,767,110	39,361,601
Fair value of plan assets	(59,124,160)	(55,172,888)	(50,745,078)	(39,626,014)	(34,199,542)
Deficit	<u>18,659,835</u>	<u>9,672,912</u>	<u>4,519,519</u>	<u>5,141,096</u>	<u>5,162,059</u>
Experience adjustments					
Actuarial loss / (gain) on obligation	<u>256,919</u>	<u>(662,043)</u>	<u>643,704</u>	<u>(497,129)</u>	<u>(396,736)</u>
Actuarial (loss) / gain on assets	<u>(12,476,546)</u>	<u>(5,086,493)</u>	<u>1,069,628</u>	<u>(1,430,484)</u>	<u>(1,450,731)</u>

13.10 The estimated contribution to the fund for the year ended December 31, 2023 is Rs. 8.279 million.

13.11 Sensitivity analysis

	Change in assumption	Impact on Defined Benefit Obligation	
		2022	2021
		----- (Rupees) -----	
Discount rate	+1	68,308,528	59,550,975
Discount rate	-1	89,126,928	70,944,253
Long term salary increase	+1	89,761,164	70,886,471
Long term salary increase	-1	6,657,880	59,506,630

14. PREPAYMENTS

	Note	December 31, 2022	December 31, 2021
		----- (Rupees) -----	
Prepaid reinsurance premium ceded	24	246,734,602	232,526,948
Others		3,733,267	4,092,034
		<u>250,467,869</u>	<u>236,618,982</u>

15. CASH AND BANK

Cash and cash equivalents

Cash in hand	462,900	341,287
Policy stamps and bond papers in hand	2,554,268	2,689,689
Deposit with SBP	-	5,153,258
	<u>3,017,168</u>	<u>8,184,234</u>

Current and other accounts

Current accounts	15.1	18,727,774	13,160,935
Saving accounts	15.2	404,730,810	704,129,521
		<u>423,458,584</u>	<u>717,290,456</u>
		<u>426,475,752</u>	<u>725,474,690</u>

Notes to and Forming part of the Financial Statements

For the year ended December 31, 2022

15.1 This includes lien on a local currency account, amounting to Rs. 1 million (December 31, 2021: Rs. 1 million) in respect of letters of credit arranged through a bank claims arising outside Pakistan.

15.2 This includes bank guarantee issue in the name of Nazir of the High Court Sindh amounting to Rs. 16 million (December 31, 2021: Nil) in respect to secure dispute of super tax under section 4 of the Income Tax Ordinance, 2001.

15.3 Cash includes the following for the purposes of the Statement of Cash Flows:

	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
Cash and balance	426,475,752	725,474,690
Less: Local currency account with a lien	1,000,000	1,000,000
	425,475,752	<u>724,474,690</u>

15.4 Savings accounts carry expected profit rates ranging from 8.25% to 14.75% (2021: 5.50% to 12.00%) per annum.

16. WINDOW TAKAFUL OPERATIONS

	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
Assets		
Investments	117,626,447	105,036,455
Cash and bank deposits	6,250,537	5,539,413
Current assets - others	48,100,552	19,846,208
Total assets	171,977,536	<u>130,422,076</u>
Total liabilities - current	66,505,955	<u>48,644,031</u>
Profit before tax for the year	35,043,112	<u>18,614,324</u>

Details of assets and liabilities and segment disclosures of Window Takaful Operations are stated in annexed financial statements for the year ended December 31, 2022.

17. DEFERRED TAXATION - NET

	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
Deferred debit arising in respect of:		
Accelerated depreciation on operating fixed assets	524,138	278,103
Net liability of Leases	1,298,435	950,471
Provision for claims incurred but not reported (IBNR)	11,880,223	9,795,581
Provision for compensated absences	2,974,179	2,763,344
Provision against receivables	20,352,877	20,316,614
Provision for impairment on available for sale investments	24,838,967	36,157,241
Unrealised loss on remeasurement of securities at held for trading - net	1,210,419	-
Share in associates' reserves	105,312	105,312
	63,184,550	<u>70,366,666</u>
Deferred credit arising in respect of:		
Share of profit from associates	(8,632,453)	(6,695,240)
Unrealised appreciation 'available for sale' investments	(33,510,329)	(43,388,542)
	(42,142,782)	(50,083,782)
	21,041,768	<u>20,282,884</u>

18. SHARE CAPITAL

18.1 Authorized capital

December 31, 2022 ----- (Number of shares) -----	December 31, 2021		December 31, 2022 ----- (Rupees) -----	December 31, 2021 -----
<u>70,000,000</u>	70,000,000	Ordinary shares of Rs. 10 each	<u>700,000,000</u>	700,000,000

18.2 Issued, subscribed and paid-up

<u>13,981,213</u>	13,981,213	Ordinary shares of Rs. 10 each issued as fully paid in cash	<u>139,812,130</u>	139,812,130
<u>41,345,271</u>	36,315,590	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	<u>413,452,710</u>	363,155,900
<u>55,326,484</u>	50,296,803		<u>553,264,840</u>	502,968,030

18.3 Ordinary shares of the Company held by associated companies / persons are as follows:

	December 31, 2022 ----- (Number of Shares) -----	December 31, 2021 -----
Siza (Private) Limited	<u>7,873,097</u>	7,157,361
Siza Services (Private) Limited	<u>13,037,355</u>	11,852,141
Siza Commodities (Private) Limited	<u>5,492,413</u>	4,993,103
Premier Fashions (Private) Limited	<u>16,021,360</u>	14,564,873
Directors and their spouses	<u>8,810</u>	8,011
Related parties - individuals	<u>6,135</u>	5,580
	<u>42,439,170</u>	38,581,069

19. RESERVES

	December 31, 2022 ----- (Rupees) -----	December 31, 2021 -----
Revenue reserves		
General reserve	<u>119,000,000</u>	119,000,000
Unrealised appreciation on 'available for sale' investments - net of tax	<u>83,008,210</u>	106,233,575
	<u>202,008,210</u>	225,233,575

20. INSURANCE / REINSURANCE PAYABLES

Due to other insurers / reinsurers	<u>317,525,344</u>	305,654,671
	<u>317,525,344</u>	305,654,671

The Company has co-insurance and re-insurance arrangements with various insurance and a domestic re-insurance company. Under the above arrangements, the receivable and payable balance is due when premium collected or claims settled by the lead insurer on behalf of other co-insurers, and in case of re-insurance, the premium ceded to and claims recoverable from the re-insurer under the respective contracts. As per the prevailing industry practices, settlements of balances under co-insurance arrangements are done between the respective insurance companies in normal course of business.

The Company believes that the current balances of co-insurers and re-insurer reflected in the records of the Company are based on the underlying contracts and transactions supported by appropriate evidence.

In this regard, the Company exchanged balance information with various co-insurers based on significance of the balances and the re-insurers. This information corroborates the balance position of the Company in all material respects.

Notes to and Forming part of the Financial Statements

For the year ended December 31, 2022

21. OTHER CREDITORS AND ACCRUALS

	Note	December 31, 2022	December 31, 2021
		----- (Rupees) -----	
Agent commission payable	21.1	50,898,448	48,643,721
Federal excise duty		17,434,800	17,408,943
Federal insurance fees		2,077,598	1,950,270
Creditors	21.2	5,165,045	4,373,767
Retention money		141,073	141,073
Margin deposits	21.3	15,229,243	4,979,812
Payable against purchase of shares		-	1,247
Withholding tax payable		1,274,892	-
Accrued expenses	21.4	16,375,097	14,791,628
Deposits from employees against car scheme	21.5	18,291,136	16,742,200
Unclaimed dividend		5,951,337	5,443,770
Lease liability	21.6	40,661,057	38,581,093
Others		2,201,309	3,180,874
		<u>175,701,035</u>	<u>156,238,398</u>

21.1 This includes a sum of Rs. 25.294 million (December 31, 2021: Rs. 25.232 million) due to related parties.

21.2 This includes outstanding claims in respect of which cheques aggregating to Rs. 3.89 million (2021: Rs. 3.00 million) have been issued by the Company for claim settlement but the same have not been encashed by the claimant. The following is the aging as required by SECP's circular 11 of 2014 dated May 19, 2014:

	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
1 to 6 months	373,801	53,610
More than 6 months	3,516,319	2,946,538
	<u>3,890,120</u>	<u>3,000,148</u>

Claims not encashed	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months	Total
	----- Rupees -----					
2022	373,801	411,930	347,279	612,591	2,144,519	3,890,120
2021	53,610	293,669	628,503	637,056	1,387,310	3,000,148

21.3 This represents margin deposit on account of performance bond policies issued by the Company.

	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
Auditor's remuneration	1,183,350	945,000
Professional services fee	326,219	742,442
Provision for compensated absences	10,255,791	9,528,773
Utilities	340,893	185,762
Others	4,268,844	3,389,651
	<u>16,375,097</u>	<u>14,791,628</u>

21.5 This represents amount withheld from employees' salary against motor vehicle installments.

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

21.6 Lease liability

Opening balance	38,581,093	43,775,508
Additions	24,058,347	8,555,204
Finance cost	4,730,239	5,634,194
Terminations	(8,435,302)	-
Payment made	(18,273,320)	(19,383,813)
Closing balance	<u>40,661,057</u>	<u>38,581,093</u>

22. TAXATION - PROVISION LESS PAYMENTS

Provision for taxation	487,758,038	394,002,705
Advance tax including tax deducted at source	(402,673,823)	(322,316,391)
	<u>85,084,215</u>	<u>71,686,314</u>

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

During the preceding years, the Company received orders under section 122(5A) passed by the Additional Commissioner Inland Revenue for the Tax Years 2016 on issue of treating dividend income as single basket income and to be taxed @ 35% instead of fixed rate of 10% and issue of super tax resulting aggregate demand of Rs. 20.889 million. We have filed appeal against the said orders to CIT (Appeals) where the issue of treating dividend income have been decided in company's favor and issue of super tax against the company. Further, the demand after taking appeal effect has been paid by the company amounting to Rs. 17.265 million. The company has filed appeal with Appellate Tribunal Inland Revenue on the issue of charging super tax.

During the year 2016, the Company received orders under section 122(5A) passed by the Additional Commissioner Inland Revenue for the Tax Years 2015 on issue of treating dividend income as single basket income and to be taxed @ 35% instead of fixed rate of 10% resulting aggregate demand of Rs. 0.936 million which has been paid by the company under protest. We have filed appeal against the said orders to CIT (Appeals) which is pending adjudication. It is further submitted that Appeal on similar issue in respect of Tax Year 2014 have been decided in company's favor by the CIT (Appeals).

During the year 2022, the Company received order under section 122(5A) passed by the Additional Commissioner Inland Revenue for the Tax Years 2020 and disallowed the unrealized loss on impairment in value of available for sale securities and certain expenses resulting aggregate demand of Rs. 7,709,028. We have filed appeal against the said order to CIT (Appeals) on which Commissioner Inland Revenue passed the remand back order on the issue of allowance of Taxable Capital Loss.

The Company, based on the opinion of its tax advisor, is confident that the ultimate outcome of the appeals will be in its favor. Hence, no provision for the said demands has been made in these financial statements.

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

23.2 Commitments

Capital work-in-progress

Software development	<u>600,000</u>	-
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Notes to and Forming part of the Financial Statements

For the year ended December 31, 2022

24. NET INSURANCE PREMIUM	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
Written Gross premium	1,847,248,752	1,601,304,374
Add : Unearned premium reserve opening	641,585,269	521,370,886
Less: Unearned premium reserve closing	737,791,111	641,585,269
Premium earned	<u>1,751,042,910</u>	<u>1,481,089,991</u>
Less: Reinsurance premium ceded	692,882,151	612,205,940
Add: Prepaid reinsurance premium opening	232,526,948	203,828,710
Less: Prepaid reinsurance premium closing	246,734,602	232,526,948
Reinsurance expense	<u>678,674,497</u>	<u>583,507,702</u>
	<u>1,072,368,413</u>	<u>897,582,289</u>
25. NET INSURANCE CLAIMS EXPENSE	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
Claim paid	1,088,149,943	606,769,253
Add : Outstanding claims including IBNR closing	391,209,002	294,800,833
Less: Outstanding claims including IBNR opening	294,800,833	260,105,733
Claims expense	<u>1,184,558,112</u>	<u>641,464,353</u>
Less: Reinsurance and others recoveries received	552,917,660	193,747,690
Add: Reinsurance and others recoveries in respect of outstanding claims closing	193,417,129	123,311,654
Less: Reinsurance and others recoveries in respect of outstanding claims opening	123,311,654	125,342,540
Reinsurance and other recoveries revenue	<u>623,023,135</u>	<u>191,716,804</u>
	<u>561,534,977</u>	<u>449,747,549</u>

25.1 Claim development table

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

Accident year	2017 and prior	2018	2019	2020	2021	2022 (including IBNR)	Total
	----- (Rupees) -----						
Gross estimate of ultimate claims cost:							
- At end of accident	358,501,582	463,812,210	515,439,091	629,502,400	566,282,671	1,195,038,818	3,728,576,772
- One year later	373,082,980	457,137,965	546,114,902	678,949,779	594,761,490	-	2,650,047,116
- Two year later	379,292,799	456,131,630	550,168,142	680,160,250	-	-	2,065,752,821
- Three year later	379,949,574	454,463,422	547,577,656	-	-	-	1,381,990,652
- Four year later	383,058,992	453,690,849	-	-	-	-	836,749,841
- Five year later	380,029,924	-	-	-	-	-	380,029,924
Current estimate of cumulative claims	<u>380,029,924</u>	<u>453,690,849</u>	<u>547,577,656</u>	<u>680,160,250</u>	<u>594,761,490</u>	<u>1,195,038,818</u>	<u>3,851,258,987</u>
Cumulative payment to date	<u>(344,226,342)</u>	<u>(450,678,836)</u>	<u>(542,406,165)</u>	<u>(664,514,424)</u>	<u>(569,751,916)</u>	<u>(888,472,302)</u>	<u>(3,460,049,985)</u>
Liability recognised in statement of financial position	<u>35,803,582</u>	<u>3,012,013</u>	<u>5,171,491</u>	<u>15,645,826</u>	<u>25,009,574</u>	<u>306,566,516</u>	<u>391,209,002</u>

The net provision for IBNR on the basis of the actuarial valuation carried out as at December 31, 2022 amounted to Rs. 40.966 million (December 31, 2021: Rs. 33.778 million).

26. NET COMMISSION EXPENSE AND ACQUISITION COST	Note	December 31, 2022	December 31, 2021
		----- (Rupees) -----	
Commission paid or payable		81,237,830	76,117,940
Add : Deferred commission expense opening		28,909,708	25,643,610
Less: Deferred commission expense closing		31,438,864	28,909,708
Net commission		<u>78,708,674</u>	<u>72,851,842</u>
Less: Commission received or recoverable		181,126,187	161,395,706
Add: Unearned Reinsurance commission opening		54,234,596	46,716,196
Less: Unearned Reinsurance commission closing		56,532,968	54,234,596
Commission from reinsurers		178,827,815	153,877,306
		<u>(100,119,141)</u>	<u>(81,025,464)</u>

27. MANAGEMENT EXPENSES

Employee benefit cost	27.1	256,959,170	222,942,549
Rent, rates and taxes		1,424,653	1,220,897
Communications		14,895,829	10,656,932
Printing and stationery		7,053,525	5,415,999
Travelling and entertainment		8,632,547	5,477,362
Repairs and maintenance		7,201,220	6,337,409
Advertisement and sales promotion		6,546,679	1,639,532
Rental for tracking devices		22,135,809	18,364,804
Depreciation		32,638,061	27,741,249
Amortisation		36,425	-
Legal and professional charges		2,146,793	1,201,705
Electricity, gas and water		9,896,342	7,851,456
Insurance		4,632,234	4,080,716
Bank charges		1,312,000	876,580
Annual supervision fee SECP		2,193,914	2,103,338
Vehicle running expense		4,333,776	3,246,572
Provision / (reversal) against premium due but unpaid - net		125,047	(2,875,676)
Service charges		3,093,955	2,732,334
Other expenses		4,723,049	2,540,218
		<u>389,981,028</u>	<u>321,553,976</u>

27.1 Employee benefit cost

Salaries, wages and benefits		242,283,383	209,899,648
Post employment benefits	27.1.1	14,675,787	13,042,901
		<u>256,959,170</u>	<u>222,942,549</u>

27.1.1 These include Rs. 9.105 million (2021: Rs. 8.109 million) being contribution for employees' provident fund and Rs. 5.571 million (2021: Rs. 4.934 million) in respect of defined benefit plan.

Notes to and Forming part of the Financial Statements

For the year ended December 31, 2022

28. INVESTMENT INCOME	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
Income from equity securities		
Available-for-sale		
- Dividend income	23,031,409	25,694,568
Fair value through profit or loss		
- Dividend income	7,280,325	6,942,720
Income from debt securities		
Held to maturity		
- Return on government securities	5,790,688	7,428,796
- Return on other fixed income securities and deposits	3,813,870	-
	9,604,558	7,428,796
Available-for-sale		
- Return on government securities	45,646,252	21,537,975
- Return on other fixed income securities and deposits	33,163,021	11,779,414
	78,809,273	33,317,389
Fair value through profit or loss		
- Return on government securities	21,092,177	7,352,673
Income from term deposits		
- Return on term deposits	-	17,486,991
	139,817,742	98,223,137
Net realised gains on investments		
Available for sale		
- Gain on sale of equity securities	65,277,919	32,713,123
- Loss on sale of debt securities	(197,340)	-
	65,080,579	32,713,123
Fair value through profit or loss		
- Loss on sale of equity securities	(12,240,437)	(496,433)
- Gain / (loss) on sale of debt securities	409,827	(205,689)
	(11,830,610)	(702,122)
Net unrealised loss on investments at fair value through profit and loss		
- Equity securities	(1,496,855)	(6,225,961)
- Debt securities	(2,677,004)	(2,093,235)
	(4,173,859)	(8,319,196)
Total investment income	188,893,852	121,914,942
Add : Reversal of impairment in debt securities-Held to Maturity	62,256	-
Less: Impairment in value of available for sale securities	(2,810,476)	-
Less: Investment related expenses	(3,995,476)	(5,905,975)
Investment income	182,150,156	116,008,967
29. OTHER INCOME		
Return on bank balances	60,973,296	52,445,318
Gain on sale of fixed assets	2,335,388	647,876
Gain on termination of lease	1,863,477	-
Others	102,783	(283,949)
	65,274,944	52,809,245

30. OTHER EXPENSES	Note	December 31, 2022	December 31, 2021
		----- (Rupees) -----	
Rate and taxes		519,242	807,845
Fees and subscription		4,963,900	2,802,600
Legal and professional charges		1,441,733	3,681,787
Auditor's remuneration	30.1	2,054,287	1,861,488
Donation	30.2	500,000	1,250,000
Security charges		1,842,835	1,569,262
Other expenses		295,892	440,140
Penalty		192,000	50,000
		<u>11,809,889</u>	<u>12,463,122</u>
30.1 Auditor's remuneration			
Statutory audit fee		546,250	475,000
Half year review		333,500	290,000
Review of code of corporate governance		149,500	130,000
Special reports and other certifications		567,600	690,000
		<u>1,596,850</u>	<u>1,585,000</u>
Sindh sales tax		134,514	116,036
Out of pocket expenses		322,923	160,452
		<u>2,054,287</u>	<u>1,861,488</u>
30.2	These include donations made by the Company to the Family Educational Services Foundation. None of the directors, sponsor shareholders, key management personnel and their spouses had any interest in the donee.		
31. TAXATION - NET			
		December 31, 2022	December 31, 2021
		----- (Rupees) -----	
For Current year			
Current		135,947,211	115,179,373
Deferred		9,119,328	(3,076,718)
Super tax		18,731,339	-
		<u>163,797,878</u>	<u>112,102,655</u>
For Prior years tax			
Super tax		16,001,901	-
Prior years		2,026,787	-
		<u>18,028,688</u>	<u>-</u>
		<u>181,826,566</u>	<u>112,102,655</u>
31.1	The Company has filed returns upto tax year 2022. The returns filed for tax years upto 2022 has been finalized.		
31.2 Relationship between tax expense and accounting profit			
		December 31, 2022	December 31, 2021
		----- (Rupees) -----	
Profit for the year before taxation		495,180,549	389,628,413
Tax at the applicable rate of 29% (December 31, 2021: 29%)		143,602,359	112,992,240
Super tax 4%		18,748,836	-
Prior years		18,028,688	-
Others		1,446,683	(889,585)
		<u>181,826,566</u>	<u>112,102,655</u>

Notes to and Forming part of the Financial Statements

For the year ended December 31, 2022

32. EARNINGS PER SHARE - BASIC AND DILUTED

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

Profit after tax for the year	<u>313,353,983</u>	<u>277,525,758</u>
	----- (Numbers) -----	-----
Weighted average number of ordinary shares	<u>55,326,484</u>	<u>55,326,484</u>
	----- (Rupees) -----	-----
Earnings per share - basic and diluted	<u>5.66</u>	<u>5.02</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. COMPENSATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Executives		Total	
	2022	2021	2022	2021	2022	2021
	----- (Rupees) -----					
Managerial remuneration	13,000,452	11,606,904	43,821,888	38,511,734	56,822,340	50,118,638
Bonus	3,051,088	2,902,201	10,286,429	9,110,499	13,337,517	12,012,700
Retirement benefits	1,300,620	1,161,264	3,461,185	3,016,025	4,761,805	4,177,289
House rent	5,850,204	5,223,108	19,719,765	17,330,212	25,569,969	22,553,320
Vehicle fuel, repair and maintenance	561,758	356,842	9,496,887	6,219,265	10,058,645	6,576,107
Others	1,309,344	1,169,988	8,354,662	7,812,691	9,664,006	8,982,679
	<u>25,073,466</u>	<u>22,420,307</u>	<u>95,140,816</u>	<u>82,000,426</u>	<u>120,214,282</u>	<u>104,420,733</u>
Number of persons	<u>1</u>	<u>1</u>	<u>21</u>	<u>20</u>	<u>22</u>	<u>21</u>

33.1 Aggregate amount charged in these financial statements in respect of Director's fee for attending Board, Audit Committee and Ethic, Human Resource and Remuneration Committee meetings amounted to Rs. 320,000 (December 31, 2021: Rs. 320,000), Rs. 200,000 (December 31, 2021: Rs. 200,000) and Rs. 50,000 (December 31, 2021: Rs. 50,000) respectively.

33.2 The Chief Executive and certain executives are also provided with cars for business and personal use in accordance with the Company car scheme.

33.3 Executives mean employees, other than the chief executive and directors, whose basic salary exceed one million two hundred thousand rupees in a financial year.

34. RELATED PARTY TRANSACTIONS

Related parties comprise of group companies, window takaful operations, directors and their close family members, staff retirement funds, key management personnel and major shareholders of the Company. The associated companies are associated either based on equity or due to the same management and / or common directors. All transactions involving related parties arising in the normal course of business are conducted at agreed terms and conditions. Transactions with the key management personnel are made under their terms of employment / entitlements. Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefit schemes.

Balances and transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Name of related party	Basis of Relationship	Insurance Premium receivable	Premiums written	Claims paid	Investment in mutual funds	Sales of shares / units of mutual funds	Dividend received	Bonus share received	Bonus share issued	Dividend paid	Donation paid	Software development	Expenses	Retirement Fund
(Rupees)														
Associated companies / undertaking														
Accuracy Surgical Limited	Common Director	709,650	2,033,408	1,139,627	-	-	-	-	-	-	-	-	-	-
Alan (Private) Limited	Common Director	133,058	145,375	-	-	-	-	-	-	-	-	-	-	-
Anchor Commodities (Private) Limited	Common Director	2,338,167	4,833,895	1,947,087	-	-	-	-	-	-	-	-	-	-
Baluchistan Polyproducts (Private) Limited	Common Director	442,318	405,840	-	-	-	-	-	-	-	-	-	-	-
Caraway (Private) Limited	Common Director	-	127,354	-	-	-	-	-	-	-	-	-	-	-
Century Paper & Board Mills Limited	Common Director	121,299,594	217,863,161	31,967,549	-	-	-	86,870	-	-	-	-	1,074,734	-
Colgate Palmolive (Pakistan) Limited	Common Director	81,143,273	372,451,231	71,757,596	-	-	1,405,635	4,016	-	-	-	-	169,000	-
Concare Ventures (Private) Limited	Common Director	1,752,093	2,468,670	681,009	-	-	-	-	-	-	-	-	-	-
Concave Digital Solutions (Private) Limited	Common Director	-	96,972	33,127	-	-	-	-	-	-	-	-	-	-
Cyber Internet Services (Private) Limited	Common Director	31,859,062	87,984,875	40,958,634	-	-	-	-	-	-	-	-	1,434,177	-
Fly Jimmah Services (Pvt) Ltd.	Common Director	2,316,630	8,405,986	277,331	-	-	-	-	-	-	-	-	-	-
GAM Corporation (Private) Limited	Common Director	36,970,952	42,449,580	9,700,917	-	-	-	-	-	-	-	-	-	-
Hasanali and Gulbano Lakhani Foundation	Trustee	1,194,386	1,817,013	2,667,976	-	-	-	-	-	-	-	-	1,130,700	-
ICE Animations (Private) Limited	Common Director	757,712	1,226,979	589,641	-	-	-	-	-	-	-	-	3,764,681	-
Lakson Business Solution Limited	Common Director	1,680,091	1,827,804	1,025,711	-	-	-	-	-	-	-	-	3,283,684	-
Lakson Investments Limited	Common Director	2,451,870	4,501,805	3,636,286	-	-	-	-	-	-	-	-	-	-
Lakson Income Fund	Common Director	-	-	-	110,645,706	134,704,265	-	-	-	-	-	-	-	-
Lakson Asset Allocation Developed Market Fund	Common Director	-	-	-	6,250,000	6,269,750	-	-	-	-	-	-	-	-
Lakson Tactical Fund	Common Director	-	-	-	-	41,631,395	-	-	-	-	-	-	-	-
Lakson Equity Fund	Common Director	-	-	-	-	144,311,676	-	-	-	-	-	-	-	-
Lakson Money Market Fund	Common Director	-	-	-	-	793,124,862	689,422,529	-	-	-	-	-	-	-
Merit Packaging Limited	Common Director	2,020,634	21,712,640	2,532,337	-	-	-	-	-	-	-	-	-	-
Naya Pay (Pvt) Ltd.	Common Director	2,006,483	5,480,394	2,344,652	-	-	-	-	-	-	-	-	-	-
Orthopedic And Medical Institute (Pvt) Ltd.	Common Director	-	5,013,471	6,093,775	-	-	-	-	-	-	-	-	-	-
Premier Fashions (Private) Limited	Common Director and 28.96% shares held	-	24,964	-	-	-	-	-	1,456,487	32,770,964	-	-	1,242,395	-
Princeton Travels (Private) Limited	Common Director	240,780	277,796	222,295	-	-	-	-	-	-	-	-	-	-
Siza (Private) Limited	Common Director and 14.23% shares held	193,655	1,406,399	466,073	-	-	-	-	715,736	16,104,062	-	-	3,726,633	-
Siza Commodities (Private) Limited	Common Director and 9.93% shares held	100,506	210,838	81,551	-	-	-	-	499,310	11,234,482	-	-	-	-
Siza Foods (Private) Limited	Common Director	37,698,015	44,918,454	10,771,484	-	-	-	-	-	-	-	-	-	-
Siza Services (Private) Limited	Common Director and 23.58% shares held	3,319,187	4,602,291	6,474,304	-	-	-	-	1,185,214	26,667,317	-	-	9,413,107	-
Sybird (Private) Limited	Common Director	9,091,063	21,040,700	14,119,459	-	-	-	-	-	-	-	600,000	764,276	-
Others														
Ajnomoto Lakson Pakistan (Private) Ltd	Common Management	628,067	2,795,701	442,049	-	-	-	-	-	-	-	-	-	-
Express Publication (Private) Limited	Common Management	26,776,712	42,284,463	20,323,719	-	-	-	-	-	-	-	-	554,365	-
Express Digital (Private) Limited	Common Management	2,415,544	2,966,285	2,526,725	-	-	-	-	-	-	-	-	-	-
Matrix Press (Private) Limited	Common Management	327,792	481,561	2,232,198	-	-	-	-	-	-	-	-	-	-
Misha Fashion (Private) Limited	Common Management	4,508	945,280	-	-	-	-	-	-	-	-	-	-	-
Primek (Private) Limited	Common Management	-	385,200	-	-	-	-	-	-	-	-	-	-	-
Reliance Chemicals (Pvt) Limited	Common Management	-	85,446	-	-	-	-	-	-	-	-	-	-	-
Television Media Network (Private) Limited	Common Management	15,092,133	43,413,214	22,190,081	-	-	-	-	-	-	-	-	-	-
Century Insurance Window Takatful Operations	Common Management	-	-	-	-	-	-	-	-	-	-	-	6,043,534	-
Director, Chief Executive, their spouses and relatives														
		57,117	1,597,064	1,845,900	-	-	-	-	1,355	30,583	-	-	-	-
Key management personnel														
		-	314,856	-	-	-	-	-	2,255	50,738	-	-	-	-
Retirement benefit plans														
Contribution to staff provident fund		-	-	-	-	-	-	-	-	-	-	-	-	9,104,999
Contribution to staff gratuity fund		-	-	-	-	-	-	-	-	-	-	-	-	5,570,788
December 31, 2022														
		385,021,052	948,596,965	259,399,092	910,020,568	1,026,339,615	1,405,635	90,886	3,860,357	86,856,146	-	600,000	32,601,236	14,675,787
December 31, 2021														
		297,281,742	762,756,393	205,284,678	305,009,576	266,527,740	10,549,763	116,801	-	77,204,246	1,000,000	-	29,210,803	13,875,427

Notes to and Forming part of the Financial Statements

For the year ended December 31, 2022

35 SEGMENT INFORMATION

Segment information is prepared in accordance with the requirements of the Insurance Ordinance, 2000 and the Insurance Rules, 2017 for class wise revenues, results, assets and liabilities.

	December 31, 2022					Total
	Fire and property damage	Marine, aviation and transport	Motor	Accident & Health	Miscellaneous	
	----- (Rupees) -----					
Premium received / receivable (inclusive of Sales tax / Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	529,659,653	516,212,731	461,757,018	457,186,440	101,156,761	2,065,972,603
Less: - Federal Excise Duty / Sales Tax	63,656,961	55,228,257	54,968,218	6,003,210	12,235,312	192,091,958
- Federal Insurance Fee	4,621,805	4,314,137	4,037,024	4,741,861	880,869	18,595,696
- Others	83,750	25,843,589	364,400	12,800	43,350	26,347,889
Facultative inward premium	15,938,628	569,094	1,135,132	-	668,838	18,311,692
Gross written premium (inclusive of Administrative surcharge)	<u>477,235,765</u>	<u>431,395,842</u>	<u>403,522,508</u>	<u>446,428,569</u>	<u>88,666,068</u>	<u>1,847,248,752</u>
- Gross direct premium	459,568,303	422,568,561	392,851,413	446,068,338	87,247,811	1,808,304,426
- Facultative inward premium	15,938,628	569,094	1,135,132	-	668,838	18,311,692
- Administrative surcharge	1,728,834	8,258,187	9,535,963	360,231	749,419	20,632,634
	<u>477,235,765</u>	<u>431,395,842</u>	<u>403,522,508</u>	<u>446,428,569</u>	<u>88,666,068</u>	<u>1,847,248,752</u>
Insurance premium earned	459,265,675	434,296,466	392,942,485	390,147,849	74,390,435	1,751,042,910
Insurance premium ceded to reinsurers	(430,866,969)	(181,744,966)	(12,525,974)	(837,956)	(52,698,632)	(678,674,497)
Net Insurance premium	28,398,706	252,551,500	380,416,511	389,309,893	21,691,803	1,072,368,413
Commission income	91,981,756	72,104,277	406,461	241,770	14,093,551	178,827,815
Net underwriting income	<u>120,380,462</u>	<u>324,655,777</u>	<u>380,822,972</u>	<u>389,551,663</u>	<u>35,785,354</u>	<u>1,251,196,228</u>
Insurance claims	(485,359,558)	(119,415,109)	(222,186,153)	(328,714,520)	(28,882,772)	(1,184,558,112)
Insurance claims recovered from reinsurers	470,389,472	82,034,138	49,472,704	200,000	20,926,821	623,023,135
Net claims	(14,970,086)	(37,380,971)	(172,713,449)	(328,514,520)	(7,955,951)	(561,534,977)
Commission expense	(25,407,593)	(23,579,987)	(21,640,314)	(4,635,020)	(3,445,760)	(78,708,674)
Management expense	(100,751,398)	(91,073,925)	(85,189,459)	(94,247,552)	(18,718,694)	(389,981,028)
Net insurance claims and expenses	<u>(141,129,077)</u>	<u>(152,034,883)</u>	<u>(279,543,222)</u>	<u>(427,397,092)</u>	<u>(30,120,405)</u>	<u>(1,030,224,679)</u>
Underwriting results	<u>(20,748,615)</u>	<u>172,620,894</u>	<u>101,279,750</u>	<u>(37,845,429)</u>	<u>5,664,949</u>	<u>220,971,549</u>
Investment income						182,150,156
Other income						65,274,944
Other expense						(11,809,889)
Finance costs - lease liabilities						(4,730,239)
Share of profit of associates						8,280,916
Profit from Window Takaful Operations						35,043,112
Profit before tax for the year						<u>495,180,549</u>
Segment assets	<u>563,132,909</u>	<u>206,992,396</u>	<u>187,406,236</u>	<u>189,797,164</u>	<u>99,233,507</u>	<u>1,246,562,212</u>
Unallocated corporate assets						2,863,820,942
Unallocated assets of Window Takaful Operation - Operator's Fund						171,977,536
Total assets						<u>4,282,360,690</u>
Segment liabilities	<u>513,672,633</u>	<u>137,692,344</u>	<u>364,057,257</u>	<u>376,201,256</u>	<u>115,778,500</u>	<u>1,507,401,990</u>
Unallocated corporate liabilities						279,445,086
Unallocated liabilities of Window Takaful Operation - Operator's Fund						66,505,955
Total liabilities						<u>1,853,353,031</u>

	December 31, 2021					
	Fire and property damage	Marine, aviation and transport	Motor	Accident & Health	Miscellaneous	Aggregate
	----- (Rupees) -----					
Premium received / receivable (inclusive of Sales tax / Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	494,918,670	422,034,000	440,193,623	361,705,778	77,126,889	1,795,978,960
Less: - Federal Excise Duty / Sales Tax	59,446,148	45,839,626	52,334,993	5,021,052	9,346,548	171,988,367
- Federal Insurance Fee	4,323,678	3,512,683	3,850,030	3,886,350	670,664	16,243,405
- Others	72,850	21,437,044	361,359	11,400	40,850	21,923,503
Facultative inward premium	11,095,242	57,505	3,849,104	-	478,838	15,480,689
Gross written premium (inclusive of Administrative Surcharge)	442,171,236	351,302,152	387,496,345	352,786,976	67,547,665	1,601,304,374
- Gross direct premium	429,438,478	342,700,321	374,242,769	352,475,735	66,405,657	1,565,262,960
- Facultative inward premium	11,095,242	57,505	3,849,104	-	478,838	15,480,689
- Administrative surcharge	1,637,516	8,544,326	9,404,472	311,241	663,170	20,560,725
Insurance premium earned	421,584,937	342,386,340	355,330,587	301,999,715	59,788,412	1,481,089,991
Insurance premium ceded to reinsurers	(384,088,942)	(145,925,300)	(8,796,336)	(689,943)	(44,007,181)	(583,507,702)
Net Insurance premium	37,495,995	196,461,040	346,534,251	301,309,772	15,781,231	897,582,289
Commission income	81,219,224	58,909,307	297,778	200,084	13,250,913	153,877,306
Net underwriting income	118,715,219	255,370,347	346,832,029	301,509,856	29,032,144	1,051,459,595
Insurance claims	(89,975,542)	(56,826,237)	(214,999,513)	(257,396,512)	(22,266,549)	(641,464,353)
Insurance claims recovered from reinsurers	83,187,260	34,564,637	56,384,547	200,000	17,380,360	191,716,804
Net claims	(6,788,282)	(22,261,600)	(158,614,966)	(257,196,512)	(4,886,189)	(449,747,549)
Commission expense	(23,676,664)	(22,895,362)	(19,851,701)	(3,294,222)	(3,133,893)	(72,851,842)
Management expense	(88,791,314)	(70,544,117)	(77,812,184)	(70,842,281)	(13,564,080)	(321,553,976)
Net insurance claims and expenses	(119,256,260)	(115,701,079)	(256,278,851)	(331,333,015)	(21,584,162)	(844,153,367)
Underwriting results	(541,041)	139,669,268	90,553,178	(29,823,159)	7,447,982	207,306,228
Investment income						116,008,967
Other income						52,809,245
Other expense						(12,463,122)
Finance costs - Lease liabilities						(5,634,194)
Share of profit of associates						12,986,965
Profit from Window Takaful Operations						18,614,324
Profit before tax for the year						<u>389,628,413</u>
Segment assets	<u>421,524,928</u>	<u>155,382,764</u>	<u>151,189,087</u>	<u>121,460,473</u>	<u>84,318,203</u>	933,875,455
Unallocated corporate assets						2,786,177,835
Unallocated assets of Window Takaful Operation - Operator's Fund						<u>130,422,076</u>
Total assets						<u>3,850,475,366</u>
Segment liabilities	<u>409,071,450</u>	<u>145,580,886</u>	<u>339,138,927</u>	<u>303,502,201</u>	<u>101,964,583</u>	1,299,258,047
Unallocated corporate liabilities						237,597,623
Unallocated liabilities of Window Takaful Operation - Operator's Fund						<u>48,644,031</u>
Total liabilities						<u>1,585,499,701</u>

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36. MOVEMENT IN INVESTMENTS	Held to maturity	Available for sale	Fair value through profit and loss	Total
	----- (Rupees) -----			
At beginning of previous year	323,027,411	1,167,217,363	188,570,564	1,678,815,338
Additions	-	1,066,190,297	193,605,630	1,259,795,927
Disposals (sales and redemptions)	(270,400,000)	(752,973,186)	(187,160,924)	(1,210,534,110)
Fair value net gain (excluding net realised gains / losses)	-	82,937,562	(9,021,322)	73,916,240
Amortisation of discount	2,005,723	3,511,191	291,142	5,808,056
At beginning of current year	54,633,134	1,566,883,227	186,285,090	1,807,801,451
Additions	-	4,734,412,713	962,878,028	5,697,290,741
Disposals (sales and redemptions)	(25,000,000)	(4,684,712,396)	(666,739,518)	(5,376,451,914)
Fair value net gain / (loss) (excluding net realised gains / losses)	-	31,017,861	(16,414,295)	14,603,566
Amortisation of discount	155,247	29,531,274	2,969,778	32,656,299
	29,788,381	1,677,132,679	468,979,083	2,175,900,143

37. MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

37.1 Insurance Risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The principal risk that the Company faces under its insurance contracts is that the actual claims exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims is greater than estimated. Insurance events are random, and the actual number and amount of claims will vary from year to year from the level established.

The Company generally deals in short tail insurance contracts (maximum for one year). Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

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.

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

(a) Frequency and severity of claims

Political, environmental, economical and climatic changes give rise to more frequent and severe extreme events (for example, fire, theft, steal, riot and strike, explosion, earthquake, atmospheric damage, hurricanes, typhoons, river flooding, electric fluctuation, terrorism, war risk, damages occurring in inland transit, burglary, loss of cash in safe and cash in transit, travel and personal accident, money losses, engineering losses and other events) and their consequences (for example, subsidence claims). For certain contracts, the Company has also limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year.

Insurance contracts which is divided into direct and facultative arrangements are further subdivided into five segments: fire, marine, motor, accident and health and miscellaneous. The insurance risk arising from these contracts is concentrated in the territories in which the Company operates, and there is a balance between commercial and personal properties / assets in the overall portfolio of insured properties / assets. The Company underwrites insurance contract in Pakistan. The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

- The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. The Company has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation). The claims payments are limited to the extent of sum insured on occurrence of the insured event.
- The Company has entered into reinsurance cover / arrangements, with local and foreign reinsurers having good credit rating by reputable rating agencies, to reduce its exposure to risks and resulting claims. Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non-proportional facultative reinsurance arrangements are in place to protect the net account in case of a major catastrophe. The effect of such reinsurance arrangements is that the Company recovers the share of claims from reinsurers thereby reducing its exposure to risk. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional reinsurance arrangements, any loss over and above the said limit would be recovered under non-proportional treaty which is very much in line with the risk management philosophy of the Company.

In compliance of the regulatory requirement, the reinsurance agreements are duly approved by Securities and Exchange Commission of Pakistan (SECP) on an annual basis.

- The Company has claims department dealing with the mitigation of risks surrounding claims incurred whether reported or not. This department investigates and settles all claims based on surveyor's report / assessment. The unsettled claims are reviewed individually at least semi-annually and adjusted to reflect the latest information on the underlying facts, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

(b) Sources of uncertainty in the estimation of future claims payments

Claims reported and otherwise are analysed separately. The development of large losses / catastrophes is analysed separately. The shorter settlement period for claims allows the Company to achieve a higher degree of certainty about the estimated cost of claims including IBNR. However, the longer time needed to assess the emergence of a subsidence claim makes the estimation process more uncertain for these claims.

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The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value, reinsurance and other recoveries. The Company takes all reasonable steps uncertainty in establishing claims provisions, it is likely that the final outcome may be different from the original liability established. The liability comprises amount in relations to unpaid reported claims, claims incurred but not reported (IBNR), expected claims settlement costs and a provision for unexpired risks at the end of the reporting period.

Liability in respect of outstanding claims is based on the best estimate of the claims intimated or assessed. In calculating the estimated costs of unpaid claims (both reported and non reported), the Company estimation technique is based upon actual claims experience using predetermined basis where greater weight is given to actual claims experience as time passes.

In estimating the liability for the costs of reported claims not yet paid, the Company considers any information available from surveyor's assessment and information on the cost of settling claims with similar characteristics in previous periods. Claims are assessed on a case-by-case basis separately.

(c) Process used to decide on assumptions

The principal assumption underlying the liability estimation of IBNR end Premium Deficiency Reserves is that the Company's future claim development will follow similar historical pattern for occurrence end 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.

During the year actuarial valuation is carried out for the determination of IBNR which is based on a range of standard actuarial claim projection techniques, based on empirical data end current assumptions that may include a margin for adverse deviation as required / allowed by the circular 9 of 2016. IBNR is determined by using Chain Ladder Method for all class of business. The claims outstanding and claims paid till date are deducted from the ultimate claim payments for that particular year to derive an IBNR estimate for that year. IBNR triangles are made on a yearly basis for each class of business. The methods used, and the estimates made, are reviewed regularly.

The actuary determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired periods of the contracts. For this purpose average loss ratio of last three years inclusive of claim settlement cost are taken into consideration to determine ultimate loss ratio to be applied on unearned premium.

The assumed net of reinsurance loss for each class of business estimation of premium deficiency reserve is as follows:

	2022	2021
	-----	-----
Class	%	%
Fire and property damage	27	17
Marine, aviation and transport	13	11
Motor	42	39
Accident and health	82	81
Miscellaneous	49	66

(d) Changes in assumptions

The Company did not change its assumptions as disclosed in (b) and (c) above .

(e) Sensitivity Analysis

The analysis of exposure described in paragraph (c) above is also used to test the sensitivity of the selected assumptions to changes in the key underlying factors. Assumptions of different levels have been used to assess the relative severity of subsidence claims given past experience. The key material factor in the Company's exposure to subsidence claims is the risk of more permanent changes in geographical location in which Company is exposed.

The risks associated with the insurance contracts are complex and subject to a number of variables techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Company considers that the liability for insurance claims recognised in the balance sheet is adequate as the Company generally deals in short tail insurance contracts. However, actual experience will differ from the expected outcome.

As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, results of sensitivity testing assuming 10% change in the claim incidence net of recoveries showing effect on underwriting results and shareholders' equity is set out below.

	Underwriting results		Shareholders' equity	
	2022	2021	2022	2021
	----- (Rupees) -----			
Impact of change in claim liabilities by +10%				
Fire and property damage	(1,497,009)	(678,828)	(1,002,996)	(481,968)
Marine, aviation and transport	(3,738,097)	(2,226,160)	(2,504,525)	(1,580,574)
Motor	(17,271,345)	(15,861,497)	(11,571,801)	(11,261,663)
Accident and health	(32,851,452)	(25,719,651)	(22,010,473)	(18,260,952)
Miscellaneous	(795,595)	(488,619)	(533,049)	(346,919)
	(56,153,498)	(44,974,755)	(37,622,844)	(31,932,076)
Impact of change in claim liabilities by -10%				
Fire and property damage	1,497,009	678,828	1,002,996	481,968
Marine, aviation and transport	3,738,097	2,226,160	2,504,525	1,580,574
Motor	17,271,345	15,861,497	11,571,801	11,261,663
Accident and health	32,851,452	25,719,651	22,010,473	18,260,952
Miscellaneous	795,595	488,619	533,049	346,919
	56,153,498	44,974,755	37,622,844	31,932,076

The insurance claim liabilities are sensitive to the incidence of insured events and severity / size of claims. The impact of variation in incidence of insured events on gross claim liabilities, net claim liabilities, profit before tax and equity is as follows:

Average claim costs	Change in assumption	Impact on gross liabilities	Impact on net liabilities	Impact on profit before tax	Impact on equity
		----- (Rupees) -----			
2022	± 10%	118,455,811	56,153,498	56,153,498	37,622,843
2021	± 10%	64,146,435	44,974,755	44,974,755	31,932,076

(f) Concentration of insurance risk

A concentration of risk may also arise from a single insurance contract issued to a particular type of policyholder, within a geographical location or to types of commercial business. The Company minimizes its exposure to significant losses by obtaining reinsurance from a number of reinsurers who are dispersed over several geographical regions.

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To optimise benefits from the principle of average and the 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.

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

Class	Maximum Gross Risk Exposure	
	2022	2021
	----- (Rupees in 000) -----	
Fire and property damage	14,796,210	17,545,754
Marine, aviation and transport	59,800,000	853,451
Motor	40,000	50,000
Accident and health	1,000	1,000
Miscellaneous	4,864,331	4,088,845

The reinsurance arrangements against major risk exposure include excess of loss, surplus arrangements, stop loss and catastrophic coverage.

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

(g) 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 is as follows:

Rating	Reinsurance recoveries against outstanding claims	
	2022	2021
	----- (Rupees) -----	
A or above including Pakistan Reinsurance Company Limited	124,889,176	93,953,355
BBB	30,000	30,000
	124,919,176	93,983,355

37.2 Financial risk management objectives and policies

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Liquidity risk
- Credit risk

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by in-house Internal Audit function. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

37.2.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial Instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, equity prices and units 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 the return. All transactions are carried In Pak Rupees therefore, the Company is not exposed to currency risk. However, the Company is exposed to interest rate risk and equity / units price risk. The Company manages the market risk exposure by following internal risk management policies.

37.2.1.1 Interest rate risk exposure

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

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

	Effective rate % per annum	2022 Interest / mark-up bearing financial instruments			Sub total	Non-interest / mark-up bearing financial instruments	Total
		Maturity upto one year	Maturity over one year to five years	Maturity more than five years			
----- (Rupees) -----							
Financial assets							
Investments in associates		-	-	-	-	67,361,755	67,361,755
Investments							
Equity securities / Mutual funds		-	-	-	-	1,083,820,780	1,083,820,780
Debt securities	8.00 - 17.97	364,241,460	376,812,651	351,025,252	1,092,079,363	-	1,092,079,363
Loans and other receivables		-	-	-	-	41,991,024	41,991,024
Insurance / reinsurance receivables		-	-	-	-	766,758,124	766,758,124
Reinsurance recoveries against outstanding claims		-	-	-	-	193,417,129	193,417,129
Cash and bank	8.25 - 14.75	404,730,810	-	-	404,730,810	21,744,942	426,475,752
Total assets of Window Takaful Operations - Operator's Fund		6,240,537	-	-	6,240,537	158,937,650	165,178,187
		775,212,807	376,812,651	351,025,252	1,503,050,710	2,334,031,404	3,837,082,114
Financial liabilities							
Outstanding claims including IBNR		-	-	-	-	391,209,002	391,209,002
Insurance / reinsurance payables		-	-	-	-	317,525,344	317,525,344
Other creditors and accruals		-	-	-	-	136,622,609	136,622,609
Total liabilities of Window Takaful Operations - Operator's Fund		-	-	-	-	22,718,850	22,718,850
		-	-	-	-	868,075,805	868,075,805
Interest risk sensitivity gap		775,212,807	376,812,651	351,025,252	1,503,050,710	1,465,955,599	2,969,006,309
Cumulative interest risk sensitivity gap		775,212,807	1,152,025,458	1,503,050,710			

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	Effective rate % per annum	Interest / mark-up bearing financial instruments			Sub total	Non-interest / mark-up bearing financial instruments	Total
		Maturity upto one year	Maturity over one year to five years	Maturity more than five years			
(Rupees)							
Financial assets							
Investments in associates		-	-	-	-	60,681,713	60,681,713
Investments							
Equity securities		-	-	-	-	1,224,868,654	1,224,868,654
Debt securities	8.00 - 13.51	53,915,520	148,029,585	380,987,692	582,932,797	-	582,932,797
Loans and other receivables		-	-	-	-	37,308,181	37,308,181
Insurance / reinsurance receivables		-	-	-	-	541,142,145	541,142,145
Reinsurance recoveries against outstanding claims		-	-	-	-	123,311,654	123,311,654
Cash and bank	5.50 - 12.00	704,129,521	-	-	704,129,521	21,345,169	725,474,690
Total assets of Window Takaful							
Operations - Operator's Fund		5,529,413	-	-	5,529,413	120,020,676	125,550,089
		<u>763,574,454</u>	<u>148,029,585</u>	<u>380,987,692</u>	<u>1,292,591,731</u>	<u>2,128,678,192</u>	<u>3,421,269,923</u>
Financial liabilities							
Outstanding claims including IBNR		-	-	-	-	294,800,833	294,800,833
Insurance / reinsurance payables		-	-	-	-	305,654,671	305,654,671
Other creditors and accruals		-	-	-	-	120,136,985	120,136,985
Total liabilities of Window Takaful							
Operations - Operator's Fund		-	-	-	-	21,924,911	21,924,911
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>742,517,400</u>	<u>742,517,400</u>
Interest risk sensitivity gap		<u>763,574,454</u>	<u>148,029,585</u>	<u>380,987,692</u>	<u>1,292,591,731</u>	<u>1,386,160,792</u>	<u>2,678,752,523</u>
Cumulative interest risk sensitivity gap		<u>763,574,454</u>	<u>911,604,039</u>	<u>1,292,591,731</u>			

Cash flow sensitivity analysis of variable rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax and equity based upon average balances and rates:

	Increase / (decrease) in basis points	Effect on profit before tax (Rupees)	Effect on equity (Rupees)
December 31, 2022	100	13,919,362	9,465,166
	(100)	(13,919,362)	(9,465,166)
December 31, 2021	100	12,958,775	9,200,730
	(100)	(12,958,775)	(9,200,730)

Fair value sensitivity analysis for fixed rate instruments

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

Price risk

Price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The price risk exposure arises from the Company's investments in equity securities and units of mutual funds. This arises from investments held by the Company for which prices in the future are uncertain. The Company policy is to manage price risk through diversification and selection of securities and investment in different categories of mutual funds within specified limits set by internal risk management guidelines. A summary analysis of investments is disclosed in note 9 to these financial statements.

The management monitors the fluctuations of prices on regular basis. The Company also has necessary skills for monitoring and managing the equity portfolio in line with fluctuations of the market and also monitor fluctuation in unit prices through a related party as disclosed in note 34. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security / units may be affected by the relative quantity of the security / units being sold.

The following table summarizes the Company's price risk as at December 31, 2022 and as at December 31, 2021. It shows the effects of an estimated increase of 10% in the market prices as on those dates. A decrease of 10% in the fair values of the quoted securities would affect it in a similar and opposite manner:

	Fair value ---- (Rupees) ----	Price change	Effect on fair value --- (Rupees) ---
December 31, 2022	1,083,745,497	+10%	108,374,550
	(1,083,745,497)	-10%	(108,374,550)
December 31, 2021	1,224,793,371	+10%	122,479,337
	(1,224,793,371)	-10%	(122,479,337)

37.2.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. At present, the Company, is not exposed to foreign currency risk.

37.2.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The 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 ensures that it has sufficient cash on demand to meet expected operational requirements. The Company also manages this risk by investing in deposit accounts that can be readily encashed.

The table below summarises the maturity profile of the Company's financial liabilities. The contractual maturities of these liabilities at the year end have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which these liabilities will be settled.

	2022			
	Within one year	Over one year to five years	Over five years	Total
	----- (Rupees) -----			
Financial liabilities				
Outstanding claims including IBNR Insurance / reinsurance payables	391,209,002	-	-	391,209,002
Other creditors and accruals	317,525,344	-	-	317,525,344
Total liabilities of Window Takaful Operations - Operator's Fund	136,622,609	-	-	136,622,609
	22,718,850	-	-	22,718,850
	868,075,805	-	-	868,075,805

Notes to and Forming part of the Financial Statements

For the year ended December 31, 2022

	2021			Total
	Within one year	Over one year to five years	Over five years	
	(Rupees)			
Financial liabilities				
Outstanding claims including IBNR	294,800,833	-	-	294,800,833
Insurance / reinsurance payables	305,654,671	-	-	305,654,671
Other creditors and accruals	120,136,985	-	-	120,136,985
Total liabilities of Window Takaful Operations - Operator's Fund	21,924,911	-	-	21,924,911
	<u>742,517,400</u>	<u>-</u>	<u>-</u>	<u>742,517,400</u>

37.2.3 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 Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

37.2.3.1 Concentration of credit risk and credit exposure of the financial instruments

Credit risk of the Company arises principally from the bank balances, investments (except for investment in associates and government securities), premium due but unpaid, amount due from other insurers / reinsurers, reinsurance recoveries. To reduce the credit risk the Company has developed a formal approval process whereby credit limits are applied to its policyholders and other insurers / reinsurers. The management continuously monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery. The balance is written off when the Company expects it cannot recover the balance due. The movement in the provision for doubtful debt is shown in notes 12.3 and 12.4 to these financial statements.

The carrying amount of financial assets represent the maximum credit exposure, as specified below:

	December 31, 2022	December 31, 2021
	(Rupees)	
Cash and bank	423,458,584	722,443,714
Investments	1,211,960,910	1,327,637,098
Insurance / reinsurance receivable	766,758,124	541,142,145
Reinsurance recoveries against outstanding claims	193,417,129	123,311,654
Loans and receivables	41,991,024	37,308,181
Total assets of Window Takaful Operations - Operator's Fund	165,188,187	125,560,089
	<u>2,802,773,958</u>	<u>2,877,402,881</u>

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

Bank	Long term rating	Rating agency	December 31,	December 31,
			2022	2021
			----- (Rupees) -----	
State Bank of Pakistan	Not available	Not available	-	5,153,258
Standard Chartered Bank (Pakistan) Limited	AAA	PACRA	6,956,924	5,334,737
Habib Bank Limited	AAA	VIS	14,687,737	10,458,445
United Bank Limited	AAA	VIS	15,665,972	6,844,178
Askari Bank Limited	AA+	PACRA	562,202	1,736,428
Bank Alfalah Limited	AA+	PACRA	1,854,874	169,797
Habib Metropolitan Bank Limited	AA+	PACRA	167,061,489	98,584,536
Soneri Bank Limited	AA-	PACRA	191,764,845	103,476,273
Telenor Microfinance Bank	A	PACRA	116,599	109,204
MCB Islamic Bank Limited	A	PACRA	1,461	1,394
NRSP Microfinance Bank Limited	A-	VIS	35,382	314,733,173
U Microfinance Bank Limited	A+	VIS	720,316	156,650,844
Silk Bank Limited	A-	VIS	24,030,783	19,191,447
			423,458,584	722,443,714

The credit quality of Company's investment in term finance certificates can be assessed with reference to external credit ratings as follows:

Sukuk / Term Finance Certificate	Long term rating	Rating agency	December 31,	December 31,
			2022	2021
			----- (Rupees) -----	
Dubai Islamic Bank Pakistan Limited	A+	VIS	25,000,000	25,000,000
Bank Al Habib Limited	AAA	PACRA	104,832,000	56,980,292
Soneri Bank Limited	A	PACRA	20,000,000	20,000,000
JS Bank Limited	A+	PACRA	53,560,720	153,000,000
NSRP Microfinance Bank Limited	A-	VIS	15,000,000	15,000,000
			218,392,720	269,980,292

The credit quality of amount due from other insurer's (gross of provisions) and reinsurer's can be assessed with reference to external rating as disclosed in note 37.1 (g).

38. CAPITAL MANAGEMENT

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

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

In accordance with SECP Circular no. 225 of 2015 of Securities and Exchange Commission of Pakistan (SECP), minimum paid-up capital requirement to be complied with by Insurance / Takaful companies as at December 31, 2017 and subsequent year is Rs. 500 million. As at December 31, 2022 the Company's paid-up capital is in excess of the prescribed limit.

Notes to and Forming part of the Financial Statements

For the year ended December 31, 2022

39. STATEMENT OF SOLVENCY

Assets

	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
Property and equipment	121,843,946	125,567,780
Intangible assets	840,250	-
Investment in associates	67,361,755	60,681,713
Investments		
Equity securities	1,172,405,367	1,245,375,624
Debt securities	1,092,079,363	583,432,797
Loan and other receivable	48,548,355	43,163,334
Insurance / reinsurance receivable	814,835,439	583,167,243
Reinsurance recoveries against outstanding claims	226,652,726	135,164,731
Salvage recoveries accrued	8,213,493	7,985,000
Deferred commission expense	64,000,327	50,727,223
Deferred taxation	21,041,768	20,282,884
Prepayments	276,791,759	253,586,458
Cash and bank	473,061,600	783,629,214
Total assets of Window Takaful Operations - Operator's fund	<u>171,977,536</u>	<u>130,422,076</u>
Total assets (A)	4,559,653,684	4,023,186,077

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

Property and equipment	121,843,946	125,567,780
Intangible assets	840,250	-
Investments	538,547,520	663,445,926
Loan and other receivable	6,131,185	5,485,412
Insurance / reinsurance receivable	451,203,965	349,026,996
Security deposits against bond insurance	32,231,144	5,979,812
Deferred taxation	21,041,768	20,282,884
Total of In-admissible assets	1,171,839,778	1,169,788,810

Liabilities

Underwriting Provisions		
Outstanding claims including IBNR	464,860,768	330,644,787
Unearned premium reserve	821,588,426	700,142,656
Unearned reinsurance commission	61,797,853	57,290,449
Retirement benefit obligations	18,659,835	9,672,912
Premiums received in advance	5,834,691	4,101,932
Insurance / reinsurance payables	355,913,274	339,926,715
Other creditors and accruals	218,863,142	173,344,252
Taxation - provision less payments	85,084,215	71,686,314
Total liabilities of Window Takaful Operations - Operator's fund	<u>66,505,955</u>	<u>48,644,031</u>
Total liabilities	2,099,108,159	1,735,454,048

Total Net Admissible Assets

1,288,705,747	1,117,943,219
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Minimum solvency requirement (higher of following)

237,426,246	186,678,847
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- Method A - U/s 36(3)(a)	150,000,000
- Method B - U/s 36(3)(b)	237,426,246
- Method C - U/s 36(3)(c)	157,347,595

Excess in Net Admissible Assets over minimum requirement

1,051,279,501	931,264,372
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- 39.1** The law is silent with regard to the inadmissibility of the “Prepaid reinsurance premium ceded” and “Deferred commission expense” in Section 32(2) of the Insurance Ordinance, 2000 and, hence, these have been treated as admissible assets for the purpose of this statement.
- 39.2** Regulation 6(2) of General Takaful Accounting Regulations, 2019 (“Takaful Regulations 2019”) assets and liabilities of Window Takaful Operation included in computation of solvency requirements.
- 39.3** As clarified by Securities and Exchange Commission of Pakistan, the current year solvency statement includes assets and liabilities of participant takaful fund. The change has also been reflected in prior year.

40. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

	December 31, 2022										
	Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Investment in Associate	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees) -----											
Financial assets measured at fair value											
Investments											
- Equity securities	75,575,631	1,008,169,866	-	-	-	-	1,083,745,497	90,252,590	673,591,961	319,900,946	1,083,745,497
- Debt securities	393,403,452	668,887,530	-	-	-	-	1,062,290,982	-	1,062,290,982	-	1,062,290,982
Assets of Window Takaful											
Operations - Operator's fund	-	117,626,447	-	-	-	-	117,626,447	-	117,626,447	-	117,626,447
Financial assets not measured at fair value											
Cash and bank*	-	-	-	426,475,752	-	-	426,475,752	-	-	-	-
Investments											
- In associates	-	-	-	-	67,361,755	-	67,361,755	104,243,252	-	-	104,243,252
- Debt securities	-	-	29,788,381	-	-	-	29,788,381	-	29,435,250	-	29,435,250
- Unquoted equity shares*	-	75,283	-	-	-	-	75,283	-	-	75,283	75,283
Insurance / reinsurance receivable*	-	-	-	766,758,124	-	-	766,758,124	-	-	-	-
Loan and other receivable*	-	-	-	41,991,024	-	-	41,991,024	-	-	-	-
Reinsurance recoveries against											
outstanding claims*	-	-	-	193,417,129	-	-	193,417,129	-	-	-	-
Assets of Window Takaful											
Operations - Operator's fund*	-	-	-	47,561,740	-	-	47,561,740	-	-	-	-
Financial liabilities not measured at fair value											
Outstanding claims including IBNR*	-	-	-	-	-	(391,209,002)	(391,209,002)	-	-	-	-
Insurance / reinsurance payables*	-	-	-	-	-	(317,525,344)	(317,525,344)	-	-	-	-
Other creditors and accruals*	-	-	-	-	-	(136,622,609)	(136,622,609)	-	-	-	-
Total liabilities of Window Takaful											
Operations - Operator's fund*	-	-	-	-	-	(22,718,850)	(22,718,850)	-	-	-	-
	468,979,083	1,794,759,126	29,788,381	1,476,203,769	67,361,755	(868,075,805)	2,969,016,309	194,495,842	1,882,944,640	319,976,229	2,397,416,711

Notes to and Forming part of the Financial Statements

For the year ended December 31, 2022

	December 31, 2021										
	Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Investment in Associate	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees) -----											
Financial assets measured at fair value											
Investments											
- Equity securities	98,207,379	1,126,585,992	-	-	-	-	1,224,793,371	167,211,848	729,743,726	327,837,797	1,224,793,371
- Debt securities	88,077,711	440,221,952	-	-	-	-	528,299,663	-	397,065,935	-	397,065,935
Assets of Window Takaful											
Operations - Operator's fund	-	105,036,455	-	-	-	-	105,036,455	-	105,036,455	-	105,036,455
Financial assets not measured at fair value											
Cash and bank*	-	-	-	725,474,690	-	-	725,474,690	-	-	-	-
Investments											
- In associates	-	-	-	-	60,681,713	-	60,681,713	129,679,073	-	-	129,679,073
- Debt securities	-	-	54,633,134	-	-	-	54,633,134	-	54,882,400	-	54,882,400
- Unquoted equity shares*	-	75,283	-	-	-	-	75,283	-	-	75,283	75,283
Insurance / reinsurance receivable*	-	-	-	541,142,145	-	-	541,142,145	-	-	-	-
Loan and other receivables	-	-	-	37,308,181	-	-	37,308,181	-	-	-	-
Reinsurance recoveries against outstanding claims*	-	-	-	92,735,167	-	-	92,735,167	-	-	-	-
Total assets of Window Takaful Operations											
	-	-	-	20,523,634	-	-	20,523,634	-	-	-	-
Financial liabilities not measured at fair value											
Outstanding claims including IBNR	-	-	-	-	-	(294,800,833)	(294,800,833)	-	-	-	-
Insurance / reinsurance payables*	-	-	-	-	-	(305,654,671)	(305,654,671)	-	-	-	-
Other creditors and accruals*	-	-	-	-	-	(120,138,985)	(120,138,985)	-	-	-	-
Total liabilities of Window Takaful Operations - Operator's fund											
	-	-	-	-	-	(21,924,911)	(21,924,911)	-	-	-	-
	186,285,090	1,671,919,682	54,633,134	1,417,183,817	60,681,713	(742,519,400)	2,648,184,036	296,890,921	1,286,728,516	327,913,080	1,911,532,517

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

40.1 Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair values estimates.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or Indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable Inputs).

During the year ended December 31, 2022, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

Valuation techniques used in determination of fair values within level 2 and level 3:

Level 2: Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV and PKFRV rates as announced by Mutual Funds Association of Pakistan (MUFAP).

Level 3: Fair value of Private equity fund is based on the net assets value of the fund.

41. CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, wherever necessary for better presentation. However, there are no material reclassifications to report.

42. SUBSEQUENT EVENT - NON ADJUSTING

The Board of Directors in its meeting held on March 17, 2023 has recommended cash dividend of 25% i.e. Rs. 2.50 per share in respect of the year ended December 31, 2022 (December 31, 2021: 22.5% (Rs. 2.25 per share). These financial statements for the year ended December 31, 2022 do not include the effect of this appropriation which will be accounted for when approved.

43. NUMBER OF EMPLOYEES

	December 31, 2022	December 31, 2021
	----- (Number) -----	-----
As at December 31	<u>151</u>	<u>158</u>
Average number of employees during the year	<u>158</u>	<u>153</u>

44. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors on March 17, 2023.

45. GENERAL

Figures in these financial statements have been rounded off to the nearest rupees, unless otherwise stated.

Iqbal Ali Lakhani
Chairman

Amin Mohammed Lakhani
Director

Aftab Ahmad
Director

Mohammad Hussain Hirji
Director & Chief Executive

Sabza Ali Pirani
Chief Financial Officer

Window Takaful
Operation
Financial Statements



Independent Auditor's Report

To the members of Century Insurance Company Limited – Window Takaful Operations
Report on the Audit of the Financial Statements for the year ended 31 December 2022

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statements of comprehensive income, the statements of changes in fund 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 31 December 2022 and the results of its takaful operations 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 the 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 liquidate the Operator or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the 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 cash flow statement and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XIX of 2017), and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Operator's business; and
- d) no zakat 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 Shaikh Ahmed Salman.



Chartered Accountants

Place: Karachi

Date: 30 March 2023

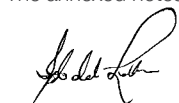
UDIN Number: AR202210076COP1HS4Lk

Statement of Financial Position

As at December 31, 2022

	Note	Operator's Fund		Participants' Takaful Fund	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
(Rupees)					
Assets					
Investments					
Equity securities / mutual funds	6	117,626,447	105,036,455	88,584,587	20,506,970
Debt securities	7	-	-	-	500,000
Loans and other receivables	8	21,607	26,451	1,924,294	886,051
Takaful / retakaful receivables	9	-	-	48,077,315	42,025,098
Retakaful recoveries against outstanding claims	18	-	-	33,235,597	11,853,077
Deferred commission expense / acquisition cost	21	6,789,349	4,861,987	-	-
Receivable from PTF	13	41,289,596	14,957,770	-	-
Deferred wakala fee	20	-	-	32,561,463	21,817,515
Prepaid retakaful contribution ceded	17	-	-	26,323,890	16,967,476
Cash and bank	11	6,250,537	5,539,413	46,585,848	58,154,524
Total Assets		171,977,536	130,422,076	277,292,994	172,710,711
Funds and Liabilities					
Funds attributable to:					
Operator's Fund					
Statutory fund		50,000,000	50,000,000	-	-
Reserves		965,680	6,456	-	-
Accumulated gain		54,505,901	31,771,589	-	-
Participants' Takaful Fund					
Ceded money		-	-	500,000	500,000
Accumulated surplus		-	-	31,037,866	22,256,364
Total Funds		105,471,581	81,778,045	31,537,866	22,756,364
Liabilities					
PTF underwriting provisions					
Outstanding claims including IBNR	18	-	-	73,651,766	35,843,954
Unearned contribution reserves	17	-	-	83,797,315	58,557,387
Unearned re-takaful rebate	19	-	-	5,264,885	3,055,853
		-	-	162,713,966	97,457,194
Unearned wakala fee	20	32,561,463	21,817,515	-	-
Payable to OPF	13	-	-	41,289,596	14,957,770
Deferred taxation	14	394,432	2,637	-	-
Contribution received in advance		-	-	1,491,125	1,119,255
Takaful / Re-takaful payables	12	-	-	38,387,930	34,272,044
Other creditors and accruals	15	22,718,850	21,924,911	1,872,511	2,148,084
Taxation - provision less payment	10	10,831,210	4,898,968	-	-
		66,505,955	48,644,031	83,041,162	52,497,153
Total Liabilities		66,505,955	48,644,031	245,755,128	149,954,347
Total Funds and Liabilities		171,977,536	130,422,076	277,292,994	172,710,711
Contingency and Commitment	16				

The annexed notes 1 to 38 form an integral part of these financial statements.



Iqbal Ali Lakhani
Chairman



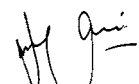
Amin Mohammed Lakhani
Director



Aftab Ahmad
Director



Mohammad Hussain Hirji
Director & Chief Executive



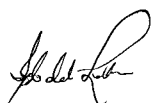
Sabza Ali Pirani
Chief Financial Officer

Profit and Loss Account


For the year ended December 31, 2022

		December 31, 2022	December 31, 2021
	Note	----- (Rupees) -----	
Participants' Takaful Fund - (PTF) Revenue account			
Contribution earned	17	118,448,121	82,432,464
Less: Contribution ceded to retakaful		(73,486,124)	(45,451,720)
Net contribution revenue		44,961,997	36,980,744
Retakaful rebate earned	19	14,301,128	7,717,493
Net underwriting income		59,263,125	44,698,237
Net claims - reported / settled	18	(57,217,220)	(37,655,787)
Direct expenses	23	(2,729,756)	(1,914,320)
(Deficit) / surplus before investment income		(683,851)	5,128,130
Investment income	24	7,226,517	1,703,275
Other income	25	4,298,377	2,551,486
Less: Mudarib's share of investment income	26	(2,290,699)	(850,952)
Surplus for the year		8,550,344	8,531,939
Operator's Fund - (OPF) Revenue account			
Wakala fee	20	69,800,818	48,831,201
Commission expense	21	(20,344,755)	(10,707,671)
General, administration and management expenses	22	(28,793,277)	(25,216,016)
		20,662,786	12,907,514
Mudarib's share of PTF investment income	26	2,290,699	850,952
Investment income	24	12,665,710	5,794,569
Other income	25	334,176	237,964
Other expenses	27	(910,259)	(1,176,675)
Profit before tax		35,043,112	18,614,324
Income tax expense	28	(12,308,800)	(5,398,154)
Profit after tax		22,734,312	13,216,170

The annexed notes 1 to 38 form an integral part of these financial statements.



Iqbal Ali Lakhani
Chairman



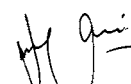
Amin Mohammed Lakhani
Director



Aftab Ahmad
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer

Statement of Comprehensive Income

For the year ended December 31, 2022

	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
Participants' Takaful Fund - (PTF) Revenue account		
Surplus for the year	8,550,344	8,531,939
Other Comprehensive Income for the year		
- Unrealized gain on available for sale investments	232,321	1,163
- Reclassification adjustment for net gain on available for sale investments included in profit and loss account	(1,163)	-
Total comprehensive income for the year	<u>8,781,502</u>	<u>8,533,102</u>
Operator's Fund - (OPF) Revenue account		
Profit after tax	22,734,312	13,216,170
Other comprehensive income for the year		
Items that will be reclassified to profit and loss account		
- Unrealized gain on available for sale investments - net of tax	965,680	6,456
- Reclassification adjustment for net gain on available for sale investments included in profit and loss account - net of tax	(6,456)	(34,045)
Other comprehensive income / (loss) for the year	<u>959,224</u>	<u>(27,589)</u>
Total comprehensive income for the year	<u>23,693,536</u>	<u>13,188,581</u>

The annexed notes 1 to 38 form an integral part of these financial statements.


Iqbal Ali Lakhani
Chairman


Amin Mohammed Lakhani
Director


Aftab Ahmad
Director


Mohammad Hussain Hirji
Director & Chief Executive


Sabza Ali Pirani
Chief Financial Officer

Statement of Changes In Funds

For the year ended December 31, 2022

	Operator's Fund			Total
	Statutory fund	Revenue reserve Available for sale Investment revaluation reserve	Accumulated surplus	
----- (Rupees) -----				
Balance as at January 01, 2021	50,000,000	34,045	18,555,419	68,589,464
Total comprehensive income				
Profit after tax for the year	-	-	13,216,170	13,216,170
Other comprehensive income				
Unrealised gain on available for sale investments - net of tax	-	6,456	-	6,456
Realised gain on available for sale investments - net of tax	-	(34,045)	-	(34,045)
	-	(27,589)	13,216,170	13,188,581
Balance as at December 31, 2021	50,000,000	6,456	31,771,589	81,778,045
Total comprehensive income				
Profit after tax for the year	-	-	22,734,312	22,734,312
Other comprehensive income / (loss)				
Unrealised gain on available for sale investments - net of tax	-	965,680	-	965,680
Realised gain on available for sale investments - net of tax	-	(6,456)	-	(6,456)
	-	959,224	22,734,312	23,693,536
Balance as at December 31, 2022	50,000,000	965,680	54,505,901	105,471,581

	Participants' Takaful Fund		
	Ceded money	Accumulated surplus	Total
----- (Rupees) -----			
Balance as at January 01, 2021	500,000	13,723,262	14,223,262
Surplus for the year ended	-	8,531,939	8,531,939
Other comprehensive income			
Unrealised gain on available for sale investments	-	1,163	1,163
	-	8,533,102	8,533,102
Balance as at December 31, 2021	500,000	22,256,364	22,756,364
Surplus for the year ended	-	8,550,344	8,550,344
Other comprehensive income			
Unrealised gain on available for sale investments	-	232,321	232,321
Realised gain on available for sale investments	-	(1,163)	(1,163)
	-	8,781,502	8,781,502
Balance as at December 31, 2022	500,000	31,037,866	31,537,866

The annexed notes 1 to 38 form an integral part of these financial statements.

 Iqbal Ali Lakhani Chairman	 Amin Mohammed Lakhani Director	 Aftab Ahmad Director	 Mohammad Hussain Hirji Director & Chief Executive	 Sabza Ali Pirani Chief Financial Officer
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Cash Flow Statement

For the year ended December 31, 2022

	Operator's Fund		Participants' Takaful Fund	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Operating Cashflows	Note ----- (Rupees) -----			
(a) Takaful activities				
Contribution received	-	-	210,654,036	152,204,564
Retakaful contributions paid	-	-	(75,276,088)	(43,755,054)
Claims paid	-	-	(74,510,989)	(47,581,414)
Retakaful and other recoveries received	-	-	29,158,453	12,466,551
Commission paid	(23,384,913)	(9,884,553)	-	-
Retakaful rebate received	-	-	14,774,686	6,336,204
Wakala fee received / (paid)	56,503,639	48,969,900	(56,503,639)	(48,969,900)
Direct expenses paid	-	-	(2,729,756)	(1,914,320)
Net cash inflows from takaful activities	33,118,726	39,085,347	45,566,703	28,786,631
(b) Other operating activities				
Income tax paid	(6,376,558)	(1,754,330)	(981,838)	(189,099)
General, administration and management expenses paid	(27,898,590)	(22,298,397)	-	-
Other operating receipts / payments - net	101,789	(30,157)	(238,246)	705,927
Net cash (outflows) / inflows from takaful activities	(34,173,359)	(24,082,884)	(1,220,084)	516,828
Total cash (outflows) / inflows from all operating activities	(1,054,633)	15,002,463	44,346,619	29,303,459
Investment activities				
Profit / return received	339,020	256,063	4,206,879	2,451,547
Dividend received	9,505,876	3,078,955	5,852,085	994,306
Payment for investments	(98,050,752)	(210,118,178)	(98,686,085)	(51,845,728)
Proceeds from investments	89,971,613	114,726,698	32,711,826	32,023,103
Total cash inflows / (outflows) from investing activities	1,765,757	(92,056,462)	(55,915,295)	(16,376,772)
Net cash inflows / (outflows) from all activities	711,124	(77,053,999)	(11,568,676)	12,926,687
Cash and cash equivalents at beginning of the year	5,539,413	82,593,412	58,154,524	45,227,837
Cash and cash equivalents at end of the year	6,250,537	5,539,413	46,585,848	58,154,524
Reconciliation to profit and loss account				
Operating cash flows	(1,054,633)	15,002,463	44,346,619	29,303,459
Profit on disposal of investments	3,159,834	2,715,614	1,372,200	683,182
Profit / returns received	339,020	256,063	4,206,879	2,451,547
Dividend income	9,505,876	3,078,955	5,852,085	994,306
Increase in assets other than cash	28,254,344	5,911,921	48,573,342	2,199,582
Increase in liabilities other than borrowings	(17,470,129)	(13,748,846)	(95,800,781)	(27,100,137)
Profit after tax / surplus for the year	22,734,312	13,216,170	8,550,344	8,531,939

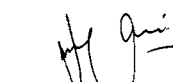
The annexed notes 1 to 38 form an integral part of these financial statements.


Iqbal Ali Lakhani
Chairman


Amin Mohammed Lakhani
Director


Aftab Ahmad
Director


Mohammad Hussain Hirji
Director & Chief Executive


Sabza Ali Pirani
Chief Financial Officer

Notes to and Forming part of the Financial Statements

For the year ended December 31, 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

Century Insurance Company Limited (“the Operator”) is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act 2017) on October 10, 1985. The Operator is listed on Pakistan Stock Exchange and is engaged in general insurance business. The registered office of the Operator is situated at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi.

The Operator was granted authorisation on August 07, 2017 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations (“the Operations”) by Securities and Exchange Commission of Pakistan (“SECP”) under Takaful Rules, 2012 and General Takaful accounting regulation 2019 to carry on general takaful operations in Pakistan.

The Operator transferred statutory fund of Rs. 50 million in a separate bank account for the Operations as per the requirement of circular 8 of 2014. Thereafter, the Operator has formed a Waqf for Participants’ Fund (“PTF”) by executing the Waqf deed dated August 17, 2017 by investing a ceded money of Rs. 0.5 million. The ceded money is required to be invested in shariah compliant investments and any profit thereon can be utilized only to pay benefits to Participants’ or defray PTF expenses. Waqf Deed governs the relationship of Operator and participants for management of takaful operations, investments of participants’ funds and investments of the Operator’s funds approved by the shariah advisor of the Operator. The Operator commenced activities of the Operations on August 18, 2017.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of compliance

These financial statements have been prepared in accordance with 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 Standard Board (IASB) as are notified under Companies Act, 2017; and
- Provision of and directive issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017, Takaful Rules, 2012 and General Takaful Accounting Regulation 2019.

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

The Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O 1416(I)/2019 dated November 20, 2019 has prescribed format of the presentation of annual financial statements for general takaful operators. These financial statements have been prepared in accordance with the format prescribed by the SECP.

These financial statements reflect the financial position and results of operations of both the Operator’s Fund and Participants’ Takaful Fund in a manner that the assets, liabilities, income and expenses of the Operator’s Fund and PTF remain separately identifiable.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain investments which are stated at their fair values.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the Operations' functional currency.

2.4 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on or after)
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 01, 2023
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	January 01, 2023
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards	Effective date (annual periods beginning on or after)
IFRS 1 First-time Adoption of International Financial Reporting Standards	January 01, 2024
IFRS 17 Insurance Contracts	January 01, 2023

The company has taken a benefit of temporary exemption of applying IFRS 9 Financial Instrument with IFRS 17 Insurance Contracts" as allowed under IFRS.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Notes to and Forming part of the Financial Statements

For the year ended December 31, 2022

The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented. A number of other new standards are effective from January 01, 2022 but they do not have a material effect on the Operations' financial statements.

3.1 Takaful contracts

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

Contracts under which the Participant Takaful Fund (PTF) accepts significant takaful risk from another party (the participant) by agreeing to compensate the participant if a specified uncertain future event (the takaful event) adversely affects the participant are classified as takaful contracts. Takaful risk is significant if a takaful event could cause the PTF to pay significant benefits due to the happening of the takaful event compared to its non happening. Once a contract has been classified as a takaful contract, it remains a takaful contract for the remainder of its lifetime, even if the takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

The Operations underwrites non-life takaful contracts that can be categorised into following main categories:

a) Fire and property

Fire and property takaful contracts mainly compensate the Participants' for damage suffered to their properties or for the value of property lost. Participants' 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. These contracts are generally one year contracts except some contracts that are of three months period.

b) Marine, aviation and transport

Marine takaful 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. These contracts are generally for three months period.

c) Motor

Motor takaful provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident. These contracts are generally one year contracts.

d) Accident and health

Accident and health takaful contract mainly compensate hospitalisation and outpatient medical coverage to the participant. These contracts are generally one year contracts.

e) Miscellaneous

All other various types of takaful contracts are classified in miscellaneous category which includes mainly engineering, terrorism, personal accident, workmen compensation, travel and products of financial institutions etc. These contracts are normally one year takaful contracts except some engineering takaful contracts that are of more than one year period, whereas, normally travel takaful contracts expire within one month time.

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

3.2 Deferred Commission expense / Acquisition cost

Commission expense incurred in obtaining and recording policies is deferred and recognised in Operator's Fund as an expense in accordance with pattern of recognition of contribution revenue.

3.3 Unearned contribution

The unearned portion of contribution is calculated by applying twenty-fourths method, as prescribed by General Takaful Accounting Regulation 2019.

3.4 Contribution deficiency

The Operations is required as per General Takaful Accounting Regulation 2019 to maintain a provision in respect of contribution deficiency for the class of business where the unearned contribution reserve is not adequate to meet the expected future liability, after re-takaful, from claims and other expenses, including re-takaful expense, commissions and other underwriting expenses, expected to be incurred after the reporting date in respect of policies in that class of business at the reporting date. The movement in the contribution deficiency reserve is recorded as an expense and the same shall be recognised as a liability.

For this purpose, loss ratios for each class are estimated based on historical claim development. Judgement 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 estimated.

Based on an analysis of combined operating ratio for the expired period of each reportable segment, the management considers that the unearned contribution reserve for all classes of business as at the year end is adequate to meet the expected future liability after re-takaful, from claims and other expenses, expected to be incurred after the reporting date in respect of policies in those classes of business in force at the reporting date and therefore no provision for the same has been made in these financial statements.

3.5 Re-takaful contracts held

These are contracts entered into by the Operation with re-takaful operators for compensation of losses suffered on takaful contracts issued. These re-takaful contracts include both facultative and treaty arrangement contracts and are classified in same categories of takaful contracts for the purpose of these financial statements. The PTF recognise the entitled benefits under the contracts as various retakaful assets. Re-takaful contribution is recognised as an expense when retakaful is ceded. Re-takaful assets and liabilities are derecognised when contractual right are extinguished or expired.

The deferred portion of re-takaful contribution is recognized as a prepayment in PTF. The deferred portion of re-takaful contribution ceded is calculated by using twenty-fourths method.

3.6 Receivables and payables related to takaful contracts

Notes to and Forming part of the Financial Statements

For the year ended December 31, 2022

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

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

3.7 Segment reporting

An operating segment is a component of the Operations 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's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Operator presents segments reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and General Takaful Accounting Regulation 2019. The reported operating segments are also consistent with the internal reporting process of the Operator for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment. All the Operator's business segments operate in Pakistan only.

Based on its classification of takaful contracts issued, the Operations has four primary business segments for reporting purposes namely fire, marine, motor, and miscellaneous. The nature and business activities of these segments are disclosed in note 3.1.

Assets and liabilities are allocated to particular segments on the basis of contribution earned. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities. Management expenses are allocated to a particular segment on the basis of contribution written.

3.8 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, policy stamps, bank balances and the term deposit receipts having maturity of not more than three months and are subject to insignificant risk of change in value.

3.9 Revenue recognition

a) Contribution

Contribution under a policy are recognised as revenue at the time of issuance of takaful policy / cover note. Where the pattern of incidence of risk varies over the period of the policy / cover note, contribution is recognised as revenue in accordance with the pattern of the incidence of risk. The portion of contribution written relating to the unexpired period of coverage is recognised as unearned contribution by the Operator. The unearned contribution is calculated by applying twenty-fourths method as specified in the General Takaful Accounting Regulation 2019. Administrative surcharge are recognised as revenue at the time of issuance of takaful policy / cover note.

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

b) Re-takaful rebate

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

c) Investment income

- Profit on bank deposits is recognised on a time proportion basis taking into account the effective yield.
- Income from held to maturity investments is recognised on a time proportion basis taking into account the effective yield on the investments. 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 Operations' right to receive the payment is established.
- Return on fixed income securities classified as available for sale is recognised on a time proportion basis taking into account the effective yield on the investments.
- Gain / loss on sale of investments is included in income currently.

3.10 Investments

3.10.1 Classification and recognition

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

- Held for trading
- Held to maturity
- Available-for-sale

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

3.10.2 Measurement

3.10.2.1 Held for trading

- Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading.
- Investments which are designated as held for trading upon initial recognition.

Subsequent to initial recognition, these investments are premeasured at fair value. Gains or losses on remeasurement of these investments are recognised in profit and loss account.

Notes to and Forming part of the Financial Statements

For the year ended December 31, 2022

3.10.2.2 Held to maturity

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

Subsequently, these are measured at amortised cost less provision for impairment, if any.

Any premium paid or discount availed on government securities and term finance certificates is deferred and amortised over the period to maturity of investment using the effective yield.

3.10.2.3 Available-for-sale

Investments which are not eligible to be classified as “held for trading” or “held to maturity” are classified as ‘available-for-sale’. These investments are intended to be held for an indefinite period of time which may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available-for-sale.

Subsequent to initial recognition, these investments are remeasured at fair value. Gains or losses on remeasurement of these investments are recognised in other comprehensive income.

3.10.2.4 Fair / market value measurements

For investments in quoted mutual funds, fair / market value is determined by reference to rates quoted by Mutual Fund Association of Pakistan (MUFAP).

3.10.2.5 Date of recognition

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

3.11 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amount and the Operator intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.12 Provisions

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

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

Provision for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Outstanding claims

The amount of claims that have been reported and are yet unpaid or partially unpaid at the end of reporting year for a given accident year.

A liability for outstanding claims (claim incurred) is recognized for all claims incurred which represents the estimates of the claims intimated or assessed before the end of the reporting period and measured at the undiscounted value of expected future payments. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates while taking into consideration the past claims settlement experience including handling costs and the Operation's reserving policy. Where applicable, deductions are made for salvage and their recoveries.

Retakaful recoveries against outstanding claims and salvage recoveries are recognized as an asset and measured at the amount expected to be received.

Incurred But Not Reported (IBNR) Claims

The losses that have incurred or are in the occurrence period at the end of reporting year and have not been intimated to the Operator by that end of reporting year, or if reported, complete details are not available to the Operator, so as to ascertain the amount of loss for that claim as claims outstanding.

The Operations is required, as per SECP circular no. 9 of 2016 dated March 09, 2016 "Guidelines for Estimation of Incurred but not reported claims reserve, 2016" to estimate and maintain the provision for claims incurred but not reported for each class of business by using prescribed Method "Chain Ladder Method" and other alternate method as allowed under the provisions of the Guidelines. The actuarial valuation as at December 31, 2022 has been carried out by independent firm of actuaries for determination of IBNR for each class of business.

3.14 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Operator's profit and loss account in accordance with Rule 12 of Takaful Rule 2012, except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or in other comprehensive income respectively. In making the estimates for income taxes currently payable by the Operator, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year of the Operator's Fund, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable if any in respect of previous years.

Provisions for current taxation is based on taxability of certain income streams of the Operator's Fund under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime and / or minimum tax liability, as applicable, after taking into account tax credits and tax rebates available, if any.

Deferred tax

Deferred tax is recognised using balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

The Operator recognises a deferred tax asset to the extent of taxable timing differences or it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes to and Forming part of the Financial Statements

For the year ended December 31, 2022

The taxation of the Operator's Fund is calculated by including in the Operation's results as a whole and accordingly taxation has been recorded.

3.15 Impairment of assets

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

Impairment is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investments classified as available-for-sale below its cost is also considered an objective evidence of impairment. Impairment losses are reversed when there is an indication that impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. However, in case of equity securities classified as available for sale the decrease in impairment loss is not reversed.

3.16 Management expenses

Expenses of management have been allocated to various classes of business as deemed equitable by the Operator. Expenses not allocable to the underwriting business are charged under other expenses.

3.17 Financial instruments

Financial instruments carried on the reporting date include cash and bank, contribution due but unpaid, amount due from other takaful / re-takaful operators, accrued investment income, retakaful recoveries against outstanding claims, amount due to other takaful / re-takaful operators, other creditors and accruals.

All the financial assets and financial liabilities are recognised at the time when the Operations becomes a party to the contractual provisions of the instrument and derecognized when the Operations losses 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 derecognition of financial assets and financial liabilities is taken to profit and loss account of the period in which financial instrument is derecognised.

3.18 Takaful surplus

Takaful surplus attributable to the Participants' is calculated after charging all direct cost and setting aside various reserves. Allocation to Participants', if applicable, is made after adjustment of claims paid to them during the period.

3.19 Wakala fee

The Operator manages the general takaful operations for the Participants' and charges wakala fee to PTF on gross contributions recognized for each class of business to meet the general and administrative expenses of the Operator including commissions to agents at following rates:

Class	Percentage ----- (%) -----
Fire and property damage	30
Marine, aviation and transport	30
Motor	43
Health	20
Miscellaneous	35

Wakala fee is recognised as income in Operator's Fund on the same basis on which the related contribution revenue is recognized. Unearned portion of wakala fee is recognised as a liability of Operator's Fund and an asset of Participants' Fund.

3.20 Mudarib's fee

The Operator also manages the participants' investment as Mudarib and charges 20 percent of the investment income and profits on bank deposits earned by the PTF as Mudarib's fee. It is recognized on the same basis on which related revenue is recognised.

3.21 Qard-e-Hasna

Qard-e-Hasna is provided by Operator's Fund to PTF in case of deficit or to fulfil cash flow requirements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Use of estimates and judgements

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

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

- a) provision for unearned contribution (note 3.3);
- b) contribution deficiency reserve (note 3.4);
- c) provision for contribution due but unpaid and amount due from other takaful / re-takaful operators; (note 3.6)
- d) segment reporting (note 3.7);
- e) classification of investments (note 3.10);
- f) provision for outstanding claims including IBNR and re-takaful recoveries there against (note 3.13);
- g) taxation (note 3.14);
- h) impairment (note 3.15);
- i) allocation of management expenses (note 3.16); and
- j) provision for unearned wakala fee (note 3.19).

Notes to and Forming part of the Financial Statements

For the year ended December 31, 2022

5. DISCLOSURES RELATED TO TEMPORARY EXEMPTION FROM IFRS 9

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

The debt instruments accounted for fair value through other comprehensive income under IAS 39 are potentially eligible to SPPI test whereas it is not applicable for the debt instruments accounted for fair value through profit or loss.

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

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

Operator's Fund

Financial assets	December 31, 2022				
	Fail the SPPI Test		Pass the SPPI Test		
	Fair value	Change in Unrealized gain during the year	Carrying Value	Cost less impairment	Change in Unrealized gain or (loss) during the year
	----- (Rupees) -----				
Investments					
- Equity securities - Available for Sale	117,626,447	1,360,113	-	-	-

Participants' Takaful Fund

Financial assets	December 31, 2022				
	Fail the SPPI Test		Pass the SPPI Test		
	Fair value	Change in Unrealized gain or (loss) during the year	Carrying Value	Cost less impairment	Change in Unrealized gain or (loss) during the year
	----- (Rupees) -----				
Investments					
- Debt securities - held to maturity	88,584,587	232,321	-	-	-

6. INVESTMENTS IN EQUITY SECURITIES - Available for sale

	Note	December 31, 2022		December 31, 2021	
		Cost	Carrying value	Cost	Carrying value
Operator's Fund					
Mutual funds	6.1	116,266,334	117,626,447	105,027,362	105,036,455
Participants' Fund					
Mutual funds	6.2	88,352,266	88,584,587	20,505,807	20,506,970

6.1 Mutual Funds - OPF

	Number of units		December 31, 2022		December 31, 2021	
	2022	2021	Cost	Carrying value	Cost	Carrying value
Open - end mutual funds						
Other than related parties						
NBP Islamic Income Fund	3,676,178	3,367,619	38,159,834	39,513,770	35,000,000	35,009,093
Faysal Islamic Cash Fund	229,471	250,072	22,947,090	22,947,089	25,007,150	25,007,150
ABL Islamic Cash Fund	1,730,608	2,000,476	17,306,080	17,306,080	20,004,760	20,004,760
Al Habib Islamic Cash Fund	228,533	250,155	22,853,330	22,853,330	25,015,452	25,015,452
	5,864,790	5,868,322	101,266,334	102,620,269	105,027,362	105,036,455
Related parties						
Lakson Islamic Money Market Fund	148,506	-	15,000,000	15,006,178	-	-
	148,506	-	15,000,000	15,006,178	-	-
	6,013,296	5,868,322	116,266,334	117,626,447	105,027,362	105,036,455

6.2 Mutual Funds - PTF

Other than related parties

Open - end mutual funds

NBP Islamic Income Fund	629,582	288,653	6,764,284	6,767,122	2,999,995	3,000,779
NBP Islamic Daily Dividend Fund	743,618	100,048	7,436,178	7,436,178	1,000,476	1,000,476
Al Habib Islamic Cash Fund	72,955	-	7,295,481	7,295,481	-	-
HBL Islamic Money Market Fund	117,562	29,659	11,894,261	11,894,261	3,000,726	3,000,726
HBL Islamic Income fund	47,554	-	5,254,104	5,256,325	-	-
Faysal Islamic Cash Fund	66,980	30,009	6,698,004	6,698,004	3,000,858	3,000,858
Faysal Halal Amdani Fund	67,993	-	7,353,807	7,356,772	-	-
Meezan Rozana Amdani Fund	133,509	60,031	6,675,459	6,675,459	3,001,566	3,001,566
Meezan Daily Income Fund (I)	145,796	-	7,289,791	7,289,790	-	-
Al Ameen Islamic Cash Fund	31,054	14,793	3,124,662	3,348,962	1,500,000	1,500,379
Al Ameen Islamic Cash Plan I	118,812	30,008	11,881,221	11,881,220	3,000,758	3,000,758
ABL Islamic Cash Fund	668,501	300,143	6,685,014	6,685,013	3,001,428	3,001,428
	2,843,916	853,344	88,352,266	88,584,587	20,505,807	20,506,970

Notes to and Forming part of the Financial Statements

For the year ended December 31, 2022

7. INVESTMENTS IN DEBT SECURITIES - Held to Maturity

	Note	December 31, 2022		December 31, 2021	
		Cost	Carrying value	Cost	Carrying value
(Rupees)					
Other than related parties					
Participants' Fund					
Certificate of Islamic Investment	7.1	-	-	500,000	500,000

7.1 This represents Certificate of Islamic Investment carrying expected profit rate ranging from 6.57% to 6.99% in 2022 (2021: 5.27% to 6.11%).

8. LOANS AND OTHER RECEIVABLES - Considered good

	Operator's Fund		Participants' Takaful Fund	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
(Rupees)				
Accrued investment income	21,607	26,451	426,146	332,416
Receivable against sale of investments	-	-	-	37,325
Advance tax	-	-	1,498,148	516,310
	21,607	26,451	1,924,294	886,051

9. TAKAFUL / RE-TAKAFUL RECEIVABLES - PTF - Unsecured and considered good

	Note	December 31, 2022	December 31, 2021
		(Rupees)	
Due from Takaful contract holders		21,822,364	17,578,378
Due from other Takaful / Re-takaful operators	9.1 & 9.2	25,064,654	20,957,486
Re-takaful recoveries due but unpaid		1,190,297	3,489,234
		48,077,315	42,025,098

9.1 This includes Rs. 2.2 million (2021: Rs. 0.1 million) receivable from operator. The amount is not over due/ impaired as at December 31, 2022.

9.2 The maximum aggregate amount due from operator at end of any month during the year was Rs. 10.3 million (2021: Rs. 1.2 million).

10. TAXATION - PROVISION LESS PAYMENTS

	December 31, 2022	December 31, 2021
	(Rupees)	
Provision for taxation	12,308,800	5,398,154
Less: Taxes paid / deducted at source	(1,477,590)	(499,186)
	10,831,210	4,898,968

11. CASH AND BANK

	Note	Operator's Fund		Participants' Takaful Fund	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- (Rupees) -----					
Cash and cash equivalent					
Cash in hand		10,000	10,000	-	-
Cash at bank					
Savings accounts	11.1	6,240,537	5,529,413	46,585,848	58,154,524
		6,250,537	5,539,413	46,585,848	58,154,524

11.1 Savings accounts carry expected profit rates ranging from 3.25% to 8.28% (2021: 2.75% to 5.50%) per annum.

	Note	December 31,	
		2022	2021
----- (Rupees) -----			
12. TAKAFUL / RE-TAKAFUL PAYABLES - PTF			
Due to other takaful / re-takaful operators	12.1	38,387,930	34,272,044

12.1 This includes Rs. Nil (2021: Rs. Nil) payable to operator. The amount is not over due / impaired as at December 31, 2022.

The Operator has co-takaful and re-takaful arrangements with various takaful operators and a domestic re-takaful company. Under the above arrangements, the receivable and payable balance is due when contribution collected or claims settled by the lead operator on behalf of other co-operators, and in case of re-takaful, the contribution ceded to and claims recoverable from the re-takaful operator under the respective contracts. As per the prevailing industry practices, settlements of balances under co-takaful arrangements are done between the respective takaful operators in normal course of business.

The Operator believes that the current balances of co-takaful and re-takaful reflected in the records of the Operator are based on the underlying contracts and transactions supported by appropriate evidence.

In this regard, the Operator exchanged balance information with various co-takaful based on significance of the balances and the re-takaful. This information corroborates the balance position of the Operator in all material respects.

13. RECEIVABLE / PAYABLE (Between OPF and PTF)

	Operator's Fund		Participants' Takaful Fund	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- (Rupees) -----				
Wakala fee	39,813,445	14,614,018	39,813,445	14,614,018
Mudarib fee	1,476,151	343,752	1,476,151	343,752
	41,289,596	14,957,770	41,289,596	14,957,770

14. DEFERRED TAXATION

	Operator's Fund	
	December 31, 2022	December 31, 2021
----- (Rupees) -----		
Deferred credit arising in respect of		
Unrealized gain on available for sale investments	394,432	2,637

Notes to and Forming part of the Financial Statements

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15. OTHER CREDITORS AND ACCRUALS

	Operator's Fund		Participants' Takaful Fund	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	----- (Rupees) -----			
Agents' Commission payable	9,650,083	10,762,879	-	-
Federal excise duty / sales tax	-	-	1,391,909	1,820,477
Federal takaful fee	-	-	155,651	168,231
Accrued expenses	12,403,478	10,672,032	-	-
Audit fee payable	563,500	490,000	-	-
Creditors	-	-	188,810	129,340
Tax deducted at source	101,789	-	136,141	30,036
	22,718,850	21,924,911	1,872,511	2,148,084

16. CONTINGENCY AND COMMITMENT

There is no contingency and commitment as at December 31, 2022 (December 31, 2021: Nil).

17. NET TAKAFUL CONTRIBUTION - PTF

	December 31, 2022	December 31, 2021
	----- (Rupees) -----	
Written Gross contribution	213,488,867	145,319,830
Less: Wakala Fee	(69,800,818)	(48,831,201)
Contribution Net of Wakala Fee	143,688,049	96,488,629
Add: Unearned contribution reserve opening	58,557,387	44,501,222
Less: Unearned contribution reserve closing	(83,797,315)	(58,557,387)
Contribution earned	118,448,121	82,432,464
Less:		
Re-takaful Contribution ceded	82,842,538	50,472,036
Add: Prepaid re-takaful contribution ceded opening	16,967,476	11,947,160
Less: Prepaid re-takaful contribution ceded closing	(26,323,890)	(16,967,476)
Re-takaful expense	73,486,124	45,451,720
	44,961,997	36,980,744

18. NET TAKAFUL CLAIMS EXPENSE - PTF

Claim paid	74,510,989	47,581,414
Add: Outstanding claims including IBNR closing	73,651,766	35,843,954
Less: Outstanding claims including IBNR opening	(35,843,954)	(36,298,886)
Claims expense	112,318,801	47,126,482
Less: Re-takaful and others recoveries received	33,719,061	13,395,977
Add: Re-takaful and others recoveries in respect of outstanding claims closing	33,235,597	11,853,077
Less: Re-takaful and others recoveries in respect of outstanding claims opening	(11,853,077)	(15,778,359)
Re-takaful and other recoveries revenue	55,101,581	9,470,695
	57,217,220	37,655,787

18.1 Claims development

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

Accident year	2017 & prior	2018	2019	2020	2021	2022	Total
	----- (Rupees) -----						
Gross estimate of ultimate claims cost:							
- At end of accident	142,280	22,806,636	21,456,392	159,074,256	44,508,028	107,060,290	355,047,882
- One year later	214,205	18,116,684	27,162,235	159,875,537	56,579,367	-	261,948,028
- Two year later	214,205	17,764,775	26,515,692	159,972,608	-	-	204,467,280
- Three year later	214,205	17,612,783	26,384,626	-	-	-	44,211,614
- Four year later	214,205	17,612,783	-	-	-	-	17,826,988
- Five year later	214,205	-	-	-	-	-	214,205
Current estimate of cumulative claims	214,205	17,612,783	26,384,626	159,972,608	56,579,367	107,060,290	367,823,879
Cumulative payment to date	(214,205)	(16,776,976)	(25,541,785)	(148,299,536)	(51,739,942)	(51,599,669)	(294,172,113)
Liability recognised in statement of financial position	-	835,807	842,841	11,673,072	4,839,425	55,460,621	73,651,766

The net provision for IBNR on the basis of the actuarial valuation carried out as at December 31, 2022 amounted to Rs. 8.58 million (December 31, 2021: Rs. 6.78 million).

19. REBATE ON RE-TAKAFUL - PTF

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

Re-takaful rebate received or recoverable	16,510,160	9,021,545
Add: Unearned re-takaful rebate - opening	3,055,853	1,751,801
Less: Unearned re-takaful rebate - closing	(5,264,885)	(3,055,853)
	14,301,128	7,717,493

20. WAKALA FEE

Gross Wakala fee	80,544,766	52,979,513
Add: Unearned Wakala fee income - opening	21,817,515	17,669,203
Less: Unearned Wakala fee income - closing	(32,561,463)	(21,817,515)
	69,800,818	48,831,201

21. COMMISSION EXPENSE / ACQUISITION COST - OPF

Commission paid or payable	22,272,117	11,777,126
Add: Deferred commission expense - opening	4,861,987	3,792,532
Less: Deferred commission expense - closing	(6,789,349)	(4,861,987)
	20,344,755	10,707,671

Notes to and Forming part of the Financial Statements

For the year ended December 31, 2022

22. GENERAL, ADMINISTRATION AND MANAGEMENT EXPENSES - OPF	Note	December 31, 2022	December 31, 2021
		----- (Rupees) -----	
Employee benefit cost	22.1	20,292,482	17,918,735
Shahriah advisor fees		1,584,000	1,440,000
Rent		1,293,585	1,197,058
Depreciation		1,025,620	993,473
Motor vehicle fuel		1,594,386	966,609
Printing and stationery		717,956	660,032
Communications		613,133	438,391
Postage, telegram and telephone		178,219	163,496
Electricity, gas and water		631,683	501,157
Insurance		250,803	385,019
Motor vehicle repair and maintenance		232,357	205,447
Legal and professional charges		169,825	127,102
Annual supervision fees SECP		169,947	119,560
Miscellaneous		39,281	99,937
		<u>28,793,277</u>	<u>25,216,016</u>
22.1 Employee benefit cost			
Salaries, allowance and other benefits		19,321,542	16,881,081
Charges for post employment benefits	22.1.1	970,940	1,037,654
		<u>20,292,482</u>	<u>17,918,735</u>
22.1.1	This represents contribution to employee's provident fund managed by the Operator.		
23. DIRECT EXPENSES - PTF		December 31, 2022	December 31, 2021
		----- (Rupees) -----	
Co-takaful service charges		398,084	203,697
Bank charges		122,240	68,066
Tracker Charges		2,208,837	1,642,557
Miscellaneous		595	-
		<u>2,729,756</u>	<u>1,914,320</u>
24. INVESTMENT INCOME			
Participants' Takaful Fund			
Income from equity securities - Available for sale			
Realised gain on sale of equity securities		1,372,200	683,182
Dividend income		5,852,085	994,306
Income from debt securities - Held to maturity			
Return on Certificate of Islamic Investment		2,232	25,787
		<u>7,226,517</u>	<u>1,703,275</u>
Operator's Fund			
Income from equity securities - Available for sale			
Dividend income		9,505,876	3,078,955
Realised gain on sale of equity securities		3,159,834	2,715,614
		<u>12,665,710</u>	<u>5,794,569</u>

25. OTHER INCOME		December 31, 2022	December 31, 2021
Participants' Takaful Fund	Note	----- (Rupees) -----	
Profit on bank balances		4,226,978	2,551,486
Exchange gain		71,399	-
		4,298,377	2,551,486
Operator's Fund			
Profit on bank balances		334,176	237,964
26. MUDARIB'S FEE			
Mudarib's share of PTF investment income		2,290,699	850,952
27. OTHER EXPENSES - OPF			
Auditors' remuneration	27.1	910,259	897,373
Others		-	279,302
		910,259	1,176,675
27.1 Auditors' remuneration			
Audit fee		230,000	200,000
Interim review fee		115,000	100,000
Shariah Compliance audit		115,000	100,000
Special reports and other certifications		218,500	380,000
Out of pocket expenses including government levy		231,759	117,373
		910,259	897,373
28. TAXATION - NET			
Current year		11,564,227	5,398,154
Prior year		744,573	-
		12,308,800	5,398,154
29. REMUNERATION OF HEAD OF WINDOW TAKAFUL OPERATIONS			
Managerial remuneration		2,174,648	2,045,628
Bonus		537,686	498,978
Contribution to defined contribution plan		34,188	205,128
Rent and house maintenance		978,590	920,520
Conveyance		535,800	353,174
Others		370,762	357,852
		4,631,674	4,381,280

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30. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise the Operator, associated companies, companies under common control, companies with common directors, major shareholders, employees' retirement benefit plans, directors and key management personnel of the Operator. All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions and on an arm's length basis. The transactions and balances with related parties / associated companies, other than those which have been disclosed elsewhere in these financial information, are as follows:

Name of related party	Takaful Contribution Written	Contribution Outstanding	Claim Paid	Investment in mutual funds	Expenses	Reimbursement of Expenses	Retirement Fund
	Participants' Takaful Fund			Operator's Fund			
Note	----- (Rupees) -----						
Associated companies / undertaking							
Cyber Internet Services (Pvt.) Ltd.	9,039,817	2,143,181	799,727	-	-	-	-
Merit Packaging Ltd.	183,200	150,848	-	-	-	-	-
Orthopedic And Medical Institute (Pvt) Ltd.	254,340	-	950,000	-	-	-	-
Siza Foods (Private) Limited	1,414,492	-	342,638	-	-	-	-
GAM Corporation (Private) Limited	1,602,717	101,755	357,312	-	-	-	-
Lakson Investment Limited	-	-	-	15,000,000	-	-	-
Others							
Express Publication (Private) Limited	2,143,515	-	675,335	-	-	-	-
Century Insurance Company Limited	30.1	-	-	-	6,009,346	-	-
Century Insurance Company Limited	30.2	-	-	-	-	19,657,361	-
Retirement benefit plans							
Contribution to staff provident fund	-	-	-	-	-	-	615,358
Contribution to staff gratuity fund	-	-	-	-	-	-	355,582
December 31, 2022	14,638,081	2,395,784	3,125,012	15,000,000	6,009,346	19,657,361	970,940
December 31, 2021	13,520,573	700,566	809,423	-	5,134,082	17,037,125	1,037,654

30.1 This represents remuneration of Head of Window Takaful Operations and Shariah Compliance Officer paid to the Operator.

30.2 These pertain to sharing of common expenses shared by the Operator.

31. SEGMENT INFORMATION

Segment information prepared in accordance with the requirement of Insurance Ordinance, 2000 and General Takaful Accounting Regulation 2019 for class of business wise revenues, results, assets and liabilities.

	December 31, 2022				
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Aggregate
	----- (Rupees) -----				
Participant's Takaful Fund					
Contribution received or receivable (inclusive of Federal Excise Duty / sales tax, Federal takaful fee and Administrative Surcharge)	45,352,072	42,574,876	138,658,121	16,903,908	243,488,977
Less: - Federal Excise Duty / Sales Tax	5,477,443	4,506,026	16,100,277	1,964,917	28,048,663
- Federal Insurance Fee	394,910	357,925	1,218,825	148,169	2,119,829
- Others	9,650	2,310,660	102,750	450	2,423,510
Facultative inward contribution	1,029,784	-	832,784	729,324	2,591,892
Gross written Contribution (inclusive of Administrative Surcharge)	40,499,853	35,400,265	122,069,053	15,519,696	213,488,867
- Gross direct Contribution	39,252,274	34,518,790	117,946,488	14,749,524	206,467,076
- Facultative inward contribution	1,029,784	-	832,784	729,324	2,591,892
- Administrative surcharge	217,795	881,475	3,289,781	40,848	4,429,899
	40,499,853	35,400,265	122,069,053	15,519,696	213,488,867
Wakala fee	(10,420,875)	(9,932,777)	(45,475,953)	(3,971,213)	(69,800,818)
Takaful contribution earned	34,736,242	33,109,266	108,637,513	11,765,918	188,248,939
Takaful contribution ceded to re-takaful operators	(32,638,783)	(26,836,845)	(5,361,199)	(8,649,297)	(73,486,124)
Net Takaful contribution	(8,323,416)	(3,660,356)	57,800,361	(854,592)	44,961,997
Re-takaful rebate	6,219,580	5,756,729	119,926	2,204,893	14,301,128
Net revenue	(2,103,836)	2,096,373	57,920,287	1,350,301	59,263,125
Takaful claims	(27,787,036)	(2,006,569)	(76,427,750)	(6,097,446)	(112,318,801)
Takaful claims recovered from re-takaful operators	27,355,760	1,394,183	21,870,843	4,480,795	55,101,581
Net claims	(431,276)	(612,386)	(54,556,907)	(1,616,651)	(57,217,220)
Direct expenses	(517,848)	(452,642)	(1,560,825)	(198,441)	(2,729,756)
(Deficit) / surplus before investment income	(3,052,960)	1,031,345	1,802,555	(464,791)	(683,851)
Investment income					7,226,517
Profit on bank balances					4,298,377
Mudarib fee					(2,290,699)
Surplus for the year					8,550,344
Operator's Fund					
Wakala fee income	10,420,875	9,932,777	45,475,953	3,971,213	69,800,818
Commission expense	(3,177,484)	(3,363,898)	(13,248,528)	(554,845)	(20,344,755)
Management expense	(5,462,221)	(4,774,439)	(16,463,473)	(2,093,144)	(28,793,277)
	1,781,170	1,794,440	15,763,952	1,323,224	20,662,786
Mudarib share of PTF investment income					2,290,699
Investment income					12,665,710
Other income					334,176
Other expenses					(910,259)
Profit before tax					35,043,112

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SEGMENT INFORMATION

Segment information prepared in accordance with the requirement of Insurance Ordinance, 2000 and General Takaful Accounting Regulation 2019 for class of business wise revenues, results, assets and liabilities.

	December 31, 2021				
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Aggregate
	----- (Rupees) -----				
Participant's Takaful Fund					
Contribution received or receivable (inclusive of Federal Excise Duty / sales tax, Federal takaful fee and Administrative Surcharge)	31,421,376	22,432,553	101,941,334	8,434,340	164,229,603
Less: - Federal Excise Duty / Sales Tax	3,849,722	2,444,651	11,882,825	986,691	19,163,889
- Federal Insurance Fee	273,263	178,121	894,633	74,226	1,420,243
- Others	9,000	2,037,698	77,400	250	2,124,348
Facultative inward contribution	651,278	70,000	2,165,184	912,245	3,798,707
Gross written Contribution (inclusive of Administrative Surcharge)	27,940,669	17,842,083	91,251,660	8,285,418	145,319,830
- Gross direct Contribution	27,089,949	17,166,962	86,447,344	7,348,090	138,052,345
- Facultative inward contribution	651,278	70,000	2,165,184	912,245	3,798,707
- Administrative surcharge	199,442	605,121	2,639,132	25,083	3,468,778
	27,940,669	17,842,083	91,251,660	8,285,418	145,319,830
Wakala fee	(7,130,348)	(5,042,258)	(34,066,755)	(2,591,840)	(48,831,201)
Takaful contribution earned	23,767,827	16,807,525	82,856,886	7,831,427	131,263,665
Takaful contribution ceded to re-takaful operators	(22,545,505)	(13,012,150)	(4,282,662)	(5,611,403)	(45,451,720)
Net Takaful contribution	(5,908,026)	(1,246,883)	44,507,469	(371,816)	36,980,744
Re-takaful rebate	3,884,289	2,545,489	114,191	1,173,524	7,717,493
Net revenue	(2,023,737)	1,298,606	44,621,660	801,708	44,698,237
Takaful claims	(8,701,849)	(1,223,532)	(37,348,630)	147,529	(47,126,482)
Takaful claims recovered from re-takaful operators	8,330,853	1,166,396	210,512	(237,066)	9,470,695
Net claims	(370,996)	(57,136)	(37,138,118)	(89,537)	(37,655,787)
Direct expenses	(368,067)	(235,036)	(1,202,072)	(109,145)	(1,914,320)
(Deficit) / surplus before investment income	(2,762,800)	1,006,434	6,281,470	603,026	5,128,130
Investment income					1,703,275
Other income					2,551,486
Mudarib fee					(850,952)
Surplus for the period					8,531,939
Operator's Fund					
Wakala fee income	7,130,348	5,042,258	34,066,755	2,591,840	48,831,201
Commission expense	(2,360,473)	(1,429,697)	(6,347,196)	(570,305)	(10,707,671)
Management expense	(4,848,288)	(3,095,973)	(15,834,063)	(1,437,692)	(25,216,016)
	(78,413)	516,588	11,885,496	583,843	12,907,514
Mudarib share of PTF investment income					850,952
Investment income					5,794,569
Other income					237,964
Other expenses					(1,176,675)
Profit before tax					18,614,324

The class wise assets and liabilities are as follows:

	December 31, 2022				
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Total
	----- (Rupees) -----				
Segment assets	60,740,596	12,357,710	51,695,934	15,404,025	140,198,265
Unallocated assets					
Participants' Takaful Fund					137,094,729
Operator's Fund					171,977,536
Total assets					449,270,530
Segment liabilities	67,959,145	17,615,304	140,397,725	18,170,662	244,142,836
Unallocated liabilities - Operator's Fund					
Participants' Takaful Fund					1,612,292
Operator's Fund					66,505,955
Total liabilities					312,261,083

	December 31, 2021				
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Total
	----- (Rupees) -----				
Segment assets	35,235,737	7,960,525	43,588,580	5,878,324	92,663,166
Unallocated assets					
Participants' Takaful Fund					80,047,545
Operator's Fund					130,422,076
Total assets					303,132,787
Segment liabilities	36,175,126	10,095,441	97,177,484	6,132,508	149,580,559
Unallocated liabilities - Operator's Fund					
Participants' Takaful Fund					373,788
Operator's Fund					48,644,031
Total liabilities					198,598,378

32. MOVEMENT IN INVESTMENTS - OPF

	Available for sale
	---- (Rupees) ----
Balance as at January 01, 2021	6,968,219
Additions	210,118,178
Disposals	(112,059,035)
Fair value net gains (excluding net realized gains / losses)	9,093
Balance as at January 01, 2022	105,036,455
Additions	98,050,752
Disposals	(86,820,872)
Fair value net gains (excluding net realized gains / losses)	1,360,112
Balance as at December 31, 2022	117,626,447

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33. MOVEMENT IN INVESTMENTS - PTF

	Available for sale	Held to maturity	Total
	----- (Rupees) -----		
Balance as at January 01, 2021	-	500,000	500,000
Additions	51,345,728	500,000	51,845,728
Disposals	(30,839,921)	(500,000)	(31,339,921)
Fair value net gains (excluding net realized gains / losses)	1,163	-	1,163
Balance as at January 01, 2022	<u>20,506,970</u>	500,000	<u>21,006,970</u>
Additions	98,686,085	-	98,686,085
Disposals	(30,840,789)	(500,000)	(31,340,789)
Fair value net gains (excluding net realized gains / losses)	232,321	-	232,321
Balance as at December 31, 2022	<u>88,584,587</u>	-	<u>88,584,587</u>

34. MANAGEMENT OF TAKAFUL RISK AND FINANCIAL RISK

34.1 TAKAFUL RISK

The risk under any takaful contract is the possibility that the covered event occurs and the uncertainty in the amount of compensation to the participant. Generally, most takaful contracts carry the takaful risk for a period of one year (refer note 3.1).

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

a) Frequency and severity of claims

Risk associated with general takaful contracts includes the reasonable possibility of significant loss as well as the frequent occurrence of the takaful events. This has been managed by having in place underwriting strategy, re-takaful arrangements and proactive claim handling procedures. The re-takaful arrangements against major risk exposure include excess of loss, quota arrangements, facultative arrangements and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on operation's net retentions.

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

Class	Maximum gross risk exposure	
	2022	2021
	----- (Rupees) -----	
Fire and property	763,800,000	656,595,000
Marine, aviation and transport	307,443,000	240,112,000
Motor	45,000,000	52,500,000
Miscellaneous	1,381,980,000	240,764,000

The re-takaful arrangements against major risk exposure include excess of loss, quota arrangements, facultative arrangements and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on operation's net retentions. In compliance of regulatory, re-takaful agreement are duly approved by Securities and Exchange Commission of Pakistan (SECP) on an annual basis.

b) Sources of Uncertainty in the estimation of future claims payments

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

An estimated amount of the claim is recorded immediately on the intimation to the operations. The estimation of the amount is based on operator's judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The operations 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 significantly different from initial recognized amount.

c) Process used to decide on assumptions

The principal assumption underlying the liability estimation of IBNR and Contribution Deficiency Reserves is that the Operation'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.

During the year actuarial valuation is carried out for the determination of IBNR which is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required / allowed by the circular 9 of 2016. IBNR is determined by using Chain Ladder Method for all class of business. The claims outstanding and claims paid till date are deducted from the ultimate claim payments for that particular year to derive an IBNR estimate for that year. IBNR triangles are made on a yearly basis for each class of business. The methods used, and the estimates made, are reviewed regularly.

The actuary determines adequacy of liability of contribution deficiency by carrying out analysis of its loss ratio of expired periods of the contracts. For this purpose average loss ratio of last three years inclusive of claim settlement cost are taken into consideration to determine ultimate loss ratio to be applied on unearned contribution.

The loss ratios estimated on these basis for the unexpired portion are as follows:

Class	2022	2021
	----- (%) -----	-----
Fire and property damage	6	6
Marine, aviation and transport	7	4
Motor	47	44
Miscellaneous	23	59

d) Changes in assumptions

The Operator did not change its assumptions as disclosed in (b) and (c) above.

e) Sensitivity Analysis

The takaful claim liabilities are sensitive to the incidence of insured events and severity / size of claims. The impact of variation in incidence of insured events on gross claim liabilities, net claim liabilities, profit before tax and equity is as follows:

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	Underwriting results		Accumulated Surplus	
	2022	2021	2022	2021
	----- (Rupees) -----			
Impact of change in claim liabilities by +10%				
Fire and property damage	(43,128)	(37,100)	(43,128)	(37,100)
Marine, aviation and transport	(61,238)	(5,714)	(61,238)	(5,714)
Motor	(5,455,691)	(3,713,812)	(5,455,691)	(3,713,812)
Miscellaneous	(161,665)	(8,954)	(161,665)	(8,954)
	(5,721,722)	(3,765,580)	(5,721,722)	(3,765,580)
Impact of change in claim liabilities by -10%				
Fire and property damage	43,128	37,100	43,128	37,100
Marine, aviation and transport	61,238	5,714	61,238	5,714
Motor	5,455,691	3,713,812	5,455,691	3,713,812
Miscellaneous	161,665	8,954	161,665	8,954
	5,721,722	3,765,580	5,721,722	3,765,580

Average claim costs	Change in assumption	Impact on gross liabilities	Impact on net liabilities	Impact on surplus / deficit	Impact on Fund
		----- (Rupees) -----			
2022	± 10%	11,231,880	5,721,722	5,721,722	5,721,722
2021	± 10%	4,712,648	3,765,579	3,765,579	3,765,579

Statement of Age-wise Breakup of Unclaimed Takaful Benefits

Statement of age-wise breakup of unclaimed takaful benefits is not presented as there are no unclaimed takaful benefits.

Re-takaful risk

Re-takaful ceded does not relieve the PTF from its obligation towards participants and, as a result, the PTF remains liable for the portion of outstanding claims covered through re-takaful to the extent that re-takaful operators fails to meet the obligation under the re-takaful agreements.

To minimise its exposure to significant losses from re-takaful operators' insolvencies, the operations obtain re-takaful rating from a number of re-takaful operators, who are dispersed over several geographical regions.

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

	Amount due from other takaful / re-takaful holders	Re-takaful recoveries against outstanding claims	December 31, 2022	December 31, 2021
	----- (Rupees) -----			
Rating				
A or above including Pakistan Reinsurance Company Limited	25,064,654	29,443,389	54,508,043	31,458,986
B or Above	-	3,792,208	3,792,208	1,351,577
	25,064,654	33,235,597	58,300,251	32,810,563

34.2 Financial risk management objectives and policies

The operations has exposure to the following risks from its use of financial instruments:

- Market risk
- Liquidity risk
- Credit risk

34.2.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise of interest rate risk, foreign currency risk and other price risk. The objective of market risk management is to manage and control market risk exposures within an acceptable range.

34.2.1.1 Interest Rate Risk

		2022		
	Effective rate % per annum	Profit bearing financial instruments Maturity upto one year	Non-profit bearing financial instruments	Total
		----- (Rupees) -----		
Financial assets				
Investments				
Equity securities / Mutual funds		-	206,211,034	206,211,034
Loans and other receivables		-	1,945,901	1,945,901
Takaful / retakaful receivables		-	48,077,315	48,077,315
Receivable from PTF		-	41,289,596	41,289,596
Retakaful recoveries against outstanding claims		-	33,235,597	33,235,597
Cash and bank	3.25 - 8.28	52,826,385	-	52,826,385
		<u>52,826,385</u>	<u>330,759,443</u>	<u>383,585,828</u>
Financial liabilities				
Outstanding claims including IBNR		-	73,651,766	73,651,766
Payable to OPF		-	41,289,596	41,289,596
Takaful / Re-takaful payables		-	38,387,930	38,387,930
Other creditors and accruals		-	22,805,871	22,805,871
		-	176,135,163	176,135,163
Interest risk sensitivity gap		<u>52,826,385</u>	<u>154,624,280</u>	<u>207,450,665</u>
Cumulative interest risk sensitivity gap		<u>52,826,385</u>		

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	Effective rate % per annum	2021		Total
		Profit bearing financial instruments Maturity upto one year	Non-profit bearing financial instruments	
----- (Rupees) -----				
Financial assets				
Investments				
Equity securities / Mutual funds		-	125,543,425	125,543,425
Debt securities	5.27 - 6.11	500,000	-	500,000
Loans and other receivables		-	912,502	912,502
Takaful / retakaful receivables		-	42,025,098	42,025,098
Receivable from PTF		-	14,957,770	14,957,770
Retakaful recoveries against outstanding claims		-	11,853,077	11,853,077
Cash and bank	2.75 - 5.50	63,683,937	-	63,683,937
		<u>64,183,937</u>	<u>195,291,872</u>	<u>259,475,809</u>
Financial liabilities				
Outstanding claims including IBNR		-	35,843,954	35,843,954
Payable to OPF		-	14,957,770	14,957,770
Takaful / Re-takaful payables		-	34,272,044	34,272,044
Other creditors and accruals		-	22,054,251	22,054,251
		-	<u>107,128,019</u>	<u>107,128,019</u>
Interest risk sensitivity gap		<u>64,183,937</u>	<u>88,163,853</u>	<u>152,347,790</u>
Cumulative interest risk sensitivity gap		<u>64,183,937</u>		

34.2.1.2 Profit rate risk

Profit rate risk is the risk that the value of a financial instrument will fluctuate due to change in the market profit rate.

The information about the Operation's exposure to profit rate risk based on contractual repricing or maturity dates whichever is earlier is as follows:

All financial assets of the operations are non profit bearing except for cash and bank deposits ranging profit from 3.25% to 8.28% (2021: 2.75% to 5.50%) and certificate of Islamic investment ranging from 6.57% to 6.99% (2021: 5.27% to 6.11%).

34.2.1.3 Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Operations, at present, is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

34.2.1.4 Other price risk

Other price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Operations at present, is not materially exposed to other price risk.

Sensitivity analysis of investments as at the reporting date is as follows:

For available-for-sale investments in case of 10% increase / decrease in prices at the reporting date, the profit and loss account and Operator's Fund would have been higher / lower by Rs. 11.63 million.

For available-for-sale investments in case of 10% increase / decrease in prices at the reporting date, the surplus / (deficit) and Participant's Fund would have been higher / lower by Rs. 8.84 million.

34.2.2 Liquidity risk

Liquidity risk is the risk that the Operations will not be able to meet its financial obligations as they fall due. The Operations 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 operation's reputation. The following are the contractual maturities of financial liabilities based on the remaining period at the reporting date to maturity date.

The table below summarizes the maturity profile of the financial liabilities. The contractual maturities of these liabilities at the year end have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which these liabilities will be settled.

Participants' Fund

	2022			Total
	With in one year	Over one year to five year	Over five year	
	(Rupees)			
Financial liabilities				
Provision for outstanding claims (including IBNR)	73,651,766	-	-	73,651,766
Takaful / re-takaful payables	38,387,930	-	-	38,387,930
Payable to OPF	41,289,596	-	-	41,289,596
Other creditors and accruals	188,810	-	-	188,810
	153,518,102	-	-	153,518,102
	2021			
	With in one year	Over one year to five year	Over five year	Total
	(Rupees)			
Financial liabilities				
Provision for outstanding claims (including IBNR)	35,843,954	-	-	35,843,954
Takaful / re-takaful payables	34,272,044	-	-	34,272,044
Payable to OPF	14,957,770	-	-	14,957,770
Other creditors and accruals	129,340	-	-	129,340
	85,203,108	-	-	85,203,108

Notes to and Forming part of the Financial Statements

For the year ended December 31, 2022

Operator's Fund

	2022			Total
	With in one year	Over one year to five year	Over five year	
	(Rupees)			
Financial liabilities				
Other creditors and accruals	22,617,061	-	-	22,617,061
	2021			Total
	With in one year	Over one year to five year	Over five year	
	(Rupees)			
Financial liabilities				
Other creditors and accruals	21,924,911	-	-	21,924,911

34.2.3 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 operations attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

34.2.3.1 Concentration of credit risk and credit exposure of the financial instruments

Credit risk of the Operator arises principally from the bank balances, investments and due from takaful contract holders. To reduce the credit risk the Company has developed a formal approval process whereby credit limits are applied to its participants. The management continuously monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery.

Bank Balances

The bank balances and deposits represents low credit risk as they are placed with reputed financial institutions with strong credit ratings. The credit quality of bank balances can be assessed with reference to external credit ratings as follows:

Bank	Long Term Rating	Rating Agency	December 31, 2022	December 31, 2021
----- (Rupees) -----				
Operator's Fund				
Meezan Bank Limited	AAA	VIS	6,240,537	32,944,785
Participants' Fund				
Meezan Bank Limited	AAA	VIS	6,866,667	32,944,785
Al Baraka Bank (Pakistan) Limited	A+	VIS	68,325	75,080
Bank Islami Pakistan Limited	A+	PACRA	35,601,649	29,224,580
Dubai Islamic Bank (Pakistan) Limited	AA	VIS	4,049,207	1,439,492
			46,585,848	63,683,937

Investments

The Operator's investments are in open end mutual funds which can be liquidate by encashment of units at the counter of mutual funds.

The credit quality of all the mutual funds is A or above.

Due from takaful contract holders

Concentration of credit risk arises when a number of counter parties have a similar type of business activities. As a result any change in economic, political or other conditions would affect their ability to meet contractual obligations in a similar manner. The Operator manages concentration of credit risk through diversification of activities among individuals, groups and industry segment.

The management monitors exposure to credit risk in contribution receivable from group companies and corporate clients through regular review of credit exposure and prudent estimates of provision for doubtful balances. The age analysis of due from takaful contract holders at the reporting date is as follows:

	2022		2021	
	Gross	Impairment	Gross	Impairment
----- (Rupees) -----				
Upto 1 year	21,159,629	-	17,362,259	-
1-2 years	476,252	-	216,119	-
2-3 years	186,483	-	-	-
	21,822,364	-	17,578,378	-

Notes to and Forming part of the Financial Statements

For the year ended December 31, 2022

35. STATEMENT OF SOLVENCY - PTF

	December 31, 2022	December 31, 2021
Note	----- (Rupees) -----	
Assets		
Investments		
Equity securities / mutual funds	88,584,587	20,506,970
Debt securities	-	500,000
Loans and other receivables	1,924,294	886,051
Takaful / retakaful receivables	48,077,315	42,025,098
Retakaful recoveries against outstanding claims	33,235,597	11,853,077
Deferred wakala fee	35.1 32,561,463	21,817,515
Prepaid retakaful contribution ceded	35.1 26,323,890	16,967,476
Cash and bank	46,585,848	58,154,524
Total assets	277,292,994	172,710,711
In-admissible assets as per following clauses section 32(2) of Insurance Ordinance 2000.		
Takaful / re-takaful receivables	13,443,107	9,370,212
Loan and other receivables	1,498,148	516,310
Total of In-admissible assets	14,941,255	9,886,522
Total of admissible assets	262,351,739	162,824,189
Liabilities		
Underwriting provisions		
Outstanding claims including IBNR	73,651,766	35,843,954
Unearned contribution reserves	83,797,315	58,557,387
Unearned re-takaful rebate	5,264,885	3,055,853
Contribution received in advance	1,491,125	1,119,255
Payable to OPF	41,289,596	14,957,770
Takaful / Re-takaful payables	38,387,930	34,272,044
Other creditors and accruals	1,872,511	2,148,084
Total liabilities	245,755,128	149,954,347
Total net admissible assets	16,596,611	12,869,842

35.1 The law is silent with regard to the inadmissibility of the “Prepaid re-takaful contribution ceded” and “Deferred wakala fee” in Section 32(2) of the Insurance Ordinance, 2000 and, hence, these have been treated as admissible assets for the purpose of this statement.

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	December 31, 2022								
	Carrying amount				Fair value				
	Available-for-sale	Held to maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees)								
Financial assets measured at fair value									
Investments in mutual funds	206,211,034	-	-	-	206,211,034	-	206,211,034	-	206,211,034
Financial assets not measured at fair value									
Loans and receivables*	-	-	447,753	-	447,753	-	-	-	-
Takaful / Re-takaful receivables*	-	-	48,077,315	-	48,077,315	-	-	-	-
Re-takaful recoveries against outstanding claims*	-	-	33,235,597	-	33,235,597	-	-	-	-
Receivable from PTF*	-	-	41,289,596	-	41,289,596	-	-	-	-
Cash and bank*	-	-	52,836,385	-	52,836,385	-	-	-	-
	206,211,034	-	175,886,646	-	382,097,680	-	206,211,034	-	206,211,034
Financial liabilities not measured at fair value									
Provision for outstanding claims (including IBNR)*	-	-	-	(73,651,766)	(73,651,766)	-	-	-	-
Payable to OPF*	-	-	-	(41,289,596)	(41,289,596)	-	-	-	-
Takaful / Retakaful payables*	-	-	-	(38,387,930)	(38,387,930)	-	-	-	-
Other creditors and accruals*	-	-	-	(22,805,871)	(22,805,871)	-	-	-	-
	-	-	-	(176,135,163)	(176,135,163)	-	-	-	-
	December 31, 2021								
	Carrying amount				Fair value				
	Available-for-sale	Held to maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees)								
Financial assets measured at fair value									
Investments in mutual funds	125,543,425	-	-	-	125,543,425	-	125,543,425	-	125,543,425
Financial assets not measured at fair value									
Investments in debt securities	-	500,000	-	-	500,000	-	-	-	-
Loans and receivables*	-	-	358,867	-	358,867	-	-	-	-
Takaful / Re-takaful receivables*	-	-	42,025,098	-	42,025,098	-	-	-	-
Re-takaful recoveries against outstanding claims*	-	-	11,853,077	-	11,853,077	-	-	-	-
Receivable from PTF*	-	-	14,957,770	-	14,957,770	-	-	-	-
Cash and bank*	-	-	63,693,937	-	63,693,937	-	-	-	-
	125,543,425	500,000	132,888,749	-	258,932,174	-	125,543,425	-	125,543,425
Financial liabilities not measured at fair value									
Provision for outstanding claims (including IBNR)*	-	-	-	(35,843,954)	(35,843,954)	-	-	-	-
Payable to OPF*	-	-	-	(14,957,770)	(14,957,770)	-	-	-	-
Takaful / Retakaful payables*	-	-	-	(34,272,044)	(34,272,044)	-	-	-	-
Other creditors and accruals*	-	-	-	(22,054,251)	(22,054,251)	-	-	-	-
	-	-	-	(107,128,019)	(107,128,019)	-	-	-	-

Notes to and Forming part of the Financial Statements

For the year ended December 31, 2022

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

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair values estimates.

The operations 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).

During the year ended December 31, 2022, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

Valuation techniques used in determination of fair values within level 2 and level 3:

Level 2: Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV and PKFRV rates as announced by Mutual Funds Association of Pakistan (MUFAP).

37. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors on March 17, 2023.

38. GENERAL

38.1 Corresponding figures have been rearranged or reclassified, wherever necessary for better presentation. However, there are no material reclassifications to report.

38.2 Figures in these financial statements have been rounded off to the nearest rupee, unless otherwise stated.



Iqbal Ali Lakhani
Chairman



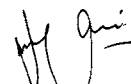
Amin Mohammed Lakhani
Director



Aftab Ahmad
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer

Form of Proxy

I/We _____

of _____

a member of CENTURY INSURANCE COMPANY LIMITED hereby

appoint _____

of _____

or failing him _____

of _____

who is/are also member/s of Century Insurance Company Limited to act as my/our proxy and to vote for me/us and on my/our behalf at the Annual General Meeting of the shareholders of the Company to be held on the 27th day of April 2023 or at any adjournment thereof.

Signed this _____ day of April 2023.

Folio No.	CDC Participant ID No	CDC Account/ Sub-Account No	No. of shares held

Signature

Witness 1

Witness 2

Signature _____

Signature _____

Name _____

Name _____

CNIC No. _____

CNIC No. _____

Address _____

Address _____

Notes:

1. The proxy must be a member of the Company.
2. The signature must tally with the specimen signature/s registered with the Company.
3. If a proxy is granted by a member who has deposited his/her shares in Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and CDC account/sub-account number alongwith attested photocopies of Computerized National Identity Card (CNIC) or the Passport of the beneficial owner. Representatives of corporate members should bring the usual documents required for such purpose.
4. The instrument of Proxy properly completed should be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting, excluding holidays.

مختار نامہ (پراکسی فارم)

میں / ہم _____ ساکن
_____ ساکن
بجائیت رکن (ممبر) سینچری انشورنس کمپنی لمیٹڈ مقرر کرتا/کرتی ہوں / کرتے ہیں مسمیٰ / مسماۃ _____ ساکن
_____ ساکن
کو یا ان کی غیر حاضری میں مسمیٰ / مسماۃ _____ ساکن
_____ ساکن

کو جو خود بھی سینچری انشورنس کمپنی لمیٹڈ کا رکن ہے کہ وہ بطور میرا / ہمارا مختار (پراکسی) سینچری انشورنس کمپنی لمیٹڈ کے سالانہ اجلاس عام جو ۲۷ اپریل ۲۰۲۳ کو منعقد ہو رہا ہے یا اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور وہ میری / ہماری جگہ میری / ہماری طرف سے حق رائے دہی استعمال کرے۔

مورخہ اپریل _____ ۲۰۲۳ کو میرے / ہمارے دستخط سے جاری ہوا۔

فولیو نمبر	سی ڈی سی کھاتہ نمبر	حصص کی تعداد

دستخط

گواہ نمبر ۱
دستخط _____
نام _____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____
پتہ _____

گواہ نمبر ۲
دستخط _____
نام _____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____
پتہ _____

ہدایات:

- ۱- مختار (پراکسی) کا کمپنی کا رکن (ممبر) ہونا ضروری ہے۔
- ۲- ممبر (رکن) کے دستخط، نمونہ دستخط / اندراج شدہ دستخط سے مماثلت ہونا ضروری ہے۔
- ۳- سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو مختار نامہ (پراکسی فارم) کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کرنا ضروری ہے۔ کارپوریٹ ادارے کے نمائندوں کو معمول کے مطابق دستاویزات ساتھ لانا ضروری ہے۔
- ۴- مختار نامہ (پراکسی فارم) مکمل پر شدہ کمپنی کے رجسٹرڈ آفس میں اجلاس کے مقررہ وقت سے کم از کم ۴۸ گھنٹے قبل جمع کرانا ضروری ہے، علاوہ چھٹیوں کے۔



CENTURY INSURANCE COMPANY LIMITED

Registered Office: Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi-74200

Ph: +92 21 3840 0000 Fax No. +92 21 3568 4336

Email: chairman@cicl.com.pk

website: <https://cicl.com.pk/>

Ballot Paper for Voting Through Post

(In person and virtual meeting to be held at 03:00 pm on Thursday, April 27, 2023)

Designated email address of the Chairman at which the duly filled in ballot paper may be sent: chairman@cicl.com.pk

Name of shareholder/joint shareholders	
Registered Address	
Number of shares held (on April 18, 2023) and Folio number	
CNIC No./Passport No (in case of foreigner) (copy to be attached)	
Additional Information and enclosures (In case of representative of body corporate, corporation and Federal Government)	

I/we hereby exercise my/our vote in respect of the below resolution through postal ballot by conveying my/our assent or dissent to the following resolution by placing tick (✓) mark in the appropriate box below:

Description of Resolution	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
<p>ITEM NO. 4 (a)(b) “RESOLVED that the transactions carried out in normal course of business with associated companies/related parties as disclosed in Note No.34 of the audited financial statements for the year ended December 31, 2022 be and are hereby ratified and approved.”</p> <p>“FURTHER RESOLVED that the Chief Executive Officer of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with associated companies/related parties during the ensuing year ending December 31, 2023 and in this connection the Chief Executive Officer be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company.”</p>		

Signature of shareholder(s)

Place:

Date:

NOTES/PROCEDURE FOR SUBMISSION OF BALLOT PAPER:

- Duly filled and signed original postal ballot should be sent to the Chairman Mr. Iqbal Ali Lakhani, CENTURY INSURANCE COMPANY LIMITED at Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi-74200, or a scanned copy of the original postal ballot to be emailed at: chairman@cicl.com.pk
- Copy of CNIC/Passport (in case of foreigner) should be enclosed with the postal ballot form.
- Postal ballot forms should reach Chairman of the meeting on or before April 26, 2023 during working hours. Any postal ballot received after this date, will not be considered for voting.
- Signature on postal ballot should match the signature on CNIC/Passport (in case of foreigner).
- Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot papers will be rejected.
- In case of representative of body corporate and corporation, postal ballot must be accompanied with copy of CNIC of authorized person, along with a duly attested copy of Board Resolution, Power of Attorney, or Authorization Letter in accordance with Section(s) 138 or 139 of the Companies Act, 2017, as applicable, unless these have already been submitted along with the Proxy Form. In case of foreign body corporate etc. all documents must be attested from the Counsel General of Pakistan having jurisdiction over the member.
- Ballot paper has also been placed on the website of the Company <https://cicl.com.pk/>. Members may download the ballot paper from the website or use original/photocopy published in newspapers/Annual Report.



سچری انشورنس کمپنی لمیٹڈ

رجسٹرڈ آفس لیکن اسکوائر بلڈنگ نمبر 2، سرور شہید روڈ، کراچی۔ 74200، پاکستان
فون نمبر +92 21 35684336 فیکس نمبر +92 21 3840 0000

ای میل chairman@cicl.com.pk

<https://cicl.com.pk> ویب سائٹ

بیلٹ پیپر برائے ووٹنگ بذریعہ ڈاک

(برائے شخصی اور مجازی میٹنگ انعقاد بوقت سہ پہر 03:00 بجے بروز جمعرات 27 اپریل 2023ء)

بجیرمین کا متعلقہ ای میل ایڈریس جس پر باقاعدہ پُر شدہ بیلٹ پیپر بھیجے جاسکتے ہیں۔ chairman@cicl.com.pk

شیر ہولڈر/جوئنٹ شیر ہولڈر	
رجسٹرڈ ایڈریس	
تحویل میں موجود شیر کی تعداد (18 اپریل 2023) اور فوئیو نمبر	
CNIC نمبر / پاسپورٹ نمبر (غیر ملکی ہونے کی صورت میں)	
(کاپی منسلک کی جائے)	
اضافی معلومات اور دستاویزات	
(ہاڈی کارپوریٹ، کارپوریشن یا فیڈرل گورنمنٹ کے نمائندے کی صورت میں)	

میں/ہم یہاں پوسٹل بیلٹ کے توسط سے مندرجہ ذیل قرارداد کے سلسلے میں اپنی رضامندی /غیر رضامندی کا اظہار بذریعہ ووٹ متعلقہ خانہ میں (✓) کے نشان کے ذریعہ کر رہا کر رہے ہیں۔

قرارداد کا عنوان اور متن	میں/ہم قرارداد کے حق میں ہیں (رضامند)	میں/ہم قرارداد کے حق میں نہیں ہیں (غلاف)
قرارداد نمبر 4a اور 4b قرار پایا کہ ایسوسی ایٹڈ کمپنیز /متعلقہ پارٹنرز کے ساتھ کاروبار کے عمومی دورانیہ کی گئی سوڈے کاریوں کی، جیسا کہ سال محترمہ 31 دسمبر 2022 کے آڈٹ شدہ فنانشل اسٹیٹ منٹس کے نوٹ نمبر 43 سے ظاہر ہے، توثیق کی جاتی ہے اور منظوری دی جاتی ہے۔ مزید قرار پایا کہ کمپنی کے چیف ایگزیکٹو 31 دسمبر 2023ء کو ختم ہونے والے سال دوران ایسوسی ایٹڈ کمپنیز اور متعلقہ پارٹنرز کے ساتھ عام کاروبار کی انداز میں کی گئیں نیز کی جانے والی تمام سوڈے کاریوں کو منظور کرنے کے مجاز بنائے جاتے ہیں اور یہ کہ اس سلسلے میں چیف ایگزیکٹو اس بات کے بھی مجاز بنائے جاتے ہیں کہ وہ کوئی یا تمام ضروری " کاروائیاں کریں نیز کہ اس ضمن میں کمپنی کی طرف سے تمام دستاویزات/اندچر دستخط کریں /انہیں رو بہ عمل لائیں۔		

تاریخ

مقام

شیر ہولڈر (ز) کے دستخط

نوٹس / بیلٹ پیپر جمع کرانے کا طریقہ کار

1. باضابطہ طور پر مکمل پُر شدہ اور دستخط شدہ اصل بیلٹ پیپر، جناب اقبال علی لاکھانی، بجیرمین، سچری انشورنس کمپنی لمیٹڈ لیکن اسکوائر بلڈنگ نمبر 2، سرور شہید روڈ، کراچی۔ کے پتہ پر یا اصلی بیلٹ پیپر کی ایکٹن شدہ کاپی پر chairman@cicl.com.pk ای میل کرنے ہونگے۔
2. بیلٹ پیپر فارم کے ساتھ CNIC /پاسپورٹ (غیر ملکی ہونے کی صورت میں) کاپی منسلک کی جائیگی۔
3. پوسٹل بیلٹ فارم اجلاس کے بجیرمین کے پاس دفتری اوقات کار کے دوران 26 اپریل 2023ء یا اس سے قبل پہنچ جانا چاہئے۔ اس تاریخ کے بعد موصول ہونے والے پوسٹل بیلٹ ووٹنگ کے لئے کارآمد نہیں ہونگے۔
4. پوسٹل بیلٹ پیپر پر موجود دستخط CNIC /پاسپورٹ (غیر ملکی ہونے کی صورت میں) پر موجود دستخط جیسے ہونے چاہئیں۔
5. نامکمل، دستخط کے بغیر، غلط، خراب، پھٹے ہوئے، کٹے ہوئے یا مٹے ہوئے ہا مٹا کر لکھے ہوئے بیلٹ پیپر منسوخ سمجھے جائیں گے۔
6. ہاڈی کارپوریٹ یا کارپوریشن کے نمائندے کی صورت میں پوسٹل پیپر کے ساتھ مجاز شخص کے CNIC کی کاپی، بورڈ کی قرارداد کی تصدیق شدہ کاپی، پاور آف اٹارنی، مختار نامہ وغیرہ کی تصدیق شدہ کاپی (جیسی ضرورت ہو اس کے تحت) کمپنیز ایکٹ 2017 کے سیکشن 138 یا 139 کے تحت منسلک ہونا ضروری ہے۔ غیر ملکی کارپوریٹ ہاڈی ہونے کی صورت میں تمام دستاویزات ممبران کے قانونی اختیارات کے دائرے میں آنے والے کونسل جزل آف پاکستان سے تصدیق شدہ ہونا لازمی ہے۔
7. بیلٹ پیپر کمپنی کی ویب سائٹ <https://cicl.com.pk> پر موجود ہیں۔ ممبران ویب سائٹ سے بیلٹ پیپر ڈاؤن لوڈ کر سکتے ہیں یا اخبارات میں شائع کردہ سالانہ رپورٹ میں سے اصلی یا اسکی فوٹو کاپی بھی استعمال کی جاسکتی ہے۔

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